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**Base Listing Document relating to
Structured Products to be issued by**

Credit Suisse

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **listing rules**) and is published for the purpose of giving information with regard to us and our derivative warrants (**warrants**), callable bull/bear contracts (**CBBCs**) and other structured products (warrants, CBBCs and such other structured products are collectively, **structured products**) to be listed on the stock exchange from time to time. This document may be updated and/or amended from time to time by way of addenda. You must ask us if any addenda to this document have been issued.

We accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement in this document misleading.

The structured products involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.

You are warned that the prices of structured products may fall in value as rapidly as they may rise and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of the structured products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before you invest in any structured products.

The structured products constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase any structured products you are relying upon our creditworthiness and have no rights under such structured products against (a) the company which has issued the underlying securities; (b) the trustee or the manager of the underlying unit trust; or (c) the index compiler of any underlying index.

Sponsor and Manager

Credit Suisse (Hong Kong) Limited

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IMPORTANT INFORMATION

What is this document about?

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire any structured products.

What documents should you read before investing in the structured products?

A supplemental listing document will be issued on the issue date of each series of structured products, which will include detailed commercial terms of the relevant series.

You must read this document (including any addendum to this document to be issued from time to time) together with such supplemental listing document (including any addendum to such supplemental listing document to be issued from time to time) (together, the **listing documents**) before investing in any structured product. You should carefully study the risk factors set out in the listing documents.

What are our credit ratings?

Our senior long term debt ratings as of April 14, 2009 were:

<i>Rating agency</i>	<i>Credit ratings</i>
Moody's Investors Service	Aa1
Standard and Poor's	
Ratings Services	A+
Fitch Ratings	AA-

Rating agencies usually receive a fee from the entities that they rate. When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- (a) a credit rating is not a recommendation to buy, sell or hold the structured products;
- (b) our credit ratings may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence; and
- (c) a high credit rating is not necessarily indicative of low risk. Our credit ratings

as of the above date are for reference only and may be subject to change thereafter. You may visit www.credit-suisse.com to obtain information about our credit ratings. Any downgrading of our credit ratings could result in a reduction in the value of the structured products.

The structured products are not rated.

Are we regulated by any bodies referred to in rule 15A.13(2) or (3) of the listing rules?

We are regulated by the Hong Kong Monetary Authority as a registered institution. We are also, amongst others, regulated by the Swiss Financial Market Supervisory Authority and the Swiss National Bank.

Are we subject to any litigation?

Save as disclosed in the section headed "Legal Proceedings Information extracted from Credit Suisse Group AG annual report 2008" set out in appendix 6 of this document, we and our affiliates are not involved in any litigation, claims or arbitration proceedings which are material in the context of any issue of the structured products. Also, we are not aware of any proceedings or claims which are threatened or pending against us or any member of our group of companies.

Has our financial position changed since last financial year-end?

Save as disclosed in the section headed "Our financial statements extracted from Credit Suisse Group AG annual report 2008" set out in appendix 5 of this document, there has been no material adverse change in our financial position since December 31, 2008. You may access our latest publicly available financial information by visiting our website at www.credit-suisse.com.

Do you need to pay any transaction cost?

The stock exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission (**SFC**) charges a transaction levy of 0.004 per cent. in respect of each transaction effected on the stock exchange payable by each of the seller and

the buyer and calculated on the value of the consideration for the structured products. The levy for the investor compensation fund is currently suspended.

Do you need to pay any tax?

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of your purchase in addition to the issue price of each structured product. See the section headed "Taxation" for further information.

Authorised representatives and acceptance of service

Our authorised representatives are Grant Rippetoe and Angel Li, both of 45th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Credit Suisse (Hong Kong) Limited (presently at 45th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong) has been authorised to accept, on our behalf, service of process and any other notices required to be served on us.

Where can you inspect the relevant documents?

You may inspect copies of the following documents during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Credit Suisse (Hong Kong) Limited, (presently at 45th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong):

- (a) the consent letter from KPMG Klynveld Peat Marwick Goerdeler SA (our **auditors**) in relation to the inclusion of their two reports on our (i) consolidated financial statements; and (ii) the effectiveness of internal control over financial reporting in this document;
- (b) annual report 2008 of Credit Suisse Group AG (**Credit Suisse Group AG annual report 2008**);
- (c) this document and any addenda or successor document to this document;
- (d) the supplemental listing document as long as the relevant series of structured products is listed on the stock exchange; and

- (e) a Chinese translation of each of the listing documents.

Request for photocopies of the above documents will be subject to a reasonable fee which reflects the costs of making such copies.

The listing documents are also available on the following websites of the stock exchange:

- (a) in respect of warrants, at <http://www.hkex.com.hk/dwrc/search/listsearch.asp>.
- (b) in respect of CBBs, at <http://www.hkex.com.hk/cbbc/search/listsearch.asp>.

各上市文件亦可於下列聯交所網站瀏覽:

- (a) 就一系列權證而言, http://www.hkex.com.hk/dwrc/search/listsearch_c.asp.
- (b) 就一系列牛熊證而言, http://www.hkex.com.hk/cbbc/search/listsearch_c.asp.

Have our auditors consented to the inclusion of their reports in this document?

Our auditors have given and have not withdrawn their written consent dated April 9, 2009 regarding the inclusion of their two reports and/or the references to their name in this document, in the form and context in which they are included. Their two reports were not prepared exclusively for incorporation in this document. Our auditors do not have any shareholding in us, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities.

Placing and sale and grey market dealings

No action has been taken to permit a public offering of structured products or the distribution of this document in any jurisdiction where action would be required for such purposes. The distribution of this document and the offering of any structured products may, in certain jurisdictions, be restricted by law. You must inform yourself of and observe all such restrictions. See the section headed "Placing and Sale" in this document for further details.

Following the launch of a series of structured products, we may place all or part of that series with our related party.

The structured products may be sold to investors in the grey market in the period between the launch date and the listing date. We will report any dealings in structured products by us and/or any of our subsidiaries or associated companies in the grey market to the stock exchange on the listing date through the website of the stock exchange at www.hkex.com.hk.

The listing documents are not the sole basis for making your investment decision

The listing documents do not take into account your investment objectives, financial situation or particular needs. The listing documents are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by us or the sponsor, that you should purchase any of the structured products or the underlying asset of the structured products. We do not imply that there has been no change in the information set out in this document since its publication date.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the structured products, and, if given or made, such information or representations must not be relied upon as having been authorised by us.

HKEx, the stock exchange and HKSCC have made no assessment of, nor taken any responsibility for, our financial soundness or the merits of investing in any structured products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

Governing law of the structured products

All contractual documentation for the structured products will be governed by, and construed in accordance with, the laws of Hong Kong.

How can you get further information about us or the structured products?

You may visit www.credit-suisse.com to obtain further information about us and/or the structured products.

Undefined terms

Unless otherwise specified, terms not defined in this document have the meanings given to them in the general conditions set out in appendix 1 of this document and the relevant product conditions applicable to the relevant series of structured products set out in appendix 2 and appendix 3 of this document (together, **conditions**).

OVERVIEW OF WARRANTS

What is a derivative warrant?

A derivative warrant linked to a share, a unit, an index, a basket of securities or other asset (each an **underlying asset**) is an instrument which gives the holder a right to “buy” or “sell” the underlying asset at, or derives its value by reference to, a pre-set price or level called the exercise price or strike level on the exercise date or the expiry date (as the case may be). It usually costs a fraction of the price or level of the underlying asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

How and when can you get back your investment?

American style warrants can be exercised on or before the expiry date. European style warrants can only be exercised on the expiry date.

Our warrants will be exercised on the exercise date or the expiry date (as the case may be), entitling you to:

- (a) in the case of cash settled warrants, a cash amount called the **cash settlement amount** (if positive); or
- (b) in the case of physically settled warrants, physical delivery of a pre-fixed quantity of the underlying asset called the **entitlement**,

each according to the conditions applicable to our warrants.

For cash settled warrants, you will receive the cash settlement amount less any exercise expenses upon exercise or expiry. If the cash settlement amount is equal to or less than the exercise expenses, no amount is payable to you upon exercise or expiry of your warrants.

For physically settled warrants, you must pay any exercise expenses to us and will receive the entitlement (being a pre-fixed quantity of the underlying asset) from us. If the value of the entitlement drops below your investment amount, you will suffer a loss or a substantial loss of your investment.

How do our warrants work?

Ordinary warrants

The potential payoff of an ordinary warrant is calculated by reference to the difference between:

- (a) for a warrant linked to a share or a unit, the exercise price and the closing price(s) of such share or unit on the valuation date or each valuation date (**closing price**);
- (b) for a warrant linked to an index, the strike level and the closing level of such index on the valuation date or each valuation date; or
- (c) for a warrant linked to a basket of shares or units, the exercise price and the sum of the closing price(s) of each share or unit in the basket on the valuation date or each valuation date, multiplied by their respective weightings called the **basket components (basket closing price)**,

each as described more in the applicable product conditions set out in parts A, B, E, F and G of appendix 2 of this document.

Call warrants

A call warrant is suitable for an investor holding a bullish view of the price or level of the underlying asset during the term of the warrant.

A call warrant will be exercised if the closing price, the closing level or the basket closing price is greater than the exercise price or the strike level (as the case may be). The more the closing price, the closing level or the basket closing price is greater than the exercise price or the strike level (as the case may be), the higher the payoff upon exercise or expiry. If the closing price, the closing level or the basket closing price (as the case may be) is equal to or less than the exercise price or the strike level (as the case may be), an investor in the call warrant will lose all of his investment.

Put warrants

A put warrant is suitable for an investor holding a bearish view of the price or level of the underlying asset during the term of the warrant.

A put warrant will be exercised if the closing price, the closing level or the basket closing price is less than the exercise price or the strike level (as the case may be). The more the closing price, the closing level or the basket closing price is less than the exercise price or the strike level (as the case may be), the higher the payoff upon exercise or expiry. If the closing price, the closing level or the basket closing price is equal to or greater than the exercise price or the strike level (as the case may be), an investor in the put warrant will lose all of his investment.

Exotic warrants

Exotic warrants have different terms and risk profiles to ordinary warrants.

The information below is a summary of the key features of two types of our exotic warrants, namely, (a) locked-in return warrants and (b) average return warrants.

Locked-in return warrants

You should carefully review the relevant supplemental listing document together with the product conditions set out in part C of appendix 2 of this document before deciding to invest in a “locked-in return” warrant.

Locked-in return warrants will “lock-in” any positive return on the warrants called the **periodic cash settlement amount** on each periodic fixing date.

On each periodic fixing date during the term of a locked-in return warrant, we will determine the periodic cash settlement amount applicable to that period.

The periodic cash settlement amount is calculated by us by reference to the difference between the arithmetic mean of the closing prices of one share or one unit on each of the 5 business days immediately prior to the relevant periodic fixing date (called the **periodic average price**) and the exercise price. This calculation is similar to the calculation of the cash settlement amount for an ordinary cash settled warrant linked to a share or a unit.

Your return at expiry under a locked-in return warrant will be the aggregate sum of the periodic cash settlement amounts divided by the total number of periodic fixing dates.

Locked-in return call warrant

A locked-in return call warrant is suitable for an investor holding a bullish view of the price of the share or unit on each periodic fixing date during the term of the warrant.

A locked-in return call warrant will be exercised if the periodic average price in respect of any periodic fixing date is greater than the exercise price. The more the periodic average price is greater than the exercise price, the higher the relevant periodic cash settlement amount and the payoff at expiry.

Locked-in return put warrant

A locked-in return put warrant is suitable for an investor holding a bearish view of the price of the share or unit on each periodic fixing date during the term of the warrant.

A locked-in return put warrant will be exercised if the periodic average price in respect of any periodic fixing date is less than the exercise price. The more the periodic average price is less than the exercise price, the higher the relevant periodic cash settlement amount and the payoff at expiry.

Average return warrants

You should carefully review the relevant supplemental listing document together with the product conditions set out in part D of appendix 2 of this document before deciding to invest in an “average return” warrant.

On each periodic fixing date during the term of an average return warrant, the arithmetic mean of the closing prices of one share or one unit on each of the 5 business days immediately prior to such periodic fixing date (called the **periodic reference price**) is recorded. A positive performance in the share or unit on a periodic fixing date may be offset by a negative performance of such share or unit on another periodic fixing date and vice versa. Your return under an average return warrant is therefore dependent on the average of the performances of the share or unit on each periodic fixing date.

The description **average return** refers to the calculation of the return on the warrants only. Your return of an average return warrant is calculated by reference to difference between (a) the average of the periodic reference prices (that is, the sum of the periodic reference prices divided by the number of the periodic fixing dates); and (b) the exercise price.

Average return call warrant

An average return call warrant is suitable for an investor holding a bullish view of the performance of the share or unit on each periodic fixing date during the term of the warrant.

An average return call warrant will be exercised if the average of the periodic reference prices is greater than the exercise price. The more the average of the periodic reference prices is greater than the exercise price, the higher the payoff at expiry.

If the average of the periodic reference prices is equal to or less than the exercise price, an investor in the average return call warrant will lose all of his investment.

Average return put warrant

An average return put warrant is suitable for an investor holding a bearish view of the performance of the share or unit on each periodic fixing date during the term of the warrant.

An average return put warrant will be exercised if the average of the periodic reference prices is less than the exercise price. The more the average of the periodic reference prices is less than the exercise price, the higher the payoff at expiry.

If the average of the periodic reference prices is equal to or greater than the exercise price, an investor in the average return put warrant will lose all of his investment.

Other types of warrants

The supplemental listing document applicable to other types of warrants will specify the type of such warrants and whether such warrants are ordinary or exotic warrants.

Further details relating to how a particular series of warrants work will be set out in the relevant supplemental listing document.

Where can you find the general conditions and the product conditions applicable to our warrants?

You should review the general conditions and the product conditions applicable to each type of the warrants before your investment.

The general conditions are set out in appendix 1 of this document and the product conditions applicable to each type of our warrants are set out in parts A to G of appendix 2 of this document (as may be supplemented by any addendum or the relevant supplemental listing document).

What are the factors determining the price of a derivative warrant?

The price of a warrant generally depends on the prevailing price or level of the underlying asset. However, the price of a warrant will be influenced by a number of factors throughout the warrant term, including:

- (a) the exercise price or the strike level;
- (b) the depth of market and the liquidity of the underlying asset and/or futures contracts relating to the underlying asset;
- (c) the probable range of the cash settlement amount;
- (d) the volatility of the price or level of the underlying asset (being a measure of the fluctuation in the price or level of the underlying asset);
- (e) the time remaining to expiry: a derivative warrant is generally more valuable the longer the remaining life of the derivative warrant;
- (f) any changes in interim interest rates and dividend yields;
- (g) expected dividend payments or other distributions on the underlying asset or on any components comprising the index;
- (h) the supply and demand for that warrant; and/or
- (i) our creditworthiness.

What is your maximum loss?

Your maximum loss in our warrants will be limited to your investment amount plus any transaction costs.

How can you get information about the warrants after issue?

You may visit the stock exchange website at <http://www.hkex.com.hk/prod/dwrc/dw.htm> to obtain further information on derivative warrants or any notice given by us or the stock exchange in relation to our warrants.

OVERVIEW OF CBBCs

What are CBBCs?

CBBCs are a type of structured products that track the performance of an underlying asset. CBBCs can be issued on different types of underlying assets as prescribed by the stock exchange from time to time, including:

- (a) shares or unit trusts listed on the stock exchange;
- (b) Hang Seng Index, Hang Seng China Enterprises Index and Hang Seng China H-Financials Index; and/or
- (c) overseas securities, overseas indices, currencies or commodities (such as oil, gold and platinum).

A list of eligible underlying assets for CBBCs is available on the website of the stock exchange at http://www.hkex.com.hk/prod/cbbc/underlying_latest.htm.

CBBCs are issued either as callable bull contracts or callable bear contracts, allowing you to take either bullish or bearish positions on the underlying asset. Callable bull contracts are designed for investors who have an optimistic view on the underlying asset. Callable bear contracts are designed for investors who have a pessimistic view on the underlying asset.

CBBCs have a mandatory call feature (the **mandatory call event**) and, subject to the limited circumstances set out in the relevant conditions in which a mandatory call event may be reversed, we must terminate our CBBCs upon the occurrence of a mandatory call event. See “What are the mandatory call features of CBBCs?” below for further information.

There are 2 categories of CBBCs, namely:

- (a) category R CBBCs; and
- (b) category N CBBCs.

Your entitlement following the occurrence of a mandatory call event will depend on the category of the CBBCs. See “Category R CBBCs vs. category N CBBCs” below for further information.

If no mandatory call event occurs, the CBBCs will be exercised automatically on the expiry date. The cash settlement amount (if any) payable at expiry represents the difference between the closing price or the closing level of the underlying asset on the valuation date and the strike price or the strike level.

What are the mandatory call features of CBBCs?

Mandatory call event

Subject to the limited circumstances set out in the relevant conditions in which a mandatory call event may be reversed, we must terminate the CBBCs if a mandatory call event occurs. A mandatory call event occurs if the spot price or the spot level of the underlying asset is:

- (a) at or below the call price or the call level (in the case of a callable bull contract); or
- (b) at or above the call price or the call level (in the case of a callable bear contract),

at any time during the observation period.

The observation period starts from and includes the observation commencement date of the relevant CBBCs and ends on and includes the trading day immediately preceding the expiry date.

Subject to the limited circumstances set out in the relevant conditions in which a mandatory call event may be reversed and such modification and amendment as may be prescribed by the stock exchange from time to time:

- (a) all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a mandatory call event; and
- (b) where the mandatory call event occurs during a pre-opening session or closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session,

will be invalid and cancelled, and will not be recognised by us or the stock exchange.

The time at which a mandatory call event occurs will be determined by reference to:

- (a) (in the case of CBBCs over single equities) the stock exchange's automatic order matching and execution system time at which the spot price is at or below the call price (for a series of callable bull contracts) or is at or above the call price (for a series of callable bear contracts); or
- (b) (in the case of CBBCs over index) the time the relevant spot level is published by the index compiler at which the spot level is at or below the call level (for a series of callable bull contracts) or is at or above the call level (for a series of callable bear contracts),

subject to the rules and requirements as prescribed by the stock exchange from time to time.

Category R CBBCs vs. category N CBBCs

The supplemental listing document for the relevant series of CBBCs will specify whether the CBBCs are category R CBBCs or category N CBBCs.

Category R CBBCs refer to CBBCs for which the call price or the call level is different from the strike price or the strike level. In respect of a series of category R CBBCs, you may receive a cash payment called the **residual value** upon the occurrence of a mandatory call event. The amount of the residual value payable (if any) is calculated by reference to:

- (a) (in the case of callable bull contract) the difference between the minimum trade price or the minimum index level and the strike price or the strike level of the underlying asset; and
- (b) (in the case of callable bear contract) the difference between the strike price or the strike level and the maximum trade price or the maximum index level of the underlying asset.

Category N CBBCs refer to CBBCs for which the call price or the call level is equal to their strike price or the strike level. In respect of a series of category N CBBCs, you will not receive any cash payment following the occurrence of a mandatory call event.

You must read the applicable conditions and the relevant supplemental listing document to obtain further information on the calculation formula of the residual value applicable to category R CBBCs.

You may lose all of your investment in a particular series of CBBCs if:

- (a) in the case of a series of callable bull contracts, the minimum trade price or the minimum index level of the underlying asset is equal to or less than the strike price or the strike level; or
- (b) in the case of a series of callable bear contracts, the maximum trade price or the maximum index level of the underlying asset is equal to or greater than the strike price or the strike level.

Where can you find the general conditions and the product conditions applicable to our CBBCs?

You should review the general conditions and the product conditions applicable to the CBBCs before you invest.

The general conditions are set out in appendix 1 of this document and the product conditions applicable to our CBBCs are set out in appendix 3 of this document (as may be supplemented by any addendum or the relevant supplemental listing document).

How is the funding cost calculated?

The issue price of a CBBC is set by reference to (a) the difference between the initial reference spot price or spot level of the underlying asset as at the launch date of the CBBC and the strike price or the strike level, plus (b) if applicable, a funding cost.

The issue price of a CBBC includes the initial funding cost (if any) and the initial funding cost applicable to the CBBCs as of the launch date will be specified in the relevant supplemental listing document for the relevant series.

The funding cost is an amount determined by us based on a number of factors, including but not limited to the strike price or the strike level, the prevailing interest rate and, for CBBCs over single equities, the expected dividend or distribution yield in respect of the underlying asset.

Further details about the funding cost applicable to a series of CBBCs will be described in the relevant supplemental listing document.

Do you own the underlying asset?

CBBCs convey no interest in the underlying asset. We may choose not to hold the underlying asset or any derivatives contracts linked to the underlying asset. There is no restriction through the issue of the CBBCs on our ability to sell, pledge or otherwise convey all right, title and interest in any underlying asset or any derivatives products linked to the underlying asset.

What are the factors determining the price of a CBBC?

The price of a CBBC tends to mirror the movement in the value of the underlying asset in dollar value (on the assumption of an entitlement ratio of one CBBC to one underlying asset).

However, throughout the term of a CBBC, its price will be influenced by a number of factors, including:

- (a) the strike price or the strike level and the call level or the call price;
- (b) the likelihood of the occurrence of a mandatory call event;
- (c) for category R CBBCs only, the probable range of the residual value payable upon the occurrence of a mandatory call event;
- (d) the time remaining to expiry;
- (e) any change(s) in interim interest rates;
- (f) expected dividend payments or other distribution on the underlying asset or on any components comprising the underlying index;
- (g) the supply and demand for the CBBCs;
- (h) the depth of the market or liquidity of future contracts relating to the underlying index;
- (i) any related transaction costs; and/or
- (j) our creditworthiness.

What is your maximum loss?

Your maximum loss in the CBBCs will be limited to your investment amount plus any transaction costs.

How can you get information about the CBBCs after issue?

You may visit the stock exchange website at <http://www.hkex.com.hk/prod/cbbc/intro.htm> to obtain further information on CBBCs or any notice given by us or the stock exchange in relation to our CBBCs.

TAXATION

The information below is of a general nature and is only a summary of the law and practice currently applicable in Switzerland and under Hong Kong law. The comments relate to the position of persons who are the absolute beneficial owners of the structured products and may not apply equally to all persons. If you are in any doubt as to your tax position on purchase, ownership, transfer or exercise of any structured product, you should consult your own tax advisers as to the Swiss, Hong Kong or other tax consequences of the acquisition, ownership and disposition of structured products, including, in particular, the effect of any foreign, state or local tax laws to which you are subject.

Taxation in Switzerland

Gain on sale or redemption

Under present Swiss law, a holder of structured products who is neither a resident of Switzerland nor whose transactions in the structured products are attributable to a permanent establishment within Switzerland during the taxable year will not be subject to any Swiss Federal, Cantonal or Municipal income or other tax on gains realised during that year on the holding, sale, redemption or exercise of a structured product.

Stamp tax

No stamp tax will arise in Switzerland in connection with the issue or sale of the structured products provided that no Swiss Bank or Swiss securities dealer is involved as a counterparty or an intermediary. Swiss stamp tax will not be payable on the exercise of a structured product provided that the structured product is not exercised by or through a Swiss Bank or a Swiss securities dealer.

Taxation in Hong Kong

Profits tax

No tax is payable in Hong Kong by withholding or otherwise in respect of:

- (a) dividends of any company;
- (b) distributions of any trust authorised as a collective investment scheme by the SFC under section 104 of the Securities and Futures Ordinance (Cap 571, The Laws of Hong Kong) or otherwise approved by the SFC which has issued the underlying units; and

- (c) any capital gains, arising on the sale of the underlying securities or structured products, except that Hong Kong profits tax may be chargeable on any such gains in the case of certain persons carrying on a trade, profession or business in Hong Kong.

Stamp duty

You do not need to pay any stamp duty in respect of purely cash settled structured products.

Where Hong Kong stock is to be delivered, stamp duty will normally be payable since any person who effects a sale or purchase of **Hong Kong stock**, such term as defined in the Stamp Duty Ordinance (Cap 117, The Laws of Hong Kong), whether as principal or as agent and whether such transaction is effected in Hong Kong or elsewhere, is required to execute a contract note evidencing such sale or purchase and have such contract note stamped with Hong Kong stamp duty.

PLACING AND SALE

General

We have not taken, and will not take, any action that would permit a public offering of the structured products or possession or distribution of any offering material in relation to the structured products in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any structured products, or distribution of any offering material relating to the structured products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on us. In the event that we contemplate a placing, placing fees may be payable in connection with any issue and we may at our discretion allow discounts to placees.

United States of America

The structured products will not be registered under the U.S. Securities Act of 1933, as amended (the **securities act**), or the securities laws of any state in the United States. Accordingly, the structured products may be offered only (a) outside the United States to non-U.S. Persons in reliance upon Regulation S under the securities act (**Regulation S**) and (b) in the case of certain types of structured product offerings, inside the United States to a limited number of institutions that are **accredited investors** under the securities act (**institutional accredited investors**) on the basis of the exemption provided by section 4(2) of the securities act from the registration requirements of section 5 thereof.

Each holder of a structured product and each beneficial owner of a structured product purchasing structured products outside the United States in reliance upon Regulation S, as a condition to purchasing or owning such structured product or any beneficial interest therein, will be deemed to (a) acknowledge that such structured products will not be registered under the securities act, and may not be offered or sold except as set forth herein and (b) represent that neither it nor any person for whose account or benefit the structured products are being purchased is a U.S. Person, that it is not located in the U.S., nor was solicited to purchase the structured products while present in the U.S. and (c) agree that if it should resell or otherwise transfer the structured products, it will do so

only (i) to us or any of our affiliates, (ii) in the case of certain structured products eligible for sale in the United States, through us or any affiliate thereof to an institutional accredited investor that executes and delivers an investor representation letter to us in a transaction exempt from the registration requirements of the securities act, subject to our prior approval or such affiliate's prior approval, or (iii) to a non-U.S. person in an offshore transaction in reliance upon Regulation S.

Each holder of a structured product and each beneficial owner of a structured product purchasing structured products inside the United States on the basis of the exemption provided by section 4(2) of the securities act, as a condition to purchasing or owning such structured product or any beneficial interest therein will be deemed to (a) represent that it is purchasing such structured products for its own account or an account over which it exercises sole investment discretion and that it or such account is an institutional accredited investor and (b) acknowledge that such structured products have not been and will not be registered under the securities act, and may not be offered or sold except as set forth herein and (c) agree that if it should resell or otherwise transfer the structured products, it will do so only (i) to us or any affiliate thereof, or (ii) through us or any affiliate thereof to an institutional accredited investor that executes and delivers an investor representation letter to us in a transaction exempt from the registration requirements of the securities act, subject to the prior approval of us or such affiliate, or (iii) to a non-U.S. Person in an offshore transaction in reliance upon Regulation S.

Upon execution and delivery of an investor representation letter to us in the form required under the conditions of such structured products, structured products may be issued and sold to institutional accredited investors.

The investor representation letter will state, among other things, the following:

- (a) that the institutional accredited investor has received or may receive upon

request copies of this base listing document and such other information as it deems necessary in order to make its investment decision;

- (b) that the institutional accredited investor understands that any subsequent transfer of the structured products is subject to certain restrictions and conditions set forth in this base listing document and the structured products (including those set out above) and that it agrees to be bound by and not to resell pledge or otherwise transfer the structured products except in compliance with such restrictions and conditions and the securities act;
- (c) that the purchaser is an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the securities act;
- (d) that the institutional accredited investor is not itself, or a fiduciary investing assets of or on behalf of (i) an employee benefit plan (as defined in section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**)) that is subject to Title I of ERISA; (ii) a plan (as defined in section 4975(e)(1) of the United States Internal Revenue Code of 1986, as amended); (iii) an entity whose assets include assets of a plan described in (i) or (ii) above by reason of such a plan's investment in the entity under 29 C.F.R. §2510.3-101 or otherwise. This representation shall be deemed made on each day from the date on which the purchaser acquires the structured products through and including the date on which the purchaser disposes of the structured products;
- (e) that the institutional accredited investor was not formed for the purpose of investing in the structured products or our other securities unless each of its beneficial owners is an institutional accredited investor that was not so formed;
- (f) that the institutional accredited investor is able to bear the economic risks of an investment in such structured products and has such knowledge and experience

in financial and business matters as to be capable of evaluating the merits and risks of acquiring such structured products;

- (g) that the institutional accredited investor is acquiring the structured products purchased by it for its own account or for the accounts of one or more persons each of whom meet all of the requirements of paragraph (c), (d), (e) and (f) above; and
- (h) that the institutional accredited investor acknowledges that it has conducted and relied on its own research into such matters as it deemed necessary or advisable in connection with its purchase of the structured products.

The structured products in definitive form not eligible for sale in the United States will bear the following legend:

THE STRUCTURED PRODUCTS EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF OR OF A BENEFICIAL INTEREST HEREIN (1) REPRESENTS THAT IT IS PURCHASING THE STRUCTURED PRODUCTS EVIDENCED HEREBY FOR ITS OWN ACCOUNT OR AN ACCOUNT OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION; (2) REPRESENTS THAT IT AND ANY SUCH ACCOUNT IS A NON-U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) ACQUIRING THE STRUCTURED PRODUCTS EVIDENCED HEREBY IN AN OFFSHORE TRANSACTION IN RELIANCE UPON REGULATION S UNDER THE SECURITIES ACT; AND (3) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL RESELL OR OTHERWISE TRANSFER THE STRUCTURED PRODUCTS EVIDENCED HEREBY ONLY TO (A) CREDIT SUISSE OR ANY AFFILIATE THEREOF OR (B) A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN RELIANCE UPON RULE 904 OF REGULATION S UNDER THE SECURITIES ACT. CONSEQUENTLY, ANY OFFER, SALE, RESALE, TRADE OR

DELIVERY MADE, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF A U.S. PERSON WILL NOT BE RECOGNISED.

The structured products in definitive form eligible for sale in the United States will bear the following legend:

THE STRUCTURED PRODUCTS EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF OR OF A BENEFICIAL INTEREST HEREIN (1) REPRESENTS THAT IT IS PURCHASING THE STRUCTURED PRODUCTS EVIDENCED HEREBY FOR ITS OWN ACCOUNT OR AN ACCOUNT OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION; (2) REPRESENTS THAT IT AND ANY SUCH ACCOUNT IS AN INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT; AND (3) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL RESELL OR OTHERWISE TRANSFER THE STRUCTURED PRODUCTS EVIDENCED HEREBY ONLY TO (A) CREDIT SUISSE OR ANY AFFILIATE THEREOF OR (B) THROUGH CREDIT SUISSE OR ANY AFFILIATE THEREOF TO AN INSTITUTION THAT IS AN ACCREDITED INVESTOR THAT EXECUTES AND DELIVERS AN INVESTOR REPRESENTATION LETTER TO THE ISSUER IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (C) A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN RELIANCE UPON RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

Each purchaser of structured products acknowledges that we and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it by its purchase of structured products is no longer accurate, it shall promptly notify us. If it is acquiring any structured products as a

fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

As used herein, "**U.S.**" means the United States of America (including the States and the District of Columbia), its territories and possessions; and "**U.S. Person**" has the meaning defined in Regulation S.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **relevant member state**), with effect from and including the date on which the prospectus directive is implemented in that relevant member state (the **relevant implementation date**), no offer of structured products which are the subject of the offering contemplated by this base listing document as completed by the relevant supplemental listing document in relation thereto to the public in that relevant member state has been, or will be, made except for, with effect from and including the relevant implementation date, an offer of structured products to the public in that relevant member state:

- (a) if the supplemental listing document in relation to the structured products specifies that an offer of those structured products may be made other than pursuant to Article 3(2) of the prospectus directive in that relevant member state (a **non-exempt offer**), following the date of publication of a prospectus in relation to such structured products which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, provided that such prospectus has subsequently been completed by the supplemental listing documents contemplating such non-exempt offer, in accordance with the prospectus directive, in the period beginning and ending on the dates specified in such prospectus or supplemental listing document, as applicable;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the prospectus directive) subject to obtaining prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- (e) at any time in any other circumstances falling within article 3(2) of the prospectus directive,

provided that no such offer of structured products referred to in (b) to (e) above shall require us or any dealer to publish a prospectus pursuant to article 3 of the prospectus directive or supplement a prospectus pursuant to article 16 of the prospectus directive.

For the purposes of this provision, the expression relating to an **offer of structured products to the public** in relation to any structured products in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the structured products to be offered so as to enable an investor to decide to purchase or subscribe the structured products, as the same may be varied in that member state by any measure implementing the prospectus directive in that member state and the expression **prospectus directive** means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) in connection with the issue or sale of the structured products has only been communicated or caused to be communicated and will only be communicated

or caused to be communicated in circumstances in which section 21(1) of the FSMA would not, if we were not an authorised person, apply to us. All applicable provisions of the FSMA have been complied, and will be complied, with respect to anything done by it in relation to any structured products in, from or otherwise involving the United Kingdom.

RISK FACTORS

Not all of the risk factors described below will be applicable to a particular series of the structured products. Please consider all risks carefully prior to investing in any structured products and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investment in the structured products. Please read the following section together with the risk factors set out in the relevant supplemental listing document.

General risks relating to us

Ultimate holding company of our group

We are not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of the group to which we belong is Credit Suisse Group AG.

Structured products are unsecured obligations

Each series of structured products constitutes our general unsecured contractual obligations and of no other person and will rank equally with our other unsecured contractual obligations. At any given time, the number of our structured products outstanding may be substantial.

Repurchase of our structured products

We may repurchase structured products at any time from time to time in the private market or otherwise at a negotiated price or the prevailing market price, at our discretion. You should not therefore make any assumption as to the number of structured products in issue at any time.

Our creditworthiness

If you purchase our structured products, you are relying upon our creditworthiness and have no rights under the structured products against:

- (a) any company which issues the underlying shares;
- (b) the trustee or the manager of the underlying unit; or
- (c) the index compiler of the underlying index.

We do not guarantee the repayment of your investment in any structured products.

Any downgrading of our rating by our rating agencies could result in a reduction in the value of the structured products.

No deposit liability or debt obligation

We are obliged to deliver to you the cash settlement amount or the entitlement (as the case may be) under the conditions applicable to the relevant structured products upon expiry or exercise. We do not intend (expressly, implicitly or otherwise) to create a deposit liability or a debt obligation of any kind by the issue of any structured product.

Conflicts of interest

Credit Suisse Group AG constitutes a diversified financial services group with relationships in countries around the world. We engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for our own account or the account of others. In addition, Credit Suisse Group AG, in connection with our other business activities, may possess or acquire material information about any underlying assets. Such activities and information may involve or otherwise affect the issuers of the underlying assets in a manner that may cause consequences adverse to you or otherwise create conflicts of interests in connection with our issue of structured products. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. Credit Suisse Group AG has no obligation to disclose such information about the underlying assets, baskets of shares and/or indices or such activities. Credit Suisse Group AG and our respective officers and directors may engage in any such activities without regard to our issue of structured products or the effect that such activities may directly or indirectly have on any structured product. In the ordinary course of our business, including without limitation in connection with us or our

appointed liquidity provider's market making activities, Credit Suisse Group AG may effect transactions for our own account or for the account of our customers and hold long or short positions in the underlying assets or related derivatives. In addition, in connection with the offering of any structured product, we or any member of Credit Suisse Group AG may enter into one or more hedging transactions with respect to the underlying assets or related derivatives. In connection with such hedging or market making activities or with respect to proprietary or other trading activities by us or any member of Credit Suisse Group AG, we may enter into transactions in the underlying assets or related derivatives which may affect the market price, liquidity or value of the structured products and which may affect your interests in the structured products.

In particular, you should note that we issue a large number of financial instruments, including the structured products, on a global basis. The number of such financial instruments outstanding at any time may be substantial. We have substantially no obligation to any holder of the structured products other than to pay amounts in accordance with the applicable conditions and in the relevant supplemental listing document. We do not in any respect underwrite or guarantee the performance of any structured product. Any profit or loss realised by you in respect of a structured product upon exercise or otherwise due to changes in the value of such structured product, or the price or level of the underlying asset, is solely for your own account. In addition, we have the absolute discretion to put in place any hedging transaction or arrangement which we consider appropriate in connection with any structured products or the applicable underlying asset. A reduction in our rating, if any, accorded to our outstanding debt securities by any one of our rating agencies could result in a reduction in the trading value of the structured products.

General risks relating to structured products

You may lose all your investment in the structured product

Structured products involve a high degree of risk, and are subject to a number of risks which may include interest, foreign exchange, time value, market, and/or political risks. Structured products may expire worthless.

Options, warrants and asset linked instruments are priced primarily on the basis of the price or level of the underlying asset, the volatility of the underlying asset's price or level and the time remaining to expiry of the structured product.

The prices of structured products may fall in value as rapidly as they may rise and you should be prepared to sustain a significant or a total loss of your investment in the structured products. Assuming all other factors are held constant, the more the price or level of the underlying asset of a structured product moves in a direction against you and the shorter its remaining term to expiration, the greater the risk that you will lose all or a significant part of your investment.

European style structured products are only exercisable on their respective expiry dates and may not be exercised by you prior to the relevant expiry date. Accordingly, if on such expiry date the cash settlement amount is zero or negative, you will lose the value of your investment.

The risk of losing all or any part of the purchase price of a structured product means that, in order to recover and realise a return upon your investment in the structured products, you must generally be correct about the direction, timing and magnitude of an anticipated change in the price or level of the underlying asset.

Changes in the price or level of an underlying asset can be unpredictable, sudden and large and such changes may result in the price or level of the underlying asset moving in a direction which will negatively impact upon the return on your investment. You therefore risk losing your entire investment if the price or level of the relevant underlying asset does not move in the anticipated direction.

The value of the structured products may be disproportionate or opposite to movement in price or level of the underlying assets

An investment in structured products is not the same as owning the underlying asset or having a direct investment in the underlying asset. The market values of structured products are linked to the relevant underlying assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be

disproportionate. It is possible that while the price or level of the underlying assets is increasing, the value of the structured product is falling.

You should recognise the risks of utilising structured products if you intend to purchase any series of structured products to hedge against the market risk associated with investing in the relevant underlying asset. The value of the structured products may not exactly correlate with the price or level of the underlying asset. Due to fluctuations in supply and demand for structured products, there is no assurance that their value will correlate with movements in the price or level of the underlying asset. The structured products may not be a perfect hedge to the underlying asset or portfolio of which the underlying asset forms a part.

Furthermore, it may not be possible to liquidate the structured products at a price or level which directly reflects the price or level of the underlying asset or portfolio of which the underlying asset forms a part. You may therefore suffer substantial losses in the structured products notwithstanding any losses suffered with respect to investments in or exposures to any underlying assets.

Maximum exercise amount

In respect of American style structured products and if so indicated in the relevant supplemental listing document, we will have the option to limit the number of structured products exercisable or being closed out on any exercise date or expiry date to the maximum number specified therein and, in conjunction with such limitation, to limit the number of structured products exercisable or being closed out by any holder on such day. In the event that the total number of structured products being exercised or being closed out exceeds such specified maximum number, you may not be able to realise the value of your investment in all the structured products on that day.

Minimum exercise amount

In respect of American style structured products and if so indicated in the relevant supplemental listing document, you may have to tender a specified minimum number of the structured products at any one time in order to exercise the structured products. If you have fewer than the specified minimum number of such structured products, you will either have

to sell your structured products or purchase additional structured products, incurring transaction costs in each case, in order to realise a return on your investment, and you may incur the risk that the trading price of the structured product at that time is different from the applicable cash settlement amount.

Possible illiquidity of secondary market

It is not possible to predict:

- (a) if and to what extent a secondary market may develop in any series of structured products;
- (b) at what price such series of structured products will trade in the secondary market; and
- (c) whether such market will be liquid or illiquid.

The fact that the structured products are listed does not necessarily lead to greater liquidity than if they were not listed.

We intend to apply to list each series of structured products on the stock exchange. There can be no assurance that the listing of a series of structured products at the stock exchange can be maintained.

If any series of structured products are not listed or traded on any exchange, pricing information for such series of structured products may be difficult to obtain and the liquidity of that series of structured products may be adversely affected.

The liquidity of any series of structured products may also be affected by restrictions on offers and sales of the structured products in some jurisdictions. Transactions in off-exchange structured products may be subject to greater risks than dealing in exchange-traded structured products. To the extent that any structured products of a series is exercised or closed out, the number of structured products outstanding in that series will decrease, which may result in a lessening of the liquidity of structured products. A lessening of the liquidity of the affected series of structured products may cause, in turn, an increase in the volatility associated with the price of such structured products.

We, acting through our liquidity provider, may be the only market participant for the structured products. Therefore, the secondary market for the structured products may be limited. We and our liquidity provider may at any time purchase the structured products at any price in the open market or by tender or private agreement, subject to the requirements under the listing rules relating to the provision of liquidity, as described further in the relevant supplemental listing document. The more limited the secondary market is for any particular series of the structured products, the more difficult for you to realise the value of your structured products prior to the expiration date.

Interest rates

Investments in the structured products may involve interest rate risk with respect to the currency of denomination of the underlying assets and/or the structured products. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the structured products at any time prior to valuation of the underlying assets relating to the structured products.

Exchange rate risk

There may be an exchange rate risk in the case of structured products where the cash settlement amount will be converted from a foreign currency into Hong Kong dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation.

Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the structured products. Fluctuations in the exchange rates of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies. There can be no assurance that rates of exchange between any relevant currencies which are current at the date of issue of any structured

products will be representative of the rates of exchange used in computing the value of the relevant structured products at any time thereafter.

Where structured products are described as being “quantoed”, the value of the underlying assets will be converted from one currency (the **original currency**) into a new currency (the **new currency**) on the date and in the manner specified in, or implied by, the applicable conditions using a fixed exchange rate. The cost to us of maintaining such a fixing between the original currency and the new currency will have an implication on the value of the structured products, which will vary during the term of the structured products. No assurance can be given as to whether or not, taking into account relative exchange rates and interest rate fluctuations between the original currency and the new currency, a quanto feature in a structured product would at any time enhance the return on the structured product over a level of a similar structured product issued without such a quanto feature.

Taxes

You may be required to pay stamp duty or other taxes or other documentary charges. If you are in doubt as to your tax position, you should consult your own independent tax advisers. In addition, you should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. See the section headed “Taxation” for further information.

Modification to the conditions

Under the conditions, we may without your consent, modify the general conditions and/or the product conditions if such modification is:

- (a) not materially prejudicial to your interest;
- (b) of a formal, minor or technical nature;
- (c) to correct an obvious error;
- (d) for compliance with any mandatory requirements under Hong Kong laws or regulations; or
- (e) considered by the issuer to be appropriate and is approved by the stock exchange.

Possible early termination for illegality

If we determine that for reasons beyond our control the performance of our obligations under the structured products has become illegal in whole or in part as a result of our compliance in good faith with any applicable law, we may at our absolute discretion terminate the structured products. In such event, we will, if and to the extent permitted by applicable law, pay an amount calculated by us to be the fair market value of the structured products prior to such termination notwithstanding the illegality less our cost of unwinding any related hedging arrangements.

Risks relating to the underlying asset

You have no right to the underlying asset

Unless specifically indicated in the conditions, you will not be entitled to:

- (a) voting rights or rights to receive dividends or other distributions or any other rights that a holder of the shares or units would normally be entitled to; or
- (b) voting rights or rights to receive dividends or other distributions or any other rights with respect to any company constituting any underlying index.

Valuation risk

An investment in the structured products involve valuation risk in relation to the relevant underlying asset. The price or level of the underlying asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions (where the underlying asset is a share or a basket of shares), changes in computation or composition (where the underlying asset is an index), macro economic factors and market trends.

You must be experienced with dealing in these types of structured products and must understand the risks associated with dealing in such products. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of any structured product in light of your particular financial circumstances, the information regarding the relevant structured product and the particular underlying asset to which the value of the relevant structured product relates.

Adjustment related risk

Certain events relating to the underlying asset require or, as the case may be, permit us to make certain adjustments or amendments to the conditions. You have limited anti-dilution protection under the conditions. We may, in our sole discretion adjust, among other things, the entitlement, the exercise price or any other terms (including without limitation the closing price or the closing level of the underlying asset) of any series of structured product. However, we are not required to adjust for every event that may affect an underlying asset, such as changes in computation or composition (where the underlying asset is an index), macro economic factors or market trends that affect the underlying asset, in which case the market price of the structured products, and the return upon the exercise or expiry of the structured products may be affected.

For structured products linked to an index, the index level may be published by the index compiler at a time when one or more components comprising the index are not trading. If this occurs on a valuation date and there is no market disruption event called under the conditions, then the closing level of the index may be calculated by the index compiler by reference to the remaining components. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permit us to determine the level of the index on the basis of the formula or method last in effect prior to such change in formula or method.

Suspension of trading

If the underlying assets are suspended from trading or dealing for whatever reason on the market on which they are listed or dealt in (including the stock exchange), trading in the relevant series of structured products will be suspended for a similar period.

Delay in settlement

Unless otherwise specified in the relevant conditions, there may be a time lag between the date on which the structured products are exercised or expire, and the time the applicable settlement amount relating to such

event is determined. Any such delay between the time of exercise or expiry and the determination of the settlement amount will be specified in the relevant conditions.

However, such delay could be significantly longer, particularly in the case of a delay in the exercise or expiry of such structured products arising from our determination that a market disruption event, settlement disruption event or delisting of a company has occurred at any relevant time or that adjustments are required in accordance with the conditions.

The relevant settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount.

You should note that in the event of there being a settlement disruption event or a market disruption event, payment of the cash settlement amount may be delayed as more fully described in the conditions.

Risks relating to structured products over trusts

In the case of structured products which relate to the units of a trust:

- (a) neither we nor any of our affiliates have the ability to control or predict the actions of the trustee or the manager of the relevant trust. Neither the trustee nor the manager of the relevant trust (i) is involved in the offer of any structured product in any way, or (ii) has any obligation to consider the interest of the holders of any structured product in taking any corporate action that might affect the value of any structured product; and
- (b) we have no role in the relevant trust. The manager of the relevant trust is responsible for making strategic, investment and other trading decisions with respect to the management of the relevant trust consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the relevant trust. The manner in which the relevant trust is managed and the timing of actions may have a significant impact on the performance of the relevant trust. Hence, the market price of the relevant units is also subject to these risks.

Risks relating to our warrants

Time decay

The settlement amount of a series of warrants at any time prior to expiration may be less than the trading price of such warrants at that time. The difference between the trading price or level and the settlement amount will reflect, among other things, a “time value” of the warrants. The “time value” of the warrants will depend upon, among others, the length of the period remaining to expiration and expectations concerning the range of possible future price or level of the underlying assets. The value of the warrants is likely to decrease over time. Therefore, the warrants should not be viewed as products for long term investments.

Risks relating to locked-in return warrants

In the case of locked-in return warrants, if the periodic average price in respect of each periodic fixing date is:

- (a) in the case of a locked-in return call warrant, equal to or less than the exercise price; or
- (b) in the case of a locked-in return put warrant, equal to or greater than the exercise price,

the periodic cash settlement amount for such warrant will be zero for each periodic fixing date and you will lose all of your investment.

Risks relating to average return warrants

In the case of average return warrants, the performance of the underlying asset on a periodic fixing date may off-set its performance on another periodic fixing date.

If the average of the periodic reference prices on each periodic fixing date is:

- (a) in the case of average return call warrants, equal to or less than the exercise price; or
- (b) in the case of average return put warrants, equal to or greater than the exercise price,

you will not receive any payment from us and will sustain a total loss of your investment.

Risks relating to our CBBCs

You may lose all or substantially all of your investment upon the occurrence of a mandatory call event

CBBCs are not suitable for all types of investors. You should not invest in the CBBCs unless you understand the nature of the CBBCs and are prepared to lose all or substantially all of your investment in the CBBCs. The CBBCs will be terminated upon the occurrence of a mandatory call event and you will not be able to benefit from your investment in the CBBCs even if the performance of the underlying asset recovers subsequent to the occurrence of the mandatory call event. When a mandatory call event occurs, payoff for a category N CBBC will be zero and for a category R CBBC, you may lose all of your investment or receive a small amount of residual value payment. Please refer to the section headed "Overview of CBBCs" for more information.

Correlation between the price of a CBBC and the price or level of the underlying asset

When the underlying asset of a CBBC is trading at a price or level close to its call price or call level, the price of that CBBC tends to be more volatile and any change in the value of that CBBC at such time may be incomparable and disproportionate with the change in the price or level of the underlying asset.

Mandatory call event is irrevocable

A mandatory call event is irrevocable unless it is triggered as a result of any of the following events:

- (a) system malfunction or other technical errors of HKEx (such as the setting up of wrong call price or call level and other parameters) and such event is reported by the stock exchange to us and we and the stock exchange mutually agree that such mandatory call event is to be revoked; or
- (b) manifest errors caused by the relevant third party price source where applicable (such as miscalculation of the index level by the index compiler) and such event is reported by us to the stock exchange and we and the stock exchange mutually agree that such mandatory call event is to be revoked,

in each case, such mutual agreement must be reached no later than the time specified in the relevant supplemental listing document or such other time as prescribed by the stock exchange from time to time. Upon revocation of the mandatory call event, trading of the CBBCs will resume and any trade cancelled after such mandatory call event will be reinstated.

Delay in announcements of a mandatory call event

The stock exchange will notify the market as soon as practicable after the CBBC has been called upon the occurrence of a mandatory call event. You must however be aware that there may be delay in the announcement of a mandatory call event due to technical errors or system failures and other factors that are beyond our control or the control of the stock exchange.

Non-recognition of post MCE trades

The stock exchange and its recognised exchange controller, HKEx, shall not incur any liability (whether based on contract, tort (including, without limitation, negligence), or any other legal or equitable grounds and, without regard to the circumstances giving rise to any purported claim (except in the case of wilful misconduct on the part of the stock exchange and/or HKEx)) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the mandatory call event or the suspension of trading (**trading suspension**) or the non-recognition of trades after a mandatory call event (**non-recognition of post MCE trades**), including, without limitation, any delay, failure, mistake or error in the trading suspension or non-recognition of post MCE trades.

We and our affiliates shall not have any responsibility towards you for any losses suffered as a result of the trading suspension and/or non-recognition of post MCE trades in connection with the occurrence of a mandatory call event, the resumption of trading of the CBBCs or reinstatement of any post MCE trades cancelled as a result of the reversal of any mandatory call event, notwithstanding that such trading suspension and/or non-recognition of post MCE trades occur as a result of an error in the observation of the event.

Residual value may not include residual funding cost

In respect of category R CBBCs, the residual value (if any) payable by us following the occurrence of a mandatory call event may or may not include the residual funding cost for the CBBCs. You may not receive any residual funding cost back from us upon early termination of a category R CBBC upon a mandatory call event.

Our hedging activities may adversely affect the price or level of the underlying asset

We and/or any of our affiliates may carry out activities that minimise our risks related to the CBBCs, including effecting transactions for our own account or for the account of our customers and hold long or short positions in the underlying asset (whether for risk reduction purposes or otherwise). In addition, in connection with the offering of any CBBCs, we and/or any of our affiliates may enter into one or more hedging transactions with respect to the underlying asset. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by us and/or any of our affiliates, we and/or any of our affiliates may enter into transactions in the underlying asset which may affect the market price, liquidity or price or level of the underlying asset and/or the value of CBBCs and which could be deemed to be adverse to your interests. We and/or any of our affiliates are likely to modify our hedging positions throughout the life of the CBBCs whether by effecting transactions in the underlying asset or in derivatives linked to the underlying asset. Further, it is possible that the advisory services which we or any of our affiliates provide in the ordinary course of our business could lead to an adverse impact on the value of the underlying asset.

Unwinding of hedging arrangements

Our or our affiliates' trading and/or hedging activities related to CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price or level of the underlying asset and may trigger a mandatory call event. In particular, when the underlying asset is trading close to the call price or the call level, our unwinding activities may cause a fall or rise (as the case may be) in the trading price or level of the underlying asset, leading to a mandatory call event as a result of such unwinding activities.

In respect of category N CBBCs, we or our affiliates may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a mandatory call event.

In respect of category R CBBCs, before the occurrence of a mandatory call event, we or our affiliates may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from time to time. Upon the occurrence of a mandatory call event, we or our affiliates may unwind any hedging transactions in relation to the CBBCs. Such unwinding activities after the occurrence of a mandatory call event may affect the trading price or level of the underlying asset and consequently the residual value for the CBBCs.

Risks relating to the legal form of the structured products

Each series of structured products will be issued in global registered form and represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a CCASS participant).

The register for the relevant structured products will only record at all times that 100% of such structured products are held by HKSCC Nominees Limited, being the only legal owner. The evidence of your title, as well as the efficiency of ultimate delivery of the cash settlement amount (if any) under the structured products, will be subject to the CCASS Rules.

You should be aware of the following risks:

- (a) you will not receive any definitive certificates representing your beneficial interests in the structured products;
- (b) you may only refer to the records of CCASS or their brokers/custodians and the statements you receive to determine your beneficial interest in the structured products;
- (c) any notices, announcements and/or information relating to meetings in respect of the structured products will only be delivered to you through the

CCASS participants in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time; and

- (d) our obligations under the conditions of the structured products will be duly performed by the payment of the cash settlement amount to HKSCC Nominees Limited as the registered holder of the structured products, all in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

Fee arrangements with brokers and conflicts of interest of brokers

We may enter into fee arrangements with brokers and/or any of their affiliates with respect to the placement of the structured products in the primary market. You should note that any brokers with whom we have a fee arrangement does not, and cannot be expected to, deal exclusively in the structured products, therefore any broker and/or its subsidiaries or affiliates may from time to time engage in transactions involving the underlying assets and/or the structured products of other issuers over the same underlying assets to which the particular series of structured products may relate, or other underlying assets as the case may be, for their proprietary accounts and/or for the accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the structured products and present certain conflicts of interests.

Effect of the combination of risk factors unpredictable

Two or more risk factors may simultaneously have an effect on the value of a series of structured products such that the effect of any individual risk factor may not be predictable. No assurance can be given as to the effect any combination of risk factors may have on the value of a series of structured products.

GENERAL INFORMATION ABOUT US

Incorporation, registered office and objective

We were established on July 5, 1856 and registered in the Commercial Register of the Canton of Zurich on April 27, 1883 for an unlimited duration under the name of Schweizerische Kreditanstalt. Our name was changed to Credit Suisse First Boston on December 11, 1996 (by entry in the Commercial Register), effective as of January 1, 1997. Our name was again changed to Credit Suisse, effective as of May 13, 2005. We are a joint stock corporation established under Swiss law. Our share capital amounts to CHF 4,399,665,200, which is divided into 43,996,652 fully paid-up registered shares with a par value of CHF 100 each.

Members of our board of directors as of April 14, 2009*

Name	Office held	Office address
Walter B. Kielholz	Chairman	Credit Suisse Group AG Paradeplatz 8 8070 Zurich Switzerland
Hans-Ulrich Doerig	Vice Chairman	Credit Suisse Group AG Paradeplatz 8 8070 Zurich Switzerland
Peter Brabeck-Letmathe	Vice Chairman	Nestlé SA Avenue Nestlé 55 1800 Vevey, Switzerland
Robert H. Benmosche	Director	Credit Suisse Group AG Paradeplatz 8 8070 Zurich Switzerland
Thomas W. Bechtler	Director	Seestrasse 21 8700 Küsnacht Switzerland
Aziz R. D. Syriani	Director	The Olayan Group 111 Poseidonos Avenue P.O. Box 70228, Glyfada Athens 16610, Greece
Ernst Tanner	Director	Chocoladenfabriken Lindt & Sprüngli AG Seestrasse 204 8802 Kilchberg Switzerland
Peter F. Weibel	Director	Credit Suisse Group AG Paradeplatz 8 8070 Zurich Switzerland
Noreen Doyle	Director	Credit Suisse Group AG Paradeplatz 8 8070 Zurich Switzerland

Name	Office held	Office address
David W. Syz	Director	ecodocs AG Dufourstrasse 21 8702 Zollikon Switzerland
Jean Lanier	Director	Credit Suisse Group AG Paradeplatz 8 8070 Zurich Switzerland
Anton van Rossum	Director	Credit Suisse Group AG Paradeplatz 8 8070 Zurich Switzerland
Richard E. Thornburgh	Director	Corsair Capital LLC 717 Fifth Avenue New York, NY 10022 United States

* The composition of the boards of directors of Credit Suisse Group AG and Credit Suisse is identical. The members of our board of directors set out above are subject to the press release announced by Credit Suisse Group AG on March 9, 2009, which is disclosed in the section headed “Press release announced by Credit Suisse Group AG on March 9, 2009” set out in appendix 7 of this document.

ERISA matters

We and certain of our affiliates may each be considered a “party in interest” within the meaning of the Employee Retirement Income Security Act of 1974, as amended (**ERISA**), or a “disqualified person” within the meaning of the United States Internal Revenue Code of 1986, as amended (the **code**) with respect to many employee benefit plans and individual retirement accounts, Keoghs and other plans subject to section 4975 of the code.

Certain transactions between an employee benefit plan and a party in interest or disqualified person may result in “prohibited transactions” within the meaning of ERISA and the code. Accordingly, structured products may not be purchased or held with the assets of (a) an “employee benefit plan” as defined in section 3(3) of ERISA, (b) a “plan” as defined in section 4975 of the code, or (c) an entity whose underlying assets include “plan assets” under US Department of Labor Regulation 29 CFR section 2510.3-101.

APPENDIX 1 — GENERAL CONDITIONS OF THE STRUCTURED PRODUCTS

These General Conditions relate to each series of Structured Products and must be read in conjunction with, and are subject to, the relevant Product Conditions set out in Appendix 2 and Appendix 3 to this Base Listing Document and the relevant Supplemental Listing Document in relation to the particular series of Structured Products. These General Conditions, the relevant Product Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document together constitute the Conditions of the relevant Structured Products, and will be endorsed on the Global Certificate representing the relevant Structured Products. The relevant Supplemental Listing Document in relation to the issue of any series of Structured Products may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these General Conditions and the relevant Product Conditions, replace or modify these General Conditions and the relevant Product Conditions for the purpose of such series of Structured Products.

1. Definitions

“Applicable Law” means any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power;

“Base Listing Document” means the base listing document relating to Structured Products dated April 15, 2009 and issued by the Issuer (including any addenda to such base listing document issued by the Issuer from time to time);

“Board Lot” has the meaning given to it in the relevant Supplemental Listing Document;

“Cash Settlement Amount” has the meaning given to it in the relevant Product Conditions;

“CCASS” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“CCASS Rules” means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

“Conditions” means, in respect of a particular series of Structured Products, these General Conditions and the applicable Product Conditions;

“CS Hong Kong” means Credit Suisse (Hong Kong) Limited, which expression shall include any successors to Credit Suisse (Hong Kong) Limited for the purposes of maintaining the Register;

“Exercise Notice” means a duly completed exercised notice obtainable from CS Hong Kong;

“Global Certificate” means, in respect of the relevant Structured Products, a global certificate by way of deed poll dated the Issue Date executed by the Issuer;

“HKEx” means Hong Kong Exchanges and Clearing Limited;

“Holder” means, in respect of each series of Structured Products, each person who is for the time being shown in the Register as entitled to a particular number of Structured Products and such person shall be treated by the Issuer and CS Hong Kong as the absolute owner and holder of such number of Structured Products;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Institutional Accredited Investor” means an accredited investor as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act;

“Investor Representation Letter” means an investor representation letter to the Issuer in the form required by CS Hong Kong;

“Issue Date” means the date specified as such in the relevant Supplemental Listing Document;

“Issuer” means Credit Suisse;

“Product Conditions” means, in respect of each series of Structured Product, the product specific terms and conditions that apply to that Structured Product;

“Register” means the register in respect of the Structured Products maintained by the Registrar under General Condition 3;

“Register Maintenance Agreement” means:

- (a) in respect of Warrants and CBBCs, the base register maintenance agreement and structured product agency agreement (as amended, varied or supplemented from time to time or any successor document) dated April 23, 2003 as supplemented by a Confirmation (as defined in such Register Maintenance Agreement) relating to the Structured Products made between, inter alios, the Issuer and CS Hong Kong; or
- (b) in respect of other structured products, the agreement specified as such in the relevant Supplemental Listing Document;

“Registrar” means CS Hong Kong or such other party as specified in the relevant Supplemental Listing Document;

“Regulation S” means Regulation S under the Securities Act;

“Securities Act” means the United States Securities Act of 1933, as amended and in effect from time to time;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Structured Products” means derivative warrants (**“Warrants”**), callable bull/bear contracts (**“CBBCs”**) and other structured products to be issued by the Issuer from time to time. References to **“Structured Products”** are to be construed as references to a particular series of Structured Products and, unless the context otherwise requires, include any further Structured Products issued pursuant to General Condition 9;

“Supplemental Listing Document” means the supplemental listing document relating to a particular series of Structured Products;

“Transfer Office” means the specified office of CS Hong Kong or such other office as specified in the relevant Supplemental Listing Document; and

“U.S. Person” shall have the meaning ascribed to it in Regulation S.

2. Form, Status and Transfer

2.1 Form

The Structured Products are issued in registered form subject to and with the benefit of the Global Certificate and the relevant Register Maintenance Agreement. Copies of the Global Certificate and the relevant Register Maintenance Agreement are available for inspection at the Transfer Office.

The Holders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Global Certificate and the relevant Register Maintenance Agreement.

2.2 **Status**

The Structured Products represent general, unsecured, contractual obligations of the Issuer and of no other person and rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations of the Issuer.

2.3 **Transfer**

Transfers of beneficial interests in the Structured Products may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the CCASS Rules.

2.4 **Transfer to U.S. Person**

(a) *Cash Settled Structured Products*

Upon execution and delivery of the Investor Representation Letter, cash settled Structured Products may be issued and sold to Institutional Accredited Investors. The cash settled Structured Products may not be registered in the name of or beneficially owned by U.S. Persons unless such U.S. Person is an Institutional Accredited Investor. Cash settled Structured Products held by Institutional Accredited Investors may be resold or otherwise transferred only:

- (i) to the Issuer or any affiliate thereof; or
- (ii) through the Issuer or any affiliate thereof to an Institutional Accredited Investor that executes and delivers an Investor Representation Letter to the Issuer in a transaction exempt from the registration requirements of the Securities Act, subject to the prior approval of the Issuer or such affiliate; or
- (iii) to a non-U.S. person in an offshore transaction in reliance upon Regulation S. Each Holder and each beneficial owner of a cash settled Structured Product hereby represents as a condition to purchasing or owning such cash settled Structured Product or any beneficial interest therein that it is either:
 - (aa) not located in the United States nor is a U.S. Person nor was solicited to purchase the cash settled Structured Products while present in the United States; or
 - (bb) an Institutional Accredited Investor that has executed and delivered the Investor Representation Letter to the Issuer.

(b) *Physically settled Structured Products*

Physically settled Structured Products may not be registered in the name of or beneficially owned by U.S. Persons. Each Holder and each beneficial owner of a physically settled Structured Product hereby represents as a condition to purchasing or owning such physically settled Structured Products or any beneficial interest therein that it is neither located in the United States nor a U.S. Person.

3. Register and Transfer Office

3.1 Maintenance of Register

- (a) In respect of each series of Structured Products, the Registrar will maintain a Register for that series.

The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Registrar under the relevant Register Maintenance Agreement provided that it will at all times maintain or arrange for the maintenance of a Register.

Notice of any such termination or appointment and any change in the Transfer Office or the specified office of CS Hong Kong will be given to the Holders in accordance with General Condition 7.

- (b) The Registrar will enter or cause to be entered the name, address and banking details of the Holders, the details of the relevant series of Structured Products held by any Holder including the number of Structured Products held, and any other particulars which it thinks proper.
- (c) The Register will be maintained by the Registrar:
- (i) in respect of a series of Warrants and CBBCs, in Hong Kong; and
 - (ii) in respect of other Structured Products, at such location as the Issuer and the Registrar may agree and specified in the relevant Supplemental Listing Document.

3.2 Registrar is the agent of the Issuer

The Registrar for each series of Structured Products will be acting as the agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Holders.

4. Purchases

The Issuer and/or any of its respective affiliates may at any time purchase Structured Products at any price in the open market or by tender or by private treaty. Any Structured Products so purchased may be held or resold or surrendered for cancellation. Any resales by the Issuer or (as the case may be) the relevant affiliate will be made (a) to Institutional Accredited Investors that each executes and delivers an Investor Representation Letter to the Issuer in transactions exempt from the registration requirements of the Securities Act, or (b) to non-U.S. persons in offshore transactions in reliance upon Regulation S.

5. Global Certificate

Each series of the Structured Products is represented by a Global Certificate registered in the name of HKSCC Nominees Limited and deposited with CCASS in accordance with the CCASS Rules. Holders will not be entitled to definitive certificates in respect of any Structured Products issued or transferred to them.

6. Meetings of Holders and Modifications to Conditions

6.1 *Meetings of Holders*

The relevant Register Maintenance Agreement contains provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution (as defined in the relevant Register Maintenance Agreement) of a modification of the provisions of the Structured Products or of the Global Certificate.

Any resolution to be passed in a meeting of the Holders shall be decided by poll. Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. of the Structured Products for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Structured Products for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Structured Products so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Holders as, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

In the case of Structured Products which are expressed to be American Style, an Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting, save for those Structured Products remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting. Structured Products which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Holders.

Resolutions can be passed in writing without a meeting of the Holders being held if passed unanimously.

6.2 *Modification*

The Issuer may, without the consent of the Holders, effect any modification of the provisions of the Structured Products or the Global Certificate:

- (a) which is not materially prejudicial to the interests of the Holders;
- (b) which is of a formal, minor or technical nature;
- (c) which is made to correct an obvious error;
- (d) which is necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong; or
- (e) which is considered by the Issuer to be appropriate and such modification is approved by the Stock Exchange.

Any such modification made in accordance with this General Condition 6.2 shall be binding on the Holders and shall be notified to them by CS Hong Kong before the effective date or as soon as practicable thereafter in accordance with General Condition 7.

7. Notices

7.1 *Mail delivery*

All documents required or permitted by the Conditions to be sent to a Holder or to which a Holder is entitled or which the Issuer shall have agreed to deliver to a Holder may be:

- (a) delivered by hand; or
- (b) sent by post,

addressed to the Holder (otherwise than in accordance with an Exercise Notice (in the case of Structured Products which are expressed to be American Style)) to the Holder's address (or, in the case of joint Holders, to the address of the first named Holder) appearing in the Register provided that airmail post shall be used if such address is not in Hong Kong.

All documents delivered or sent in accordance with this General Condition 7.1 shall be delivered or sent at the risk of the relevant Holder. Where such documents are notices, such notices will be delivered on the same date as notices are delivered pursuant to General Condition 7.2.

7.2 *Publication of notices*

All notices to Holders will be validly given if published in English and in Chinese on the website of HKEx. Such notices shall be deemed to have been given on the date of the first such publication. If publication is not practicable, notice will be given in such other manner as the Issuer may determine, provided that:

- (a) copies of the notices will also be sent by mail to the Holders at their addresses appearing in the Register; and
- (b) in the case of Holders who are Institutional Accredited Investors, notice is deemed to have been validly given when sent by facsimile or other electronic means of communication, including by messaging via a third party data vendor, such as Bloomberg, in accordance with the contact details maintained in the Register regardless of whether the Holder has had actual notice or not.

8. Illegality

The Issuer shall have the right to terminate the Structured Products if it shall have determined in its absolute discretion that for reasons beyond its control, its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any Applicable Law. In such circumstances, the Issuer will, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Structured Product held by such Holder an amount calculated by it as the fair market value of the Structured Product immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

9. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Holders, to create and issue further Structured Products so as to form a single series with the Structured Products.

10. Governing Law

The Structured Products, the Global Certificate and the relevant Register Maintenance Agreement will be governed by and construed in accordance with the laws of Hong Kong.

The Issuer and each Holder (by its purchase of the Structured Products) shall be deemed to have submitted for all purposes in connection with the Structured Products, the Global Certificate and the relevant Register Maintenance Agreement to the non-exclusive jurisdiction of the courts of Hong Kong.

11. Language

In the event of any inconsistency between the Chinese translation and the English version of these General Conditions and/or the applicable Product Conditions, the English version of these General Conditions and/or the applicable Product Conditions shall prevail.

APPENDIX 2 — PRODUCT CONDITIONS OF THE WARRANTS

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PART A — PRODUCT CONDITIONS OF CALL/PUT WARRANTS OVER SINGLE EQUITIES (CASH SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“Business Day” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“Cash Settlement Amount” means, in respect of every Exercise Amount, an amount in Hong Kong dollars calculated by the Issuer as:

- (a) for American Style Warrants exercised on any Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a):
 - (i) in the case of a series of call Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the closing price of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any capitalisation, rights issue, distribution or the like) on the Valuation Date less (ii) the Exercise Price (subject to adjustment as provided in Product Condition 5); less (2) the Exercise Expenses; and
 - (ii) in the case of a series of put Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the Exercise Price (subject to adjustment as provided in Product Condition 5) less (ii) the closing price of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any capitalisation, rights issue, distribution or the like) on the Valuation Date; less (2) the Exercise Expenses; or
- (b) for Warrants automatically exercised on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b):
 - (i) in the case of a series of call Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the arithmetic mean of the closing prices of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date less (ii) the Exercise Price (subject to adjustment as provided in Product Condition 5); less (2) the Exercise Expenses; and
 - (ii) in the case of a series of put Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the Exercise Price (subject to adjustment as provided in Product Condition 5) less (ii) the arithmetic mean of the closing prices of one Share (as derived from the

Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date; less (2) the Exercise Expenses;

“Company” means the company specified as such in the relevant Supplemental Listing Document;

“Dealing Commencement Date” means the date specified as such in the relevant Supplemental Listing Document;

“Designated Bank Account” means the relevant bank account designated by the relevant Holder;

“Entitlement” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“Exercise Amount” means the amount specified as such in the relevant Supplemental Listing Document;

“Exercise Date” means the date upon which a Warrant is, or is to be treated as, exercised in accordance with Product Condition 4.1(b)(ii);

“Exercise Expenses” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“Exercise Period” means:

- (a) in the case of American Style Warrants, the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the sixth Business Day prior to the Expiry Date; and
- (b) in the case of European Style Warrants, 10:00 a.m. (Hong Kong time) on the Expiry Date only;

“Exercise Price” means the price specified as such in the relevant Supplemental Listing Document;

“Expiry Date” has the meaning given to it in the relevant Supplemental Listing Document;

“General Conditions” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Market Disruption Event” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
 - (i) the Shares; or
 - (ii) any options or futures contracts relating to the Shares if, in any such case, that suspension or limitation is, in the determination of the Issuer, material; or
- (b) the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall

be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled call/put Warrants;

“**Settlement Date**” means three Business Days following:

- (a) with respect to the exercise of American Style Warrants on an Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a), the Valuation Date; or
- (b) with respect to the automatic exercise of Warrants on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b), the Expiry Date;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Shares**” means the shares of the Company specified as such in the relevant Supplemental Listing Document; and

“**Valuation Date**” means:

- (a) with respect to the exercise of American Style Warrants on any Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a), the Exercise Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on such Exercise Date, then the Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event, provided that if there is a Market Disruption Event on each of the five Business Days immediately following the original Exercise Date that, but for the Market Disruption Event, would have been the Valuation Date, then:
 - (i) that fifth Business Day after the original Exercise Date shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
 - (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of such price that would have prevailed on that fifth Business Day after the original Exercise Date but for the Market Disruption Event; or
- (b) with respect to the automatic exercise of Warrants on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b), each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that already is or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Valuation Date is postponed in accordance with this paragraph (b), the closing price of the Shares for such postponed Valuation Date will be the closing price of the Shares on the first succeeding Business Day. Accordingly, the closing price of a Valuation Date may be used more than once in calculating the arithmetic mean of the closing prices of one Share for the determination of the Cash Settlement Amount, so that in no event shall there be less than five closing prices to determine the arithmetic mean of the closing prices of one Share,

provided further that if the postponement of the Valuation Date in accordance with paragraphs (a) or (b) above would result in the Valuation Date falling on or after the Expiry Date, then:

- (aa) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (bb) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of such price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

2. Warrant Rights and Exercise Expenses

2.1 Warrant Rights

Every Exercise Amount gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 4.1 or Product Condition 4.2, as the case may be, the right to receive the payment of the Cash Settlement Amount, if any.

2.2 Exercise Expenses

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.1 or Product Condition 4.2, as the case may be.

3. Exercise of American Style Warrants and European Style Warrants, Automatic Exercise and Expiry

3.1 American Style Warrants

The following provisions of this Product Condition 3.1 shall apply to Warrants which are expressed to be American Style.

(a) Exercise of Warrants

The Warrants may be exercised by delivery of an Exercise Notice in accordance with Product Condition 4.1 at any time during the relevant Exercise Period.

(b) Automatic Exercise

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.1(f).

(c) Expiry

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period or which has not been automatically exercised in accordance with Product Condition 3.1(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

3.2 **European Style Warrants**

The following provisions of this Product Condition 3.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants*

The Warrants are exercisable only on the Expiry Date.

(b) *Automatic Exercise*

Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.2(d).

(c) *Expiry*

Any Warrant which has not been automatically exercised in accordance with Product Condition 3.2(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

4. **Exercise of Warrants**

4.1 **American Style Warrants**

The following provisions of this Product Condition 4.1 shall apply to Warrants which are expressed to be American Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *Delivery of an Exercise Notice*

(i) In order to exercise Warrants, the Holder shall deliver to the Transfer Office an Exercise Notice, such delivery or deemed delivery to occur at any time during the relevant Exercise Period. Warrants may not be exercised at any other time.

(ii) The Exercise Date shall be the Business Day on which an Exercise Notice is delivered to CS Hong Kong and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Product Conditions, provided that any Exercise Notice received by CS Hong Kong after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(c) *Exercise Notice*

The Exercise Notice shall:

(i) specify the name(s) of the Holder(s) and the number of Warrants being exercised;

(ii) be accompanied by the Global Certificate in the name(s) of the exercising Holder(s); and

(iii) (where applicable) specify the person in whose favour the cheque representing the Cash Settlement Amount should be drawn and the name and address of the bank, broker or other agent to whom the cheque should be sent or, as the case may be, specify the relevant account to which the Cash Settlement Amount should be credited.

(d) *Consequences of delivery of an Exercise Notice*

Delivery of an Exercise Notice in accordance with Product Conditions 4.1(b) and 4.1(c) shall constitute an irrevocable election and undertaking by the Holder specified in such Exercise Notice to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authorisation to deduct the Exercise Expenses in accordance with the calculation set out in the definition of the Cash Settlement Amount.

(e) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Exercise Date or the Expiry Date, as the case may be, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise in accordance with these Product Conditions whether pursuant to an Exercise Notice or automatic exercise; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(f) *Cash Settlement*

Subject to a valid exercise, or automatic exercise, of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Exercise Amount, to the relevant Holder (or such other person as the Holder may have directed, if applicable) equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the relevant Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

4.2 *European Style Warrants*

The following provisions of this Product Condition 4.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *No requirement to deliver an Exercise Notice*

The Holders will not be required to deliver an Exercise Notice for any purpose in relation to the Warrants.

(c) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

5. Adjustments

5.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis

R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the

nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Product Conditions:

“Rights” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

5.2 ***Bonus Issues***

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.3 ***Subdivisions or Consolidations***

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a **“Subdivision”**) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a **“Consolidation”**), the Entitlement in effect immediately prior thereto will be increased (in the case of a Subdivision) or decreased (in the case of a Consolidation) accordingly in each case on the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.4 ***Merger or Consolidation***

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the

Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 5.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

5.5 Other Adjustments

Except as provided in General Condition 6, Product Condition 5 and/or Product Condition 7, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 to 5.4) occur which it believes in its sole discretion and irrespective of, in substitution for, or in addition to the provisions contemplated in Product Conditions 5.1 to 5.4 should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (a) considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.6 Notice of Determinations

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

6. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in

the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

7. Delisting

- 7.1 If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).
- 7.2 Without prejudice to the generality of Product Condition 7.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.
- 7.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

PART B — PRODUCT CONDITIONS OF CALL WARRANTS OVER SINGLE EQUITIES (PHYSICALLY SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Company**” means the company specified as such in the relevant Supplemental Listing Document;

“**Dealing Commencement Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Entitlement**” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“**Exercise Amount**” means the amount specified as such in the relevant Supplemental Listing Document;

“**Exercise Date**” means the date upon which a Warrant is, or is to be treated as, exercised in accordance with Product Condition 4.2(b);

“**Exercise Expenses**” has the meaning given to it by Product Condition 2.3;

“**Exercise Period**” means:

(a) in the case of American Style Warrants, the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the sixth Business Day prior to the Expiry Date; and

(b) in the case of European Style Warrants, 10:00 a.m. (Hong Kong time) on the Expiry Date or on the Business Day prior to the Expiry Date provided that any Exercise Notice delivered before the Expiry Date shall be deemed to be made on the Expiry Date;

“**Exercise Price**” means the price specified as such in the relevant Supplemental Listing Document;

“**Expiry Date**” has the meaning given to it in the relevant Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Product Conditions” means these product terms and conditions. These Product Conditions apply to each series of physically settled call Warrants;

“Settlement Date” means five Business Days following the Exercise Date;

“Settlement Disruption Event” means an event beyond the control of the Issuer as a result of which the Issuer is unable (a) to deliver share certificates and/or stamped share transfer forms to the Company for registration of transfer, (b) to procure that an exercising Holder (or such person as it may have directed in the Exercise Notice) shall be entered in the register of members of the Company as a registered shareholder, or (c) to deliver the Shares electronically through CCASS; and

“Shares” means the shares of the Company specified as such in the relevant Supplemental Listing Document.

2. Warrant Rights, Exercise Price and Exercise Expenses

2.1 Warrant Rights

Every Exercise Amount gives each Holder, upon due exercise, payment of the Exercise Price and upon compliance with the General Conditions and these Product Conditions, in particular, Product Condition 4, the right to receive the Entitlement, subject to adjustment as provided in Product Condition 5.

2.2 Exercise Price

The price to be paid for the Entitlement upon the exercise of every Exercise Amount shall be the Exercise Price, subject to adjustment as described in Product Condition 5, plus any sums payable in accordance with Product Condition 2.3.

2.3 Exercise Expenses

Holders will be required to pay all charges which they incur in respect of the purchase and transfer of Shares upon the exercise of the Warrants including without limitation any stamp duty, levies and registration charges.

In addition, Holders will be required to pay a sum equal to all the expenses payable by the seller and transferor of the relevant Shares, including without limitation any stamp duty, agent’s expenses, scrip fees, levies, registration charges and other expenses payable on or in respect of or in connection with the purchase of or agreement to purchase the Shares to which the relevant Warrants and/or the exercise of the Warrants relate (the above charges and expenses incurred by Holders and the above seller’s and transferor’s expenses are together referred to as the **“Exercise Expenses”**).

An amount equivalent to the Exercise Expenses must be paid by the Holder together with the Exercise Price in accordance with Product Condition 4. In certain circumstances, part of the Exercise Expenses may be required to be paid by Holders after the exercise of the Warrants but prior to the delivery of the Shares electronically through CCASS.

3. Exercise of American Style Warrants and European Style Warrants and Expiry

3.1 American Style Warrants

The following provisions of this Product Condition 3.1 shall apply to Warrants which are expressed to be American Style.

(a) *Exercise of Warrants*

The Warrants may be exercised by delivery of an Exercise Notice in accordance with Product Condition 4 at any time during the relevant Exercise Period.

(b) *Expiry*

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

3.2 European Style Warrants

The following provisions of this Product Condition 3.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants*

The Warrants are exercisable by delivery of an Exercise Notice in accordance with Product Condition 4 only on the Expiry Date or on the Business Day prior to the Expiry Date provided that any delivery made before the Expiry Date shall be deemed to be made on the Expiry Date.

(b) *Expiry*

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

4.1 Exercise of Warrants in Board Lots

Warrants may only be exercised in Board Lots or integral multiples thereof.

4.2 Delivery of an Exercise Notice

(a) In order to exercise Warrants, the Holder shall deliver to the Transfer Office an Exercise Notice, such delivery or deemed delivery to occur at any time before 10:00 a.m. (Hong Kong time) on the Expiry Date. Warrants may not be exercised at any other time.

(b) The Exercise Date shall be

(i) in the case of American Style Warrants, the Business Day on which an Exercise Notice is delivered to CS Hong Kong and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Product Conditions, provided that any Exercise Notice received by CS Hong Kong after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day; and

- (ii) in the case of European Style Warrants, 10:00 a.m. (Hong Kong time) on the Expiry Date in respect of which an Exercise Notice has been delivered.

4.3 Exercise Notice

The Exercise Notice shall:

- (a) specify the name(s) of the Holder(s) and the number of Warrants being exercised; and
- (b) be accompanied by the Global Certificate in the name(s) of the exercising Holder(s) and by payments by way of banker's draft or other payment, in each case in immediately available funds, in favour of the Issuer for the aggregate of the Exercise Price for the total number of Shares to be purchased and in favour of CS Hong Kong for such of the aggregate of the Exercise Expenses as may be determined by CS Hong Kong at that time or, if later, as soon as the same shall have been determined by CS Hong Kong.

Any Exercise Expenses which have not been determined by CS Hong Kong on the Exercise Date shall be notified to the Holder as soon as practicable after determination thereof by CS Hong Kong and shall be paid by the Holder forthwith.

4.4 Consequences of delivery of an Exercise Notice

Delivery of an Exercise Notice in accordance with Product Conditions 4.2 and 4.3 shall constitute an irrevocable election and undertaking by the Holder specified in such Exercise Notice to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authority to the Issuer and CS Hong Kong to take all necessary action to deliver the Shares electronically through CCASS. In no event will any payment be accepted after 10:00 a.m. (Hong Kong time) on the Expiry Date.

4.5 Delivery of Shares and payments relating to Excess Shares

Subject to a valid exercise of Warrants in accordance with these Product Conditions:

- (a) the Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Exercise Date or the Expiry Date, as the case may be, remove from the Register the name of the person in respect of the Warrants which are the subject of a valid exercise pursuant to an Exercise Notice or if the Warrants have expired worthless and thereby cancel the relevant Warrants; and
- (b) subject as provided below in the case of a Settlement Disruption Event, the Issuer will procure:
 - (i) the delivery of the total number of Shares to be sold and transferred by the Issuer pursuant to the exercise of the Warrants by way of electronic settlement through CCASS to the relevant Holder in accordance with the CCASS Rules no later than the Settlement Date; and
 - (ii) any payment to which the Holder is entitled pursuant to Product Condition 5.7, if applicable, shall be despatched no later than the Settlement Date (at the risk and expense of the Holder) to the Holder (or, in the case of joint Holders, the address of the first-named Holder) appearing on the Register.

Notwithstanding the foregoing, such actions shall not take place until the Holder shall have accounted to CS Hong Kong for unpaid Exercise Expenses to the extent that they were not or could not be paid on the Exercise Date.

If a Settlement Disruption Event exists on any Business Day from and including the Exercise Date to and including the Settlement Date, then the Settlement Date shall be postponed until the first succeeding Business Day on which there is no Settlement Disruption Event unless a Settlement Disruption Event prevents settlement on each of the ten Business Days immediately following the original Settlement Date.

In that case,

- (a) if the Shares can be delivered in any other commercially reasonable manner on the tenth Business Day immediately following the original Settlement Date, then they shall so be delivered; and
- (b) if the Shares cannot be delivered in any other commercially reasonable manner, the Settlement Date shall be postponed until settlement can reasonably be effected under this Product Condition or in any other commercially reasonable manner.

If, as a result of a Settlement Disruption Event it is not possible for the Issuer to deliver the Shares electronically through CCASS on or before the original Settlement Date, the Issuer shall procure that the exercising Holder is notified (in accordance with General Condition 7) of the postponement of the Settlement Date.

4.6 *Intervening Period*

As from the Exercise Date, an exercising Holder (or such person as he may have directed) shall become beneficially entitled to all those rights attaching to the Shares to be delivered in respect of such exercise to which he would have become entitled if he had been registered as the holder of such Shares on the Exercise Date.

Notwithstanding the foregoing, as from the Exercise Date and until such time as the exercising Holder (or such person as he may have directed) has delivered the Shares electronically through CCASS (the “**Intervening Period**”), neither the Issuer nor its agent or nominee shall:

- (a) be under any obligation to deliver to such exercising Holder or any subsequent beneficial owner of the Shares any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or its agent or nominee in its capacity as the registered holder of such Shares; or
- (b) exercise any or all rights (including voting rights) attaching to the Shares during the Intervening Period without the prior written consent of the relevant exercising Holder, provided that neither the Issuer nor its agent nor nominee shall be under any obligation to exercise any such rights during the Intervening Period; or
- (c) be under any liability to such exercising Holder or any subsequent beneficial owner of the Shares in respect of any loss or damage which such exercising Holder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of the Issuer or its agent or nominee being registered during such Intervening Period as legal owner of the Shares.

4.7 Notwithstanding Product Condition 4.6 above, the Issuer shall notify each relevant exercising Holder (or where there are joint Holders, the first named Holder) appearing in the Register by post (by air mail in the case of an address outside Hong Kong) of the receipt by the Issuer or its agent or nominee during the Intervening Period of any dividend, rights, bonus issue, shares issued pursuant to a share split or consolidation in respect of Shares beneficially owned by such exercising Holder or a subsequent beneficial owner of such Shares which the exercising Holder is entitled to under these Product Conditions.

The Issuer shall also make available as soon as reasonably practicable such dividend payment or Shares, as the case may be, for collection by the Holder or such subsequent beneficial owner of such Shares from an office in Hong Kong which shall be specified in such notification upon production of such evidence of entitlement and identification as may reasonably be required by the Issuer.

The Issuer shall also notify each relevant exercising Holder (or where there are joint Holders, the first named Holder) appearing on the Register by post (by airmail in the case of an address outside Hong Kong) of any right, entitlement or offer which the exercising Holder is entitled to exercise or accept under these Product Conditions as beneficial owner of the relevant Shares during the Intervening Period and shall make available any document relating to such right, entitlement or offer for collection by the Holder, or the person to whom the Holder directed the Shares to be delivered, from an office in Hong Kong which shall be specified in such notification upon production of such evidence of entitlement and identification as may reasonably be required and, following receipt by the Issuer of written notification as may reasonably be required and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from the relevant exercising Holder or the person to whom the Holder directed the Shares to be delivered, the Issuer shall on behalf of the relevant exercising Holder, or the person to whom the Holder directed the Shares to be delivered, exercise or accept such right, entitlement or offer.

Notwithstanding anything in this Product Condition, in the case of the receipt by the Issuer during the Intervening Period of an entitlement (in respect of the Shares deliverable to or at the direction of the exercising Holder) which takes the form of securities issued by the Company by way of rights (to which entitlement the exercising Holder is entitled under these Product Conditions), the Issuer shall, as soon as reasonably practicable and:

- (a) in any event by no later than one Business Day following receipt by it of the relevant entitlement from the Company, where necessary post to the Company or its share registrar an application for the entitlement to be split as appropriate as between Shares deliverable to different Holders (or subsequent Holders); and
- (b) in any event no later than one Business Day following receipt by it of the relevant entitlement duly split as referred to in (i) above, post (by air mail in the case of an address outside Hong Kong) all documentation (duly renounced where appropriate) received by it relating to such entitlement to the exercising Holder, or the person to whom the Holder directed the Shares to be delivered, or (if the exercising Holder shall have so directed in the relevant Exercise Notice) make available such documentation for collection by the Holder, or the person to whom the Holder directed the Shares to be delivered, from the Transfer Office upon production of such evidence of entitlement and identification as may reasonably be required.

4.8 *Relationship of agency or trust*

These Product Conditions shall not be construed so as to give rise to any relationship of agency or trust between the Issuer or its agent or nominee and any exercising Holder in its capacity as beneficial owner of Shares, or any subsequent beneficial owner of Shares, during an Intervening Period and neither the Issuer nor its agent or nominee shall owe any duty of a fiduciary nature to either such Holder or such beneficial owner in respect of such Shares.

5. Adjustments

5.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

- E: Existing Entitlement immediately prior to the Rights Offer
- S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right
- M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

5.2 *Bonus Issues*

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:

- E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.3 ***Subdivisions or Consolidations***

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement in effect immediately prior thereto will be increased (in the case of a Subdivision) or decreased (in the case of a Consolidation) accordingly in each case on the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.4 ***Merger or Consolidation***

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product 5.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

5.5 **Other Adjustments**

Except as provided in General Condition 6, Product Condition 5 and/or Product Condition 7, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 to 5.4) occur which it believes in its sole discretion irrespective of, in substitution for, or in addition to the provisions contemplated in Product Conditions 5.1 to 5.4 should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (a) considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.6 **Notice of Determinations**

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

5.7 **Excess Shares**

If as a result of an adjustment or amendment to the Entitlement pursuant to Product Conditions 5.1, 5.2, 5.3 and 5.5 above (but not otherwise), an exercise of a number of Warrants specified in an Exercise Notice would (if not for the provisions of this Product Condition 5.7) result in the relevant Holder becoming entitled to delivery of a number of Shares which is not equal to a board lot of the Shares at such time or an integral multiple thereof, then:

- (a) the Issuer shall not deliver to the relevant Holder and the Holder shall cease to be entitled to receive in respect of the relevant exercise of Warrants, that number of Shares (the "**Excess Shares**") which exceeds the amount of such board lot or integral multiple thereof; and
- (b) the relevant Holder shall be entitled to receive a cash amount from the Issuer (to be paid no later than the Settlement Date in accordance with Product Condition 4.5) equal to the closing price of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange or, if no such quotation is available, the most recently available closing price) on the Business Day immediately preceding the relevant Exercise Date multiplied by the number of the Excess Shares.

6. **Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

7. Delisting

- 7.1 If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).
- 7.2 Without prejudice to the generality of Product Condition 7.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.
- 7.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

PART C — PRODUCT CONDITIONS OF LOCKED-IN RETURN CALL/PUT WARRANTS OVER SINGLE EQUITIES (CASH SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Exercise Amount, an amount in Hong Kong dollars calculated by the Issuer as equal to (1) the sum of the Periodic Cash Settlement Amounts divided by the number of Periodic Fixing Dates less (2) the Exercise Expenses;

“**Company**” means the company specified as such in the relevant Supplemental Listing Document;

“**Dealing Commencement Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by the relevant Holder;

“**Entitlement**” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“**Exercise Amount**” means the amount specified as such in the relevant Supplemental Listing Document;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**Exercise Price**” means the price specified as such in the relevant Supplemental Listing Document;

“**Expiry Date**” has the meaning given to it in the relevant Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Market Disruption Event” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
 - (i) the Shares; or
 - (ii) any options or futures contracts relating to the Shares if, in any such case, that suspension or limitation is, in the determination of the Issuer, material; or
- (b) the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted;

“Periodic Cash Settlement Amount” means, in respect of every Exercise Amount and each Periodic Fixing Date:

- (a) in respect of a series of call Warrants, an amount in Hong Kong dollars calculated by the Issuer as equal to the greater of (1) zero and (2) the Entitlement (subject to adjustment as provided in Product Condition 5) in respect of such Periodic Fixing Date multiplied by (i) the arithmetic mean of the closing prices of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date in respect of such Periodic Fixing Date less (ii) the Exercise Price (subject to adjustment as provided in Product Condition 5); for the avoidance of doubt, in respect of any Periodic Fixing Date, any adjustment under Product Condition 5 which takes effect after such Periodic Fixing Date shall not affect the calculation of the Periodic Cash Settlement Amount in respect of such Periodic Fixing Date in any way; and
- (b) in respect of a series of put Warrants, an amount in Hong Kong dollars calculated by the Issuer as equal to the greater of (1) zero and (2) the Entitlement (subject to adjustment as provided in Product Condition 5) in respect of such Periodic Fixing Date multiplied by (i) the Exercise Price (subject to adjustment as provided in Product Condition 5) less (ii) the arithmetic mean of the closing prices of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date in respect of such Periodic Fixing Date; for the avoidance of doubt, in respect of any Periodic Fixing Date, any adjustment under Product Condition 5 which takes effect after such Periodic Fixing Date shall not affect the calculation of the Periodic Cash Settlement Amount in respect of such Periodic Fixing Date in any way;

“Periodic Fixing Dates” has the meaning given to it in the relevant Supplemental Listing Document;

“Product Conditions” means these product terms and conditions. These Product Conditions apply to each series of cash settled locked-in return Warrants;

“Settlement Date” means three Business Days following the Expiry Date;

“Settlement Disruption Event” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“Shares” means the shares of the Company specified as such in the relevant Supplemental Listing Document; and

“Valuation Date” means, with respect to the exercise of Warrants and each Periodic Fixing Date, each of the five Business Days immediately preceding such Periodic Fixing Date, provided that if the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that already is or is deemed to be a Valuation Date, provided that if the postponement of a Valuation Date as above would result in a Valuation Date falling on or after such Periodic Fixing Date then:

- (i) the Business Day immediately preceding such Periodic Fixing Date (the **“Last Valuation Date”**) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of such price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

For the avoidance of doubt, in the event that a Valuation Date is postponed due to the occurrence of a Market Disruption Event, the closing price of the Shares for such postponed Valuation Date will be the closing price of the Shares on the first succeeding Business Day. Accordingly, the closing price of a Valuation Date may be used more than once in calculating the arithmetic mean of the closing prices of one Share for the determination of each Periodic Cash Settlement Amount, so that in no event shall there be less than five closing prices to determine the arithmetic mean of the closing prices of one Share for each Periodic Fixing Date.

2. Warrant Rights and Exercise Expenses

2.1 Warrant Rights

Every Exercise Amount gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 4, the right to receive the payment of the Cash Settlement Amount, if any.

2.2 Exercise Expenses

Upon exercise of the Warrants, Holder will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.

3. Exercise of Warrants, Automatic Exercise and Expiry

3.1 Exercise of Warrants

The Warrants are exercisable only on the Expiry Date.

3.2 Automatic Exercise

Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.4.

3.3 *Expiry*

Any Warrant which has not been automatically exercised in accordance with Product Condition 3.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

4. **Exercise of Warrants**

4.1 *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

4.2 *No requirement to deliver an Exercise Notice*

The Holders will not be required to deliver an exercise notice for any purpose in relation to the Warrants.

4.3 *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (a) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (b) have expired worthless, and thereby cancel the relevant Warrants.

4.4 *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

5. **Adjustments**

5.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

E: Existing Entitlement immediately prior to the Rights Offer

- S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right
- M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Product Conditions:

“Rights” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

5.2 ***Bonus Issues***

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:

- E: Existing Entitlement immediately prior to the Bonus Issue
- N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.3 ***Subdivisions or Consolidations***

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a **“Subdivision”**) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a **“Consolidation”**), the Entitlement in effect immediately prior thereto will be increased (in the case of a Subdivision) or decreased (in the case of a

Consolidation) accordingly in each case on the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.4 ***Merger or Consolidation***

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 5.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

5.5 ***Other Adjustments***

Except as provided in General Condition 6, Product Condition 5 and/or Product Condition 7, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 to 5.4) occur which it believes in its sole discretion and irrespective of, in substitution for, or in addition to the provisions contemplated in Product Conditions 5.1 to 5.4 should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (a) considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.6 **Notice of Determinations**

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

6. **Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

7. **Delisting**

- 7.1 If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).
- 7.2 Without prejudice to the generality of Product Condition 7.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.
- 7.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

PART D — PRODUCT CONDITIONS OF AVERAGE RETURN CALL/PUT WARRANTS OVER SINGLE EQUITIES (CASH SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“Business Day” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“Cash Settlement Amount” means, in respect of every Exercise Amount, an amount in Hong Kong dollars calculated by the Issuer as equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) in respect of a Periodic Fixing Date multiplied by (i) the sum of the Periodic Reference Prices (subject to adjustment as provided in Product Condition 5) divided by the number of Periodic Fixing Dates less (ii) the Exercise Price (subject to adjustment as provided in Product Condition 5); less (2) the Exercise Expenses. For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“Company” means the company specified as such in the relevant Supplemental Listing Document;

“Dealing Commencement Date” means the date specified as such in the relevant Supplemental Listing Document;

“Designated Bank Account” mean the relevant bank account designated by the relevant Holder;

“Entitlement” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“Exercise Amount” means the amount specified as such in the relevant Supplemental Listing Document;

“Exercise Expenses” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“Exercise Price” means the price specified as such in the relevant Supplemental Listing Document;

“Expiry Date” has the meaning given to it in the relevant Supplemental Listing Document;

“General Conditions” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Market Disruption Event” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
 - (i) the Shares; or
 - (ii) any options or futures contracts relating to the Shares if, in any such case, that suspension or limitation is, in the determination of the Issuer, material; or
- (b) the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted;

“Periodic Fixing Dates” has the meaning given to it in the relevant Supplemental Listing Document;

“Periodic Reference Price” means, in respect of each Periodic Fixing Date, an amount in Hong Kong Dollars calculated by the Issuer as equal to the arithmetic mean of the closing prices of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date with respect to the relevant Periodic Fixing Date;

“Product Conditions” means these product terms and conditions. These Product Conditions apply to each series of cash settled average return call/put Warrants;

“Settlement Date” means three Business Days following the Expiry Date;

“Settlement Disruption Event” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“Shares” means the shares of the Company specified as such in the relevant Supplemental Listing Document; and

“Valuation Date” means, with respect to the exercise of Warrants and each Periodic Fixing Date, each of the five Business Days immediately preceding such Periodic Fixing Date, provided that if the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that already is or is deemed to be a Valuation Date, provided that if the postponement of a Valuation Date as above would result in a Valuation Date falling on or after such Periodic Fixing Date then:

- (a) the Business Day immediately preceding such Periodic Fixing Date (the **“Last Valuation Date”**) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of such price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

For the avoidance of doubt, in the event that a Valuation Date is postponed due to the occurrence of a Market Disruption Event, the closing price of the Shares for such postponed Valuation Date will be the closing price of the Shares on the first succeeding Business Day. Accordingly, the closing price of a Valuation Date may be used more than once in calculating the Periodic Reference Price with respect to a Periodic Fixing Date, so that in no event shall there be less than five closing prices to determine each Periodic Reference Price.

2. Warrant Rights and Exercise Expenses

2.1 *Warrant Rights*

Every Exercise Amount gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 4, the right to receive the payment of the Cash Settlement Amount, if any.

2.2 *Exercise Expenses*

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.

3. Exercise of Warrants, Automatic Exercise and Expiry

3.1 *Exercise of Warrants*

The Warrants are exercisable only on the Expiry Date.

3.2 *Automatic Exercise*

Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.4.

3.3 *Expiry*

Any Warrant which has not been automatically exercised in accordance with Product Condition 3.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

4.1 *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

4.2 *No requirement to deliver an Exercise Notice*

The Holders will not be required to deliver an exercise notice for any purpose in relation to the Warrants.

4.3 *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (a) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (b) have expired worthless, and thereby cancel the relevant Warrants.

4.4 **Cash Settlement**

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

5. **Adjustments**

5.1 **Rights Issues**

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis

R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) and any Periodic Reference Price(s) which has or have been determined, by the reciprocal of the Adjusted Entitlement where in each case the reciprocal of the Adjusted Entitlement means one divided by the Adjusted Entitlement. These adjustments shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

5.2 ***Bonus Issues***

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) and any Periodic Reference Price(s) which has or have been determined, by the reciprocal of the Adjusted Entitlement where in each case the reciprocal of the Adjusted Entitlement means one divided by the Adjusted Entitlement. These adjustments shall take effect on the same day that the Entitlement is adjusted.

5.3 ***Subdivisions or Consolidations***

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement in effect immediately prior thereto will be increased (in the case of a Subdivision) or decreased (in the case of a Consolidation) accordingly in each case on the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) and any Periodic Reference Price(s) which has or have been determined, by the reciprocal of the Adjusted Entitlement where in each case the reciprocal of the Adjusted Entitlement means one divided by the Adjusted Entitlement. These adjustments shall take effect on the same day that the Entitlement is adjusted.

5.4 ***Merger or Consolidation***

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 5.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

5.5 Other Adjustments

Except as provided in General Condition 6, Product Condition 5 and/or Product Condition 7, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 to 5.4) occur which it believes in its sole discretion and irrespective of, in substitution for, or in addition to the provisions contemplated in Product Conditions 5.1 to 5.4 should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (a) considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.6 Notice of Determinations

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

6. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

7. Delisting

- 7.1 If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).
- 7.2 Without prejudice to the generality of Product Condition 7.1 where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.
- 7.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

PART E — PRODUCT CONDITIONS OF BASKET CALL/PUT WARRANTS (CASH SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“**Basket**” means a basket comprising each of the Basket Components;

“**Basket Component**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Exercise Amount, an amount in Hong Kong dollars calculated by the Issuer as:

- (a) for American Style Warrants exercised on an Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a):
 - (i) in the case of a series of call Warrants, an amount equal to (1) the sum of each Basket Component of the Companies that comprise the Basket (subject to adjustment as provided in Product Condition 5) multiplied by the closing prices of the relevant Share to which each Basket Component relates (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) on the Valuation Date less (2) the Exercise Price less (3) the Exercise Expenses; and
 - (ii) in the case of a series of put Warrants, an amount equal to (1) the Exercise Price less (2) the sum of each Basket Component of the Companies that comprise the Basket (subject to adjustment as provided in Product Condition 5) multiplied by the closing prices of the relevant Share to which each Basket Component relates (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) on the Valuation Date less (3) the Exercise Expenses; or
- (b) for Warrants automatically exercised on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b):
 - (i) in the case of a series of call Warrants, an amount equal to (1) the sum of each Basket Component of the Companies that comprise the Basket (subject to adjustment as provided in Product Condition 5) multiplied by the arithmetic mean of the closing prices of the relevant Share to which each Basket Component relates (as derived from the Daily Quotation Sheet of the Stock

Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date less (2) the Exercise Price less (3) the Exercise Expenses; and

- (ii) in the case of a series of put Warrants, an amount equal to (1) the Exercise Price less (2) the sum of each Basket Component of the Companies that comprise the Basket (subject to adjustment as provided in Product Condition 5) multiplied by the arithmetic mean of the closing prices of the relevant Share to which each Basket Component relates (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date less (3) the Exercise Expenses;

“Company” means each company specified as such in the relevant Supplemental Listing Document and **“Companies”** shall be construed accordingly;

“Dealing Commencement Date” means the date specified as such in the relevant Supplemental Listing Document;

“Designated Bank Account” means the relevant bank account designated by the relevant Holder;

“Exercise Amount” means the amount specified as such in the relevant Supplemental Listing Document;

“Exercise Date” means the date upon which a Warrant is, or is to be treated as, exercised in accordance with Product Condition 4.1(b)(ii);

“Exercise Expenses” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“Exercise Period” means:

- (a) in the case of American Style Warrants, the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the sixth Business Day prior to the Expiry Date;
- (b) in the case of European Style Warrants, 10:00 a.m. (Hong Kong time) on the Expiry Date only;

“Exercise Price” means the price specified as such in the relevant Supplemental Listing Document;

“Expiry Date” has the meaning given to it in the relevant Supplemental Listing Document;

“General Conditions” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Market Disruption Event” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
 - (i) any of the Shares in the Basket; or

- (ii) any options or futures contracts relating to any of the Shares in the Basket if, in any such case, that suspension or limitation is, in the determination of the Issuer, material; or
- (b) the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled basket call/put Warrants;

“**Settlement Date**” means three Business Days following:

- (a) with respect to the exercise of American Style Warrants on an Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a), the Valuation Date; or
- (b) with respect to the automatic exercise of Warrants on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b), the Expiry Date;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Shares**” means the shares of each Company specified as such in the relevant Supplemental Listing Document; and

“**Valuation Date**” means:

- (a) with respect to the exercise of American Style Warrants on any Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a), the Exercise Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on such Exercise Date, then the Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event, provided that if there is a Market Disruption Event on each of the five Business Days immediately following the original Exercise Date that, but for the Market Disruption Event, would have been the Valuation Date, then:
 - (i) that fifth Business Day after the original Exercise Date shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
 - (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of such price that would have prevailed on that fifth Business Day after the original Exercise Date but for the Market Disruption Event; or
- (b) with respect to the automatic exercise of Warrants on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b), each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that already is or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Valuation Date is postponed in accordance with this paragraph (b), the closing price of the Shares for such postponed Valuation Date will be the closing price of the Shares on the first

succeeding Business Day. Accordingly, the closing price of a Valuation Date may be used more than once in calculating the arithmetic mean of the closing prices of one Share for the determination of the Cash Settlement Amount, so that in no event shall there be less than five closing prices to determine the arithmetic mean of the closing prices of one Share,

provided further that if the postponement of the Valuation Date in accordance with paragraphs (a) or (b) above would result in the Valuation Date falling on or after the Expiry Date, then:

- (aa) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (bb) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of such price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

2. Warrant Rights and Exercise Expenses

2.1 Warrant Rights

Every Exercise Amount gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 4.1 or Product Condition 4.2, as the case may be, the right to receive the payment of the Cash Settlement Amount, if any.

2.2 Exercise Expenses

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.1 or Product Condition 4.2, as the case may be.

3. Exercise of American Style Warrants and European Style Warrants, Automatic Exercise and Expiry

3.1 American Style Warrants

The following provisions of this Product Condition 3.1 shall apply to Warrants which are expressed to be American Style.

(a) Exercise of Warrants

The Warrants may be exercised by delivery of an Exercise Notice in accordance with Product Condition 4.1 at any time during the relevant Exercise Period.

(b) Automatic Exercise

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.1(f).

(c) *Expiry*

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period or which has not been automatically exercised in accordance with Product Condition 3.1(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

3.2 **European Style Warrants**

The following provisions of this Product Condition 3.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants*

The Warrants are exercisable only on the Expiry Date.

(b) *Automatic Exercise*

Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.2(d).

(c) *Expiry*

Any Warrant which has not been automatically exercised in accordance with Product Condition 3.2(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

4. **Exercise of Warrants**

4.1 **American Style Warrants**

The following provisions of this Product Condition 4.1 shall apply to Warrants which are expressed to be American Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *Delivery of an Exercise Notice*

- (i) In order to exercise Warrants, the Holder shall deliver to the Transfer Office an Exercise Notice, such delivery or deemed delivery to occur at any time during the relevant Exercise Period. Warrants may not be exercised at any other time.
- (ii) The Exercise Date shall be the Business Day on which an Exercise Notice is delivered to CS Hong Kong and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Product Conditions, provided that any Exercise Notice received by CS Hong Kong after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(c) *Exercise Notice*

The Exercise Notice shall:

- (i) specify the name(s) of the Holder(s) and the number of Warrants being exercised;
- (ii) be accompanied by the Global Certificate in the name(s) of the exercising Holder(s); and
- (iii) (where applicable) specify the person in whose favour the cheque representing the Cash Settlement Amount should be drawn and the name and address of the bank, broker or other agent to whom the cheque should be sent or, as the case may be, specify the relevant account to which the Cash Settlement Amount should be credited.

(d) *Consequences of delivery of an Exercise Notice*

Delivery of an Exercise Notice in accordance with Product Conditions 4.1(b) and 4.1(c) shall constitute an irrevocable election and undertaking by the Holder specified in such Exercise Notice to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authorisation to deduct the Exercise Expenses in accordance with the calculation set out in the definition of the Cash Settlement Amount.

(e) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Exercise Date or the Expiry Date, as the case may be, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise in accordance with these Product Conditions whether pursuant to an Exercise Notice or automatic exercise; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(f) *Cash Settlement*

Subject to a valid exercise or automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder (or such other person as the Holder may have directed, if applicable) equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

4.2 **European Style Warrants**

The following provisions of this Product Condition 4.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *No requirement to deliver an Exercise Notice*

The Holders will not be required to deliver an Exercise Notice for any purpose in relation to the Warrants.

(c) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

5. **Adjustments**

5.1 **Rights Issues**

If and whenever any of the Companies in the Basket shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Basket Component that relates to the Share(s) of the Company making the Rights Offer will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Basket Component insofar as it relates to the Share(s) of the Company making the Rights Offer} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

- E: Existing Basket Component insofar as it relates to the Share(s) of the Company making the Rights Offer immediately prior to the Rights Offer
- S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which the Shares (of the Company making the Rights Offer) are traded on a cum-Rights basis
- R: Subscription price per Share (of the Company making the Rights Offer) specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right
- M: Number of new Share(s) (whether a whole or a fraction) per existing Share (of the Company making the Rights Offer) each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Basket Component (relating to the Share(s) of the Company making the Rights Offer) being changed by one per cent. or less, then no adjustment will be made to such Basket Component.

For the purposes of these Product Conditions:

“Rights” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

5.2 **Bonus Issues**

If and whenever any of the Companies in the Basket shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the relevant Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Basket Component that relates to the Share(s) of the Company making the Bonus Issue will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

Adjusted Basket Component insofar
as it relates to the Share(s) of the Company making the Bonus Issue = $(1 + N) \times E$

Where:

- E: Existing Basket Component insofar as it relates to the Share(s) of the Company making the Bonus Issue immediately prior to the Bonus Issue
- N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share (of the Company making the Bonus Issue) held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Basket Component (relating to the Share(s) of the Company making the Bonus Issue) being changed by one per cent. or less, then no adjustment will be made to such Basket Component.

5.3 **Subdivisions or Consolidations**

If and whenever any of the Companies in the Basket shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Basket Component, insofar as it relates to the Share(s) of the Company making the Subdivision, in effect immediately prior thereto will be increased or the Basket Component, in effect immediately prior thereto insofar as it relates to the Share(s) of the Company making the Consolidation will be decreased in each case on the day on which the relevant Subdivision or Consolidation shall have taken effect.

5.4 **Merger or Consolidation**

If it is announced that any of the Companies in the Basket is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where that Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 5.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

5.5 **Other Adjustments**

Except as provided in General Condition 6, Product Condition 5, Product Condition 6 and/or Product Condition 7, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 to 5.4) occur which it believes in its sole discretion and irrespective of, in substitution for, or in addition to the provisions contemplated in Product Conditions 5.1 to 5.4 should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (a) considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.6 Notice of Determinations

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

6. Liquidation

In the event of a liquidation or dissolution of all of the Companies or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of their undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation of the last Company to be so affected, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution of the last Company to be so affected, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of any of the Companies, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

7. Delisting

- 7.1 If at any time any of the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).
- 7.2 Without prejudice to the generality of Product Condition 7.1, where any of the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.
- 7.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

PART F — PRODUCT CONDITIONS OF INDEX CALL/PUT WARRANTS (CASH SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“Business Day” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“Cash Settlement Amount” means, in respect of every Exercise Amount:

- (a) in respect of a series of call Warrants, an amount calculated by the Issuer equal to (1) the excess of the Closing Level over the Strike Level, multiplied by the Index Currency Amount, either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate less (2) the Exercise Expenses; and
- (b) in respect of a series of put Warrants, an amount calculated by the Issuer equal to (1) the excess of the Strike Level over the Closing Level, multiplied by the Index Currency Amount, either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate less (2) the Exercise Expenses;

“Closing Level” means:

- (a) in respect of American Style Warrants, the meaning given to it in the relevant Supplemental Listing Document, subject to adjustment in accordance with Product Condition 5; and
- (b) in respect of European Style Warrants, the arithmetic mean of the closing levels of the Index for each Valuation Date;

“Dealing Commencement Date” means the date specified as such in the relevant Supplemental Listing Document;

“Designated Bank Account” means the relevant bank account designated by the relevant Holder;

“Exchange Rate” means the rate specified as such in the relevant Supplemental Listing Document;

“Exercise Amount” means the amount specified as such in the relevant Supplemental Listing Document;

“Exercise Date” means the date upon which a Warrant is, or is to be treated as, exercised in accordance with Product Condition 4.1(b)(ii);

“Exercise Expenses” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“Exercise Period” means:

- (a) in the case of American Style Warrants, the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the sixth Business Day prior to the Expiry Date; and
- (b) in the case of European Style Warrants, 10:00 a.m. (Hong Kong time) on the Expiry Date only;

“Expiry Date” has the meaning given to it in the relevant Supplemental Listing Document;

“First Exchange Rate” means the rate specified as such in the relevant Supplemental Listing Document;

“General Conditions” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Index” means the index specified as such in the relevant Supplemental Listing Document;

“Index Compiler” has the meaning given to it in the relevant Supplemental Listing Document;

“Index Currency Amount” has the meaning given to it in the relevant Supplemental Listing Document;

“Index Exchange” has the meaning given to it in the relevant Supplemental Listing Document;

“Interim Currency” means the currency specified as such in the relevant Supplemental Listing Document”;

“Market Disruption Event” means:

- (a) the occurrence or existence, on any Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
 - (i) the suspension or material limitation of the trading of a material number of constituent securities, contracts, commodities or currencies that comprise the Index; or
 - (ii) the suspension or material limitation of the trading of constituent securities, contracts, commodities or currencies (A) on the Index Exchange; or (B) generally; or
 - (iii) the suspension or material limitation of the trading of (A) options or futures contracts relating to the Index on any exchanges; or (B) options or futures generally on any options and/or futures exchanges on which options or futures contracts relating to the Index are traded; or
 - (iv) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount; or

- (v) the occurrence of an event beyond the control of the Issuer as a result of which the Issuer is unable to determine the level of the Index by reference to the Price Source (if applicable) at the relevant time.

For the purposes of paragraph (a) of this definition of “Market Disruption Event”, (i) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (ii) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or

- (b) where the Index Exchange is the Stock Exchange, the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted;
- (c) a limitation or closure of the Index Exchange or the Stock Exchange due to any unforeseen circumstances;

“**Price Source**”, if applicable, has the meaning given to it in the relevant Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled index call/put Warrants;

“**Settlement Date**” means three Business Days following:

- (a) in respect of American Style Warrants, the Valuation Date; or
- (b) in respect of European Style Warrants, the Expiry Date;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Strike Level**” means the level specified as such in the relevant Supplemental Listing Document, subject to adjustment in accordance with Product Condition 5; and

“**Valuation Date**” means:

- (a) with respect to the exercise of American Style Warrants, the Exercise Date, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer shall determine the closing level on the basis of its good faith estimate of the closing level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such closing level by having regard to the manner in which futures contracts relating to the Index are calculated; or
- (b) with respect to the exercise of European Style Warrants, each of the five Business Days immediately preceding the Expiry Date provided that if the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that already is or is deemed to be

a Valuation Date, provided that if the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then:

- (i) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing level of the Index on the basis of its good faith estimate of such level that would have prevailed on the Last Valuation Date but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such level by having regard to the manner in which futures contracts relating to the Index are calculated.

For the avoidance of doubt, in the event that a Valuation Date is postponed due to the occurrence of a Market Disruption Event, the closing level of the Index in respect of such postponed Valuation Date will be the closing level of the Index on the first succeeding Business Day. Accordingly, the closing level in respect of a Valuation Date may be used more than once in calculating the arithmetic mean of the closing levels of the Index for the determination of the Cash Settlement Amount, so that in no event shall there be less than five closing levels to determine the Closing Level of the Index.

2. Warrant Rights and Exercise Expenses

2.1 Warrant Rights

Every Exercise Amount gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 4.1 or Product Condition 4.2, as the case may be, the right to receive the payment of the Cash Settlement Amount, if any.

2.2 Exercise Expenses

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.1 or Product Condition 4.2 as the case may be.

3. Exercise of American Style Warrants and European Style Warrants, Automatic Exercise and Expiry

3.1 American Style Warrants

The following provisions of this Product Condition 3.1 shall apply to Warrants which are expressed to be American Style.

(a) Exercise of Warrants

The Warrants may be exercised by delivery of an Exercise Notice in accordance with Product Condition 4.1 at any time during the relevant Exercise Period.

(b) Automatic Exercise

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders).

The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.1(f).

(c) *Expiry*

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period or which has not been automatically exercised in accordance with Product Condition 3.1(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

3.2 European Style Warrants

The following provisions of this Product Condition 3.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants*

The Warrants are exercisable only on the Expiry Date.

(b) *Automatic Exercise*

Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.2(d).

(c) *Expiry*

Any Warrant which has not been automatically exercised in accordance with Product Condition 3.2(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

4.1 American Style Warrants

The following provisions of this Product Condition 4.1 shall apply to Warrants which are expressed to be American Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *Delivery of an Exercise Notice.*

(i) In order to exercise the Warrants, the Holder shall deliver to the Transfer Office an Exercise Notice, such delivery or deemed delivery to occur at any time during the Exercise Period. Warrants may not be exercised at any other time.

(ii) The Exercise Date shall be the Business Day on which an Exercise Notice is delivered to CS Hong Kong and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Product Conditions, provided that any Exercise Notice received by CS Hong Kong after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(c) *Exercise Notice*

The Exercise Notice shall:

- (i) specify the name(s) of the Holder(s) and the number of Warrants being exercised;
- (ii) be accompanied by the Global Certificate in the name(s) of the exercising Holder(s); and
- (iii) (where applicable) specify the person in whose favour the cheque representing the Cash Settlement Amount should be drawn and the name and address of the bank, broker or other agent to whom the cheque should be sent or, as the case may be, specify the relevant account to which the Cash Settlement Amount should be credited.

(d) *Consequences of delivery of an Exercise Notice*

Delivery of an Exercise Notice in accordance with Product Conditions 4.1(b) and 4.1(c) shall constitute an irrevocable election and undertaking by the Holder specified in such Exercise Notice to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authorisation to deduct the Exercise Expenses in accordance with the calculation set out in the definition of the Cash Settlement Amount.

(e) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Exercise Date or the Expiry Date, as the case may be, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise in accordance with these Product Conditions whether pursuant to an Exercise Notice or automatic exercise; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(f) *Cash Settlement*

Subject to a valid exercise, or automatic exercise, of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Exercise Amount, to the relevant Holder (or such other person as the Holder may have directed, if applicable) equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the relevant Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

4.2 **European Style Warrants**

The following provisions of this Product Condition 4.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *No requirement to deliver an Exercise Notice*

The Holders will not be required to deliver an Exercise Notice for any purpose in relation to the Warrants.

(c) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

5. **Adjustments to the Index**

5.1 **Successor Index Compiler Calculates and Reports Index**

If the Index is (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer, or (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

5.2 **Modification and Cessation of Calculation of Index**

If:

- (a) on or prior to a Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (b) on a Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the closing level on such Valuation Date using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure.

5.3 **Other Adjustments**

Except as provided in General Condition 6 and/or Product Condition 5, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 and 5.2) occur which it believes in its sole discretion and irrespective of, in substitution for, or in addition to the provisions contemplated in Product Conditions 5.1 and 5.2 should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (a) considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.4 **Notice of Determinations**

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

PART G — PRODUCT CONDITIONS OF CALL/PUT WARRANTS OVER SINGLE UNIT TRUST (CASH SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“Business Day” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“Cash Settlement Amount” means, in respect of every Exercise Amount, an amount in Hong Kong dollars calculated by the Issuer as:

- (a) for American Style Warrants exercised on an Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a):
 - (i) in the case of a series of call Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the closing price of one Unit (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any capitalisation, rights issue, distribution or the like) on the Valuation Date less (ii) the Exercise Price (subject to adjustment as provided in Product Condition 5); less (2) the Exercise Expenses; and
 - (ii) in the case of a series of put Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the Exercise Price (subject to adjustment as provided in Product Condition 5) less (ii) the closing price of one Unit (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any capitalisation, rights issue, distribution or the like) on the Valuation Date; less (2) the Exercise Expenses; or
- (b) for Warrants automatically exercised on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b):
 - (i) in the case of a series of call Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the arithmetic mean of the closing prices of one Unit (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date less (ii) the Exercise Price (subject to adjustment as provided in Product Condition 5); less (2) the Exercise Expenses; and
 - (ii) in the case of a series of put Warrants, an amount equal to (1) the Entitlement (subject to adjustment as provided in Product Condition 5) multiplied by (i) the Exercise Price (subject to adjustment as provided in Product Condition 5) less (ii) the arithmetic mean of the closing prices of one Unit (as derived from the

Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date; less (2) the Exercise Expenses;

“Dealing Commencement Date” means the date specified as such in the relevant Supplemental Listing Document;

“Designated Bank Account” means the relevant bank account designated by the relevant Holder;

“Entitlement” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“Exercise Amount” means the amount specified as such in the relevant Supplemental Listing Document;

“Exercise Date” means the date upon which a Warrant is, or is to be treated as, exercised in accordance with Product Condition 4.1(b)(ii);

“Exercise Expenses” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“Exercise Period” means:

- (a) in the case of American Style Warrants, the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the sixth Business Day prior to the Expiry Date; and
- (b) in the case of European Style Warrants, 10:00 a.m. (Hong Kong time) on the Expiry Date only;

“Exercise Price” means the price specified as such in the relevant Supplemental Listing Document;

“Expiry Date” has the meaning given to it in the relevant Supplemental Listing Document;

“General Conditions” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Market Disruption Event” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
 - (i) the Units; or
 - (ii) any options or futures contracts relating to the Units if, in any such case, that suspension or limitation is, in the determination of the Issuer, material; or
- (b) the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall

be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled call/put Warrants over single Unit Trust;

“**Settlement Date**” means three Business Days following:

- (a) with respect to the exercise of American Style Warrants on an Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a); the Valuation Date; or
- (b) with respect to the automatic exercise of Warrants on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b), the Expiry Date;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Trust**” means the trust specified as such in the relevant Supplemental Listing Document;

“**Unit**” means the unit specified as such in the relevant Supplemental Listing Document; and

“**Valuation Date**” means:

- (a) with respect to the exercise of American Style Warrants on any Exercise Date prior to the Expiry Date in accordance with Product Condition 3.1(a), the Exercise Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on such Exercise Date, then the Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event, provided that if there is a Market Disruption Event on each of the five Business Days immediately following the original Exercise Date that, but for the Market Disruption Event, would have been the Valuation Date, then:
 - (i) that fifth Business Day after the original Exercise Date shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
 - (ii) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of such price that would have prevailed on that fifth Business Day after the original Exercise Date but for the Market Disruption Event, or
- (b) with respect to the automatic exercise of Warrants on the Expiry Date in accordance with Product Condition 3.1(b) or Product Condition 3.2(b), each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that already is or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Valuation Date is postponed in accordance with this paragraph (b), the closing price of the Units for such postponed Valuation Date will be the closing price of the Units on the first succeeding Business Day. Accordingly, the closing price of a Valuation Date may be used more than once in calculating the arithmetic mean of the closing prices of one Unit for the determination of the Cash Settlement Amount, so that in no event shall there be less than five closing prices to determine the arithmetic mean of the closing prices of one Unit,

provided further that if the postponement of the Valuation Date in accordance with paragraphs (a) or (b) above would result in the Valuation Date falling on or after the Expiry Date, then:

- (aa) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (bb) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of such price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

2. Warrant Rights and Exercise Expenses

2.1 Warrant Rights

Every Exercise Amount gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 4.1 or Product Condition 4.2, as the case may be, the right to receive the payment of the Cash Settlement Amount, if any.

2.2 Exercise Expenses

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.1 or Product Condition 4.2, as the case may be.

3. Exercise of American Style Warrants and European Style Warrants, Automatic Exercise and Expiry

3.1 American Style Warrants

The following provisions of this Product Condition 3.1 shall apply to Warrants which are expressed to be American Style.

(a) Exercise of Warrants

The Warrants may be exercised by delivery of an Exercise Notice in accordance with Product Condition 4.1 at any time during the relevant Exercise Period.

(b) Automatic Exercise

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.1(f).

(c) Expiry

Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period or which has not been automatically exercised in accordance with Product Condition 3.1(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

3.2 **European Style Warrants**

The following provisions of this Product Condition 3.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants*

The Warrants are exercisable only on the Expiry Date.

(b) *Automatic Exercise*

Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (if any) in accordance with Product Condition 4.2(d).

(c) *Expiry*

Any Warrant which has not been automatically exercised in accordance with Product Condition 3.2(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

4. **Exercise of Warrants**

4.1 **American Style Warrants**

The following provisions of this Product Condition 4.1 shall apply to Warrants which are expressed to be American Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *Delivery of an Exercise Notice*

(i) In order to exercise Warrants, the Holder shall deliver to the Transfer Office an Exercise Notice, such delivery or deemed delivery to occur at any time during the relevant Exercise Period. Warrants may not be exercised at any other time.

(ii) The Exercise Date shall be the Business Day on which an Exercise Notice is delivered to CS Hong Kong and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Product Conditions, provided that any Exercise Notice received by CS Hong Kong after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(c) *Exercise Notice*

The Exercise Notice shall:

(i) specify the name(s) of the Holder(s) and the number of Warrants being exercised;

(ii) be accompanied by the Global Certificate in the name(s) of the exercising Holder(s); and

(iii) (where applicable) specify the person in whose favour the cheque representing the Cash Settlement Amount should be drawn and the name and address of the bank, broker or other agent to whom the cheque should be sent or, as the case may be, specify the relevant account to which the Cash Settlement Amount should be credited.

(d) *Consequences of delivery of an Exercise Notice*

Delivery of an Exercise Notice in accordance with Product Conditions 4.1(b) and 4.1(c) shall constitute an irrevocable election and undertaking by the Holder specified in such Exercise Notice to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authorisation to deduct the Exercise Expenses in accordance with the calculation set out in the definition of the Cash Settlement Amount.

(e) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Exercise Date or the Expiry Date, as the case may be, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise in accordance with these Product Conditions whether pursuant to an Exercise Notice or automatic exercise; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(f) *Cash Settlement*

Subject to a valid exercise or automatic exercise, of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder (or such other person as the Holder may have directed, if applicable) equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

4.2 *European Style Warrants*

The following provisions of this Product Condition 4.2 shall apply to Warrants which are expressed to be European Style.

(a) *Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

(b) *No requirement to deliver an Exercise Notice*

The Holders will not be required to deliver an Exercise Notice for any purpose in relation to the Warrants.

(c) *Cancellation*

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

5. Adjustments

5.1 *Rights Issues*

If and whenever the Trust shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a "**Rights Offer**"), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price determined by the closing price on the Stock Exchange on the last Business Day on which the Units are traded on a cum-Rights basis

R: Subscription price per Unit as specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Right

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the

nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Product Conditions:

“Rights” means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

5.2 ***Bonus Issues***

If and whenever the Trust shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Trust or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement will be adjusted on the Business Day on which trading in the Units of the Trust becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of existing Units for each Unit held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.3 ***Subdivisions or Consolidations***

If and whenever the Trust shall subdivide its Units or any class of its outstanding units into a greater number of units (a **“Subdivision”**) or consolidate the Units or any class of its outstanding units into a smaller number of units (a **“Consolidation”**), the Entitlement in effect immediately prior thereto will be increased (in the case of a Subdivision) or decreased (in the case of a Consolidation) accordingly in each case on the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

5.4 ***Merger or Consolidation***

If it is announced that the Trust is to or may merge with or into any other trust or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Trust is the surviving trust in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of units of the trust(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 5.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

5.5 ***Other Adjustments***

Except as provided in General Condition 6, Product Condition 5 and/or Product Condition 7, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 to 5.4) occur which it believes in its sole discretion and irrespective of, in substitution for, or in addition to the provisions contemplated in Product Conditions 5.1 to 5.4 should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (a) considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.6 ***Notice of Determinations***

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

6. Termination or Liquidation

- 6.1 In the event of a Termination or the liquidation or dissolution of the trustee of the Trust (including any successor trustee appointed from time to time (“**Trustee**”) (in its capacity as trustee of the Trust) or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of the Trustee’s undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised Warrants will lapse and shall cease to be valid on the effective date of the Termination, in the case of a voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Trustee’s undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.
- 6.2 For the purpose of this Product Condition 6, “**Termination**” means (a) the Trust is terminated, or the Trustee or the manager of the Trust (including any successor manager appointed from time to time) (“**Manager**”) is required to terminate the Trust under the trust deed (“**Trust Deed**”) constituting the Trust or applicable law, or the termination of the Trust commences; (b) the Trust is held or is conceded by the Trustee or the Manager not to have been constituted or to have been imperfectly constituted; (c) the Trustee ceases to be authorised under the Trust to hold the property of the Trust in its name and perform its obligations under the Trust Deed; or (d) the Trust ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap 571, The Laws of Hong Kong).

7. Delisting

- 7.1 If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).
- 7.2 Without prejudice to the generality of Product Condition 7.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.
- 7.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

APPENDIX 3 — PRODUCT CONDITIONS OF THE CBBCs

Part A — Product Conditions of Index Callable Bull/Bear Contracts (Cash Settled)	100
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PART A — PRODUCT CONDITIONS OF INDEX CALLABLE BULL/BEAR CONTRACTS (CASH SETTLED)

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

“Board Lot” means the number specified as such in the relevant Supplemental Listing Document;

“Business Day” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“Call Level” means the level specified as such in the relevant Supplemental Listing Document, subject to any adjustments in accordance with Product Condition 5;

“Cash Settlement Amount” means, in respect of every Exercise Amount:

(a) following a Mandatory Call Event:

- (i) in respect of a series of Category R CBBCs, the Residual Value, provided that the Issuer may, at its absolute discretion, pay a higher cash amount than the Residual Value; or
- (ii) in respect of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in respect of a series of callable bull contracts, an amount calculated by the Issuer equal to (1) the excess of the Closing Level over the Strike Level, multiplied by the Index Currency Amount, either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate less (2) the Exercise Expenses; and
- (ii) in respect of a series of callable bear contracts, an amount calculated by the Issuer equal to (1) the excess of the Strike Level over the Closing Level, multiplied by the Index Currency Amount, either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate less (2) the Exercise Expenses.

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“Category N CBBCs” means a series of CBBCs where the Call Level is equal to the Strike Level;

“Category R CBBCs” means a series of CBBCs where the Call Level is different from the Strike Level;

“CCASS Settlement Day” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by Hong Kong Securities Clearing Company Limited from time to time;

“Closing Level” has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“Designated Bank Account” means the relevant bank account designated by the relevant Holder;

“Exchange Rate, if applicable, means the rate specified as such in the relevant Supplemental Listing Document;

“Exercise Amount” means the amount specified as such in the relevant Supplemental Listing Document;

“Exercise Expenses” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the CBBCs;

“Expiry Date” has the meaning given to it in the relevant Supplemental Listing Document;

“First Exchange Rate”, if applicable, means the rate specified as such in the relevant Supplemental Listing Document;

“General Conditions” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“Index” means the index specified as such in the relevant Supplemental Listing Document;

“Index Business Day” means a day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

“Index Compiler” has the meaning given to it in the relevant Supplemental Listing Document;

“Index Currency Amount” has the meaning given to it in the relevant Supplemental Listing Document;

“Index Exchange” has the meaning given to it in the relevant Supplemental Listing Document;

“Interim Currency”, if applicable, means the currency specified as such in the relevant Supplemental Listing Document”

“Mandatory Call Event” occurs when the Spot Level at any time during the Observation Period is:

- (a) in the case of a series of callable bull contracts, at or below the Call Level; or
- (b) in the case of a series of callable bear contracts, at or above the Call Level;

“Market Disruption Event” means:

- (a) the occurrence or existence, on any Trading Day or Index Business Day during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
 - (i) the suspension or material limitation of the trading of a material number of constituent securities, contracts, commodities or currencies that comprise the Index; or
 - (ii) the suspension or material limitation of the trading of constituent securities, contracts, commodities or currencies (A) on the Index Exchange; or (B) generally; or
 - (iii) the suspension or material limitation of the trading of (A) options or futures contracts relating to the Index on any exchanges; or (B) options or futures contracts relating to the Index on any options and/or futures exchanges on which options or futures contracts relating to the Index are traded; or
 - (iv) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount; or
 - (v) the occurrence of an event beyond the control of the Issuer as a result of which the Issuer is unable to determine the level of the Index by reference to the Price Source (if applicable) at the relevant time.

For the purposes of paragraph (a) of this definition of “Market Disruption Event”, (i) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (ii) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or

- (b) where the Index Exchange is the Stock Exchange, the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted; or
- (c) a limitation or closure of the Index Exchange or the Stock Exchange due to any unforeseen circumstances;

“Maximum Index Level” means, in respect of Category R CBBCs, the highest Spot Level during the MCE Valuation Period;

“MCE Valuation Period” means:

- (a) in respect of an Index Exchange located in Hong Kong, the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Index Exchange during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Index Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which the Spot Levels are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Index Exchange following the 2nd Session

during which Spot Levels are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Index Business Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Levels are available. In that case:

- (i) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Index Business Day on the Index Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (ii) the Issuer shall determine the Maximum Index Level or the Minimum Index Level (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Level published by the Index Compiler and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Levels available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Index Level or the Minimum Index Level (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (B) the afternoon session and the closing auction session (if applicable) of the same day,

shall each be considered as one session only; and

- (b) in respect of an Index Exchange located outside Hong Kong, the period specified in the relevant Supplemental Listing Document;

“Minimum Index Level” means, in respect of Category R CBBCs, the lowest Spot Level during the MCE Valuation Period;

“Observation Commencement Date” has the meaning given to it in the relevant Supplemental Listing Document;

“Observation Period” means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

“Post MCE Trades” has the meaning given to it in the relevant Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“Price Source”, if applicable, has the meaning given to it in the relevant Supplemental Listing Document;

“Product Conditions” means these product terms and conditions. These Product Conditions apply to each series of cash settled index callable bull/bear contracts;

“Residual Value” means, in respect of every Exercise Amount:

- (a) in respect of a series of callable bull contracts, an amount calculated by the Issuer equal to (1) the excess of the Minimum Index Level over the Strike Level, multiplied by the Index Currency Amount, either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate less (2) the Exercise Expenses; and
- (b) in respect of a series of callable bear contracts, an amount calculated by the Issuer equal to (1) the excess of the Strike Level over the Maximum Index Level, multiplied by the Index Currency Amount, either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate less (2) the Exercise Expenses;

“Second Exchange Rate”, if applicable, means the rate specified as such in the relevant Supplemental Listing Document;

“Settlement Currency” means the currency specified as such in the relevant Supplemental Listing Document;

“Settlement Date” means the third CCASS Settlement Day immediately following (a) the Valuation Date; or (b) the end of the MCE Valuation Period, as the case may be;

“Settlement Disruption Event” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“Spot Level” means:

- (a) if no Price Source is specified, the spot level of the Index as compiled and published by the Index Compiler; or
- (b) if a Price Source is specified, the spot level of the Index as published on the Price Source;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Strike Level” means the level specified as such in the relevant Supplemental Listing Document, subject to adjustment in accordance with Product Condition 5;

“Trading Day” means the day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions; and

“Valuation Date” has the meaning given to it in the relevant Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

2. Hedging Disruption

2.1 *Notification*: The Issuer shall as soon as reasonably practicable give notice to the Holders in accordance with General Condition 7 if it determines that a Hedging Disruption Event has occurred. The notice shall specify the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to Product Condition 2.3.

2.2 *Hedging Disruption Event*: A “**Hedging Disruption Event**” occurs if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially (X) to establish, re-establish, substitute or maintain a relevant hedging transaction (including, without limitation, any hedging transaction with respect to options or futures relating to the Index, or any currency in which the components of the Index are denominated) (a “**Relevant Hedging Transaction**”) it deems necessary or desirable to hedge the Issuer’s obligations in respect of the CBBCs, or (Y) to freely realise, recover, receive, repatriate, remit or transfer the proceeds of the Relevant Hedging Transactions between accounts within the jurisdiction of the Relevant Hedging Transactions (the “**Affected Jurisdiction**”) or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction. The reasons for such determination by the Issuer may include, but are not limited to, the following:

- (a) any material illiquidity in the market for the components comprising the Index;
- (b) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority);
- (c) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
- (d) the general unavailability of:
 - (i) market participants who will agree to enter into a Relevant Hedging Transaction; or
 - (ii) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

2.3 *Consequences*: The Issuer, in the event of a Hedging Disruption Event, may determine to:

- (a) terminate the CBBCs. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each CBBC held by such Holder an amount calculated by it as the fair market value of the CBBC immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 7; or
- (b) make any other adjustment to the Product Conditions as it considers appropriate in order to maintain the theoretical value of the CBBCs after adjusting for the relevant Hedging Disruption Event.

3. CBBC Rights and Exercise Expenses

3.1 *CBBC Rights*

Every Exercise Amount gives each Holder, upon due exercise and compliance with Product Condition 4, the right to receive the payment of the Cash Settlement Amount, if any.

3.2 *Exercise Expenses*

On exercise of the CBBCs, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.

4. Exercise of CBBCs

4.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

4.2 *Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised at 10:00 am (Hong Kong time) on the Expiry Date if the Cash Settlement Amount is greater than zero (without notice being given to the Holders).

4.3 *Mandatory Call Event*

- (a) Subject to Product Condition 4.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.
- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
 - (i) system malfunction or other technical errors of HKEx and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
 - (ii) manifest errors caused by the relevant third party where applicable (such as miscalculation of the index level by the Index Compiler) and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than the time specified in the relevant Supplemental Listing Document or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

4.4 Entitlement

Every Exercise Amount of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

4.5 Exercise Expenses

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 4, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

4.6 Cancellation

The Issuer will procure that the Registrar will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be), remove from the Register the name of the person in respect of the CBBCs which (a) are the subject of a valid exercise in accordance with these Product Conditions or (b) have expired worthless, and thereby cancel the relevant CBBCs.

4.7 Cash Settlement

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be) in accordance with these Product Conditions, the Issuer will make a payment in respect of every Exercise Amount to the relevant Holder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

4.8 Responsibility of Issuer and Registrar

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Registrar or their respective agents shall have any responsibility for any errors or omissions in the calculation of the Cash Settlement Amount.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the constituent securities, contracts, commodities or currencies comprising the Index.

4.9 **Liability of Issuer and Registrar**

Exercise and settlement of the CBBCs is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Registrar shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

4.10 **Trading in the CBBCs**

Subject to Product Condition 4.3(b), trading in CBBCs on the Stock Exchange shall cease (a) immediately upon the occurrence of a Mandatory Call Event or (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session), whichever is the earlier.

5. **Adjustments to the Index**

5.1 **Successor Index Compiler Calculates and Reports Index**

If the Index is (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer, or (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

5.2 **Modification and Cessation of Calculation of Index**

If:

- (a) on or prior to a Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (b) on a Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the closing level on such Valuation Date using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure.

5.3 **Other Adjustments**

Except as provided in General Condition 6, Product Condition 2 and/or Product Condition 5, adjustments or amendments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in

circumstances where an event or events (including the events as contemplated in Product Conditions 5.1 and 5.2) occur which it believes in its sole and absolute discretion and irrespective of, in substitution for, or in addition to provisions contemplated in Product Conditions 5.1 and 5.2 should, in the context of the issue of the CBBCs and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment (a) is considered by the Issuer not to be materially prejudicial to the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction); or (b) is otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

5.4 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

APPENDIX 4 — OUR GENERAL INFORMATION EXTRACTED FROM CREDIT SUISSE GROUP AG ANNUAL REPORT 2008

We are a wholly owned subsidiary of Credit Suisse Group AG. We have extracted the following sections from the Credit Suisse Group AG annual report 2008 in this appendix 4. References to the following page numbers in this appendix 4 are to the pages in the Credit Suisse Group AG annual report 2008 and not to the pages in this document.

- 1 Risk management (pages 112 – 133);
- 2 Board of Directors (pages 147 – 156);
- 3 Executive Board (pages 157 – 161); and
- 4 Additional information (pages 179 – 180).

Risk management

During 2008, our overall 99% position risk, measured on the basis of the economic capital model, decreased 22% compared to 2007. Average one-day, 99% VaR for our trading books increased 55% to CHF 178 million, primarily reflecting increased market volatility. After adjusting for data and methodology changes during the year, the December 31, 2008 VaR would have shown a significant decrease compared to December 31, 2007.

Impact of the financial crisis and responses

In line with our priority to reduce risk, established in 2007 at an early stage of the financial crisis, we continued to reduce risk exposures throughout 2008. Contagion effects emerging from the dislocation of the US mortgage-backed securities market increasingly affected interbank lending, credit, equity and emerging markets, leading to market correlations and volatilities at the highest level of expectations. The widespread deleveraging of market participants also adversely impacted our trading activities, particularly in the fourth quarter. While we were able to quickly reduce exposures in some trading strategies, the illiquid nature of holdings in other strategies meant that some risk positions can only be reduced over a longer period of time.

In addition to the hedges controlled at the trading desks, further hedges at a portfolio level mandated by risk management and senior management helped to mitigate the losses. However, due to basis risk between the trading positions and related hedges, we experienced higher daily trading volatility. In these adverse market conditions, we experienced a significant number of backtesting exceptions in our VaR model. To ensure our VaR model is more responsive to stressed market conditions, we introduced a scaling technique that adjusts the level of VaR for the most recent market volatilities.

To reflect changed market conditions, we adjusted and improved a number of the parameters used to calculate economic capital to address higher than anticipated stress severity and enhanced other aspects of the model during the year. We also further developed our scenario analyses to reflect the latest extreme market events, including recalibrating scenario severities for leveraged finance and commercial real estate underwriting and developing a more severe flight to quality scenario.

In our Investment Banking business, a buy and sell business model has generally mitigated risks and limited our exposure, but the further dislocation in the structured and credit markets during 2008 affected our efficiency in reducing risk exposure. In light of this environment, we have further limited

certain new business activities and reduced risk exposures in structured products, leveraged finance and securities purchased from our money market portfolios. Additional macro and single-position hedges have been purchased to further mitigate our risk exposure.

Risk management oversight

Risk governance

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank. To meet the challenges in a fast-changing industry with new market players and innovative and complex products, we established and continuously strengthen our risk function, which is independent of, but closely interacts with, the sales and trading functions to ensure the appropriate flow of information. Our risk management framework is based on transparency, management accountability and independent oversight. As a consequence of the increased complexity of risks, we have defined our risk perspective broadly. Risk management plays an important role in our business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect our financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Although we have implemented comprehensive risk management processes and sophisticated control systems, we work to limit the impact of negative developments by carefully managing concentrations of risks. Further, the business mix of Private Banking, Investment Banking and Asset Management provides a certain amount of risk diversification.

Risk organization

Risks arise in all of our business activities and cannot be completely eliminated, however we work to manage risk in our internal control environment. Our risk management organization reflects the specific nature of the various risks in order to

ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Board of Directors, this includes the following responsibilities:

- Group/Bank Board of Directors: responsible to shareholders for the strategic direction, supervision and control of the Group and for defining our overall tolerance for risk;
- Risk Committee: responsible for assisting the Board of Directors in fulfilling their oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and the approval of overall risk limits; and
- Audit Committee: responsible for assisting the Board of Directors in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the Board of Directors and its Risk Committee. On a monthly basis, CARMC reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing our risk profile on a consolidated basis, recommending risk limits to the Board of Directors and its Risk Committee and for establishing and allocating risk limits within the various businesses. CARMC meet-

ings focus on the following three areas on a rotating basis: asset and liability management/liquidity; market and credit risk; and operational risk/legal and compliance.

Committees are implemented at a senior management level to support risk management. The Risk Processes and Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio and Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk and Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks. There are also divisional risk management committees, which are closer to the daily business and established to manage risk on a divisional basis.

The risk committees are further supported by Treasury, which is responsible for the management of our balance sheet, capital management, liquidity and related hedging policies. The risk management function, which is independent of the business, includes:

- Strategic Risk Management (SRM)
- Risk Measurement and Management (RMM)
- Credit Risk Management (CRM)
- Bank Operational Risk Oversight (BORO)
- Business Continuity Management
- Reputational Risk Management

Key management bodies and committees

Group / Bank		
Board of Directors Audit Committee Risk Committee		
Chief Executive Officer Executive Board		
Capital Allocation & Risk Management Committee (CARMC)		
ALM¹ / Capital / Funding / Liquidity	Position Risks	OpRisk / LCD²
Risk Processes & Standards Committee	Credit Portfolio & Provisions Review Committee	Reputational Risk & Sustainability Committee
Divisions		
PB RMC	IB RMC	AM RMC

¹ Asset and Liability Management ² Legal and Compliance Department

The CRO area is responsible for providing risk management oversight and establishing an organizational basis to manage all risk management matters through four primary risk functions: SRM assesses the overall risk profile on a Group-wide portfolio level and for individual businesses, and recommends corrective action where necessary; RMM is responsible for the measurement and reporting of credit risk, market risk and economic capital, managing risk limits and establishing policies on market risk and economic capital; CRM has a Chief Credit Officer for Private Banking and a Chief Credit Officer for Investment Banking and Asset Management, with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of credit portfolios and allowances; and BORO acts as the central hub for the divisional operational risk functions. The CRO area also addresses critical risk areas such as business continuity and reputational risk management.

Risk types

Within our risk framework, we have defined the following types of risk:

Management risks:

- Strategy risk: outcome of strategic decisions or developments; and
- Reputational risk: damage to our standing in the market.

Chosen risks:

- Market risk: changes in market factors such as prices, volatilities and correlations;
- Credit risk: changes in the creditworthiness of other entities; and
- Expense risk: difference between operating expenses and income in a crisis.

Consequential risks:

- Operational risk: inadequate or failed internal processes, people and systems or external events; and
- Liquidity risk: inability to fund assets or meet obligations at a reasonable price.

Management risks are difficult to quantify. While management of strategy risk is at the Board of Directors and Executive Board level, a process has been implemented to globally capture and manage reputational risk. Chosen risks are, in general, highly quantifiable, but are challenging in complexity and scale, especially when aggregated across all positions and types of financial instruments. Additionally, the traditional boundaries between market risks and credit risk have become blurred. For operational risk management, we have primarily

set up processes on divisional and regional levels. Liquidity management is centralized with Treasury.

Information required under Pillar 3 related to risk will be published by the end of April 2009 on our website at www.credit-suisse.com/investors/en.

Risk limits

A sound system of risk limits is fundamental to effective risk management. The limits define our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

We use an economic capital limit structure to manage overall risk taking. The level of risks incurred by the divisions is further restricted by a variety of specific limits. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money and emerging market country exposures. Risk limits are allocated to lower organizational levels within the businesses, and numerous other limits are established for specific risks, including a system of individual counterparty credit limits that is used to control concentration risks.

Economic capital and position risk

Concept

Economic capital is our core Group-wide risk management tool. It represents good current market practice for measuring and reporting all quantifiable risks and measures risk in terms of economic realities rather than regulatory or accounting rules. It also provides a common terminology for risk across the Group, which increases risk transparency and improves knowledge sharing. The development and usage of economic capital methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

Position risk, which is a component of the economic capital framework, is used to assess, monitor and report risk exposures throughout the Group. Position risk is the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). For further details of the economic capital framework, refer to Treasury management – Economic capital.

We regularly review the economic capital methodology to ensure the model remains relevant as markets and business strategies evolve. In 2008, a number of enhancements were

implemented to refine the modeling of the position risk component of economic capital. The key changes were refinements to the treatment of leveraged finance commitments in the international lending & counterparty exposures calculation, methodology enhancements to capture contingent fixed income trading position risks related to certain of our money market funds and updates to the parameters for merger arbitrage risk in the equity trading & investments position risk category. Prior-period balances have been restated for methodology changes in order to show meaningful trends. The total impact of methodology changes on year-end 2007 99% position risk was an increase of approximately CHF 693 million, or 6%.

In light of the extreme market dislocation and volatility in 2008, certain aspects of our economic capital model will be updated in 2009, mainly for increased severity of stress events and assumed correlation between types of risk.

Limit management

Position risk is managed through a system of integrated risk limits to control the range of risks inherent in business activities. The limit structure restricts overall risk-taking capacity and triggers senior management risk discussions in the event of substantial changes in our overall risk profile. The calibration of limits is performed in conjunction with the annual planning process in order to ensure our risk appetite is in line with our financial resources.

The Board of Directors and senior management are regularly provided with economic capital results, trends and ratios,

together with supporting explanations to provide risk transparency and facilitate the decision-making process of the firm.

Key position risk trends

Compared to 2007, position risk for risk management purposes decreased 22%. Excluding the US dollar translation impact, position risk decreased 18%, primarily as a result of reductions in real estate & structured assets, due to lower commercial real estate exposures following sales, net valuation reductions and risk reductions associated with the PAF compensation plan, and reductions in international lending & counterparty exposures, mainly due to reductions in leveraged finance following loan writedowns, the expiration of lending commitments and risk reductions associated with the PAF compensation plan. Fixed income trading decreased due to reduced traded credit spread, commodity and foreign exchange exposures, partially offset by increased interest rate exposures. Equity trading & investments decreased due to reduced equity trading exposures, and emerging markets decreased due to reduced exposures in Latin America and Asia. Private banking corporate & retail lending increased due to updated loan default and recovery parameters and higher commercial loan exposures and commercial mortgages.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designed to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolio.

Group position risk

	end of			% change	
	2008	2007 ¹	2006	08 / 07	07 / 06
Position risk (CHF million)					
Fixed income trading ²	1,570	2,226	2,623	(29)	(15)
Equity trading & investments	2,405	3,052	2,601	(21)	17
Private banking corporate & retail lending	2,490	2,286	2,174	9	5
International lending & counterparty exposures	3,294	4,384	3,974	(25)	10
Emerging markets	1,741	2,040	1,775	(15)	15
Real estate & structured assets ³	2,012	3,421	4,984	(41)	(31)
Simple sum across risk categories	13,512	17,409	18,131	(22)	(4)
Diversification benefit	(3,684)	(4,759)	(4,979)	(23)	(4)
Position risk (99% confidence level for risk management purposes)	9,828	12,650	13,152	(22)	(4)
Position risk (99.97% confidence level for capital management purposes)	17,867	22,863	22,548	(22)	1

Prior balances have been restated for methodology changes in order to show meaningful trends.

¹ Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends. ² This category comprises fixed income trading, foreign exchange and commodity exposures. ³ This category comprises the real estate investments of the Group, commercial and residential real estate, ABS exposure and real estate acquired at auction.

Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. We define our market risk as potential changes in the fair values of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

We devote considerable resources to ensure that market risk is comprehensively captured, accurately modeled and reported and effectively managed. Trading and non-trading portfolios are managed at various organizational levels, from the overall risk positions at the Group level down to specific portfolios. We use market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across our many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal measurement methodologies are VaR and scenario analysis. Additionally, our market risk exposures are reflected in our economic capital calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

Value at Risk

VaR measures the potential loss in terms of fair value changes due to adverse market movements over a given time interval at a given confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from interest rate, foreign exchange, equity and commodity options, money market and swap transactions and bonds. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatility serve as a basis for the statistical VaR model underlying the potential loss estimation. We use a ten-day holding period and a confidence level of 99% to model the risk in our trading portfolios. These assumptions are compliant with the standards published by the Basel Committee on Banking Supervision and other related international standards for market risk management. For some purposes, such as backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are scaled down or calculated to a one-day holding period level.

We use a historical simulation model for the majority of risk types and businesses within our trading portfolios. Where insufficient data is available for such an approach, an "extreme-move" methodology is used. The model is based on the profit and loss distribution resulting from historical changes

in market rates, prices and volatility applied to evaluate the portfolio. This methodology also avoids any explicit assumptions on correlation between risk factors. We use a three-year historical dataset to compute VaR. To ensure that VaR responds appropriately in times of market stress, we introduced a new scaling technique in the fourth quarter that adjusts the level of VaR to reflect current market conditions more rapidly. This new technique, scaled VaR, adjusts VaR in cases where the short-term market volatility is higher than the long-term volatility from the full three year dataset. This results in a more responsive VaR model, as the impact of changes in overall market volatility is reflected almost immediately in the scaled VaR model. We monitor VaR on both an unscaled and scaled basis for risk management purposes.

Credit Suisse has approval from the FINMA, as well as from certain other regulators of our subsidiaries, to use our VaR model in the calculation of trading book market risk capital requirements. We continue to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

The VaR model uses assumptions and estimates that we believe are reasonable, but changes to assumptions or estimates could result in a different VaR measure. As a risk measure, VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. VaR also assumes that price data from the recent past can be used to predict future events. If future market conditions differ substantially from past market conditions, the risk predicted by VaR may be overestimated or underestimated.

Scenario analysis

We regularly perform scenario analysis for all of our businesses exposed to market risk to estimate the potential economic loss that could arise from extreme, but plausible, stress events. The scenario analysis calculations performed are specifically tailored towards their respective risk profile. In addition, to identify areas of risk concentration and potential vulnerability to stress events across the Group, we have developed a set of scenarios which are consistently applied across all businesses. Key scenarios include significant movements in credit markets, interest rates, equity prices and exchange rates, as well as adverse changes in counterparty default and recovery rates. We also use combination scenarios, which consider the impact of significant, simultaneous movements across a broad range of markets and asset classes, to analyze the impact of wider market turbulence. The scenario analysis framework also considers the impact of various scenarios on key capital adequacy measures such as regulatory capital and

economic capital ratios. The Board of Directors and senior management are regularly provided with scenario analysis estimates, scenario analysis trend information and supporting explanations to create transparency on key risk exposures and support their risk management.

Scenario analysis estimates the impact that could arise from extreme, but plausible, stress events by applying predefined scenarios to the relevant portfolios. Scenarios are typically defined in light of past economic or financial market stress periods, but statistical analysis is also used to define the less severe scenarios in the framework.

Scenario analysis estimates the loss that could arise if specific events in the economy or in financial markets were to occur. Seldom do past events recur in exactly the same way. Therefore, it is necessary to use business experience to choose a set of meaningful scenarios and to assess the scenario results in light of current economic and market conditions.

The scenario analysis framework is periodically reviewed to help ensure that it remains relevant given changes in portfolio composition and market conditions. Each primary scenario is typically run at several different levels of severity to provide information on possible losses over a range of market circumstances. In response to the financial market turbulence experienced in 2008, the parameter shocks for most types of scenarios were updated to reflect more volatile market conditions, particularly for credit and mortgage-related positions. Several new scenarios were also introduced to focus on specific markets or risks, including underwriting, basis and regional risks. Finally, a new combination scenario was introduced that incorporated more severe market changes.

Trading portfolios

Risk measurement and management

We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking segment. Our other segments also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for regulatory capital purposes. This classification of assets as trading is done for purposes of analyzing our market risk exposure, not for financial statement purposes.

We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our

broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

Development of trading portfolio risks

The table entitled "One-day, 99% VaR" shows our trading-related market risk exposure, as measured by one-day, 99% VaR. The VaR in the table has been calculated using a three-year historical dataset. As we measure trading book VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily currency translation rates. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of

the 99th percentile loss for each individual risk type and for the total portfolio.

Our one-day, 99% VaR as of December 31, 2008 was CHF 123 million, compared to CHF 216 million as of December 31, 2007. The average VaR was CHF 178 million for 2008, compared to CHF 115 million for 2007. VaR declined significantly in the second half of 2008 due to active risk reduction programs in equity trading, commercial and residential mortgages and commodities trading. The decline in VaR due to these exposure reductions was partly offset as increased market volatility was included in the historical dataset used to calculate VaR. After adjusting for data and methodology changes during the year, the December 31, 2008 VaR would have shown a significant decrease compared to December 31, 2007.

One-day, 99% VaR

in / end of period	Interest rate and credit spread	Foreign exchange	Commodity	Equity	Diversi- fication benefit	Total VaR	Total scaled VaR
2008 (CHF million)							
Average	149	22	36	65	(94)	178	252
Minimum	103	7	18	29	- ¹	123	160
Maximum	232	57	60	126	- ¹	272	360
End of period	107	16	18	39	(57)	123	185
2007 (CHF million)							
Average ²	74	25	17	79	(80)	115	148
Minimum ²	46	8	8	51	- ¹	56	60
Maximum ²	131	58	36	126	- ¹	216	320
End of period ²	124	48	31	91	(78)	216	291
2006 (CHF million)							
Average	57	19	10	59	(65)	80	81
Minimum	42	9	6	44	- ¹	53	53
Maximum	82	38	20	90	- ¹	124	124
End of period	62	24	15	57	(69)	89	89

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit. ² Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends.

Scaled VaR as of December 31, 2008 was CHF 185 million, compared to CHF 291 million as of December 31, 2007, and average scaled VaR was CHF 252 million for 2008, compared to CHF 148 million for 2007.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including backtesting. In line with industry practice, we present backtesting using actual daily trading revenues. Actual daily trading revenues are compared with scaled VaR calculated using a one-day holding

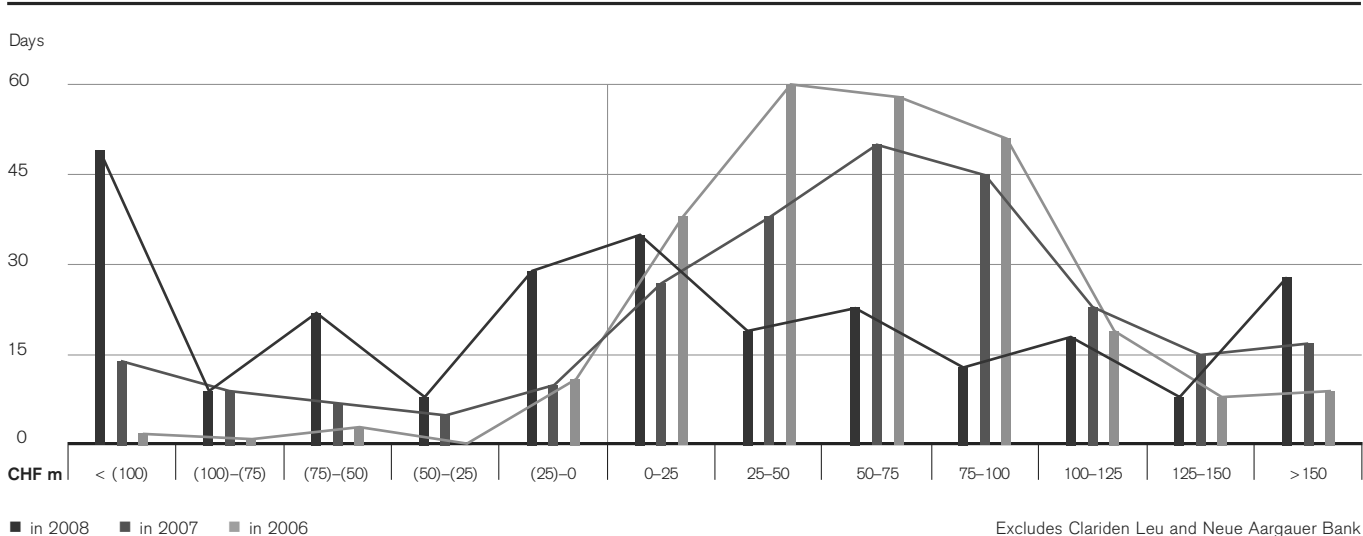
period. A backtesting exception occurs when the daily loss exceeds the daily scaled VaR estimate.

We had 25 backtesting exceptions in 2008, compared with nine backtesting exceptions in 2007. These exceptions were calculated using the scaled VaR model following its introduction in the fourth quarter. The backtesting exceptions in 2008 were primarily driven by extreme movements in US mortgage markets, particularly in the first quarter, coupled with contagion effects across the wider credit, equity, interest rate and

Daily VaR



Actual daily trading revenues



Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends.

foreign exchange markets throughout 2008. The VaR model is subject to regular assessment and evaluation to seek to maintain accuracy given current market conditions and positions. In response to the backtesting performance, we made a series of changes to the methodology in 2008 to enhance the modeling of structured credit products, to improve the capture of basis risk and to make the VaR model more responsive to sharp increases in market volatility. VaR also increased as more volatile data for 2008 replaced less volatile data from 2005. If these methodology and data changes had been in place at the start of 2008, we would have experienced signif-

icantly fewer backtesting exceptions for the year. The output of our VaR model is used in the calculation of our regulatory capital requirement for market risk. For further information, refer to Treasury management – Capital management – Description of regulatory approaches.

The histogram entitled “Actual daily trading revenues” compares the actual trading revenues for 2008 with those for 2007 and 2006. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities.

Banking portfolios

Risk measurement and management

The market risks associated with our non-trading portfolios primarily relate to asset and liability mismatch exposures, equity instrument participations and investments in bonds and money market instruments. All of our businesses and the Corporate Center have non-trading portfolios that carry some market risks.

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including economic capital, scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with our non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure for the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings.

Development of non-trading portfolio risks

We assume non-trading interest rate risks through interest rate-sensitive positions originated by Private Banking and risk-transferred to Treasury, money market and funding activities by Treasury and the deployment of our consolidated equity as well as other activities, including market-making and trading activities involving banking book positions at the divisions. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing and client behavior on the underlying product). Treasury and other desks running interest rate risk positions actively manage the positions within approved limits.

The impact of a one-basis-point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of CHF 5.3 million as of December 31, 2008, compared to a decrease of CHF 4.4 million as of December 31, 2007. The change was mainly due to the impact of hybrid capital instruments issued in 2008. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves in relation to total eligible regulatory capital, which is regularly assessed on a consolidated and legal entity basis. As of December 31, 2008, the fair value impacts of an adverse 200-basis-point move in yield curves and of a statistical one-year, 99% adverse change in yield curves in relation to total eligible regulatory capital were 2.45% and 1.29%, respectively, which are significantly below

the 20% threshold used by regulators to identify banks that potentially run excessive levels of non-trading interest rate risk.

Our non-trading equity portfolio includes positions in hedge funds, private equity and other instruments. These positions may not be strongly correlated with general equity markets. Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would be a decrease of approximately CHF 542 million in the value of the non-trading portfolio as of December 31, 2008, compared to a decrease of approximately CHF 515 million in the value of the non-trading portfolio as of December 31, 2007. The impact for 2007 has been restated in order to show meaningful trends. The main reason for the change was an increase in private equity and hedge fund exposures.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would be a decrease of approximately CHF 29 million in the value of the non-trading portfolio as of December 31, 2008 compared to a decrease of less than CHF 1 million as of December 31, 2007. The main reason for the change was an increase in holdings of carbon credits.

For details of the exposure to foreign exchange risk in our non-trading portfolio, refer to Treasury management – Foreign exchange exposure and interest rate management.

Credit risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of a default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company.

The majority of our credit risk is concentrated in Private Banking and Investment Banking. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, price, monitor and manage risk on a consistent basis. This requires careful consideration of proposed

extensions of credit, the setting of specific limits, diligent ongoing monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Our credit risk management framework is regularly refined and covers all banking business areas that are exposed to credit risk. The framework is designed to cover virtually all of the credit exposures in the banking business and comprises seven core components:

- individual counterparty rating systems;
- transaction rating systems;
- a counterparty credit limit system;
- country concentration limits;
- risk-based pricing methodologies;
- active credit portfolio management; and
- a credit risk provisioning methodology.

We evaluate credit risk through a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. Experienced credit officers analyze credit requests and assign internal ratings based on their analysis and evaluation of the client's creditworthiness and the type of credit transaction.

Counterparty and transaction rating

We have developed a set of credit rating models tailored for different client segments in both Private Banking and Investment Banking (for example, international corporates, financial institutions, asset finance, small and medium-sized entities, commodity traders, residential mortgages) for the purpose of internally rating counterparties to whom we are exposed to credit risk as the contractual party to a loan, loan commitment or OTC derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Each credit rating model is validated independently prior to implementation and on a regular basis. At the time of initial credit approval and review, relevant quantitative data (such as financial statements and financial projections) and qualitative factors relating to the counterparty are used in the models and result in the assignment of a credit rating or PD, which measures the counterparty's risk of default over a one-year period. To ensure that ratings are consistent and comparable across all businesses, we have used an internal rating scale which is benchmarked to the external rating agencies using the historical PD associated with external ratings. The relationship between the PD and external agency ratings is reviewed annually and adjustments are made to calibrate the internal rating classification to the assumed PD in the external ratings.

Additionally, an estimate of expected loss in the event of a counterparty default is assigned based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the LGD assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. These credit risk estimates are used consistently for the purposes of business and credit portfolio steering, credit policy, approval and monitoring, management reporting, risk-adjusted performance measurement, economic capital measurement and allocation and certain financial accounting purposes. The overall internal credit rating system has been approved by the FINMA for application under the Basel II A-IRB approach. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates.

Credit approval process and provisioning

Senior credit managers make credit decisions on a transaction-by-transaction basis, at authority levels reflecting the amount and complexity of the transactions and the overall exposures to counterparties and their related entities. These approval authority levels are set by each legal entity.

A system of credit limits is used to manage individual counterparty credit risk. Other limits are also established to address concentration risk in the portfolio, including a comprehensive set of country limits and limits for certain products. Credit exposures to individual counterparties, industry segments or product groupings and adherence to the related limits are monitored by credit officers, industry analysts and other relevant specialists. In addition, credit risk is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. We regularly analyze our industry diversification and concentrations.

A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Other key factors considered in the review process include current and projected business and economic conditions, historical experience, regulatory requirements and concentrations of credit by industry, country, product and counterparty rating. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur due to events such as announced mergers and acquisitions, earnings weaknesses and lawsuits.

Our regular review of the creditworthiness of clients and counterparties does not depend on the accounting treatment of the asset or commitment. Adverse changes in the creditworthiness of counterparties of loans held at fair value are reflected in valuation changes reported directly in revenues, and therefore are not part of the impaired loans balance. We regularly review the appropriateness of allowances for credit losses. A systematic provisioning methodology is used to identify potential credit risk-related losses. Impaired transactions are classified as potential problem exposure, non-performing exposure or non-interest-earning exposure, and the exposures are generally managed within credit recovery units. The Credit Portfolio and Provisions Review Committee regularly deter-

mines the adequacy of allowances, taking into consideration whether the levels are sufficient for credit losses and whether allowances can be released or if they should be increased.

Credit risk overview

All transactions that are exposed to potential losses due to a counterparty failing to meet an obligation are subject to credit risk exposure measurement and management. The following table represents credit risk from loans, loan commitments and certain other contingent liabilities, loans held for sale, traded loans and derivative instruments before consideration of risk mitigation such as cash collateral and marketable securities or credit hedges, as of December 31, 2007 and 2008.

Credit risk

end of	2008	2007
Credit risk (CHF million)		
Balance sheet		
Gross loans	237,463	241,788
of which reported at fair value	32,314	31,047
Loans held-for-sale	23,166	47,975
Traded loans	2,846	15,906
Derivative instruments ¹	108,620	99,550
Total balance sheet	372,095	405,219
Off-balance sheet		
Loan commitments	238,128	249,025
Credit guarantees and similar instruments	7,493	9,469
Irrevocable commitments under documentary credits	4,220	5,970
Total off-balance sheet	249,841	264,464
Total credit risk	621,936	669,683

Before risk mitigation, for example, collateral, credit hedges.

¹ Positive replacement value after netting agreements.

Loans and loan commitments

Loans where we have the intention and ability to hold to maturity are initially recognized at fair value, including direct and incremental transactions costs, and subsequently valued at amortized cost less any provision for impairment. Loan commitments include irrevocable credit facilities for Investment

Banking and Private Banking and, additionally in Private Banking, unused credit limits which can be revoked at our sole discretion upon notice to the client. Loans and loan commitments for which the fair value option (SFAS 159) is elected are reported at fair value with changes in fair value reported in trading revenues.

Loans and loan commitments

end of	2008	2007
Loans and loan commitments (CHF million)		
Gross loans	237,463	241,788
of which Private Banking	175,758	176,393
of which Investment Banking	61,625	65,259
Loan commitments	238,128	249,025
Total loans and loan commitments	475,591	490,813
of which Private Banking	337,220	309,899
of which Investment Banking ¹	135,274	178,394

¹ Excludes non-rated positions of CHF 1,357 million and of CHF 688 million in 2008 and 2007, respectively, representing unsettled positions in non-broker dealer entities.

Risk mitigation

We actively manage our credit exposure utilizing credit hedges and collateral, such as cash and marketable securities. A large part of the Private Banking lending portfolio, primarily within the BBB counterparty rating classes, is collateralized by securities which can be readily liquidated. In Investment Banking

we manage credit exposures primarily with credit hedges and monetizable collateral. Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of credit default swaps.

The following tables illustrate the effects of risk mitigation on a combined exposure of loans and loan commitments.

Loans and loan commitments – Private Banking

end of	2008			2007		
Internal counterparty ratings	Gross exposure	Cash collateral and marketable securities	Net exposure	Gross exposure	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)						
AAA	1,406	(29)	1,377	1,057	(12)	1,045
AA	2,973	(32)	2,941	4,432	(24)	4,408
A	19,980	(1,211)	18,769	14,206	(785)	13,421
BBB	231,354	(130,609)	100,745	212,437	(113,102)	99,335
BB	75,609	(4,844)	70,765	71,572	(4,332)	67,240
B	3,755	(91)	3,664	4,374	(67)	4,307
CCC	345	(5)	340	283	0	283
D	1,798	(456)	1,342	1,538	(17)	1,521
Total loans and loan commitments	337,220	(137,277)	199,943 ¹	309,899	(118,339)	191,560 ¹

Includes irrevocable credit facilities and unused credit limits which can be revoked at our sole discretion upon notice to the client.

¹ In addition, we have a synthetic collateralized loan portfolio, Clock Finance No. 1, which effectively transfers the first loss credit risk on a CHF 4.8 billion portfolio of originated loans within Corporate & Retail Banking to capital market investors.

Loans and loan commitments – Investment Banking

end of	2008								2007
	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure	
Internal counterparty ratings									
Risk mitigation (CHF million)									
AAA	9,503	0	(554)	8,949	8,928	0	(337)	8,591	
AA	18,885	(1,662)	(478)	16,745	18,096	(2,614)	(51)	15,431	
A	30,889	(5,349)	(3,754)	21,786	37,290	(7,265)	(4,205)	25,820	
BBB	34,233	(12,190)	(438)	21,605	42,789	(15,625)	(631)	26,533	
BB	14,056	(2,604)	(499)	10,953	20,366	(3,356)	(595)	16,415	
B	22,334	(2,500)	(827)	19,007	42,296	(4,248)	(2,367)	35,681	
CCC	4,024	(787)	(147)	3,090	5,724	(526)	(153)	5,045	
CC	85	0	0	85	541	(301)	0	240	
C	552	0	0	552	340	0	0	340	
D	713	(37)	(6)	670	2,024	(1)	0	2,023	
Total loans and loan commitments	135,274¹	(25,129)	(6,703)	103,442¹	178,394¹	(33,936)	(8,339)	136,119¹	

Includes undrawn irrevocable credit facilities.

¹ Excludes non-rated positions of CHF 1,357 million and of CHF 688 million in 2008 and 2007, respectively, representing unsettled positions in non-broker dealer entities.

Loss given default

The Private Banking LGD measurement system takes into account collateral pledged against the exposure and guarantees received. The LGD measurement system is validated independently on a regular basis and has been approved by the regulatory authorities for application in the Basel II A-IRB approach. The concentration in BBB and BB rated counterparties with low LGD exposure largely reflects the Private

Banking residential mortgage business, which is highly collateralized. In Investment Banking, the LGD measurement is primarily determined by the seniority ranking of the exposure, with the exposure adjusted for risk mitigation and guarantees received. The tables below present our loans, net of risk mitigation, across LGD buckets for Private Banking and Investment Banking.

Loans – Private Banking

end of 2008	Loss given default buckets								
	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%	
Internal counterparty ratings									
Loss given default (CHF million)									
AAA	631	630	329	158	41	9	79	14	
AA	2,001	1,993	385	1,102	170	33	287	16	
A	12,446	12,225	4,604	4,182	2,310	453	598	78	
BBB	100,158	70,532	29,996	15,080	17,255	2,587	5,569	45	
BB	55,904	54,178	13,687	11,621	20,055	4,162	3,535	1,118	
B	3,006	2,987	1,015	480	971	272	248	1	
CCC	125	125	62	12	31	20	0	0	
D	1,487	1,269	94	176	268	283	387	61	
Total loans	175,758	143,939	50,172	32,811	41,101	7,819	10,703	1,333	

Loans – Investment Banking

end of 2008	Loss given default buckets							
	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Internal counterparty ratings								
Loss given default (CHF million)								
AAA	921	755	0	0	5	750	0	0
AA	7,278	7,202	81	0	105	7,016	0	0
A	9,350	5,376	0	0	642	4,734	0	0
BBB	17,572	10,327	117	0	4,523	5,687	0	0
BB	7,927	6,271	8	0	3,597	2,666	0	0
B	12,673	10,168	146	0	7,008	2,790	224	0
CCC	3,297	2,518	62	0	1,338	963	59	96
CC	70	70	0	0	20	50	0	0
C	543	543	433	0	110	0	0	0
D	637	600	7	0	533	60	0	0
Total loans	60,268 ¹	43,830 ¹	854	0	17,881	24,716	283	96

¹ Excludes non-rated positions of CHF 1,357 million representing unsettled positions in non-broker dealer entities.

Loans

Compared to the end of 2007, gross loans decreased CHF 4.3 billion, or 2%. In Private Banking, the loan book of Corporate & Retail Banking in Switzerland continued to grow during 2008, while the decrease in loans within Wealth Management mainly reflected loan repayments as clients deleveraged their portfolios in the fourth quarter as a result of the unprecedented market dislocations. In Investment Banking, gross loans decreased 6% to CHF 61.6 billion, due to decreases in commercial and industrial loans, partially offset by increased loans to financial institutions. The decreases in commercial and industrial loans were largely due to risk reduction in our leveraged finance exposures.

For further information on our loan portfolio, refer to IX – Additional information – Statistical information.

Impaired loans

A loan held for investment, valued at amortized cost, is considered impaired when we believe it is probable that we will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement. Impaired loans exclude loans which are reported at fair value. A loan is classified as non-performing no later than when the contractual payments of principal and/or interest are more than 90 days past due. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due. We continue to accrue interest for collection purposes; however, a corresponding provision against the accrual is booked through the consolidated statements of operations.

In addition, for any accrued but unpaid interest at the date the loan is deemed non-performing, a corresponding provision is booked against the accrual through the consolidated statements of operations. At the time a loan is deemed non-performing and on a periodic basis, the remaining principal is evaluated for collectability and an allowance is established for any shortfall between the net recoverable amount and the remaining principal balance.

A loan can be further downgraded to non-interest-earning when the collection of interest is in such a doubtful state that further accrual of interest is deemed inappropriate. At that time and on a periodic basis, any unreserved remaining principal balance is evaluated for collectability and an additional provision is established as required. A write-off of a loan occurs when it is determined that there is no possibility to recover the principal. Write-offs also occur due to the sale, settlement or restructuring of a loan, or when uncertainty as to the repayment of either principal or accrued interest exists.

Generally, a loan may be restored to performing status when all delinquent principal and interest payments become current in accordance with the terms of the loan agreement and certain performance criteria are met.

Total gross impaired loans increased CHF 779 million to CHF 2.7 billion in 2008. Total non-performing and non-interest-earning loans increased CHF 562 million to CHF 1.9 billion and total other impaired loans increased CHF 217 million to CHF 813 million. In Investment Banking this was mainly the result of impairment on loans made to various borrowers in Asia. In Private Banking it was mainly the result of the deteriorating equity markets as increasing loan-to-value ratios of

Loans

end of	Wealth Management		Corporate & Retail Banking	
	2008	2007	2008	2007
Loans (CHF million)				
Mortgages	32,759	31,450	47,824	48,128
Loans collateralized by securities	20,898	23,267	252	202
Consumer finance	771	916	4,077	3,786
Consumer loans	54,428	55,633	52,153	52,116
Real estate	5,437	4,996	16,399	15,888
Commercial and industrial loans	7,999	10,661	29,353	27,910
Loans to financial institutions	3,737	4,970	5,058	2,803
Governments and public institutions	32	67	1,162	1,349
Corporate and institutional loans	17,205 ²	20,694 ²	51,972	47,950
Gross loans	71,633	76,327	104,125	100,066
of which reported at fair value	-	-	-	-
Net (unearned income) / deferred expenses	13	12	21	40
Allowance for loan losses ³	(165)	(74)	(747)	(865)
Net loans	71,481	76,265	103,399	99,241
Impaired loans (CHF million)				
Non-performing loans	306	101	582	638
Non-interest-earning loans	40	31	236	346
Total non-performing and non-interest-earning loans	346	132	818	984
Restructured loans	0	0	2	7
Potential problem loans	65	6	312	366
Total other impaired loans	65	6	314	373
Gross impaired loans ³	411	138	1,132	1,357
of which with a specific allowance	386	137	967	1,182
of which without a specific allowance	25	1	165	175
Allowance for loan losses (CHF million)				
Balance at beginning of period ³	74	78	865	1,150
Change in accounting	0	0	0	0
Net movements recognized in statements of operations	117	4	20	(62)
Gross write-offs	(24)	(6)	(180)	(267)
Recoveries	1	0	48	64
Net write-offs	(23)	(6)	(132)	(203)
Provisions for interest	7	(1)	1	(16)
Foreign currency translation impact and other adjustments, net	(10)	(1)	(7)	(4)
Balance at end of period ³	165	74	747	865
of which a specific allowance	142	50	557	731
of which an inherent credit loss allowance	23	24	190	134
Loan metrics (%)				
Total non-performing and non-interest-earning loans / Gross loans ⁴	0.5	0.2	0.8	1.0
Gross impaired loans / Gross loans ⁴	0.6	0.2	1.1	1.4
Allowance for loan losses / Total non-performing and non-interest-earning loans ³	47.7	56.1	91.3	87.9
Allowance for loan losses / Gross impaired loans ³	40.1	53.6	66.0	63.7

The disclosure presents our lending exposure from a risk management perspective and, as such, differs from the loans presentation in Note 17 – Loans in V – Consolidated financial statements – Credit Suisse Group.

¹ Includes Asset Management and Corporate Center. ² Of which CHF 15,572 million and CHF 19,629 million were secured by financial collateral and mortgages in 2008 and 2007, respectively. ³ Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value. ⁴ Excludes loans carried at fair value.

Private Banking		Investment Banking		Other ¹		Credit Suisse	
2008	2007	2008	2007	2008	2007	2008	2007
80,583	79,578	0	0	0	0	80,583	79,578
21,150	23,469	0	0	0	0	21,150	23,469
4,848	4,702	1,292	1,017	0	0	6,140	5,719
106,581	107,749	1,292	1,017	0	0	107,873	108,766
21,836	20,884	1,869	2,675	0	0	23,705	23,559
37,352	38,571	31,577	36,788	0	11	68,929	75,370
8,795	7,773	24,670	22,349	80	125	33,545	30,247
1,194	1,416	2,217	2,430	0	0	3,411	3,846
69,177	68,644	60,333	64,242	80	136	129,590	133,022
175,758	176,393	61,625	65,259	80	136	237,463	241,788
-	-	32,314	31,047	-	-	32,314	31,047
34	52	(61)	(72)	0	0	(27)	(20)
(912)	(939)	(727)	(295)	0	0	(1,639)	(1,234)
174,880	175,506	60,837	64,892	80	136	235,797	240,534
888	739	748	234	0	0	1,636	973
276	377	0	0	0	0	276	377
1,164	1,116	748	234	0	0	1,912	1,350
2	7	8	42	0	0	10	49
377	372	426	175	0	0	803	547
379	379	434	217	0	0	813	596
1,543	1,495	1,182	451	0	0	2,725	1,946
1,353	1,319	1,180	244	0	0	2,533	1,563
190	176	2	207	0	0	192	383
939	1,228	295	255	0	1	1,234	1,484
0	0	0	(61)	0	0	0	(61)
137	(58)	448	99	0	(1)	585	40
(204)	(273)	(26)	(22)	0	0	(230)	(295)
49	64	40	29	0	0	89	93
(155)	(209)	14	7	0	0	(141)	(202)
8	(17)	11	16	0	2	19	1
(17)	(5)	(41)	(21)	0	(2)	(58)	(28)
912	939	727	295	0	0	1,639	1,234
699	781	468	68	0	1	1,167	850
213	158	259	227	0	(1)	472	384
0.7	0.6	2.6	0.7	-	-	0.9	0.6
0.9	0.8	4.0	1.3	-	-	1.3	0.9
78.4	84.1	97.2	126.1	-	-	85.7	91.4
59.1	62.8	61.5	65.4	-	-	60.1	63.4

loans collateralized by securities led to margin calls which could not be cleared.

As of December 31, 2008, we had potential problem loans of CHF 803 million, an increase of CHF 256 million from the end of 2007. These loans are considered potential problem loans because, although interest payments are being made, doubt exists as to the timing and/or certainty of the repayment of contractual principal. These loans are classified as impaired.

Allowances and provisions for loan losses

We maintain valuation allowances on loans valued at amortized cost which we consider adequate to absorb losses inherent in from the existing credit portfolio. Valuation allowances are deducted from total assets while provisions are included in total liabilities. We provide for loan losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration. If uncertainty exists as to the repayment of either principal or interest, a valuation allowance is either created or adjusted accordingly. Allowance for loan losses are reviewed on a quarterly basis by senior management.

In determining the amount of the credit provisions, loans are assessed on a case-by-case basis, and the following factors are considered:

- the financial standing of a customer based on financial and business information, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period of time considering the net present value of future cash flows;
- the extent of other commitments to the same customer;
- the realizable fair value of any collateral for the loans;
- the recovery rate; and
- the costs associated with obtaining repayment and realization of any such collateral.

Judgment is exercised in determining the extent of the valuation allowance and is based on management's evaluation of the risk in the portfolio, current economic conditions, recent loss experience and credit and geographic concentration trends. Vulnerable sectors continue to be tracked and monitored closely, with active management leading to the requirement of collateral, the purchase of credit protection and/or the tightening of credit terms or maturities where appropriate.

Loan valuation allowances and provisions for inherent credit losses

In accordance with SFAS 5, an inherent loss allowance is estimated for all loans not specifically identified as impaired, which, on a portfolio basis, are considered to contain inherent loss. Inherent losses in the Private Banking lending portfolio

are determined based on current risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. In Investment Banking, loans are segregated by risk, industry or country rating in order to estimate the inherent losses. Inherent losses on loans and lending-related commitments are estimated based on historical loss and recovery experience and recorded in valuation allowances and provisions. A provision for inherent loss for off-balance sheet lending-related exposure, such as contingent liabilities and irrevocable commitments, is also determined, using a methodology similar to that used for the loan portfolio.

Provision for credit losses

Net provisions charged to the statement of operations in 2008 were CHF 813 million, compared to CHF 240 million in 2007. The increase was driven primarily by provisions for loans in Investment Banking made to various borrowers in Asia, with the majority of the increase related to a single borrower, additional provisions relating to a guarantee provided in a prior year to a third-party bank by Investment Banking, and provisions in Private Banking on loans collateralized by securities relating to the forced deleveraging of numerous client positions in highly volatile equity markets. A portion of these provisions was offset by gains on credit default swaps recorded in trading revenues. In addition, we expect additional loss mitigation from insurance coverage.

Loans held for sale

Loans which the Group has the intent to sell in the foreseeable future are considered held for sale and are carried at the lower of amortized cost or market value determined on either an individual method basis, or in the aggregate for pools of similar loans if sold or securitized as a pool. As there is no liquid market for these loans, they do not meet the criteria for trading assets. Loans held for sale are included in other assets. Gains and losses on loans held for sale are recorded in other revenues.

Traded loans

Traded loans are carried at fair value and meet the criteria for trading assets. These loans are secondary trading loans held with the intention to sell.

Derivative instruments

We enter into derivative contracts in the normal course of business for market-making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign currency and credit risk.

Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges.

The most frequently used derivative products include interest rate, cross-currency and credit default swaps, interest rate and foreign currency options, foreign exchange forward contracts and foreign currency and interest rate futures.

The replacement values of derivative financial instruments correspond to the fair values at the dates of the consolidated balance sheets and which arise from transactions for the account of customers or for our own account. Positive replacement values for a derivative constitute a receivable, exposed to credit risk. The fair value of a derivative is the amount for which it could be exchanged in an arm's-length transaction between knowledgeable, willing parties.

The tables below illustrate how credit risk on derivatives receivables is reduced by the use of legally enforceable netting agreements and collateral agreements. Netting agreements allow us to net the effect of derivative assets and liabilities

transacted with the same counterparty when the netting agreements are legally enforceable and there is intent to settle net with the counterparty. Replacement values are disclosed net of such agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us. The significant increases in replacement values in 2008 compared to 2007 were primarily the result of movements in the underlying asset prices, markets or reference rates.

For further information on derivatives and hedging activities, refer to Balance sheet, off-balance sheet and other contractual obligations – Off-balance sheet and Note 30 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group.

Derivative instruments by maturity – Group

end of / due within	2008			2007			Positive replacement value	Positive replacement value
	Less than 1 year	1 to 5 years	More than 5 years	Less than 1 year	1 to 5 years	More than 5 years		
Derivative instruments (CHF billion)								
Interest rate products	56.7	220.7	438.3	715.7	22.3	76.3	138.3	236.9
Foreign exchange products	70.6	36.2	16.1	122.9	33.5	17.3	10.2	61.0
Precious metals products	1.5	0.5	0.1	2.1	1.4	0.9	0.1	2.4
Equity/index-related products	22.5	20.1	6.1	48.7	19.6	21.2	3.8	44.6
Credit derivatives	5.7	119.0	72.4	197.1	0.8	39.6	40.4	80.8
Other products	20.0	16.2	1.4	37.6	8.6	7.4	0.2	16.2
OTC derivative instruments	177.0	412.7	534.4	1,124.1	86.2	162.7	193.0	441.9
Exchange traded derivative instruments ¹				7.1				4.0
Netting agreements ¹				(1,022.6)				(346.3)
Total derivative instruments				108.6				99.6
of which recorded in trading assets				105.3				98.5
of which recorded in other assets				3.3				1.1

¹ Taking into account legally enforceable netting agreements.

Derivative instruments by maturity – Bank

end of / due within	2008				2007			
	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value
Derivative instruments (CHF billion)								
Interest rate products	56.8	220.7	438.3	715.8	22.3	76.3	138.5	237.1
Foreign exchange products	70.4	35.7	16.1	122.2	33.2	16.9	9.9	60.0
Precious metals products	1.5	0.5	0.1	2.1	1.4	0.9	0.1	2.4
Equity/index-related products	22.4	20.1	6.2	48.7	19.6	21.2	3.8	44.6
Credit derivatives	5.7	119.0	72.4	197.1	0.8	39.6	40.4	80.8
Other products	20.0	16.2	1.4	37.6	8.6	7.4	0.2	16.2
OTC derivative instruments	176.8	412.2	534.5	1,123.5	85.9	162.3	192.9	441.1
Exchange traded derivative instruments ¹				7.1				3.9
Netting agreements ¹				(1,022.4)				(346.6)
Total derivative instruments				108.2				98.4
of which recorded in trading assets				104.9				97.4
of which recorded in other assets				3.3				1.0

¹ Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. The

following table represents the rating split of our credit exposure from derivative instruments.

Derivative instruments by counterparty credit rating

end of	Group		Bank	
	2008	2007	2008	2007
Derivative instruments (CHF billion)				
AAA	8.7	12.5	8.7	12.4
AA	32.7	42.9	32.6	42.3
A	31.3	21.1	31.3	21.1
BBB	13.9	9.4	13.7	9.2
BB or lower	14.9	9.7	14.8	9.5
OTC derivative instruments	101.5	95.6	101.1	94.5
Exchange traded derivative instruments ¹	7.1	4.0	7.1	3.9
Total derivative instruments¹	108.6	99.6	108.2	98.4

¹ Taking into account legally enforceable netting agreements.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market-making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for

its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

Derivative instruments – Group

	Trading			Hedging ¹		
	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
end of 2008						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	6,314.5	16.2	17.8	0.0	0.0	0.0
Swaps	20,169.7	638.5	628.2	181.4	1.5	1.0
Options bought and sold (OTC)	2,564.3	59.5	62.7	0.0	0.0	0.0
Futures	1,985.0	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange traded)	1,320.7	0.3	0.3	0.0	0.0	0.0
Interest rate products	32,354.2	714.5	709.0	181.4	1.5	1.0
Forwards	1,416.2	46.2	50.3	24.7	1.9	0.1
Swaps	814.8	46.1	46.2	0.0	0.0	0.0
Options bought and sold (OTC)	874.0	28.7	29.7	0.0	0.0	0.0
Futures	22.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange traded)	7.6	0.4	0.6	0.0	0.0	0.0
Foreign exchange products	3,135.2	121.4	126.8	24.7	1.9	0.1
Forwards	9.7	0.9	1.1	0.0	0.0	0.0
Swaps	0.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (OTC)	21.8	1.2	1.0	0.0	0.0	0.0
Futures	2.0	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange traded)	0.2	0.0	0.0	0.0	0.0	0.0
Precious metals products	33.8	2.1	2.1	0.0	0.0	0.0
Forwards	11.3	2.3	0.0	0.0	0.0	0.0
Swaps	246.2	17.0	13.3	0.0	0.0	0.0
Options bought and sold (OTC)	326.8	29.4	30.2	0.0	0.0	0.0
Futures	42.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange traded)	490.4	2.4	2.0	0.0	0.0	0.0
Equity/index-related products	1,117.5	51.1	45.5	0.0	0.0	0.0
Credit derivatives	3,244.7	197.1	176.0	0.0	0.0	0.0
Forwards	40.9	5.0	4.9	0.0	0.0	0.0
Swaps	205.6	25.1	25.1	0.0	0.0	0.0
Options bought and sold (OTC)	78.9	7.5	7.6	0.0	0.0	0.0
Futures	156.0	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange traded)	49.2	4.5	4.4	0.0	0.0	0.0
Other products	530.6	42.1	42.0	0.0	0.0	0.0
Total derivative instruments	40,416.0	1,128.3	1,101.4	206.1	3.4	1.1

The notional amount for derivative instruments (trading and hedging) was CHF 40,622.1 billion and CHF 40,313.1 billion as of December 31, 2008 and 2007, respectively.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

	2008		2007	
	Positive replacement value	Negative replacement value	Positive replacement value	Negative replacement value
end of				
Derivative instruments (CHF billion)				
Replacement values (trading and hedging) before netting agreements	1,131.7	1,102.5	445.8	425.4
Replacement values (trading and hedging) after netting agreements ¹	108.6	94.8	99.6	79.2

¹ Taking into account legally enforceable netting agreements.

Derivative instruments – Bank

end of 2008	Trading			Hedging ¹		
	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
Derivative instruments (CHF billion)						
Interest rate products	32,358.6	714.6	709.0	178.7	1.5	0.9
Foreign exchange products	3,136.9	120.7	126.8	24.7	1.9	0.1
Precious metals products	33.5	2.1	2.0	0.0	0.0	0.0
Equity/index-related products	1,122.7	51.1	45.1	0.0	0.0	0.0
Credit derivatives	3,244.6	197.1	176.0	0.0	0.0	0.0
Other products	530.5	42.1	42.0	0.0	0.0	0.0
Total derivative instruments	40,426.8	1,127.7	1,100.9	203.4	3.4	1.0

The notional amount for derivative instruments (trading and hedging) was CHF 40,630.2 billion and CHF 40,279.3 billion as of December 31, 2008 and 2007, respectively.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

end of	2008		2007		
	Positive replacement value	Negative replacement value	Positive replacement value	Negative replacement value	
Derivative instruments (CHF billion)					
Replacement values (trading and hedging) before netting agreements		1,131.1	1,101.9	444.8	424.6
Replacement values (trading and hedging) after netting agreements		108.2	94.1	98.4	78.0

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, we transfer operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of our activities and is comprised of a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also intrinsically difficult to measure. We therefore manage operational risk differently from market and credit risk. We believe that effective management of operational risk requires a common firm-wide framework with ownership residing with the management responsible for the relevant business process. Additionally, we have the central BORO team within the CRO function, which focuses on the coordination of consistent policy, tools and practices throughout the firm for the management, measure-

ment, monitoring and reporting of relevant operational risks. This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations. Knowledge and experience are shared throughout the Group to maintain a coordinated approach.

Each individual business and management level takes responsibility for its own operational risks and the provision of adequate resources and procedures for the management of those risks. Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities. In addition to the quarterly firm-level CARMC meetings covering operational risk, operational risk exposures are discussed at divisional risk management committees, which have senior staff representatives from all the relevant functions. We utilize a number of firm-wide tools for the management, measurement, monitoring and reporting of operational risk. These include self-assessments, scenario analysis, key risk indicator reporting and the collection, reporting and analysis of internal and external loss data.

We have employed the same methodology to calculate economic capital for operational risk since 2000, and have approval from the FINMA to use a similar methodology for the Advanced Measurement Approach (AMA) under the Basel II Accord. The economic capital/AMA methodology is based

upon the identification of a number of key risk scenarios that describe all of the major operational risks that we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario and incorporating haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

Reputational risk

Our policy is to avoid any transaction or service that brings with it the risk of a potentially unacceptable level of damage to our reputation.

Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction or service, the identity or activity of a controversial potential client, the regulatory or political climate in which the business will be transacted and the potentially controversial environmental or social impacts of a transaction or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk, the relevant business proposal or service is required to be submitted through the globally standardized reputational risk review process. This involves a vetting of the proposal by senior management and, by agreement, its subsequent referral to one of the four regional reputational risk approvers, each of whom is an experienced and high-ranked senior manager, independent of the business segments, who has authority to approve, reject, or impose conditions on our participation on the transaction or service. In order to inform our stakeholders about how we manage some of the environmental and social risks inherent to the banking business, we publish our Corporate Citizenship Report, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society.

Reputational risk process

Responsible	Tasks
<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">Policy</div> <div style="background-color: #444; color: white; padding: 5px;">Global reputational risk committee</div> </div>	<ul style="list-style-type: none"> ■ Representation on Executive Board ■ Sets policy, reviews key issues, can overrule a rejection
<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">Veto</div> <div style="background-color: #444; color: white; padding: 5px;">Regional CEO</div> </div>	<ul style="list-style-type: none"> ■ Can veto an approval but cannot overrule a rejection
<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">Approval</div> <div style="background-color: #444; color: white; padding: 5px; margin-bottom: 5px;">Regional reputational risk approver</div> <div style="background-color: #444; color: white; padding: 5px; margin-bottom: 5px;">Business area head or designee</div> <div style="background-color: #444; color: white; padding: 5px;">Originator (any employee)</div> </div>	<ul style="list-style-type: none"> ■ Reviews, approves, rejects or modifies a submission ■ Endorses submission ■ Initiates approval process

Board of Directors

Membership and qualifications

The AoA provide that the Board shall consist of a minimum of seven members. The Board currently consists of 13 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an effective and rapid decision-making process. The members are elected individually for a period of three years and are eligible for re-election. There is no requirement in the AoA for a staggered board. One year of office is understood to be the period of time from one ordinary AGM of shareholders to the close of the next ordinary AGM. While the AoA do not provide for any age or term limitations, our OGR specify that the members of the Board shall generally retire at the ordinary AGM in the year in which they reach the age of 70 or after having served on the Board for 15 years. The Board may in exceptional circumstances propose to the shareholders to elect a particular Board member for a further term of a maximum of three years despite the respective Board member having reached the age or term limitation. None of our directors has a service contract with us or any of our subsidiaries providing for benefits upon termination of service.

The Board currently has four committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee and the Risk Committee. The committee members are appointed for a term of one year.

The Chairman's and Governance Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Chairman's and Governance Committee recruits and evaluates candidates for Board membership based on a set of criteria established by the Committee. The Committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Chairman's and Governance Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the Committee takes into account independence, diversity, age, skills and management experience in the context of the needs of the Board to fulfill its responsibilities. The Board also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at Credit Suisse Group.

Any newly appointed director participates in an orientation program to become familiar with our organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. From time to time, the Board or a committee of the Board may ask a specialist within the Group to speak about a specific topic at one of its meetings to improve the Board members' understanding of emerging issues that already are or may become of particular importance to our business.

Meetings

In 2008, the Board held six full-day meetings in person and seven additional shorter meetings. From time to time, the Board may also take certain urgent decisions via circular resolution. Such matters have usually been discussed at a previous Board meeting or are administrative in nature.

All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman of the Board (Chairman) calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the meetings to ensure effective interaction with the Board. At most meetings, the Board holds separate private sessions, without management present, to discuss particular issues. Minutes are kept of the proceedings and resolutions of the Board.

Meeting attendance

The members of the Board are expected to attend all or substantially all meetings of the Board and the committees on which they serve. The Chairman attends selected committee meetings as a guest. In 2008, each member of the Board and its committees attended most of the scheduled meetings.

Board meetings: 13 meetings were held during 2008. Eight members of the Board attended all meetings, three members of the Board attended 90%, one member attended 80% and one member attended 60% of scheduled meetings.

Chairman's and Governance Committee meetings: Seven meetings were held during 2008. All members of the Chairman's and Governance Committee attended all meetings.

Audit Committee meetings: 14 meetings were held during 2008. Two members of the Audit Committee attended all meetings and two members attended 90% of the scheduled meetings.

Compensation Committee meetings: Six meetings were held during 2008. Three members of the Compensation Committee attended all meetings and one member attended 80% of the scheduled meetings.

Risk Committee meetings: Seven meetings were held during 2008. Three members of the Risk Committee attended all meetings and one member attended 90% of the scheduled meetings.

Independence

The Board currently consists solely of directors who have no executive functions within the Group. As of December 31, 2008, all members of the Board were independent. In its independence determination, the Board takes into account the factors set forth in the OGR, the Committee Charters and applicable laws and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Chairman's and Governance Committee performs an annual assessment of the independence of each Board member and reports its findings to the full Board for the final determination of independence of each individual member. In general, a director is considered independent if he or she is not, and has not been for the prior three years, employed as an executive officer of Credit Suisse Group or any of our subsidiaries, is not and has not been for the prior three years an employee or affiliate of our external auditor and does not maintain a material direct or indirect business relationship with Credit Suisse Group or any of our subsidiaries. Moreover, a Board member is not considered independent if he or she is, or has been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member. Board members with immediate family members who would not qualify as independent are also not considered independent. Our definition of independence is in line with the NYSE definition. In addition to

measuring Board members against the independence criteria, the Chairman's and Governance Committee also considers whether there are any indications that other commitments of an individual prevent the person from devoting enough time to the Credit Suisse Group Board mandate.

Whether or not a relationship between Credit Suisse and a member of the Board is considered material depends in particular on the following factors:

- the volume and size of any transactions concluded in relation to the financial status and credit standing of the Board member concerned or the organization in which he or she is a partner, significant shareholder or executive officer;
- the terms and conditions applied to such transactions in comparison to those applied to transactions with counterparties of a similar credit standing;
- whether the transactions are subject to the same internal approval processes and procedures as transactions that are concluded with parties that are not related to a Board member;
- whether the transactions are performed in the ordinary course of business; and
- whether the transactions are structured in such a way and on such terms and conditions that the transaction could be concluded with a third party on comparable terms and conditions.

We are a global financial services provider. Many of the members of the Board or companies associated with them maintain banking relations with us. All relationships with members of the Board or such companies are in the ordinary course of business, and are entered into on an arm's length basis. For further information on relationships with members of the Board, refer to Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group.

Chairman of the Board

The Chairman coordinates the work of the Board and its committees and ensures that the Board members are provided with the information relevant for performing their duties. The Chairman has no executive function within the Group. With the exception of the Chairman's and Governance Committee, the Chairman is not a member of any of the Board's standing committees. However, he may attend all or part of selected committee meetings, as well as the meetings of the Executive Board, as a guest. The Chairman is actively involved in developing the strategic business plans and objectives of the Group. Furthermore, he works closely with the CEO in establishing succession plans for key management positions.

The Chairman takes an active role in representing the Group to regulators, important investors, industry associations, other stakeholders and the general public.

Board responsibilities

In the OGR, the Board delegates certain tasks to Board committees and delegates the management of the company and the preparation and implementation of Board resolutions to certain management bodies or executive officers to the extent permitted by law, in particular article 716a and 716b of the Swiss Code of Obligations, and the AoA.

With responsibility for the overall direction, supervision and control of the company, the Board regularly assesses our competitive position and approves our strategic and financial plans. At each ordinary meeting, the Board receives a status report on our financial results and capital situation. In addition, the Board receives, on a monthly basis, management information packages, which provide detailed information on our performance and financial status, as well as quarterly risk reports outlining recent developments and outlook scenarios. Management also provides the Board members with regular updates on key issues and significant events, as is deemed appropriate or requested. In order to appropriately discharge its responsibilities, the members of the Board have access to all information concerning the Group.

The Board also reviews and approves significant changes in our structure and organization and is actively involved in significant projects including acquisitions, divestitures, investments and other major projects. The Board and its committees are entitled, without consulting with management and at the Group's expense, to engage independent legal, financial or other advisors, as they deem appropriate, with respect to any matters within their authority. The Board performs a self-assessment once a year where it reviews its own performance and sets objectives and a work plan for the coming year.

Board committees

At each Board meeting, the committee chairmen report to the Board about their activities. In addition, the minutes and documentation of the committee meetings are accessible to all Board members.

Chairman's and Governance Committee

The Chairman's and Governance Committee consists of the Chairman, the vice chairmen and the chairmen of the committees of the Board and other members appointed by the Board.

A majority of the committee's members must be independent. Currently all members of the Chairman's and Governance Committee are independent. The members are:

- Walter B. Kielholz (Chairman)
- Peter Brabeck-Letmathe
- Hans-Ulrich Doerig
- Aziz R.D. Syriani
- Peter F. Weibel

The Chairman's and Governance Committee has its own charter, which has been approved by the Board. It generally meets eight to ten times per year. The meetings are usually attended by the CEO and the General Counsel. It is at the Chairman's discretion to ask other members of management to attend all or part of a meeting.

The Chairman's and Governance Committee acts as an advisor to the Chairman and discusses a broad variety of topics in preparation for Board meetings. In addition, the Chairman's and Governance Committee is responsible for the development and review of Corporate Governance Guidelines, which are then recommended to the full Board for approval. It periodically reviews our other governance documents to ensure that they are up-to-date and complete. At least once annually, the Chairman's and Governance Committee evaluates the independence of the Board members and reports its findings to the Board for final determination. The Chairman's and Governance Committee is also responsible for identifying, evaluating, recruiting and nominating new Board members in accordance with the criteria established by the Committee, subject to applicable laws and regulations.

In addition, the Chairman's and Governance Committee guides and supervises the Board's annual performance assessment of the Chairman, the CEO and the members of the Executive Board. The Chairman does not participate in the discussion of his own performance. The Chairman's and Governance Committee proposes to the Board the appointment, promotion, dismissal or replacement of members of the Executive Board. The Chairman's and Governance Committee also reviews succession plans for senior executive positions in the Group with the Chairman and the CEO.

Audit Committee

The Audit Committee consists of not fewer than three members, all of whom must be independent. The current members are:

- Peter F. Weibel (Chairman)
- Noreen Doyle
- Jean Lanier
- David W. Syz

The Audit Committee has its own charter, which has been approved by the Board. The members of the Audit Committee are subject to additional independence requirements, exceeding those that apply to other members of the Board. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from us other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the Audit Committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on our Audit Committee. Ms. Doyle currently serves on the Audit Committees of three other public companies, but the Board has determined that such membership does not impair her ability to serve on our Audit Committee.

In addition, the SEC requires disclosure about whether a member of the Audit Committee is an audit committee financial expert within the meaning of SOX. The Board has determined that Peter F. Weibel is an audit committee financial expert.

Pursuant to its charter, the Audit Committee holds full-day or half-day meetings at least once each quarter, prior to the publication of our consolidated financial statements. Typically, the Audit Committee convenes for a number of additional meetings and conference calls throughout the year in order to adequately discharge its responsibilities. The meetings are attended by management representatives, as appropriate, the Head of Internal Audit and senior representatives of the external auditor. At most Audit Committee meetings, a private session with Internal Audit and the external auditors is scheduled to provide them with an opportunity to discuss issues with the Audit Committee without management being present.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight role by:

- monitoring and assessing the integrity of the consolidated financial statements as well as disclosures of the financial condition, results of operations and cash flows;
- monitoring processes designed to ensure an appropriate internal control system, including compliance with legal and regulatory requirements;
- monitoring the qualifications, independence and performance of the external auditors and of Internal Audit; and
- monitoring the adequacy of financial reporting processes and systems of internal accounting and financial controls.

The Audit Committee is regularly informed about significant projects aimed at further improving processes and receives regular updates on major litigation matters as well as signifi-

cant regulatory and compliance matters. The Audit Committee also oversees the work of our external auditor and pre-approves the retention of, and fees paid to, the external auditor for all audit and non-audit services. For this purpose, it has developed and approved a policy that is designed to help ensure that the independence of the external auditor is maintained at all times. The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries to audit and certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. The external auditor is required to report periodically to the Audit Committee about the scope of the services it has provided and the fees for the services it has performed to date. Furthermore, the Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including a whistleblower hotline to provide the option to report complaints on a confidential, anonymous basis. The Audit Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Compensation Committee

The Compensation Committee consists of not fewer than three members, all of whom must be independent. The current members are:

- Aziz R.D. Syriani (Chairman)
- Thomas W. Bechtler
- Robert H. Benmosche
- Peter Brabeck-Letmathe

The Compensation Committee has its own charter, which has been approved by the Board. Pursuant to its charter, the Compensation Committee holds at least four meetings per year. Additional meetings may be scheduled if required to discuss urgent matters. The length of the meetings varies and depends on the agenda. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams and determining and/or recommending to the Board for approval the overall variable compensation pools and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. Other duties and responsibilities of the Compensation Committee include reviewing newly established compensation plans or amendments to existing plans and rec-

ommending them to the Board for approval. The Chairman of the Compensation Committee decides on the attendance of management or others at the committee meetings.

The Compensation Committee is assisted in its work by external legal counsel and an independent global compensation consulting firm (Johnson Associates, Inc.). For information on our compensation approach, principles and objectives, refer to — Compensation. The Compensation Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Risk Committee

The Risk Committee consists of not fewer than three members. Pursuant to its charter, which has been approved by the Board, it may include non-independent members. The current members are:

- Hans-Ulrich Doerig (Chairman)
- Ernst Tanner
- Richard E. Thornburgh
- Anton van Rossum

The Risk Committee holds at least four meetings a year, each generally at least a half day. In addition, the Risk Committee usually convenes for additional meetings throughout the year in order to appropriately discharge its responsibilities. The Chairman of the Risk Committee invites members of management or others to attend the committee meetings, as appropriate.

The Risk Committee's main duties are to assist the Board in assessing the different types of risk to which we are exposed, as well as our risk management structure, organization and processes. The Risk Committee approves selected risk limits and makes recommendations to the Board regarding all its risk-related responsibilities, including the review of major risk management and capital adequacy requirements. The Risk Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Members of the Board and the Committees

Walter B. Kielholz, Chairman ¹⁾

Hans-Ulrich Doerig, Vice-Chairman ^{1) 2)}

Peter Brabeck-Letmathe, Vice-Chairman ^{1) 3)}

Thomas W. Bechtler ³⁾

Robert H. Benmosche ³⁾

Noreen Doyle ⁴⁾

Jean Lanier ⁴⁾

Anton van Rossum ²⁾

Aziz R.D. Syriani ^{1) 3)}

David W. Syz ⁴⁾

Ernst Tanner ²⁾

Richard E. Thornburgh ²⁾

Peter F. Weibel ^{1) 4)}

¹⁾ Member of the Chairman's and Governance Committee, chaired by Mr. Kielholz

²⁾ Member of the Risk Committee, chaired by Mr. Doerig

³⁾ Member of the Compensation Committee, chaired by Mr. Syriani

⁴⁾ Member of the Audit Committee, chaired by Mr. Weibel

The composition of the Boards of Directors of the Group and the Bank is identical.

On March 9, 2009, we announced that Walter B. Kielholz will step down from his function as Chairman, effective April 24, 2009. Subject to his re-election, he will, however, remain a member of the Board. Subject to his re-election, Hans-Ulrich Doerig will succeed Mr. Kielholz as Chairman. Thomas W. Bechtler has decided to retire from the Board as of the date of the AGM. Moreover, the Board proposes the following additions to the Board, subject to their election by the shareholders: Andreas Koopmann, CEO Bobst Group S.A., Urs Rohner, COO and General Counsel of Credit Suisse, and John Tiner, CEO of the UK firm Resolution Group and former CEO of the FSA. Urs Rohner will become a full-time Vice-Chairman.



From left to right: Peter Brabeck-Letmathe, Hans-Ulrich Doerig, Jean Lanier, Ernst Tanner, Thomas W. Bechtler, Robert H. Benmosche, Walter B. Kielholz, Noreen Doyle, David W. Syz, Aziz R. D. Syriani, Anton van Rossum, Peter F. Weibel and Richard E. Thornburgh.

Walter B. Kielholz**Born 1951, Swiss Citizen****Credit Suisse****Paradeplatz 8, 8070 Zurich, Switzerland**

Walter B. Kielholz is the Chairman of the Board and the Chairman's and Governance Committee (since 2003). He has been a member of the Board since 1999 and served as Chairman of the Audit Committee from 1999 to 2002. His term as a member of the Board expires at the AGM in 2009. The Board has determined him to be independent under the Group's independence standards.

Mr. Kielholz studied Business Administration at the University of St. Gallen and graduated in 1976 with a degree in Business Finance and Accounting.

His career began at the General Reinsurance Corporation, Zurich, in 1976. After working in the US, the UK and Italy, Mr. Kielholz assumed responsibility for the company's European marketing. In 1986, he joined Credit Suisse, Zurich, responsible for client relations with large insurance groups in the Multi-national Services department.

Mr. Kielholz joined Swiss Re, Zurich, in 1989. He became a member of Swiss Re's Executive Board in 1993 and was Swiss Re's CEO from 1997 to 2002. A Board member since 1998, he became Executive Vice-Chairman of the board of directors of Swiss Re in 2003 and Vice-Chairman in 2007.

Mr. Kielholz is a Board member of the Geneva Association, the European Financial Roundtable and the Institute of International Finance. In addition, Mr. Kielholz is Chairman of the Supervisory Board of Avenir Suisse and a member of the Board and the Committee of *economiesuisse*. Mr. Kielholz is a member of the Zurich Friends of the Arts, the Lucerne Festival Foundation Board and Chairman of the Zürcher Kunstgesellschaft (Zurich Art Society), which runs Zurich's Kunsthaus museum.

Hans-Ulrich Doerig**Born 1940, Swiss Citizen****Credit Suisse****Paradeplatz 8, 8070 Zurich, Switzerland**

Hans-Ulrich Doerig is the full-time Vice-Chairman of the Board and Chairman of the Risk Committee (since 2003). Prior to that, he served as Vice-Chairman of the Group Executive Board from 1998 to 2003 and as CRO from 1998 until 2002. His term as a member of the Board expires at the AGM in 2009. The Board has determined him to be independent under the Group's independence standards.

After completing his studies at the University of St. Gallen with degrees in Economics and Law, including a doctorate received in 1968, and after five years at JP Morgan in New York, Mr. Doerig joined Credit Suisse in 1973. In 1982, he

was appointed a member of the Executive Board of Credit Suisse with responsibility for the multinational division, securities trading, capital markets, corporate finance and commercial banking in Asia. From 1993 to 1996, he served as Vice-Chairman of the Board of Credit Suisse. In 1996, he became President of the Executive Board of Credit Suisse. During 1997, he served as CEO of Credit Suisse First Boston.

Mr. Doerig is a member of the board of directors of Bühler AG, Uzwil (since 2004), Coca Cola AG, Brüttisellen (since 1983) and a member of the Board of the University of Zurich (since 1998) and the Zurich University Hospital (since 2006). Furthermore, he is a member of the supervisory bodies of several foundations and academic, arts, charitable and professional organizations, as well as the author of a number of publications on finance, education and management.

Peter Brabeck-Letmathe**Born 1944, Austrian Citizen****Nestlé SA****Avenue Nestlé 55, 1800 Vevey, Switzerland**

Peter Brabeck-Letmathe is Vice-Chairman of the Board (since 2008), a function he held from 2000 to 2005. He has been a member of the Board since 1997. He currently serves on the Compensation Committee and on the Chairman's and Governance Committee (since 2008). He has been a member of both committees at previous times (2000 to 2005 and 2003 to 2005, respectively). His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Brabeck-Letmathe studied Economics at the University of World Trade in Vienna. After graduating in 1968, he joined Nestlé's sales operations in Austria. His career at Nestlé includes a variety of assignments in several European countries as well as in Latin America. Since 1987, he has been based at Nestlé's headquarters in Vevey. Mr. Brabeck-Letmathe is the Chairman of the board of directors of Nestlé (since 2005). From 1997 to 2008, he was also the CEO of Nestlé.

Mr. Brabeck-Letmathe is a member of the boards of directors of L'Oréal SA, Paris (since 1997), and Roche Holding SA, Basel (since 2000). He is also a member of the Foundation Board of the World Economic Forum and a member of the European Round Table of Industrialists.

Thomas W. Bechtler**Born 1949, Swiss Citizen****Seestrasse 21, 8700 Küsnacht, Switzerland**

Thomas W. Bechtler has been a member of the Board since 1994 and of the Compensation Committee since 2006, on which he served from 2003 to 2004. From 1999 to 2003, he served on the Audit Committee and from 2003 to 2006 he served on the

Risk Committee. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Bechtler studied Law at the universities of Zurich and Geneva. After graduating in 1973, he obtained a Master of Laws degree from Harvard University, Massachusetts, in 1975, and a doctorate from Zurich University in 1976. Mr. Bechtler is the Vice-Chairman and the delegate of the boards of directors of Hesta AG, Zug, and Hesta Tex AG, Zug, both family-owned companies which own Zellweger Luwa AG, Uster, and Schiesser Group AG, Küsnacht.

Mr. Bechtler's other board memberships include: Bucher Industries, Niederweningen (since 1987), Conzetta Holding AG, Zurich (since 1987) and Sika AG, Baar (Vice-Chairman; since 1989). In addition, Mr. Bechtler serves as the Chairman of the Zurich Committee of Human Rights Watch.

Robert H. Benmosche

Born 1944, US Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Robert H. Benmosche has been a member of the Board since 2002 and of the Compensation Committee since 2003. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Benmosche was Chairman of the Board and CEO of MetLife, Inc., New York, from the demutualization of the company in 2000 and of Metropolitan Life Insurance Company, New York, from 1998 until his retirement in 2006. Before joining MetLife in 1995, Mr. Benmosche was with PaineWebber, New York, for 13 years. He received a BA degree in Mathematics from Alfred University, New York, in 1966.

He does not hold any other significant board memberships.

Noreen Doyle

Born 1949, US and Irish Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Noreen Doyle has been a member of the Board since 2004 and of the Audit Committee since 2007. From 2004 to 2007 she served on the Risk Committee. Her term as a member of the Board expires at the AGM in 2010. The Board has determined her to be independent under the Group's independence standards.

Ms. Doyle was the First Vice President and Head of Banking of the EBRD from 2001 to 2005. She joined the EBRD in 1992 as head of syndications, was appointed CCO in 1994 and became Deputy Vice President, Risk Management, in 1997. Prior to joining the EBRD, Ms. Doyle spent 18 years at

Bankers Trust Company with assignments in Houston, New York and London.

Ms. Doyle received a BA in Mathematics from The College of Mount Saint Vincent, New York, in 1971 and a MBA from Dartmouth College, New Hampshire, in 1974.

She currently serves on the Boards of Directors of the Newmont Mining Corporation, QinetiQ Group plc., a UK-based defense technology and security company, and Rexam plc., a global consumer packaging company (all since 2005). Moreover, she is a member of the Advisory Board of the Macquarie European Infrastructure Fund 2.

Jean Lanier

Born 1946, French Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Jean Lanier has been a member of the Board and the Audit Committee since 2005. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Lanier is the former Chairman of the Managing Board and Group CEO of Euler Hermes, Paris. He also chaired the Boards of the principal subsidiaries of the group. He held these functions from 1998 until 2004. Prior to that, he was the COO and Managing Director of SFAC, which later became Euler Hermes SFAC (from 1990 to 1997), and of the Euler Group (from 1996 to 1998).

Mr. Lanier started his career at the Paribas Group in 1970, where he worked until 1983 and held among others the functions of Senior Vice President of Paribas Group Finance division and Senior Executive for North America of the Paribas Group in New York. In 1983, he joined the Pargesa Group, where he held the positions of President of Lambert Brussels Capital Corporation in New York from 1983 to 1989 and Managing Director of Pargesa, based in Paris and Geneva, from 1988 to 1990.

He holds a Masters of Engineering from the Ecole Centrale des Arts et Manufactures, Paris (1969), and a Masters of Sciences in Operations Research and Finance from Cornell University, New York (1970).

Mr. Lanier is a member of the Boards of Directors of France Essor (since 1991) and of Paris Re Holdings Ltd (since 2006). He is a Chevalier de la Légion d'Honneur in France and Chairman of the Foundation "Les Amis de l'Arche."

Anton van Rossum

Born 1945, Dutch Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Anton van Rossum has been a member of the Board since 2005 and the Risk Committee since 2008. From 2005 to

2008, he served on the Compensation Committee. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. van Rossum was the CEO of Fortis from 2000 to 2004. He was also a member of the board of directors of Fortis and chaired the Boards of the principal subsidiaries of the group.

Prior to that, Mr. van Rossum worked for 28 years with McKinsey and Company, where he led a number of top management consulting assignments with a focus on the banking and insurance sectors. He was elected Principal and a Director of the firm in 1979 and 1986, respectively.

He studied Economics and Business Administration at the Erasmus University in Rotterdam, where he obtained a bachelor's degree in 1965 and a master's degree in 1969.

Mr. van Rossum is a member of the board of directors of Solvay S.A., Brussels, an international chemical and pharmaceuticals group (since 2006); Rodamco Europe, Rotterdam, a commercial real estate group (since 2007); and Vopak NV, Rotterdam (since 2007, Chairman since 2008). He is also the Chairman of the Supervisory Board of the Erasmus University, Rotterdam, a member of the Board of Trustees of the Conference Board, the Chairman of the Netherlands Economic Institute, the International President of the European League for Economic Cooperation and sits on the boards of several cultural, philanthropic and educational institutions.

Aziz R.D. Syriani

Born 1942, Canadian Citizen

The Olayan Group

111 Poseidonos Avenue, P.O. Box 70228

Glyfada, Athens 16610, Greece

Aziz R.D. Syriani has been a member of the Board since 1998 and Chairman of the Compensation Committee since 2004. He has been a member of the Chairman's and Governance Committee since 2003 and served on the Audit Committee from 2003 to 2007. His term as a member of the Board expires at the AGM in 2010. The Board has determined him to be independent under the Group's independence standards.

Mr. Syriani holds a Law degree from the University of St. Joseph in Beirut (1965) and a Master of Laws degree from Harvard University, Massachusetts (1972). He has been with the Olayan Group since 1978 and currently serves as the President (since 1978) and the CEO (since 2002). The Olayan Group is a private multinational enterprise engaged in distribution, manufacturing and global investment.

Mr. Syriani serves on the board of directors of Occidental Petroleum Corporation, Los Angeles (since 1983), where he is currently the Lead Independent Director and Chairman of

the Audit Committee, as well as a member of the Executive and the Corporate Governance Committee.

David W. Syz

Born 1944, Swiss Citizen

ecodocs AG

Dufourstrasse 21, 8702 Zollikon, Switzerland

David W. Syz has been a member of the Board and the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2010. The Board has determined him to be independent under the Group's independence standards.

After completing his studies at the Law School of the University of Zurich and receiving a doctorate from the same university in 1972 and an MBA at INSEAD, Fontainebleau, in 1973, Mr. Syz started his career as Assistant to the Director at the Union Bank of Switzerland in Zurich and subsequently held the equivalent position at Elektrowatt AG, Zurich. In 1975, he was appointed Head of Finance at Staefa Control System AG, Stäfa, and became Managing Director after four years. From 1982 to 1984, he was also the CEO of Cerberus AG, Männedorf. In 1985, Mr. Syz returned to Elektrowatt AG as Director and Head of Industries and Electronics. In 1996, he was appointed CEO and Managing Director of Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen.

Appointed State Secretary in 1999, Mr. Syz took charge of the new State Secretariat for Economic Affairs, a function from which he retired in 2004.

Mr. Syz is the Chairman of the Board of Huber & Suhner AG, Pfäffikon (since 2005, Vice-Chairman from 2004 to 2005), and the Chairman of the Board of ecodocs AG, Zollikon (since 2004). Moreover, he is the Chairman of the Supervisory Board of the Climate Cent Foundation (since 2005), an organization mandated with the implementation of the carbon dioxide reduction program according to the Kyoto Protocol.

Ernst Tanner

Born 1946, Swiss Citizen

Chocoladenfabriken Lindt & Sprüngli AG

Seestrasse 204, 8802 Kilchberg, Switzerland

Ernst Tanner has been a member of the Board since 2002 and member of the Risk Committee since 2003. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Tanner is the Chairman of the Board (since 1994) and the CEO (since 1993) of Lindt & Sprüngli AG, Kilchberg, a Swiss chocolate producer listed on the SIX Swiss Exchange. Before joining Lindt & Sprüngli, Mr. Tanner worked at Johnson

& Johnson, which he joined in 1969, most recently as Company Group Chairman of Johnson & Johnson Europe.

Mr. Tanner serves on the board of directors of The Swatch Group, Biel (since 1995). He is also a member of the Board of the Zurich Chamber of Commerce and delegate of the Society for the Promotion of Swiss Economy.

Richard E. Thornburgh

Born 1952, US Citizen

Corsair Capital LLC

717 Fifth Avenue, New York, NY 10022, US

Richard E. Thornburgh has been a member of the Board and the Risk Committee since 2006. His term as a member of the Board expires at the AGM in 2009. As the three-year look back period since he has retired from his executive function at Credit Suisse has elapsed, the Board has determined him to be independent under the Group's independence standards effective January 1, 2009.

Mr. Thornburgh is Vice-Chairman of Corsair Capital, a private equity investment company (since 2006).

He received a BBA from the University of Cincinnati, Ohio, in 1974, and an MBA from the Harvard Business School, Massachusetts, in 1976, and then began his investment banking career in New York with The First Boston Corporation, a predecessor firm of Credit Suisse First Boston. In 1995, Mr. Thornburgh was appointed Chief Financial and Administrative Officer and a member of the Executive Board of Credit Suisse First Boston. In 1997, he was appointed member of the Group Executive Board where he served until 2005. From 1997 to 1999, Mr. Thornburgh was the CFO of Credit Suisse Group and, from 1999 to 2002, he was Vice-Chairman of the Executive Board of Credit Suisse First Boston. In addition, he performed the function of CFO of Credit Suisse First Boston from May 2000 through 2002. From 2003 to 2004, he was the CRO of Credit Suisse Group. In 2004, he was appointed Executive Vice-Chairman of Credit Suisse First Boston.

Mr. Thornburgh also serves on the boards of directors of New Star Financial Inc., Boston (since 2006), and Sparta Insurance, Hartford (since 2007). Furthermore, he serves on the Executive Committee of the University of Cincinnati Foundation and the Investment Committee of the University of Cincinnati.

Peter F. Weibel

Born 1942, Swiss Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Peter F. Weibel has been a member of the Board and the Chairman's and Governance Committee as well as the Chair-

man of the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2010. The Board has determined him to be independent under the Group's independence standards and an audit committee financial expert within the meaning of SOX.

After completing his studies in Economics at the University of Zurich in 1968, including a doctorate in 1972, and after working as a consultant at IBM Switzerland for three years, Peter F. Weibel joined the Central Accounting Department at UBS in 1975 and later became a Senior Vice President in its Corporate Banking division. In 1988, he was appointed CEO of Revisuisse, one of the predecessor companies of PricewaterhouseCoopers AG, Zurich, and served as a member of the PricewaterhouseCoopers Global Oversight Board from 1998 to 2001. He retired from his function as the CEO of PricewaterhouseCoopers AG, Zurich, in the summer of 2003.

Mr. Weibel is the Chairman of the Executive MBA Program of the University of Zurich, a member of the Board of the Greater Zurich Area AG, serves on the Swiss Advisory Council and the Executive Committee of the American Swiss Foundation and is a member of the Senior Advisory Council of the Swiss-American Chamber of Commerce. He also serves on the Board of the Careum Foundation and chairs the Pestalozzi Foundation and the Zurich Art Festival.

Honorary Chairman of Credit Suisse Group

Rainer E. Gut

Born 1932, Swiss Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Rainer E. Gut was appointed the Honorary Chairman of Credit Suisse Group in 2000, after he retired as Chairman, a position he has held since 1986. Mr. Gut was a member of the board of directors of Nestlé SA, Vevey, from 1981 to 2005, whereof Vice-Chairman from 1991 to 2000 and Chairman from 2000 to 2005.

As Honorary Chairman, Mr. Gut does not have any function in the governance of the Group and does not attend the meetings of the Board.

Secretaries of the Board

Pierre Schreiber

Béatrice Fischer

Executive Board

Members of the Executive Board

The Executive Board is responsible for the day-to-day operational management of Credit Suisse. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions and regions or in the Shared Services functions and establishes Group-wide policies.

The composition of the Executive Board of the Group and the Bank is identical.

Brady W. Dougan, CEO

Walter Berchtold, CEO Private Banking

Paul Calello, CEO Investment Banking

D. Wilson Ervin, CRO

Renato Fassbind, CFO

Tobias Guldemann, Group CRO

Hans-Ulrich Meister, CEO Credit Suisse Switzerland ¹⁾

Kai S. Nargolwala, CEO Credit Suisse Asia Pacific

Urs Rohner, COO and General Counsel

Robert Shafir, CEO Asset Management and CEO Credit Suisse Americas ²⁾

Eric M. Varvel, CEO Credit Suisse Europe, Middle East and Africa ³⁾

¹⁾ since September 1, 2008, succeeding Ulrich Körner

²⁾ appointed CEO Asset Management effective April 2, 2008, succeeding David J. Blumer

³⁾ since February 1, 2008, succeeding Michael G. Philipp

Thomas J. Sanzone, CIO, stepped down from the Executive Board effective February 29, 2008. On March 9, 2009, we announced that Urs Rohner, COO and General Counsel, will be proposed to be elected as a member of the Board effective April 24, 2009. Romeo Cerutti, currently General Counsel Private Banking, was appointed General Counsel and member of the Executive Board effective April 24, 2009.

Brady W. Dougan

Born 1959, US Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Brady W. Dougan is the CEO (since 2007). Prior to that he was the CEO Investment Banking and the CEO of Credit

Suisse Americas. He has served on the Executive Board since 2003.

Mr. Dougan received a BA in Economics in 1981 and an MBA in Finance in 1982 from the University of Chicago, Illinois. After starting his career in the derivatives group at Bankers Trust, he joined Credit Suisse First Boston in 1990. He was the Head of the Equities division for five years before he was appointed Global Head of the Securities division in 2001. From 2002 to July 2004, he was Co-President, Institutional Services at Credit Suisse First Boston, and from 2004 until the merger with Credit Suisse in May 2005, he was CEO of Credit Suisse First Boston. From May 2005 to year-end 2005, he was CEO of the Credit Suisse First Boston division at the Bank.

Mr. Dougan does not hold any significant board memberships.

Walter Berchtold

Born 1962, Swiss Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Walter Berchtold is the CEO Private Banking at Credit Suisse (since 2006) and a member of the Executive Board (since 2003).

After obtaining a commercial diploma, Mr. Berchtold joined Credit Suisse First Boston Services AG, Zurich, in 1982, and, a year later, transferred as a trader to the precious metal and currency options unit of Valeurs White Weld SA in Geneva, which was later renamed Credit Suisse First Boston Futures Trading SA. In 1987, he was given the task of heading the Japanese convertible notes trading team, and in 1988, he assumed shared responsibility for all the business activities of Credit Suisse First Boston Futures Trading AG in Zurich.

In 1991, Mr. Berchtold joined Credit Suisse in Zurich as Head of Arbitrage in the Securities Trading department. In the following year, he became Head of the Equity Derivatives Trading department. In 1993, he managed the Equity Trading unit and, in 1994, he took on overall responsibility for Credit Suisse's Securities Trading & Sales activities globally.

From 1997 to 2003, Mr. Berchtold was Head of Trading and Sales of Credit Suisse First Boston, Switzerland and thereafter became Country Manager of Credit Suisse First Boston, where he was responsible for the entire Swiss business of Credit Suisse First Boston. From 2003 to July 2004, he was Head of Trading and Sales at Credit Suisse Financial Services and, in April 2004, he was appointed CEO of Bank-



From left to right: Tobias Guldemann, D. Wilson Ervin, Kai S. Nargolwala, Robert Shafir, Eric M. Varvel, Brady W. Dougan, Renato Fassbind, Walter Berchtold, Paul Calello, Urs Rohner and Hans-Ulrich Meister.

ing at Credit Suisse Financial Services. In July 2004, he was CEO of the former Credit Suisse, a position he held until the merger with Credit Suisse First Boston in May 2005. Between May 2005 and year-end 2005, he was CEO of the Credit Suisse division at the Bank.

Mr. Berchtold is a member of the Board of the SBA and several philanthropic and cultural foundations.

Paul Calello

Born 1961, US Citizen

Credit Suisse

11 Madison Avenue, New York, NY 10010, US

Paul Calello is the CEO Investment Banking at Credit Suisse (since 2007). Prior to that, he was CEO of Credit Suisse Asia Pacific. He has been a member of the Executive Board since 2004.

Mr. Calello joined Credit Suisse First Boston in 1990 as a founding member of Credit Suisse Financial Products, the former financial derivatives subsidiary of Credit Suisse First Boston. Mr. Calello held several management positions in Credit Suisse First Boston's global derivatives operations, and worked in Tokyo, London and New York before he was appointed Chairman and CEO of the Asia Pacific region of Credit Suisse First Boston in 2002.

Before joining Credit Suisse First Boston, Mr. Calello worked for Bankers Trust in the Global Markets Group in New York and Tokyo from 1987 to 1990 and for the Federal Reserve System in the Monetary and Economic Policy Group in Boston and Washington from 1983 to 1985.

Mr. Calello obtained a BA from Villanova University, Pennsylvania, in 1983 and an MBA from Columbia University, New York, in 1987.

Mr. Calello is a member of the Council on Foreign Relations and the Foreign Policy Association and serves on the International Board of Advisors to the President of the Philippines. Moreover, he serves on the Columbia Business School Board of Overseers and the Board of the New York Philharmonic.

D. Wilson Ervin

Born 1960, US Citizen

Credit Suisse

11 Madison Avenue, New York, NY 10010, US

D. Wilson Ervin is the CRO of Credit Suisse and a member of the Executive Board (since 2005).

Mr. Ervin received a BA in Economics from Princeton University, New Jersey, in 1982. He joined Credit Suisse First Boston in 1982 and held various responsibilities, including positions in the fixed income and equity capital markets, the Australian investment banking and the M&A group. In 1990,

Mr. Ervin joined the newly founded Credit Suisse Financial Products, the former derivatives unit of the Bank, where he was responsible for new product structuring in the Americas and US corporate marketing. From 1999 to 2005, Mr. Ervin was head of Strategic Risk Management for Credit Suisse First Boston.

Mr. Ervin does not hold any significant board memberships.

Renato Fassbind

Born 1955, Swiss Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Renato Fassbind is the CFO of Credit Suisse and has served on the Executive Board since 2004.

Mr. Fassbind graduated from the University of Zurich in 1979 with an Economics degree and received a doctorate from the same university in 1982. In addition, Mr. Fassbind has been a Certified Public Accountant since 1986.

After two years with Kunz Consulting AG, Zurich, Mr. Fassbind joined F. Hoffmann-La Roche AG, Basel, where he worked in the Internal Audit Department from 1984 to 1990, and was appointed Head of Internal Audit in 1988. From 1986 to 1987, he was with Peat Marwick (KPMG) in New Jersey, US, working as a public accountant. In 1990, he joined ABB AG, Zurich, where he was the Head of Internal Audit from 1990 to 1996 and the CFO and a member of the Group Executive Board from 1997 to 2002. In 2002, he moved on to the Diethelm Keller Group, Zurich, where he was CEO, before joining Credit Suisse Group in June 2004.

Mr. Fassbind is a member of the Swiss Association of Public Trustees. He does not hold any significant board memberships.

Tobias Guldemann

Born 1961, Swiss Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Tobias Guldemann is the Group CRO and a member of the Executive Board (since 2004).

Mr. Guldemann studied Economics at the University of Zurich and received a doctorate from the same university in 1989. He joined Credit Suisse's Internal Audit Department in 1986 before transferring to the Investment Banking area in 1990. He later became the Head of Derivatives Sales (in 1992), the Head of Treasury Sales (in 1993) and the Head of Global Treasury Coordination at Credit Suisse (in 1994). In 1997, he was made responsible for the management support of the CEO of Credit Suisse First Boston before becoming Deputy CRO of Credit Suisse Group, a function he held from

1998 to July 2004. From 2002 to 2004, he also served as the Head of Strategic Risk Management at Credit Suisse.

Mr. Guldemann is a member of the Foundation Board of the International Financial Risk Institute.

Hans-Ulrich Meister

Born 1959, Swiss Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Hans-Ulrich Meister is the CEO of Credit Suisse Switzerland, the Head of Private and Business Banking Switzerland and a member of the Executive Board (since September 2008).

Mr. Meister graduated from the University of Applied Sciences in Zurich, in 1987, majoring in Economics and Business Administration. In addition, he attended Advanced Management Programs at the Wharton School, University of Pennsylvania (in 2000), and at the Harvard Business School (in 2002).

Before joining Credit Suisse in 2008, Mr. Meister spent 25 years with UBS. Among the roles he had were the Head of Corporate Banking Region Zurich from 1999 to 2002, the Head of Large Corporates and Multinationals from 2003 to 2005 and the Head of Business Banking from 2005 to 2007. From 2002 to 2003, he was working on group projects in the area of Wealth Management, based in New York. From 2004 to 2007, Mr. Meister was a member of UBS's Group Managing Board.

Mr. Meister is a member of the Foundation Board of the Swiss Finance Institute (since 2008).

Kai S. Nargolwala

Born 1950, British Citizen

Credit Suisse

Two Exchange Square, 8 Connought Place, Hong Kong, People's Republic of China

Kai S. Nargolwala is the CEO of Credit Suisse Asia Pacific and a member of the Executive Board (since January 2008).

Mr. Nargolwala received a BA in Economics from the University of Delhi in 1969 and, thereafter, worked for six years at Peat Marwick Mitchell & Co. in London before joining Bank of America, where he spent almost 20 years in a variety of functions, among them the Group Executive Vice President and the Head of Asia Wholesale Banking Group. In 1999, he joined Standard Chartered PLC, where he was the Main Board Executive Director with responsibility for governance in Asia and the Group's Global Risk and Special Assets Management functions.

Mr. Nargolwala is a member of the Board of Singapore Telecommunications Ltd (since 2006) and a Fellow of the Institute of Chartered Accountants in England and Wales.

Urs Rohner

Born 1959, Swiss Citizen

Credit Suisse

Paradeplatz 8, 8070 Zurich, Switzerland

Urs Rohner is the COO and the General Counsel of Credit Suisse and a member of the Executive Board (since 2004).

Mr. Rohner graduated from the Law School of the University of Zurich in 1983 and joined the Swiss law firm Lenz & Stähelin in the same year. From 1988 to 1989, he worked with Sullivan & Cromwell, a New York-based law firm, as a Foreign Associate before returning to Lenz & Stähelin, where he became a partner in 1992, focusing on capital markets, banking, competition and media law. Mr. Rohner is a member of the Zurich and New York bars. In 2000, he became the CEO of ProSiebenMedia AG, Unterföhring, and later, after the merger with Sat1, the Chairman of the Executive Board and the CEO of ProSiebenSat.1 Media AG, Unterföhring, before joining Credit Suisse in June 2004.

Mr. Rohner serves on the Board of the Zurich Opera House.

Robert Shafir

Born 1958, US Citizen

Credit Suisse

11 Madison Avenue, New York, NY 10010, US

Robert Shafir is the CEO Asset Management (since April 2008), the CEO of Credit Suisse Americas and a member of the Executive Board (since August 2007).

Mr. Shafir received a BA in Economics from Lafayette College, Pennsylvania, in 1980 and an MBA from Columbia University, Graduate School of Business, New York, in 1984.

Mr. Shafir joined Credit Suisse from Lehman Brothers, where he worked for 17 years, having served as the Head of Equities as well as a member of their Executive Committee. He also held other senior roles, including the Head of European Equities and the Global Head of Equities Trading, and played a key role in building Lehman's equities business into a global, institutionally focused franchise. Prior to that, he worked at Morgan Stanley in the preferred stock business within the fixed income division.

Mr. Shafir does not hold any significant board memberships.

Eric M. Varvel

Born 1963, US Citizen

Credit Suisse

One Cabot Square, London, E14 4QJ, UK

Eric Varvel is the CEO of Credit Suisse Europe, Middle East and Africa and a member of the Executive Board (since February 2008).

Mr. Varvel holds a BA in Business Finance from Brigham Young University, Utah.

Prior to his current function, Mr. Varvel was the Co-Head of the Global Investment Banking department and the Head of the Global Markets Solutions Group in the Investment

Banking division of Credit Suisse for over three years, based in New York. Before that, Mr. Varvel spent 15 years in the Asia Pacific region in a variety of senior roles, including the Head of Investment Banking and Emerging Markets Coverage for the Asia Pacific region ex-Japan and the Head of Fixed Income Sales and Corporate Derivative Sales. During that time, Mr. Varvel was based in Tokyo, Jakarta and Singapore.

Mr. Varvel joined the Bank in 1990. Previously, he worked as an analyst for Morgan Stanley in its investment banking department in New York and Tokyo.

Mr. Varvel does not hold any significant board memberships.

Additional information

Changes of control and defense measures

Duty to make an offer

Swiss law provides that anyone who, directly or indirectly or acting in concert with third parties, acquires 33 1/3% or more of the voting rights of a listed Swiss company, whether or not such rights are exercisable, must make an offer to acquire all of the listed equity securities of such company, unless the AoA of the company provides otherwise. Our AoA does not include a contrary provision. This mandatory offer obligation may be waived under certain circumstances by the Swiss Takeover Board or the FINMA. If no waiver is granted, the mandatory offer must be made pursuant to procedural rules set forth in the SESTA and the implementing ordinances.

Clauses on changes of control

Subject to certain provisions in the Group's employee compensation plans providing for the treatment of outstanding awards in the case of a change of control, there are no provisions that require the payment of extraordinary benefits in the case of a change of control in the agreements and plans benefiting members of the Board and the Executive Board or any other members of senior management. Specifically, there are no contractually agreed severance payments in the case of a change of control of the Group. Moreover, none of the employment contracts with members of the Executive Board or other members of senior management provides for extraordinary benefits that would be triggered by a change of control.

Internal and external auditors

Auditing forms an integral part of corporate governance at Credit Suisse. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Internal Audit

Our Internal Audit function comprises a team of around 250 professionals, more than 220 of whom are directly involved in auditing activities. The Head of Internal Audit, Heinz Lei-

bundgut, reports directly to the Chairman of the Audit Committee.

Internal Audit performs an independent and objective assurance and consulting function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Regulations of Internal Audit approved by the Audit Committee. It regularly and independently assesses the risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining areas of audit concentration and specifying resource requirements for approval by the Audit Committee.

As part of its efforts to achieve best practice, Internal Audit regularly benchmarks its methods and tools against those of its peers. In addition, it submits periodic internal reports and summaries thereof to the management teams as well as the Chairman and the Chairman of the Audit Committee. The head of Internal Audit reports to the Audit Committee at least quarterly and more frequently as appropriate. Internal Audit coordinates its operations with the activities of the external auditor for maximum effect.

External auditors

Our statutory auditor is KPMG Klynveld Peat Marwick Goerdeler SA, Zurich. The mandate was first given to KPMG for the business year 1989/1990. The lead Group engagement partners are David L. Jahnke, Global Lead Partner (since 2005), Robert S. Overstreet, Group Engagement Partner (since 2006), and Philipp Rickert, Leading Bank Auditor (since 2006). In addition, we have mandated BDO Visura, Zurich, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations.

The Audit Committee monitors and pre-approves the fees to be paid to KPMG for its services.

Fees paid to external auditors

	2008	2007	% change
Fees paid to external auditors (CHF million)			
Audit services ¹	45.0	46.7	(4)
Audit-related services ²	13.4	18.5	(28)
Tax services ³	6.5	2.1	210

¹ Audit fees include the integrated audit of the Group's consolidated and statutory financial statements, interim reviews and comfort and consent letters. Additionally it includes all assurance and attestation services related to the regulatory filings of the Group and its subsidiaries. ² Audit-related services are primarily in respect of: (i) reports related to the Group's compliance with provisions of or calculations required by agreements; (ii) accounting advice; (iii) audits of private equity funds and employee benefit plans; and (iv) regulatory advisory services. ³ Tax services are in respect of tax compliance and consultation services, including: (i) preparation and/or review of tax returns of the Group and its subsidiaries; (ii) assistance with tax audits and appeals; and (iii) confirmations relating to the Qualified Intermediary status of Group entities.

KPMG attends all meetings of the Audit Committee. At each meeting, KPMG reports on the findings of its audit and/or interim review work. The Audit Committee reviews on an annual basis KPMG's audit plan and evaluates the performance of KPMG and its senior representatives in fulfilling its responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the external auditor, subject to shareholder approval as required by Swiss law.

KPMG provides a report as to its independence to the Audit Committee at least once a year. In addition, our policy on the engagement of public accounting firms, which has been approved by the Audit Committee, strives to further ensure an appropriate degree of independence of our external auditor. The policy limits the scope of services that may be provided to us or any of our subsidiaries by KPMG to audit and certain permissible types of non-audit services, including audit-related and tax services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. All KPMG services in 2008

were pre-approved. KPMG is required to report to the Audit Committee periodically regarding the extent of services provided by KPMG and the fees for the services performed to date.

Liquidation

Under Swiss law and our AoA, we may be dissolved at any time by a shareholders' resolution which must be passed by: (i) a supermajority of at least three quarters of the votes cast at the meeting in the event we are to be dissolved by way of liquidation; or (ii) a supermajority of at least two thirds of the votes represented and an absolute majority of the par value of the shares represented at the meeting in other events. Dissolution by court order is possible if we become bankrupt. Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up par value of shares held.

APPENDIX 5 — OUR FINANCIAL STATEMENTS EXTRACTED FROM CREDIT SUISSE GROUP AG ANNUAL REPORT 2008

We are a wholly owned subsidiary of Credit Suisse Group AG. We have extracted the section headed “Consolidated financial statements — Credit Suisse (Bank)” from pages 313 to 380 of the Credit Suisse Group AG annual report 2008 in this appendix 5. References to page numbers in this appendix 5 are to the pages in the Credit Suisse Group AG annual report 2008 and not to the pages in this document.

For further information on our financial statements (including the notes to such statements), we refer you to the complete Credit Suisse Group AG annual report 2008 on our website at www.credit-suisse.com.

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Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of
Credit Suisse, Zurich

As statutory auditor, we have audited the accompanying consolidated financial statements of Credit Suisse (the "Bank"), which comprise the consolidated balance sheets as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in shareholder's equity, comprehensive income and cash flows, and notes for each of the years in the three-year period ended December 31, 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Swiss law and Swiss Auditing Standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position as of December 31, 2008 and 2007, and the results of operations and cash flows for each of the years in the three-year period ended December 31, 2008, in accordance with U.S. generally accepted accounting principles and comply with Swiss law.

As discussed in Notes 1 and 2 to the consolidated financial statements, in 2007 the Bank changed its method of accounting for certain financial instruments accounted for at fair value and in 2006 the Bank changed its method of accounting for defined benefit pension plans.



Report on Other Legal and Regulatory Requirements

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

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

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Bank's internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 18, 2009 expressed an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting.

KPMG Klynveld Peat Marwick Goerdeler SA

Handwritten signature of David L. Jahnke in black ink.

David L. Jahnke
Licensed Audit Expert
Auditor in Charge

Handwritten signature of Robert S. Overstreet in black ink.

Robert S. Overstreet
Licensed Audit Expert

Zurich, Switzerland
March 18, 2009

Consolidated statements of operations

	Reference to notes	in		
		2008	2007	2006
Consolidated statements of operations (CHF million)				
Interest and dividend income	6	47,102	61,592	49,388
Interest expense	6	(39,189)	(53,994)	(43,421)
Net interest income	6	7,913	7,598	5,967
Commissions and fees	7	13,640	17,522	15,924
Trading revenues		(10,340)	5,804	9,160
Other revenues	8	(3,908)	5,966	5,101
Net revenues		7,305	36,890	36,152
Provision for credit losses	9	797	227	(97)
Compensation and benefits	10	12,958	15,528	14,956
General and administrative expenses	11	7,299	6,781	6,532
Commission expenses		2,090	2,189	1,941
Total other operating expenses		9,389	8,970	8,473
Total operating expenses		22,347	24,498	23,429
Income/(loss) from continuing operations before taxes, minority interests and extraordinary items		(15,839)	12,165	12,820
Income tax expense/(benefit)	25	(4,922)	844	2,141
Minority interests		(3,379)	5,013	3,620
Income/(loss) from continuing operations before extraordinary items		(7,538)	6,308	7,059
Income/(loss) from discontinued operations, net of tax		(531)	6	(15)
Extraordinary items, net of tax		0	0	(24)
Net income/(loss)		(8,069)	6,314	7,020

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

Consolidated balance sheets

	Reference to notes	end of	
		2008	2007
Assets (CHF million)			
Cash and due from banks		90,521	36,304
Interest-bearing deposits with banks		3,892	4,526
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	12	269,013	296,341
of which reported at fair value		164,743	183,719
Securities received as collateral, at fair value		29,755	28,728
of which encumbered		16,966	24,719
Trading assets, at fair value	13	341,381	530,125
of which encumbered		69,921	141,764
Investment securities	14	11,681	14,515
of which reported at fair value		11,457	14,267
of which encumbered		–	1,908
Other investments	15	26,908	27,907
of which reported at fair value		24,820	25,080
Net loans	16	220,392	221,570
of which reported at fair value		32,314	31,047
allowance for loan losses		1,428	1,000
Premises and equipment	17	5,789	5,590
Goodwill	18	8,195	9,746
Other intangible assets	19	412	421
of which reported at fair value		113	179
Brokerage receivables		57,499	54,890
Other assets	21	85,208	103,079
of which reported at fair value		34,066	49,298
of which encumbered		3,329	12,084
Assets of discontinued operations held-for-sale	4	1,023	–
Total assets		1,151,669	1,333,742

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

Consolidated balance sheets – (continued)

	Reference to notes	2008	end of 2007
Liabilities and shareholder's equity (CHF million)			
Due to banks	22	74,948	106,979
of which reported at fair value		3,576	6,348
Customer deposits	22	267,010	307,598
of which reported at fair value		1,975	5,551
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	12	243,970	300,476
of which reported at fair value		174,975	140,424
Obligation to return securities received as collateral, at fair value		29,755	28,728
Trading liabilities, at fair value	13	153,718	200,575
Short-term borrowings		10,182	14,398
of which reported at fair value		2,545	8,120
Long-term debt	23	148,550	157,282
of which reported at fair value		76,069	107,290
Brokerage payables		93,426	55,823
Other liabilities	21	83,089	106,530
of which reported at fair value		24,275	24,221
Liabilities of discontinued operations held-for-sale	4	872	–
Minority interests		19,281	24,019
Total liabilities		1,124,801	1,302,408
Common shares / Participation certificates		4,400	4,400
Additional paid-in capital		25,059	20,849
Retained earnings		5,132	15,872
Treasury shares, at cost		18	(5,497)
Accumulated other comprehensive income/(loss)	24	(7,741)	(4,290)
Total shareholder's equity		26,868	31,334
Total liabilities and shareholder's equity		1,151,669	1,333,742
Additional share information			
Par value (CHF)		100.00	100.00
Issued shares (million)		44.0	44.0
Shares outstanding (million)		44.0	44.0

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

Consolidated statements of changes in shareholder's equity

	Common shares/ Participa- tion certi- ficates	Additional paid-in capital	Retained earnings	Treasury shares, at cost ¹	Accumu- lated other compre- hensive income	Total share- holder's equity	Number of common shares outstanding ²
2008 (CHF million)							
Balance at beginning of period	4,400	20,849	15,872	(5,497)	(4,290)	31,334	43,996,652
Net income/(loss)	-	-	(8,069)	-	-	(8,069)	-
Cumulative effect of accounting changes, net of tax ³	-	-	(11)	-	7	(4)	-
Other comprehensive income/(loss), net of tax	-	-	-	-	(3,458)	(3,458)	-
Issuance of common shares	-	2,958	-	-	-	2,958	-
Repurchase of treasury shares	-	-	-	(1,021)	-	(1,021)	-
Sale of treasury shares	-	1	-	1,039	-	1,040	-
Share-based compensation, net of tax	-	1,264	-	-	-	1,264	-
Dividends on share-based compensation, net of tax	-	(203)	-	-	-	(203)	-
Cash dividends paid	-	-	(2,660)	-	-	(2,660)	-
Other	-	190	-	5,497 ⁴	-	5,687	-
Balance at end of period	4,400	25,059	5,132	18	(7,741)	26,868	43,996,652
2007 (CHF million)							
Balance at beginning of period	4,400	19,593	11,652	(6,149)	(3,451)	26,045	43,996,652
Net income	-	-	6,314	-	-	6,314	-
Cumulative effect of accounting changes, net of tax	-	-	(680)	-	10	(670)	-
Other comprehensive income/(loss), net of tax	-	-	-	-	(849)	(849)	-
Repurchase of treasury shares	-	-	-	(287)	-	(287)	-
Share-based compensation, net of tax	-	833	-	939	-	1,772	-
Dividends on share-based compensation, net of tax	-	112	-	-	-	112	-
Cash dividends paid	-	-	(1,167)	-	-	(1,167)	-
Other	-	311	(247)	-	-	64	-
Balance at end of period	4,400	20,849	15,872	(5,497)	(4,290)	31,334	43,996,652
2006 (CHF million)							
Balance at beginning of period	4,400	18,770	7,045	(1,895)	(2,532)	25,788	43,996,652
Net income	-	-	7,020	-	-	7,020	-
Cumulative effect of accounting changes, net of tax	-	-	45	-	(306)	(261)	-
Other comprehensive income/(loss), net of tax	-	-	-	-	(613)	(613)	-
Sale of treasury shares	-	(4)	-	-	-	(4)	-
Repurchase of treasury shares	-	-	-	(4,664)	-	(4,664)	-
Share-based compensation, net of tax	-	846	-	410	-	1,256	-
Dividends on share-based compensation, net of tax	-	(19)	-	-	-	(19)	-
Cash dividends paid	-	-	(2,458)	-	-	(2,458)	-
Balance at end of period	4,400	19,593	11,652	(6,149)	(3,451)	26,045	43,996,652

¹ Reflects Credit Suisse Group shares which are reported as treasury shares. Those shares are held to economically hedge share award obligations. ² The Bank's total share capital is fully paid and consists of 43,996,652 registered shares with nominal value of CHF 100 per share. Each share is entitled to one vote. The Bank has no warrants or convertible rights on its own shares outstanding. ³ Represents the effect of the Bank adopting the measurement date provisions of SFAS 158 as of December 31, 2008. ⁴ Represents the deconsolidation of a special purpose entity (now merged into the Group) used to hedge share-based compensation awards through treasury shares.

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

Comprehensive income

in	2008	2007	2006
Comprehensive income (CHF million)			
Net income/(loss)	(8,069)	6,314	7,020
Gains/(losses) on cash flow hedges	(14)	2	(36)
Cumulative translation adjustments	(3,294)	(1,168)	(729)
Unrealized gains/(losses) on securities	(54)	15	51
Minimum pension liability adjustment	–	–	101
Actuarial gains/(losses)	(95)	304	–
Net prior service cost	(1)	(2)	–
Other comprehensive income/(loss), net of tax ¹	(3,458)	(849)	(613)
Comprehensive income/(loss)	(11,527)	5,465	6,407

¹ For details on the components of other comprehensive income, refer to Note 24 – Accumulated other comprehensive income.

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

Consolidated statements of cash flows

in	2008	2007	2006
Operating activities (CHF million)			
Net income/(loss)	(8,069)	6,314	7,020
(Income)/loss from discontinued operations, net of tax	531	(6)	15
Income/(loss) from continuing operations	(7,538)	6,308	7,035
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)			
Impairment, depreciation and amortization	1,129	859	986
Provision for credit losses	797	227	(97)
Deferred tax provision	(5,133)	(1,193)	584
Share of net income from equity method investments	20	(91)	2
Trading assets and liabilities	122,210	(64,803)	(25,905)
Increase in other assets	(1,396)	(63,591)	(60,586)
Increase in other liabilities	27,880	60,460	28,141
Other, net	(4,221)	7,818	2,227
Total adjustments	141,286	(60,314)	(54,648)
Net cash provided by/(used in) operating activities of continuing operations	133,748	(54,006)	(47,613)
Investing activities of continuing operations (CHF million)			
(Increase)/decrease in interest-bearing deposits with banks	207	(455)	330
Decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	12,285	3,327	9,841
Purchase of investment securities	(510)	(445)	(1,641)
Proceeds from sale of investment securities	55	2,884	1,234
Maturities of investment securities	2,365	3,450	3,533
Investments in subsidiaries and other investments	(3,828)	(8,395)	(6,541)
Proceeds from sale of other investments	2,515	2,188	1,705
Increase in loans	(10,441)	(36,137)	(26,477)
Proceeds from sales of loans	596	339	3,142
Capital expenditures for premises and equipment and other intangible assets	(1,400)	(1,296)	(1,488)
Proceeds from sale of premises and equipment and other intangible assets	4	90	34
Other, net	141	(43)	95
Net cash provided by/(used in) investing activities of continuing operations	1,989	(34,493)	(16,233)

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

Consolidated statements of cash flows – (continued)

in	2008	2007	2006
Financing activities of continuing operations (CHF million)			
Increase/(decrease) in due to banks and customer deposits	(57,581)	46,290	51,154
Increase/(decrease) in short-term borrowings	(7,564)	(49)	483
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(40,975)	30,590	(1,392)
Issuances of long-term debt	106,422	77,786	76,596
Repayments of long-term debt	(85,496)	(62,638)	(49,402)
Repayments of trust preferred securities	111	22	0
Issuances of common shares	2,958	0	0
Sale of treasury shares	1,040	0	(4)
Repurchase of treasury shares	(1,021)	(287)	(4,664)
Dividends paid/capital repayments	(3,002)	(1,106)	(2,528)
Other, net	5,622	7,522	1,970
Net cash provided by/(used in) financing activities of continuing operations	(79,486)	98,130	72,213
Effect of exchange rate changes on cash and due from banks (CHF million)			
Effect of exchange rate changes on cash and due from banks	(2,016)	(1,244)	(468)
Net cash provided by/(used in) discontinued operations (CHF million)			
Net cash provided by/(used in) operating activities of discontinued operations	(18)	52	21
Net increase in cash and due from banks (CHF million)			
Net increase in cash and due from banks	54,217	8,439	7,920
Cash and due from banks at beginning of period	36,304	27,865	19,945
Cash and due from banks at end of period	90,521	36,304	27,865

in	2008	2007	2006
Cash paid for income taxes and interest (CHF million)			
Cash paid for income taxes	1,820	2,541	1,481
Cash paid for interest	40,935	54,128	41,609
Assets acquired and liabilities assumed in business acquisitions (CHF million)			
Fair value of assets acquired	383	335	199
Fair value of liabilities assumed	23	300	199

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

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The accompanying consolidated financial statements of Credit Suisse, the Swiss bank subsidiary of the Group (the Bank), are prepared in accordance with US GAAP and are stated in CHF. The financial year for the Bank ends on December 31. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation and had no impact on net income/(loss) or total shareholder's equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the impairment of assets other than loans, recognition of deferred tax asset, tax uncertainties, pension liabilities, as well as various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Current market conditions may increase the risk and complexity of the judgments applied in these estimates.

For a summary of significant accounting policies, with the exception of the following accounting policies, refer to Note 1 – Summary of significant accounting policies in V – Consolidated financial statements – Credit Suisse Group.

Pensions and other post-retirement benefits

Credit Suisse sponsors a Group defined benefit pension plan in Switzerland that covers eligible employees of the Bank domiciled in Switzerland. The Bank also has single-employer defined benefit pension plans and defined contribution pension plans in Switzerland and other countries around the world.

For the Bank's participation in the Group defined benefit pension plan, no retirement benefit obligation is recognized in the consolidated balance sheets of the Bank and defined contribution accounting is applied, as the Bank is not the sponsoring entity of the Group plan.

For single-employer defined benefit plans, the Bank uses the projected unit credit actuarial method to determine the present value of its PBO and the current and past service costs related to its defined benefit and other post-retirement benefit plans. In 2008 the Bank changed the measurement date used to perform the actuarial valuation from September 30 to December 31.

Certain key assumptions are used in performing the actuarial valuations. These assumptions must be made concerning the future events that will determine the amount and timing of the benefit payments and thus require significant judgment and estimate by Bank management. Among others, assumptions have to be made with regard to discount rates, expected return on plan assets and salary increases.

The assumed discount rates reflect the rates at which the pension benefits could be effectively settled. These rates are determined based on yields of high-quality corporate bonds currently available and are expected to be available during the period to maturity of the pension benefits. In countries where no deep market in high-quality corporate bonds exists, the estimate is based on governmental bonds adjusted to include a risk premium reflecting the additional risk for corporate bonds.

The expected long-term rate of return on plan assets is determined on a plan-by-plan basis, taking into account asset allocation, historical rate of return, benchmark indices for similar type pension plan assets, long-term expectations of future returns and investment strategy.

Health care cost trend rates are determined by reviewing external data and the Bank's own historical trends for health care costs. Salary increases are determined by reviewing external data and considering internal projections.

The funded status of the Bank's defined benefit post-retirement and pension plans are recognized in the consolidated balance sheets.

Actuarial gains and losses in excess of 10% of the greater of the PBO or the market value of plan assets and unrecognized prior service costs and transition obligations and assets are amortized to net periodic pension and other post-retirement cost on a straight-line basis over the average remaining service life of active employees expected to receive benefits.

The Bank records pension expense for defined contribution plans when the employee renders service to the company, essentially coinciding with the cash contributions to the plans.

Own shares and own bonds

The Bank's shares are wholly-owned by Credit Suisse Group and are not subject to trading. The Bank may buy and sell Credit Suisse Group shares, own bonds and derivatives on Credit Suisse Group shares within its normal trading and market-making activities. In addition, the Bank may hold Credit Suisse Group shares to physically hedge commitments arising from employee share-based compensation awards. Credit

Suisse Group shares are reported as trading assets, unless those shares are held to economically hedge share award obligations. Hedging shares are reported as treasury shares, resulting in a reduction to total shareholder's equity. Derivatives on Credit Suisse Group shares are recorded as assets or liabilities and carried at fair value. Dividends received on Credit Suisse Group shares and unrealized and realized gains and losses on Credit Suisse Group shares are recorded according to the classification of the shares as trading assets or treasury shares. Purchases of bonds originally issued by the Bank are recorded as an extinguishment of debt.

2 Recently issued accounting standards

For recently adopted accounting standards and standards to be adopted in future periods, refer to Note 2 – Recently issued accounting standards in V – Consolidated financial statements – Credit Suisse Group. With the exception of the following standards, the impact on the Bank's and Group's financial condition, results of operations or cash flows was or is expected to be identical.

Recently adopted accounting standards

SFAS 159

As a result of the adoption of SFAS 159 and election of certain existing instruments under the fair value option as of January 1, 2007, the Bank reported a decrease in opening retained earnings of CHF 832 million, net of tax. For further information, refer to Note 32 – Financial instruments.

SFAS 157

As a result of the adoption of SFAS 157 as of January 1, 2007, the Bank reported an increase in opening retained earnings of CHF 165 million, net of tax. For further information, refer to Note 32 – Financial instruments.

SFAS 158

The cumulative effect of the Bank adopting the recognition provisions of SFAS 158 as of December 31, 2006, was an after-tax decrease in AOCI and consolidated net assets of CHF 306 million.

The cumulative effect after-tax of the Group adopting the measurement provisions of SFAS 158 as of December 31, 2008 was a decrease in retained earnings of CHF 11 million, an increase in AOCI of CHF 7 million and a decrease in consolidated net assets of CHF 4 million.

For further information, refer to Note 28 – Pension and other post-retirement benefits.

3 Business developments and subsequent events

The Bank had no significant acquisitions in 2006 and no significant divestitures in 2007 and 2006. For significant acquisitions in 2008 and 2007, significant divestitures in 2008 and sub-

sequent events, refer to Note 3 – Business developments and subsequent events in V – Consolidated financial statements – Credit Suisse Group.

4 Discontinued operations

For further information on discontinued operations, refer to Note 4 – Discontinued operations in V – Consolidated financial statements – Credit Suisse Group.

Income/(loss) from discontinued operations

in	2008	2007	2006
Income/(loss) from discontinued operations (CHF million)			
Net revenues	346	413	460
Total expenses	(393)	(405)	(479)
Income/(loss) before taxes from discontinued operations	(47)	8	(19)
Loss on disposal	(463)	0	0
Income tax expense/(benefit)	21	2	(4)
Income/(loss) from discontinued operations, net of tax	(531)	6	(15)

5 Segment information

For purpose of presentation of reportable segments, the Bank has included accounts of affiliate entities wholly owned by the same parent which are managed together with the operating segments of the Bank. These affiliate entities include certain bank and trust affiliates, primarily managed by Private Banking. Income from continuing operations before taxes, minority interests, extraordinary items and cumulative effect of accounting changes of these non-consolidated affiliate entities included in the segment presentation for the years ended December 31, 2008, 2007 and 2006 were CHF 513 million,

CHF 1,078 million and CHF 994 million, respectively. For the same periods net revenues of these non-consolidated affiliate entities included in the segment presentation were CHF 2,092 million, CHF 2,501 million and CHF 2,141 million, respectively, and total assets of these non-consolidated affiliate entities included in the segment presentation as of December 31, 2008 and 2007, were CHF 51.9 billion and CHF 56.2 billion, respectively. For further information, refer to Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group.

Net revenues and income from continuing operations before taxes

in	2008	2007	2006
Net revenues (CHF million)			
Private Banking	12,907	13,522	11,678
Investment Banking	(1,835)	18,958	20,469
Asset Management	496	2,016	2,247
Adjustments ^{1,2}	(4,263)	2,394	1,758
Net revenues	7,305	36,890	36,152
Income/(loss) from continuing operations before taxes, minority interests and extraordinary items (CHF million)			
Private Banking	3,850	5,486	4,596
Investment Banking	(13,850)	3,649	5,951
Asset Management	(1,127)	197	374
Adjustments ^{1,3}	(4,712)	2,833	1,899
Income/(loss) from continuing operations before taxes, minority interests and extraordinary items	(15,839)	12,165	12,820

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice-versa and certain expenses that were not allocated to the segments. ² Includes minority interest-related revenues of CHF (2,806) million, CHF 5,046 million and CHF 3,788 million in 2008, 2007 and 2006, respectively, from the consolidation of certain private equity funds and other entities in which the Bank does not have a significant economic interest in such revenues. ³ Includes minority interest income of CHF (2,952) million, CHF 4,864 million and CHF 3,683 million in 2008, 2007 and 2006, respectively, from the consolidation of certain private equity funds and other entities in which the Bank does not have a significant economic interest in such income.

Total assets

end of	2008	2007
Total assets (CHF million)		
Private Banking	374,771	376,800
Investment Banking	976,713	1,140,740
Asset Management	21,580	27,784
Adjustments ¹	(221,395)	(211,582)
Total assets	1,151,669	1,333,742

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice-versa and certain expenses that were not allocated to the segments.

Net revenues and income from continuing operations before taxes by geographic location

in	2008	2007	2006
Net revenues (CHF million)			
Switzerland	11,494	9,823	8,755
EMEA	(4,132)	9,576	8,758
Americas	(975)	14,984	16,086
Asia Pacific	918	2,507	2,553
Net revenues	7,305	36,890	36,152
Income/(loss) from continuing operations before taxes, minority interests and extraordinary items (CHF million)			
Switzerland	4,695	3,205	3,152
EMEA	(10,308)	2,665	2,085
Americas	(8,579)	6,329	7,242
Asia Pacific	(1,647)	(34)	341
Income/(loss) from continuing operations before taxes, minority interests and extraordinary items	(15,839)	12,165	12,820

The designation of net revenues and income/(loss) before taxes is based upon the location of the office recording the transactions. This presentation does not reflect the way the Bank is managed.

Total assets by geographic location

end of	2008	2007
Total assets (CHF million)		
Switzerland	166,516	163,416
EMEA	324,794	448,717
Americas	578,870	607,944
Asia Pacific	81,489	113,665
Total assets	1,151,669	1,333,742

The designation of total assets by region is based upon customer domicile.

6 Net interest income

in	2008	2007	2006
Net interest income (CHF million)			
Loans	8,231	8,208	6,952
Investment securities	598	713	667
Trading assets	18,131	22,838	17,549
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	13,523	22,462	19,125
Other	6,619	7,371	5,095
Interest and dividend income	47,102	61,592	49,388
Deposits	(10,358)	(15,991)	(12,268)
Short-term borrowings	(411)	(894)	(625)
Trading liabilities	(8,516)	(8,664)	(6,604)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(12,523)	(21,134)	(17,881)
Long-term debt	(4,806)	(4,653)	(4,337)
Other	(2,575)	(2,658)	(1,706)
Interest expense	(39,189)	(53,994)	(43,421)
Net interest income	7,913	7,598	5,967

7 Commissions and fees

in	2008	2007	2006
Commissions and fees (CHF million)			
Lending business	771	2,015	1,590
Investment and portfolio management	4,464	4,919	3,985
Other securities business	216	216	174
Fiduciary business	4,680	5,135	4,159
Underwriting	1,049	1,808	2,735
Brokerage	4,629	5,438	4,762
Underwriting and brokerage	5,678	7,246	7,497
Other services	2,511	3,126	2,678
Commissions and fees	13,640	17,522	15,924

8 Other revenues

in	2008	2007	2006
Other revenues (CHF million)			
Minority interests without SEI	(2,978)	4,915	3,670
Loans held-for-sale	(269)	(638)	31
Long-lived assets held-for-sale	41	30	20
Equity method investments	(98)	200	114
Other investments	(1,367)	732	772
Other	763	727	494
Other revenues	(3,908)	5,966	5,101

9 Provision for credit losses

in	2008	2007	2006
Provision for credit losses (CHF million)			
Allowance for loan losses	570	25	(116)
Provisions for lending-related and other exposures	227	202	19
Provision for credit losses	797	227	(97)

10 Compensation and benefits

in	2008	2007	2006
Compensation and benefits (CHF million)			
Salaries and variable compensation	11,068	13,745	13,221
Social security	731	816	821
Other	1,159	967	914
Compensation and benefits	12,958	15,528	14,956

11 General and administrative expenses

in	2008	2007	2006
General and administrative expenses (CHF million)			
Occupancy expenses	836	848	847
IT, machinery, etc.	486	483	496
Provisions and losses ¹	540	97	(201)
Travel and entertainment	540	577	585
Professional services	2,043	2,223	2,109
Depreciation of property and equipment	939	825	805
Goodwill impairment	82	0	0
Amortization and impairment of other intangible assets	108	34	182
Other	1,725	1,694	1,709
General and administrative expenses	7,299	6,781	6,532

¹ Includes CHF 508 million of credits from insurance settlements for litigation and related costs in 2006.

12 Securities borrowed, lent and subject to repurchase agreements

end of	2008	2007
Securities borrowed or purchased under agreements to resell (CHF million)		
Central bank funds sold and securities purchased under resale agreements	158,858	184,729
Deposits paid for securities borrowed	110,155	111,612
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	269,013	296,341
Securities lent or sold under agreements to repurchase (CHF million)		
Central bank funds purchased and securities sold under repurchase agreements	211,796	244,782
Deposits received for securities lent	32,174	55,694
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	243,970	300,476

For further information, refer to Note 13 – Securities borrowed, lent and subject to repurchase agreements in V – Consolidated financial statements – Credit Suisse Group.

13 Trading assets and liabilities

end of	2008	2007
Trading assets (CHF million)		
Debt securities	152,747	208,988
Equity securities ¹	72,879	194,379
Derivative instruments ²	104,844	97,356
Other	10,911	29,402
Trading assets	341,381	530,125
Trading liabilities (CHF million)		
Short positions	59,932	122,655
Derivative instruments ²	93,786	77,920
Trading liabilities	153,718	200,575

¹ Including convertible bonds. ² In accordance with the provisions of FSP FIN 39-1, the Bank offset cash collateral receivables and payables of CHF 51.3 billion and CHF 36.2 billion, respectively, as of the end of 2008 against the derivative positions. Cash collateral receivables and payables of CHF 17.0 billion and CHF 27.7 billion, respectively, as of the end of 2008 were not netted. The Bank adopted the provisions of FSP FIN 39-1 on a prospective basis as of January 1, 2008.

14 Investment securities

end of	2008	2007
Investment securities (CHF million)		
Debt securities held-to-maturity	224	248
Securities available-for-sale	11,457	14,267
Total investment securities	11,681	14,515

end of	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
2008 (CHF million)				
Debt securities issued by foreign governments	224	0	0	224
Debt securities held-to-maturity	224	0	0	224
Debt securities issued by foreign governments	10,579	101	34	10,646
Corporate debt securities	707	0	0	707
Other	5	0	0	5
Debt securities available-for-sale	11,291	101	34	11,358
Equity securities available-for-sale	96	3	0	99
Securities available-for-sale	11,387	104	34	11,457
2007 (CHF million)				
Debt securities issued by foreign governments	248	1	0	249
Debt securities held-to-maturity	248	1	0	249
Debt securities issued by foreign governments	14,165	16	499	13,682
Corporate debt securities	358	0	0	358
Other	18	1	0	19
Debt securities available-for-sale	14,541	17	499	14,059
Equity securities available-for-sale	163	45	0	208
Securities available-for-sale	14,704	62	499	14,267

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
2008 (CHF million)						
Debt securities available-for-sale	0	0	5,002	34	5,002	34
2007 (CHF million)						
Debt securities available-for-sale	11	0	12,602	499	12,613	499

Management determined that the unrealized losses on debt securities are primarily attributable to general market interest rate, credit spread or exchange rate movements. No impairment charges were recorded as the Bank has the intent and

ability to hold the debt securities for a reasonable period of time sufficient for a forecasted recovery of the decline in market value below cost.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	Debt securities			Equity securities		
	2008	2007	2006	2008	2007	2006
Additional information (CHF million)						
Proceeds from sales	2	2,878	1,226	53	6	8
Realized gains	3	23	70	0	0	2
Realized losses	0	(6)	(79)	0	0	0

Amortized cost, fair value and average yield of debt securities

end of	Debt securities held-to-maturity			Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)	Amortized cost	Fair value	Average yield (in %)
2008 (CHF million)						
Due within 1 year	224	224	4.69	2,240	2,232	2.58
Due from 1 to 5 years	0	0	–	7,071	7,149	3.38
Due from 5 to 10 years	0	0	–	1,980	1,977	3.54
Total debt securities	224	224	4.69	11,291	11,358	3.25

15 Other investments

end of	2008	2007
Other investments (CHF million)		
Equity method investments	2,863	2,558
Non-marketable equity securities ¹	21,674	24,887
Real estate held for investment	379	410
Insurance products ²	1,992	52
Total other investments	26,908	27,907

¹ Includes private equity and restricted stock investments, as well as certain investments in non-marketable mutual funds for which the Bank has neither significant influence nor control over the investee. ² Includes life settlement contracts at investment method and, from 2008, SPIA contracts, which were formerly classified as trading assets.

Substantially all non-marketable equity securities are carried at fair value. There were no significant non-marketable equity securities not carried at fair value that have been in a continuous unrealized loss position.

The Bank performs a regular impairment analysis of real estate portfolios. In 2008, CHF 22 million impairment charges were recorded. No significant impairment charges were recorded in 2007 and 2006.

Accumulated depreciation related to real estate held for investment amounted to CHF 320 million, CHF 313 million and CHF 329 million for 2008, 2007 and 2006, respectively. For further information, refer to Note 16 – Other investments in V – Consolidated financial statements – Credit Suisse Group.

16 Loans

end of	2008	2007
Loans (CHF million)		
Banks	2,063	2,128
Commercial	48,355	45,961
Consumer	71,072	70,197
Public authorities	929	982
Lease financings	2,912	2,604
Switzerland	125,331	121,872
Banks	8,206	9,622
Commercial	67,774	69,448
Consumer	17,996	19,021
Public authorities	2,319	2,563
Lease financings	279	115
Foreign	96,574	100,769
Gross loans	221,905	222,641
Net (unearned income)/deferred expenses	(85)	(71)
Allowance for loan losses	(1,428)	(1,000)
Net loans	220,392	221,570
Impaired loan portfolio (CHF million)		
Gross impaired loans	2,327	1,540
of which with a specific allowance	2,170	1,185
of which without a specific allowance	157	355

in	2008	2007	2006
Allowance for loan losses (CHF million)			
Balance at beginning of period	1,000	1,305	1,965
Change in accounting	0	(61) ¹	0
Change in scope of consolidation	0	(92)	0
Net movements recognized in statements of operations	570	25	(116)
Gross write-offs	(181)	(236)	(696)
Recoveries	82	83	140
Net write-offs	(99)	(153)	(556)
Provisions for interest	16	3	47
Foreign currency translation impact and other adjustments, net	(59)	(27)	(35)
Balance at end of period	1,428	1,000	1,305
of which a specific allowance	1,018	640	936
of which an inherent credit loss allowance	410	360	369

¹ Related to the adoption of SFAS 159.

As of December 31, 2008 and 2007, the Bank did not have any material commitments to lend additional funds to debtors whose loan terms have been modified in troubled debt restructurings.

in / end of	2008	2007	2006
Additional loan information (CHF million)			
Average balance of impaired loans	2,130	1,480	2,014
Interest income recognized	11	18	23
Interest income recognized on a cash basis	11	18	35
Net gains/(losses) on the sale of loans	(269)	(638)	31
Total non-performing and non-interest-earning loans	1,599	1,037	1,373

17 Premises and equipment

end of	2008	2007
Premises and equipment (CHF million)		
Buildings and improvements	3,365	3,337
Land	708	781
Leasehold improvements	1,852	1,746
Software	2,584	2,228
Equipment	2,942	2,904
Premises and equipment	11,451	10,996
Accumulated depreciation	(5,662)	(5,406)
Total premises and equipment, net	5,789	5,590

The carrying value of the Bank's premises and equipment is tested for impairment on a regular basis. This revaluation process identifies premises and equipment to be written down to their fair values, establishing a new cost base. In 2008, CHF 100 million of impairment charges, including CHF 92

million on software, were recorded. The impairment charges were primarily in connection with the accelerated implementation of the Bank's strategic plan. No significant impairment charges were recorded in 2007 and 2006.

18 Goodwill

	Private Banking	Investment Banking	Asset Manage- ment	Credit Suisse (Bank)
2008 (CHF million)				
Balance at beginning of period	564	6,744	2,438	9,746
Goodwill acquired during the year	1	15	76	92
Discontinued operations	0	0	(577)	(577)
Impairment	0	(82)	0	(82)
Other	(210)	(426)	(348)	(984)
Balance at end of period	355	6,251	1,589	8,195
2007 (CHF million)				
Balance at beginning of period	382	7,088	2,419	9,889
Goodwill acquired during the year	206	157	197	560
Other	(24)	(501)	(178)	(703)
Balance at end of period	564	6,744	2,438	9,746

For further information, refer to Note 19 – Goodwill in V – Consolidated financial statements – Credit Suisse Group.

19 Other intangible assets

end of	2008			2007		
	Gross carrying amount	Accumu- lated amorti- zation	Net carrying amount	Gross carrying amount	Accumu- lated amorti- zation	Net carrying amount
Other intangible assets (CHF million)						
Tradenames/trademarks	29	(22)	7	31	(23)	8
Client relationships	514	(264)	250	357	(226)	131
Other	103	(103)	0	110	(109)	1
Total amortizing other intangible assets	646	(389)	257	498	(358)	140
Non-amortizing other intangible assets	155	–	155	281	–	281
Total other intangible assets	801	(389)	412	779	(358)	421

The aggregate amortization expenses for 2008, 2007 and 2006 were CHF 58 million, CHF 28 million and CHF 43 million, respectively. As part of the ongoing assessment related to other intangible assets, the Bank determined that the carrying amount of certain other intangible assets exceeded the expected future cash flows. As such, the Bank recorded an

impairment charge of CHF 50 million in 2008, primarily on client relationships in Asset Management. For further information, refer to Note 20 – Other intangible assets in V – Consolidated financial statements – Credit Suisse Group.

Estimated amortization expenses (CHF million)

2009	38
2010	30
2011	28
2012	27
2013	26

20 Life settlement contracts

2008	within 1 year	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	Thereafter	Total
Fair value method							
Number of contracts	350	322	899	387	766	5,946	8,670
Carrying value, in CHF million	18	16	42	22	54	1,452	1,604
Face value, in CHF million	19	16	48	30	85	6,702	6,900
Investment method							
Number of contracts	-	-	-	-	-	4	4
Carrying value, in CHF million	-	-	-	-	-	50	50
Face value, in CHF million	-	-	-	-	-	76	76
2007							
Fair value method							
Number of contracts	178	332	259	268	378	4,919	6,334
Carrying value, in CHF million	10	21	15	16	26	1,113	1,201
Face value, in CHF million	11	22	15	17	38	4,926	5,029
Investment method							
Number of contracts	-	-	-	-	-	4	4
Carrying value, in CHF million	-	-	-	-	-	52	52
Face value, in CHF million	-	-	-	-	-	81	81

For further information, refer to Note 21 – Life settlement contracts in V – Consolidated financial statements – Credit Suisse Group.

21 Other assets and other liabilities

end of	2008	2007
Other assets (CHF million)		
Cash collateral on derivative instruments	16,994	18,766
Cash collateral on non-derivative transactions	3,152	0
Derivative instruments used for hedging	3,326	1,039
Assets held-for-sale	23,329	48,206
of which loans	23,166	47,975
of which real estate	163	231
Interest and fees receivable	7,430	10,700
Deferred tax assets	10,415	5,728
Prepaid expenses	524	521
Failed purchases	2,045	0
Other	17,993	18,119
Other assets	85,208	103,079
Other liabilities (CHF million)		
Cash collateral on derivative instruments	27,739	48,968
Cash collateral on non-derivative transactions	1,333	0
Derivative instruments used for hedging	274	73
Provisions ¹	1,709	2,219
of which off-balance sheet risk	483	266
Interest and fees payable	9,468	11,737
Current tax liabilities	1,812	3,083
Deferred tax liabilities	584	537
Failed sales	9,251	10,627
Other	30,919	29,286
Other liabilities	83,089	106,530

¹ Includes provision for bridge commitments.

For further information, refer to Note 22 – Other assets and other liabilities in V – Consolidated financial statements – Credit Suisse Group.

22 Deposits

end of	2008			2007		
	Switzer-land	Foreign	Total	Switzer-land	Foreign	Total
Deposits (CHF million)						
Non-interest-bearing demand deposits	5,047	1,508	6,555	7,385	1,581	8,966
Interest-bearing demand deposits	52,949	22,263	75,212	45,957	29,919	75,876
Savings deposits	34,754	38	34,792	32,943	38	32,981
Time deposits	41,732	183,667	225,399	63,970	232,784	296,754
Total deposits	134,482	207,476	341,958	150,255	264,322	414,577
of which due to banks	–	–	74,948	–	–	106,979
of which customer deposits	–	–	267,010	–	–	307,598

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

As of December 31, 2008 and 2007, CHF 174 million and CHF 126 million, respectively, of overdrawn deposits were reclassified as loans. As of December 31, 2008 and 2007, the Bank had CHF 222.7 billion and CHF 294.5 billion,

respectively, of individual time deposits issued in Switzerland and in foreign offices in the Swiss franc equivalent amounts of USD 100,000 or more.

23 Long-term debt

end of	2008		2007	
Long-term debt (CHF million)				
Senior		121,858		138,237
Subordinated		26,692		19,045
Long-term debt		148,550		157,282
of which reported at fair value		76,069		107,290

end of	2009	2010	2011	2012	2013	Thereafter	Total
Long-term debt (CHF million)							
Senior debt							
Fixed rate	4,338	5,586	8,491	3,774	12,488	13,869	48,546
Variable rate	19,536	15,504	11,829	9,588	5,002	11,853	73,312
Interest rates (range in %) ¹	0.2-4.8	1.1-6.0	0-6.1	1.5-11.5	1.8-8.5	1.9-8.8	–
Subordinated debt							
Fixed rate	1,860	1,504	1,198	273	1,231	19,633	25,699
Variable rate	281	–	–	–	–	712	993
Interest rates (range in %) ¹	4.0-8.3	2.2-8.3	4.3-6.9	3.2-7.8	6.6	1.8-11.0	–
Total long-term debt	26,015	22,594	21,518	13,635	18,721	46,067	148,550
of which structured notes	12,258	10,074	7,585	5,274	3,512	9,503	48,206

¹ Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

For further information, refer to Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group.

24 Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Minimum pension liability adjustment	Actuarial gains/ (losses)	Net prior service cost	Accumulated other comprehensive income
2008 (CHF million)							
Balance at beginning of period	7	(3,979)	125	–	(450)	7	(4,290)
Increase/(decrease)	(14)	(3,294)	(63)	–	(127)	0	(3,498)
Reclassification adjustments, included in net income	0	0	9	–	32	(1)	40
Adoption of SFAS 158, net of tax	0	0	0	–	7	0	7
Balance at end of period	(7)	(7,273)	71	–	(538)	6	(7,741)
2007 (CHF million)							
Balance at beginning of period	(1)	(2,811)	106	–	(754)	9	(3,451)
Increase/(decrease)	6	(1,168)	19	–	248	0	(895)
Reclassification adjustments, included in net income	(4)	0	(4)	–	56	(2)	46
Adoption of SFAS 159, net of tax	6	0	4	–	0	0	10
Balance at end of period	7	(3,979)	125	–	(450)	7	(4,290)
2006 (CHF million)							
Balance at beginning of period	35	(2,082)	55	(540)	–	–	(2,532)
Increase/(decrease)	(33)	(728)	70	101	–	–	(590)
Reclassification adjustments, included in net income	(3)	(1)	(19)	0	–	–	(23)
Adoption of SFAS 158, net of tax	0	0	0	439	(754)	9	(306)
Balance at end of period	(1)	(2,811)	106	0	(754)	9	(3,451)

For income tax expense/(benefit) on the movements of accumulated other comprehensive income, refer to Note 25 – Tax and Note 28 – Pension and other post-retirement benefits.

25 Tax

Income from continuing operations before taxes in Switzerland and foreign countries

in	2008	2007	2006
Income from continuing operations before taxes (CHF million)			
Switzerland	4,695	3,205	3,152
Foreign	(20,534)	8,960	9,668
Income/(loss) from continuing operations before taxes, minority interests and extraordinary items	(15,839)	12,165	12,820

Details of current and deferred taxes

in	2008	2007	2006
Current and deferred taxes (CHF million)			
Switzerland	7	578	570
Foreign	204	1,459	987
Current income tax expense/(benefit)	211	2,037	1,557
Switzerland	(277)	128	76
Foreign	(4,856)	(1,321)	508
Deferred income tax expense/(benefit)	(5,133)	(1,193)	584
Income tax expense/(benefit)	(4,922)	844	2,141
Income tax expense/(benefit) on discontinued operations	21	2	(4)
Income tax expense/(benefit) reported in shareholder's equity related to:			
Gains/(losses) on cash flow hedges	1	0	(4)
Cumulative translation adjustment	(132)	(97)	(56)
Unrealized gains/(losses) on securities	(41)	7	23
Minimum pension liability adjustment	–	–	67
Actuarial gains/(losses)	(71)	124	(159)
Net prior service cost/(credit)	(1)	0	5
Dividends	(15)	(5)	0
Cumulative effect of accounting changes	0	(265)	(3)
Share-based compensation and treasury shares	89	(56)	(259)

Reconciliation of taxes computed at the Swiss statutory rate

in	2008	2007	2006
Reconciliation of taxes computed at the Swiss statutory rate (CHF million)			
Income tax expense/(benefit) computed at the statutory tax rate of 22%	(3,485)	2,676	2,820
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	(2,870)	(337)	347
Non-deductible amortization of other intangible assets and goodwill impairment	29	8	59
Other non-deductible expenses	257	373	312
Additional taxable income	171	288	317
Lower taxed income ¹	(1,645)	(1,106)	(733)
Income taxable to minority interests	1,000	(1,050)	(783)
Changes in tax law and rates	2	31	3
Changes in deferred tax valuation allowance ²	1,707	692	(35)
Other ³	(88)	(731)	(166)
Income tax expense/(benefit)	(4,922)	844	2,141

¹ Included in 2008 there was a tax benefit of CHF 588 million in respect of the Swiss tax effect of the valuation reduction in the investment in subsidiaries. 2008 also included a tax benefit of CHF 290 million in respect of the reversal of the deferred tax liability recorded to cover estimated recapture of loss deductions arising from foreign branches of the Bank. ² In 2008, 2007 and 2006 there was a tax benefit of CHF 125 million, CHF 39 million and CHF 115 million, respectively, resulting from the release of valuation allowance on deferred tax assets on net tax loss carry-forwards, offset by additions. ³ Included in 2008 is CHF 467 million foreign exchange translation loss relating to deferred tax assets recorded in UK entities under enacted UK tax law and denominated in British pounds, which differs from the functional currency of the reporting entities. Included in 2008 and 2006 is an amount of CHF 163 million and CHF 109 million, respectively, relating to the release of tax contingency accruals following the favorable resolution of tax matters. 2008 and 2007 included a charge of CHF 25 million and CHF 11 million, respectively, relating to the reversal of deferred tax assets on net operating loss carry-forwards, which was offset by an equivalent release of valuation allowance on deferred tax assets on net operating loss carry-forwards. Included in 2007 is a CHF 512 million benefit related to previously unrecognized deferred tax assets due to changes in the assessment of certain US state and local tax positions.

As of December 31, 2008, the Bank had accumulated undistributed earnings from foreign subsidiaries of CHF 6.0 billion. No deferred tax was recorded in respect of those amounts as

these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Details of the tax effect of temporary differences

end of	2008	2007
Tax effect of temporary differences (CHF million)		
Compensation and benefits	2,415	2,309
Loans	1,583	780
Investment securities	29	29
Provisions	836	523
Derivatives	455	121
Real estate	135	62
Net operating loss carry-forwards	9,598	3,669
Other	88	159
Gross deferred tax assets before valuation allowance	15,139	7,652
Less valuation allowance	(2,922)	(1,378)
Gross deferred tax assets net of valuation allowance	12,217	6,274
Compensation and benefits	(46)	(119)
Loans	(9)	(13)
Investment securities	(1,262)	(272)
Business combinations	(433)	(361)
Derivatives	(447)	(109)
Leasing	(79)	(92)
Real estate	(61)	(61)
Other	(49)	(56)
Gross deferred tax liabilities	(2,386)	(1,083)
Net deferred tax assets	9,831	5,191

The most significant net deferred tax assets arise in the US and UK and these increased from CHF 5,009 million as of the end of 2007 to CHF 9,328 million, net of a valuation allowance of CHF 1,674 million in respect of the deferred tax assets held in a US entity, as of the end of 2008. During

2008, CHF 467 million foreign exchange translation losses arose on deferred tax assets on tax loss carry forwards recorded in UK entities. Under enacted UK tax law, tax loss carry-forwards are denominated in British pounds, which differs from the functional currency of the reporting entities.

Amounts and expiration dates of net operating loss carry-forwards

end of 2008	Total
Net operating loss carry-forwards (CHF million)	
Due to expire within 1 year	52
Due to expire within 2 to 5 years	388
Due to expire within 6 to 10 years	7,233
Due to expire within 11 to 20 years	14,097
Amount due to expire	21,770
Amount not due to expire	11,050
Total net operating loss carry-forwards	32,820

Movements in the valuation allowance

in	2008	2007	2006
Movements in the valuation allowance (CHF million)			
Balance at beginning of period	1,378	721	891
Discontinued operations	(13)	0	0
Net changes	1,557	657	(170)
Balance at end of period	2,922	1,378	721

Tax benefits associated with share-based compensation

Tax benefits associated with share-based compensation recorded in the consolidated statements of operations were CHF 936 million, CHF 819 million and CHF 513 million in 2008, 2007 and 2006, respectively. For further information on share-based compensation, refer to Note 26 – Employee share-based compensation and other compensation benefits.

The Bank incurred a shortfall tax charge of CHF 93 million in 2008 and realized windfall tax benefits of CHF 73 million and CHF 252 million in 2007 and 2006, respectively, upon settlement of share-based compensation. In 2008 and 2007, CHF 16 million and CHF 13 million, respectively, of tax benefits were recognized in respect of tax on dividend equivalent payments, in accordance with EITF 06-11, which was early adopted by the Bank. However, windfall deductions and dividend equivalents aggregating CHF 1.6 billion and CHF 1.4 billion for 2008 and 2007 did not result in a reduction of

income taxes payable because certain entities are in a net operating loss position. When the income tax benefit of these deductions is realized, an estimated CHF 606 million tax benefit will be recorded in additional paid-in capital.

FIN 48

The Bank adopted the provisions of FIN 48 on January 1, 2007. As a result of applying FIN 48, an increase in the liability for unrecognized tax benefits of approximately CHF 13 million was recognized as a reduction to the January 1, 2007 balance of retained earnings.

Interest and penalties are reported as tax expense. The amount of interest and penalties recognized in the consolidated statements of operations was zero and CHF 29 million for 2008 and 2007, respectively, and the amount of interest and penalties recognized in the consolidated balance sheets was CHF 246 million and CHF 340 million, respectively.

Reconciliation of the beginning and ending amount of gross unrecognized tax benefits

	2008	2007
Movements in gross unrecognized tax benefits (CHF million)		
Balance at beginning of period	1,350	1,475
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	51	180
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(206)	(255)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	81	233
Decreases in unrecognized tax benefits relating to settlements with tax authorities	(19)	(130)
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(12)	(32)
Other (including foreign currency translation)	(109)	(121)
Balance at end of period	1,136	1,350

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was CHF 1,186 million and CHF 1,058 million on December 31, 2007 and December 31, 2008, respectively.

It is reasonably possible that there will be a decrease of between zero and CHF 145 million in unrecognized tax benefits within 12 months of the reporting date.

The Bank remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Japan – 2005; Switzerland – 2004; the US – 1999; and the UK – 1997.

For further information, refer to Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group.

26 Employee share-based compensation and other compensation benefits

Total compensation expense for share-based compensation and other awards recognized in compensation and benefits in the consolidated statements of operations was CHF 3,475 million (includes CHF 450 million of PAF), CHF 2,564 million and CHF 1,597 million for 2008, 2007 and 2006, respectively. As of December 31, 2008, the total estimated unrecognized compensation expense of CHF 2,505 million related to non-vested share-based compensation and other compensation benefits will be recognized over the remaining weighted-average requisite service period of 1.3 years.

The Group generally repurchases its own shares in the open market to satisfy obligations in connection with share-based compensation but it can also issue new shares out of available conditional capital. For 2008, 2007 and 2006, the

Bank delivered approximately 17.2 million, 22.1 million and 19.5 million Group shares, respectively, to employees.

Share-based compensation

For further information, refer to Note 27 – Employee share-based compensation and other compensation benefits in V – Consolidated financial statements – Credit Suisse Group.

Fair value assumptions for share-based compensation

The following table illustrates the significant assumptions used to estimate the fair value of ISUs, PIP awards, share awards and share options based on the annual variable compensation process.

Significant fair value assumptions

end of	2008	2007	2006
Significant assumptions			
Expected volatility, in %	32.04	22.95	24.80
Expected dividend yield, in %	5.46	2.41	3.24
Expected risk-free interest rate, in %	2.45	2.63	2.36
Expected term, in years	3	3	5

Incentive Share Unit

On January 22, 2008 and January 23, 2007, the Bank granted 45.7 million and 26.2 million ISUs, respectively.

The compensation expense recognized in 2008 and 2007 related to ISUs was CHF 2,329 million and CHF 1,128 million, respectively. The estimated unrecognized compensation expense related to these awards as of December 31, 2008 was CHF 1,831 million and will be recognized over the term of the award, subject to early retirement rules.

On January 21, 2009, the Bank granted 25.9 million ISUs. The recognition of accounting expense for the ISUs granted on January 21, 2009 began in 2009 and thus had no impact on the 2008 consolidated financial statements. The estimated unrecognized compensation expense of CHF 794 million will be recognized over a period of three years, subject to early retirement rules.

Incentive Share Unit activities

	2008	2007
	ISU	ISU
Number of awards (million)		
Balance at beginning of period	25.4	–
Granted	46.5	27.2
Settled	(9.9)	(0.4)
Forfeited	(2.7)	(1.4)
Balance at end of period	59.3	25.4
of which vested	1.4	0.0
of which unvested	57.9	25.4

Performance Incentive Plan

The compensation expense recognized in 2008, 2007 and 2006 related to PIP I and PIP II was CHF 111 million, CHF 432 million and CHF 450 million, respectively. The estimated unrecognized compensation expense related to PIP I and PIP

II as of December 31, 2008 was CHF 50 million and the majority thereof will be recognized over a period of two years. None of the PIP units were due for settlement as of December 31, 2008.

Performance Incentive Plan activities

	2008		2007		2006	
	PIP II	PIP I	PIP II	PIP I	PIP II	PIP I
Number of awards (million)						
Balance at beginning of period	6.2	11.9	5.9	12.0	–	12.2
Granted	0.1	0.0	0.4	0.0	6.1	0.0
Settled	0.0	0.0	0.0	0.0	0.0	0.0
Forfeited	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Balance at end of period	6.1	11.8	6.2	11.9	5.9	12.0
of which vested	3.1	7.9	1.5	5.2	0.0	2.6
of which unvested	3.0	3.9	4.7	6.7	5.9	9.4

Share awards

The compensation expense recognized in 2008, 2007 and 2006 related to shares awarded under phantom share, LPA and special awards was CHF 585 million, CHF 1,004 million

and CHF 1,147 million, respectively. The estimated unrecognized compensation expense related to these awards as of December 31, 2008 was CHF 398 million and the majority thereof will be recognized over a period of five years.

Share award activities

	2008		2007		2006	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
Share award activities						
Balance at beginning of period	28.5	65.13	50.7	60.70	46.5	47.73
Granted	8.4	46.93	4.3	81.49	26.2	72.51
Settled	(14.9)	61.66	(24.2)	59.03	(18.8)	45.98
Forfeited	(1.5)	82.82	(2.3)	62.66	(3.2)	55.62
Balance at end of period	20.5	58.90	28.5	65.13	50.7	60.70
of which vested	0.2	–	0.3	–	2.7	–
of which unvested	20.3	–	28.2	–	48.0	–

Share options

There were no options granted during 2008 or 2007. The weighted-average fair value of options granted during 2006 was CHF 12.12. As of December 31, 2008, the aggregate intrinsic value of options outstanding and exercisable was zero and the weighted-average remaining contractual term was 2.6 years. As of the exercise date, the total intrinsic value of options exercised during 2008, 2007 and 2006 was CHF 7 million, CHF 302 million and CHF 232 million, respectively.

Cash received from option exercises during 2008, 2007 and 2006 was CHF 17 million, CHF 336 million and CHF 327 million, respectively.

As of December 31, 2008, there were 1.6 million fully vested and exercisable options outstanding containing a cash settlement feature. These options had a weighted-average exercise price of CHF 68.10 and a weighted-average remaining contractual term of 0.8 years. During 2008, there was no material movement of options with a cash settlement feature.

Share option activities

	2008		2007		2006	
	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF
Share options						
Balance at beginning of period	37.2	61.07	45.6	59.01	53.9	56.84
Granted	–	–	–	–	0.1	71.60
Exercised	(0.5)	38.00	(7.2)	47.45	(7.3)	44.56
Settled	0.0	0.00	(0.3)	61.49	(0.4)	59.49
Forfeited	0.0	0.00	(0.7)	75.31	(0.6)	51.55
Expired	(0.1)	42.00	(0.2)	35.52	(0.1)	17.65
Balance at end of period	36.6	61.41	37.2	61.07	45.6	59.01
Exercisable at end of period	35.6	60.83	36.1	60.43	41.2	59.58

Other compensation benefits

Partner Asset Facility

On January 21, 2009, the Bank granted PAF awards to employees with a total notional value of CHF 676 million. Total

compensation expense recognized in 2008 related to PAF was CHF 450 million. The estimated unrecognized compensation expense as of December 31, 2008 of CHF 226 million will be recognized during 2009.

Cash Retention Awards

The recognition of compensation expense for the CRA granted in January 2009 began in 2009 and thus had no impact on the

2008 consolidated financial statements. The estimated unrecognized compensation expenses of CHF 1,567 million will be recognized over a period of two years.

27 Related parties

The Group owns all of the Bank's outstanding voting registered shares. The Bank is involved in significant financing and other transactions with subsidiaries and affiliates of the Group. The Bank generally enters into these transactions in the ordinary course of business and believes that these transactions

are generally on market terms that could be obtained from unrelated third parties.

For further information, refer to Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group.

Related party assets and liabilities

end of	2008	2007
Assets (CHF million)		
Cash and due from banks	1,668	2,815
Interest-bearing deposits with banks	1,930	2,348
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	504	498
Securities received as collateral	370	542
Trading assets	238	141
Net loans	10,681	8,609
Other assets	115	177
Total assets	15,506	15,130
Liabilities (CHF million)		
Due to banks/customer deposits	19,273	18,696
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	600	100
Obligation to return securities received as collateral	370	542
Trading liabilities	443	296
Long-term debt	9,017	10,028
Other liabilities	670	542
Total liabilities	30,373	30,204

Related party revenues and expenses

in	2008	2007	2006
Revenues (CHF million)			
Interest and dividend income	501	444	295
Interest expense	(1,177)	(1,277)	(753)
Net interest income	(676)	(833)	(458)
Commissions and fees	(11)	(5)	(4)
Other revenues	264	246	238
Net revenues	(423)	(592)	(224)
Expenses (CHF million)			
Total operating expenses	19	(226)	(486)

Related party guarantees

end of	2008	2007
Guarantees (CHF million)		
Credit guarantees and similar instruments	64	62
Performance guarantees and similar instruments	0	1
Derivatives	33	376
Other guarantees	70	59
Total guarantees	167	498

Loans to members of the Board and the Executive Board

in	2008	2007	2006
Loans to members of the Board (CHF million) ¹			
Balance at beginning of period	15	22	17
Additions	1	0	5
Reductions	(2)	(7)	0
Balance at end of period	14	15	22
Loans to members of the Executive Board (CHF million) ²			
Balance at beginning of period	22	22	12
Additions	11	3	12
Reductions	(9)	(3)	(2)
Balance at end of period	24	22	22

¹ The number of individuals at the beginning and end of the year was five. ² The number of individuals at the beginning and end of the year was eight and seven, respectively.

Liabilities due to own pension funds

Liabilities due to the Bank's own pension funds as of December 31, 2008 and 2007 of CHF 1,229 million and CHF 678 million, respectively, are reflected in various liability accounts in the Bank's consolidated balance sheets.

28 Pension and other post-retirement benefits

Pension plans

The Bank participates in a defined benefit pension plan sponsored by the Group and has single-employer defined benefit pension plans, defined contribution pension plans and other post-retirement defined benefit plans. The Bank's principal plans are located in Switzerland, the US and the UK. In 2008, the Bank changed the measurement date used to perform the actuarial valuation from September 30 to December 31.

Group pension plan

The Bank covers pension requirements for its employees in Switzerland through the participation in a defined benefit pension plan sponsored by the Group (Group plan). Various legal entities within the Group participate in the plan, which is set up as an independent trust domiciled in Zurich. The Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic pension expense, the PBO and the ABO. The Bank accounts for the defined benefit pension plan sponsored by the Group as a Group pension plan because other legal entities within the Group also participate in the plan and the assets contributed by the Bank are not segregated into a separate account or restricted to provide benefits only to employees of the Bank. The assets contributed by the Bank are commingled with the assets contributed by the other legal entities of the Group and can be used to provide benefits to any employee of any participating legal entity. The Bank's contributions to the Group plan comprise approximately 90% of the total assets contributed to the Group plan by all participating legal entities on an annual basis.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expenses or balance sheet amounts related to the Group plan were recognized by the Bank. The Bank's contributions are determined using a predetermined formula based on each employee's salary level and age and approximates 167% of each employee's contribution.

During 2008, 2007 and 2006, the Bank contributed and recognized as expense approximately CHF 579 million, CHF 333 million and CHF 285 million, respectively. The Bank expects to contribute CHF 387 million to the Group plan during 2009. If the Bank had accounted for the Group plan as a single-employer defined benefit plan, the net periodic pension

expense recognized by the Bank during 2008, 2007 and 2006 would have been lower by CHF 477 million, CHF 186 million and CHF 150 million, respectively, and the Bank would have recognized CHF 35 million, CHF 74 million and CHF 69 million, respectively, as amortization of actuarial losses and prior service cost for the Group plan.

As of the measurement date, the ABO of the Group plan was CHF 11.2 billion, the PBO was CHF 12.4 billion and the fair value of plan assets was CHF 11.5 billion. As of December 31, 2008, the Group plan was overfunded on an ABO basis by CHF 283 million and underfunded on a PBO basis by CHF 948 million. If the Bank had accounted for the Group plan as a defined benefit pension plan, the Bank would have had to recognize the funded status of the Group plan on a PBO basis of CHF 853 million as of December 31, 2008, as a liability in the consolidated balance sheets, resulting in a decrease in AOCI within total shareholder's equity.

The calculation of the expense and liability associated with the defined benefit pension plan requires an extensive use of assumptions, which include the expected long-term rate of return on plan assets and discount rate as determined by the Group. If the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return on plan assets used in the net periodic pension costs for 2008 would have been 5.0% and the discount rate used in the measurement of the benefit obligation as of December 31, 2008 and the net periodic pension cost for 2008 would have been 3.9% and 4.0%, respectively.

International pension plans

Various pension plans cover the Bank's employees outside of Switzerland, including both single-employer defined benefit and defined contribution pension plans. Retirement benefits under the plans depend on age, contributions and salary. The Bank's funding policy with respect to these plans is consistent with local government and tax requirements. The assumptions used are derived based on local economic conditions. These plans provide defined benefits in the event of retirement, death, disability or employment termination.

Other post-retirement defined benefit plans

In the US, the Bank sponsors post-retirement defined benefit plans, that provide health and welfare benefits for certain retired employees. In exchange for the current services provided by the employee, the Bank promises to provide health benefits after the employee retires. The Bank's obligation for

that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

Pension costs

The net periodic pension cost for defined benefit pension and other post-retirement defined benefit plans is the cost of the

respective plan for a period during which an employee renders services. The actual amount to be recognized is determined using an actuarial formula which considers, among others, current service cost, interest cost, expected return on plan assets and the amortization of both prior service costs and actuarial gains or losses recognized in AOCI.

Components of total pension costs

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans		
	2008	2007	2006	2008	2007	2006
Total pension costs (CHF million)						
Service costs on benefit obligation	44	46	51	1	1	2
Interest costs on benefit obligation	139	149	129	8	9	9
Expected return on plan assets	(170)	(158)	(139)	–	–	–
Amortization of recognized transition obligation/(asset)	–	–	(1)	–	–	–
Amortization of recognized prior service cost	1	1	1	(2)	(3)	–
Amortization of recognized actuarial (gains)/losses	39	75	71	9	11	9
Net periodic pension costs	53	113	112	16	18	20
Settlement (gains)/losses	–	–	(5)	–	–	–
Curtailement (gains)/losses	–	–	(9)	–	–	–
Total pension costs	53	113	98	16	18	20

Total pension costs reflected in compensation and benefits – other in the consolidated statements of operations for 2008, 2007 and 2006 were CHF 69 million, CHF 131 million and CHF 118 million, respectively.

Benefit obligation

As of December 31, 2008, the Bank adopted the measurement date provisions of SFAS 158, which requires the Bank to measure the plan assets and the benefit obligations as of the date of the employer's fiscal year-end statement of financial position. For further information on SFAS 158, refer to Note 2 – Recently issued accounting standards.

The following table shows the changes in the PBO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the international single-employer

defined benefit pension plans and other post-retirement defined benefit plans and as well as the ABO for the defined benefit pension plans.

Obligations and funded status of the plans

	International single-employer defined benefit pension plans		Other post-retirement defined benefit plans	
in	2008	2007	2008	2007
PBO (CHF million)¹				
Beginning of the measurement period	2,580	2,894	145	137
Service cost	44	46	1	1
Interest cost	139	149	8	9
Change in measurement date (SFAS158)	40	–	2	–
Curtailments	(8)	–	(1)	–
Actuarial (gains)/losses	(188)	(255)	(2)	15
Benefit payments	(85)	(63)	(10)	(7)
Exchange rate (gains)/losses	(569)	(191)	(9)	(10)
End of the measurement period	1,953	2,580	134	145
Fair value of plan assets (CHF million)				
Beginning of the measurement period	2,549	2,163	–	–
Actual return on plan assets	(244)	260	–	–
Employer contributions	185	366	10	7
Change in measurement date (SFAS 158)	36	–	–	–
Benefit payments	(85)	(63)	(10)	(7)
Exchange rate gains/(losses)	(626)	(177)	–	–
End of the measurement period	1,815	2,549	–	–
Total amount recognized (CHF million)				
Funded status of the plan – over/(underfunded)	(138)	(31)	(134)	(145)
Fourth quarter employer contributions	–	6	–	2
Total amount recognized in the consolidated balance sheet at December 31	(138)	(25)	(134)	(143)
Total amount recognized (CHF million)				
Noncurrent assets	201	162	–	–
Current liabilities	(9)	(8)	(8)	(7)
Noncurrent liabilities	(330)	(179)	(126)	(136)
Total amount recognized in the consolidated balance sheet at December 31	(138)	(25)	(134)	(143)
ABO (CHF million)²				
End of the measurement period	1,891	2,463	–	–

The rollforward reports 15 months and 12 months for 2008 and 2007, respectively.

¹ Including estimated future salary increase. ² Exclusive of estimated future salary increases.

On December 4, 2008, the Group announced the accelerated implementation of its strategic plan and, as part of this plan, a headcount reduction. This resulted in a curtailment impact which reflected the reduction in the benefit obligation for the years of service no longer expected to be rendered. The curtailment related to the UK and US plans.

The total net amount recognized in other assets and other liabilities – other in the consolidated balance sheets as of December 31, 2008 and 2007 was an underfunding of CHF 272 million and CHF 168 million, respectively.

In 2008, the Bank made contributions of approximately CHF 179 million to the international single-employer defined

benefit pension plans, including approximately CHF 140 million as a special contribution to the UK defined benefit plan. In 2009, the Bank expects to contribute CHF 29 million to the international single-employer defined benefit pension plans and CHF 7 million to other post-retirement defined benefit plans.

PBO and ABO in excess of plan assets

The following table discloses the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2008 and September 30, 2007, respectively. The significant increase from 2007 to 2008 primarily relates to the underfunded US pension plans as of the measurement date on December 31, 2008.

Defined benefit pension plans where PBO and ABO are in excess of plan assets

Measurement date	PBO exceeds fair value of plan assets ¹		ABO exceeds fair value of plan assets ¹	
	2008	2007	2008	2007
CHF million				
PBO	1,061	287	1,024	179
ABO	1,024	249	997	168
Fair value of plan assets	722	96	686	3

¹ Includes only those defined benefit pension plans where the PBO/ABO exceeded the fair value of plan assets.

Amount recognized in AOCI and other comprehensive income

The following table discloses the actuarial gains/(losses) and prior service costs which were recorded in AOCI and subsequently recognized as components of net periodic pension cost.

Amounts recognized in AOCI, net of tax

in	International single-employer defined benefit pension plans		Other post-retirement defined benefit plans		Total	
	2008	2007	2008	2007	2008	2007
Amounts recognized in AOCI (CHF million)						
Actuarial gains/(losses)	(501)	(404)	(37)	(46)	(538)	(450)
Prior service cost	(2)	(3)	8	10	6	7
Total	(503)	(407)	(29)	(36)	(532)	(443)

The following tables disclose the changes in other comprehensive income due to actuarial gains/(losses) and prior service costs recognized in AOCI during 2008 and 2007 and the amortization of the aforementioned items as components of net periodic pension cost for these periods.

Amounts recognized in other comprehensive income

in 2008	International single-employer defined benefit pension plans			Other post- retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
Amounts recognized in other comprehensive income (CHF million)							
Actuarial gains/(losses)	(226)	92	(134)	2	(1)	1	(133)
Amortization of actuarial gains/(losses)	39	(13)	26	9	(3)	6	32
Amortization of prior service cost	1	(1)	0	(2)	1	(1)	(1)
Immediate recognition due to curtailment	8	(3)	5	1	0	1	6
Total	(178)	75	(103)	10	(3)	7	(96)

in 2007	International single-employer defined benefit pension plans			Other post- retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
Amounts recognized in other comprehensive income (CHF million)							
Actuarial gains/(losses)	357	(103)	254	(15)	9	(6)	248
Amortization of actuarial gains/(losses)	75	(25)	50	11	(5)	6	56
Amortization of prior service cost	1	(1)	0	(3)	1	(2)	(2)
Total	433	(129)	304	(7)	5	(2)	302

Amounts in AOCI, net of tax, expected to be amortized in 2009

in 2009	International single- employer defined benefit pension plans		Other post- retirement defined benefit plans	
	CHF million			
Amortization of actuarial (gains)/losses			10	4
Amortization of prior service cost			0	(1)
Total			10	3

Assumptions

Weighted-average assumptions used to determine net periodic pension cost and benefit obligation

	International single- employer defined benefit pension plans		Other post- retirement defined benefit plans	
Measurement date	2008	2007	2008	2007
Net benefit pension cost (%)				
Discount rate	5.9	5.2	6.2	5.8
Salary increases	4.5	4.4	–	–
Expected long-term rate of return on plan assets	7.6	7.3	–	–
Benefit obligation (%)				
Discount rate	6.3	5.9	6.4	6.2
Salary increases	4.0	4.5	–	–

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining other post-retirement defined benefit costs, an annual weighted-average rate of 11% in the cost of covered health care benefits was assumed for both 2008 and 2007. The rate is assumed to decrease gradually to 5% by 2013 and remain at that level thereafter. A 1% increase or decrease in the health care cost trend rate assumption would not have had a material impact on the amount of the accumulated post-retirement defined benefit obligation or expense in 2008 or 2007.

Plan assets and investment strategy

For further information, refer to Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group.

As of December 31, 2008 and September 30, 2007, there were no material amounts of Group debt and equity securities included in plan assets for the international single-employer defined benefit pension plans and other post-retirement defined benefit plans.

The following table shows the asset distribution as of the measurement date calculated based on the fair value at that date including the performance of each asset's category.

Weighted-average asset allocation as of the measurement date

Measurement date	2008	2007
Weighted-average asset allocation (%)		
Equity securities	39.1	58.3
Debt securities	34.7	20.4
Real estate	2.0	3.7
Alternative investments	21.2	14.6
Insurance	2.1	2.5
Liquidity	0.9	0.5
Total	100.0	100.0

The following table shows the expected target asset allocation for 2009 in accordance with the Bank's investment strategy. The target asset allocation is used to determine the expected return on plan's assets to be considered in the net periodic pension costs for 2009.

Weighted-average target asset allocation to be applied prospectively

December 31, 2008 (%)	
Equity securities	51
Debt securities	33
Real estate	0
Alternative investments	14
Insurance	2
Liquidity	0
Total	100

Estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans

	International single- employer defined benefit pension plans	Other post- retirement defined benefit plans
Estimated future benefit payments (CHF million)		
2009	71	8
2010	75	8
2011	77	8
2012	80	9
2013	83	9
Thereafter	456	50

Defined Contribution Pension Plans

The Bank contributes to various defined contribution pension plans primarily in the US and the UK as well as other countries

throughout the world. The Bank's contributions to these plans during 2008, 2007 and 2006 were CHF 249 million, CHF 256 million and CHF 247 million, respectively.

29 Derivatives and hedging activities

Details of fair value, cash flow and net investment hedges

in	2008	2007	2006
Fair value, cash flow and net investment hedges (CHF million)			
Fair value hedges			
Net gain/(loss) on the ineffective portion	68	14	2
Cash flow hedges			
Net gain/(loss) on the ineffective portion	(1)	0	0
Expected reclassification from AOCI into earnings during the next 12 months	(7)	7	0
Net investment hedges			
Net gain/(loss) on hedges included in AOCI	3,029	121	(93)

For further information, refer to Note 30 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group.

Credit derivatives

Credit derivative maximum potential payout by maturity

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
2008 (CHF million)				
Single name instruments	97,483	675,455	164,925	937,863
Multiname instruments	11,578	477,487	151,306	640,371
Total	109,061	1,152,942	316,231	1,578,234

Credit derivative exposure on sold protection

end of 2008	Maximum potential payout	Fair value	Recoveries
Single name instruments (CHF million)			
Investment grade ¹	706,014	(47,541)	688,352
Non-investment grade	231,849	(48,822)	225,008
Total single name instruments	937,863	(96,363)	913,360
of which sovereigns	123,702	(13,274)	121,276
of which non-sovereigns	814,161	(83,089)	792,084
Multiname instruments (CHF million)			
Investment grade ¹	527,971	(49,471)	519,432
Non-investment grade	112,400	(19,225)	109,399
Total multiname instruments	640,371	(68,696)	628,831
of which sovereigns	299	(139)	89
of which non-sovereigns	640,072	(68,557)	628,742

¹ Based on internal ratings BBB and above.

For further information, refer to Note 30 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group.

30 Guarantees and commitments

Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Carrying value	Collateral received
2008 (CHF million)								
Credit guarantees and similar instruments	3,151	1,599	1,285	1,190	7,225	6,043	464	4,013
Performance guarantees and similar instruments	5,859	4,005	1,302	1,043	12,209	10,466	95	3,716
Securities lending indemnifications	28,541	0	0	0	28,541	28,541	0	28,541
Derivatives ²	141,438	47,240	13,988	10,696	213,362	213,362	15,993	– ³
Other guarantees	3,559	413	209	221	4,402	4,322	7	1,888
Total guarantees	182,548	53,257	16,784	13,150	265,739	262,734	16,559	38,158
2007 (CHF million)								
Credit guarantees and similar instruments	3,181	2,007	1,153	2,822	9,163	7,777	223	5,064
Performance guarantees and similar instruments	4,249	3,851	1,338	2,806	12,244	10,494	141	3,469
Securities lending indemnifications	40,006	0	0	0	40,006	40,006	0	40,006
Derivatives	127,332	234,805	522,879	233,832	1,118,848	1,118,848	37,853	– ³
Other guarantees	2,942	322	243	365	3,872	3,838	0	1,564
Total guarantees	177,710	240,985	525,613	239,825	1,184,133	1,180,963	38,217	50,103

¹ Total net amount is computed as the gross amount less any participations. ² Excludes credit derivatives within the scope of SFAS 133 and hybrid instruments that have embedded credit derivatives, as a result of the adoption of FSP FAS 133-1 and FIN 45-4. For further information, refer to Note 2 – Recently issued accounting standards in V – Consolidated financial statements – Credit Suisse Group. ³ Collateral for derivatives accounted for as guarantees is not considered significant.

Lease commitments

Lease commitments (CHF million)	
2009	451
2010	417
2011	376
2012	335
2013	298
Thereafter	1,728
Future operating lease commitments	3,605
Less minimum non-cancellable sublease rentals	578
Total net future minimum lease commitments	3,027

Rental expense for operating leases

in	2008	2007	2006
Rental expense for operating leases (CHF million)			
Minimum rental expense	459	680	673
Sublease rental income	(118)	(142)	(158)
Total net expenses for operating leases	341	538	515

Other commitments

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Collateral received
2008 (CHF million)							
Irrevocable commitments under documentary credits	4,130	21	1	54	4,206	3,515	1,706
Loan commitments	175,075	19,911	23,889	7,502	226,377	220,243	149,121
Forward reverse repurchase agreements	28,139	0	0	0	28,139	28,139	28,139
Other commitments	4,625	516	921	714	6,776	6,776	184
Total other commitments	211,969	20,448	24,811	8,270	265,498	258,673	179,150
2007 (CHF million)							
Irrevocable commitments under documentary credits	5,854	76	19	1	5,950	5,221	2,439
Loan commitments	180,390	14,946	30,742	11,251	237,329	237,077	160,978
Forward reverse repurchase agreements	40,403	0	0	0	40,403	40,403	40,403
Other commitments	2,603	593	465	1,205	4,866	4,866	346
Total other commitments	229,250	15,615	31,226	12,457	288,548	287,567	204,166

¹ Total net amount is computed as the gross amount less any participations.

For further information, refer to Note 31 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group.

31 Transfers of financial assets and variable interest entities

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R)-8. This FSP changed and expanded the disclosure requirements for the Bank's involvement with transfers of financial assets and VIEs for December 31, 2008, but did not require retrospective application of the new disclosure. The disclosures for 2007 and 2006 have not been restated for the new disclosure requirements and therefore are not comparable to the 2008 disclosures.

Transfers of financial assets

Securitizations

For further information, refer to Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group.

The following table provides the gains or losses and proceeds from the transfer of assets relating to the 2008 securitizations of financial assets treated as sales, along with the cash flows between the Bank and the QSPEs/SPEs used in any securitizations in which the Bank still has continuing involvement, regardless of when the securitization occurred. Only those transactions which qualify for sales accounting and subsequent derecognition of the transferred assets under SFAS 140 and in which the Bank has continuing involvement with the entity as of December 31, 2008 are included in the table.

Securitizations

in 2008	QSPE	SPE
Gains/(losses) and cash flows (CHF million)		
CMBS		
Net gain/(loss) ¹	(4)	36
Proceeds from transfer of assets	674	463
Purchases of previously transferred financial assets or its underlying collateral	(173)	0
Servicing fees	2	0
Cash received on interests that continue to be held	273	0
RMBS		
Net gain/(loss) ¹	56	0
Proceeds from transfer of assets	20,998	0
Purchases of previously transferred financial assets or its underlying collateral	(3)	0
Servicing fees	4	0
Cash received on interests that continue to be held	230	1
ABS²		
Cash received on interests that continue to be held	3	19
CDO		
Net gain/(loss) ¹	7	56
Proceeds from transfer of assets	929	683
Cash received on interests that continue to be held	0	44

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the QSPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest revenues on assets prior to securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans. ² Primarily home equity loans.

Securizations (continued)

in	2007	2006
Gains/(losses) and proceeds from transfer of assets (CHF million)		
CMBS		
Net gain/(loss) ¹	527	704
Proceeds from transfer of assets	24,735	30,089
RMBS		
Net gain/(loss) ¹	79	84
Proceeds from transfer of assets	37,562	46,023
ABS ²		
Net gain/(loss) ¹	11	50
Proceeds from transfer of assets	3,844	5,503
CDO		
Net gain/(loss) ¹	60	120
Proceeds from transfer of assets	3,758	10,343

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the QSPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest revenues on assets prior to securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans. ² Primarily home equity loans.

Other structuring and financing activities

The following table provides the gains or losses relating to the 2008 transfers of financial assets treated as sales which were not securitizations, along with the cash flows between the

Bank and the SPEs used in such transfers in which the Bank had continuing involvement as of December 31, 2008 regardless of when the transfer of assets occurred.

Other structuring and financing activities

in 2008	SPE
Gains/(losses) and cash flows (CHF million)	
Other structuring	
Net gain/(loss) ¹	1
Proceeds from transfer of assets	574 ²
Cash received on interests that continue to be held	254
Financing	
Net gain/(loss) ¹	21
Proceeds from transfer of assets	5,489
Cash received on interests that continue to be held	1,061

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the QSPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest revenues on assets prior to structuring or financing activity. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the structuring or financing activity pricing date and the sale price of the loans. ² Includes CHF 38 million relating to QSPEs.

Continuing involvement in transferred financial assets

For further information, refer to Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group.

The following table provides the outstanding principal balance of assets to which the Bank continues to be exposed after the transfer of the financial assets to any QSPE/SPE and the total assets of the QSPE/SPE, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of QSPEs/SPEs resulting from continuing involvement

end of 2008	QSPE	SPE
CHF million		
CMBS		
Principal amount outstanding	57,606 ¹	2,247
Total assets of QSPE/SPE	70,769	2,247
RMBS		
Principal amount outstanding	102,515	1,515
Total assets of QSPE/SPE	102,515	1,515
ABS		
Principal amount outstanding	6,282	1,614
Total assets of QSPE/SPE	6,282	1,614
CDO		
Principal amount outstanding	1,624	36,807 ¹
Total assets of QSPE/SPE	1,624	37,404
Other structuring		
Principal amount outstanding	1,456	6,372 ^{1,2}
Total assets of QSPE/SPE	1,456	8,238 ²
Financing		
Principal amount outstanding	0	16,040
Total assets of QSPE/SPE	0	16,040

¹ Principal amount outstanding relates to assets transferred from the Bank and does not include principle amounts for assets transferred from third parties. ² Includes CHF 39 million relating to fund-linked products.

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of December 31, 2008.

Sensitivity analysis of key economic assumptions used in measuring fair value of beneficial interests held in SPEs as of December 31

end of 2008	CMBS ¹	RMBS	ABS	CDO ² structuring	Other	Financing
CHF million, except where indicated						
Fair value of beneficial interests	1,581	810	32	548	2,424	2,887
of which non-investment grade	44	65	2	40	2,300	1,930
Weighted-average life, in years	2.2	3.5	3.0	9.0	2.5	3.9
Prepayment speed assumption (rate per annum), in % ³	–	0.1-60.4	8.0	5.0-20.0	–	–
Impact on fair value from 10% adverse change	–	(14.3)	(3.8)	(0.4)	–	–
Impact on fair value from 20% adverse change	–	(28.5)	(4.4)	(0.7)	–	–
Cash flow discount rate (rate per annum), in % ⁴	5.1-55.2	2.2-51.8	21.6-50.5	2.7-59.3	0.8-10.4	2.9-7.7
Impact on fair value from 10% adverse change	(27.7)	(19.5)	(4.3)	(3.3)	(7.9)	(6.2)
Impact on fair value from 20% adverse change	(54.8)	(38.9)	(5.2)	(6.6)	(15.2)	(12.5)
Expected credit losses (rate per annum), in %	2.8-52.3	2.9-46.1	4.5	4.6-56.7	4.6-15.8	–
Impact on fair value from 10% adverse change	(25.3)	(15.5)	(4.0)	(2.2)	(17.1)	–
Impact on fair value from 20% adverse change	(50.0)	(30.9)	(4.2)	(4.2)	(26.9)	–

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances. ² CDOs are generally structured to be protected from prepayment risk. ³ PSA is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the CPR assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR. ⁴ The rate is based on the weighted-average yield on the beneficial interests.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment under SFAS 140 was not achieved.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

end of 2008	
CHF million	
RMBS	
Other assets	768
Liability to SPE, included in Other liabilities	(768)
ABS	
Trading assets	19
Other assets	520
Liability to SPE, included in Other liabilities	(539)
CDO	
Trading assets	139
Other assets	1,868
Liability to SPE, included in Other liabilities	(2,007)
Other structuring	
Trading assets	430
Liability to SPE, included in Other liabilities	(430)
Financing	
Other assets	50
Liability to SPE, included in Other liabilities	(50)

Variable interest entities

For further information, refer to Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group.

Financial intermediation

The Bank has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Bank has consolidated all VIEs related to financial intermediation for which it is the primary beneficiary. Approximately 55% of the total assets related to investment structures which the Bank sponsors, manages and distributes.

The Bank's involvement in tailored lending arrangements accounted for approximately 11% of the total assets and approximately 3% of the maximum exposure to loss for non-consolidated financial intermediation VIEs.

The Bank acts as an underwriter and market maker, liquidity provider, derivative counterparty or provider of credit enhancements to VIEs related to certain securitization transactions. In addition, the Bank has exposure to third-party securitization VIEs as a result of the securities purchased from its money market funds in 2008 and 2007. In 2008, such VIEs accounted for approximately 43% of the total assets and approximately 63% of the maximum exposure to loss of non-consolidated financial intermediation VIEs.

The Bank's involvement in investment structures and other financial intermediation activities which the Bank sponsors, manages and distributes accounted for approximately 46% of the total assets and approximately 34% of the maximum exposure to loss of non-consolidated financial intermediation VIEs.

Consolidated and non-consolidated VIEs

The following tables provide the carrying amount and classification of assets and liabilities of variable interests of consoli-

dated VIEs where the Bank is considered the primary beneficiary in 2008 and the total assets of consolidated VIEs by type of VIE in 2008 and 2007.

Consolidated VIEs

end of 2008	CDO	Financial inter- mediation	
Assets of consolidated VIEs (CHF million)			
Cash and due from banks	413	631	
Trading assets	1,255	10,538	
Investment securities	0	114	
Other investments	0	2,467	
Net loans	649	939	
Other assets	1,114	2,310	
Total assets	3,431	16,999	
Liabilities of consolidated VIEs (CHF million)			
Trading liabilities	202	1,148	
Long-term debt	1,211	4,063	
Other liabilities	1,603	6,627	
Total liabilities	3,016	11,838	
end of 2007	CDO	CP Conduit	Financial inter- mediation
Assets of consolidated VIEs (CHF million)			
Total assets of consolidated VIEs	6,672	1	17,397

The following tables provide the carrying amounts and classification of the assets and liabilities of variable interests recorded in the Bank's consolidated balance sheets, the maximum exposure to loss and the total assets of the non-consolidated VIEs. For 2008, the table includes all VIEs in which the Bank held a variable interest. For 2007, the table includes

only those VIEs in which the Bank held a significant variable interest. The increase in 2008 in the total assets of non-consolidated VIEs and the maximum exposure to loss was due to the inclusion of all VIEs in which the Bank held a variable interest rather than only those in which the Bank held a significant variable interest.

Non-consolidated VIEs

	CDO	CP	Conduit	Financial inter- mediation
end of 2008				
Assets of variable interests (CHF million)				
Trading assets	9,387		0	28,277
Loans	605		1,162	8,393
Other assets	0		6	79
Total assets of variable interests	9,992		1,168	36,749
Liabilities of variable interests (CHF million)				
Trading liabilities	9,177		88	20,004
Other liabilities	0		118	0
Total liabilities of variable interests	9,177		206	20,004
Maximum exposure to loss (CHF million)				
Maximum exposure to loss	10,988		11,696	124,099
Assets of non-consolidated VIEs (CHF million)				
Total assets of non-consolidated VIEs	136,410		9,099	771,640
end of 2007				
Maximum exposure to loss and assets of non-consolidated VIEs (CHF million)				
Maximum exposure to loss	2,453		17,347	20,556
Total assets	16,360		12,642	99,288

32 Financial instruments

For further information, refer to Note 33 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

Assets and liabilities measured at fair value on a recurring basis

end of 2008	Quoted prices in active markets for identical assets or liabilities (level1)	Significant other observable inputs (level 2)	Significant unobserv- able inputs (level 3)	Impact of netting ¹	Total at fair value
Assets (CHF million)					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	164,743	0	0	164,743
Securities received as collateral	28,476	1,279	0	0	29,755
Trading assets	151,801	1,161,348	51,093	(1,022,861)	341,381
Investment securities	10,526	931	0	0	11,457
Other investments	1,181	4,808	18,831	0	24,820
Loans	0	18,005	14,309	0	32,314
Other intangible assets	0	0	113	0	113
Other assets	4,017	16,504	13,645	(100)	34,066
Total assets at fair value	196,001	1,367,618	97,991	(1,022,961)	638,649
Liabilities (CHF million)					
Due to banks	0	3,573	3	0	3,576
Customer deposits	0	1,975	0	0	1,975
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	174,975	0	0	174,975
Obligation to return securities received as collateral	28,476	1,279	0	0	29,755
Trading liabilities	61,039	1,076,261	23,593	(1,007,175)	153,718
Short-term borrowings	0	2,195	350	0	2,545
Long-term debt	0	52,216	23,853	0	76,069
Other liabilities	0	21,673	3,249	(647)	24,275
Total liabilities at fair value	89,515	1,334,147	51,048	(1,007,822)	466,888
Net assets/liabilities at fair value	106,486	33,471	46,943	(15,139) ²	171,761

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting. ² In accordance with the provisions of FSP FIN 39-1, the Bank offset cash collateral receivables and payables of CHF 51.3 billion and CHF 36.2 billion, respectively, as of the end of 2008 against the derivative positions. The Bank adopted the provisions of FSP FIN 39-1 on a prospective basis as of January 1, 2008.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2007	Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobserv- able inputs (level 3)	Impact of netting ¹	Total at fair value
Assets (CHF million)					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	183,719	0	0	183,719
Securities received as collateral	25,576	3,152	0	0	28,728
Trading assets	253,052	562,940	60,622	(346,489)	530,125
Investment securities	13,393	874	0	0	14,267
Other investments	565	6,893	17,622	0	25,080
Loans	0	25,409	5,638	0	31,047
Other intangible assets	0	0	179	0	179
Other assets	4,091	37,221	8,080	(94)	49,298
Total assets at fair value	296,677	820,208	92,141	(346,583)	862,443
Liabilities (CHF million)					
Due to banks	0	6,342	6	0	6,348
Customer deposits	0	5,551	0	0	5,551
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	140,424	0	0	140,424
Obligation to return securities received as collateral	25,576	3,152	0	0	28,728
Trading liabilities	111,632	415,885	19,599	(346,541)	200,575
Short-term borrowings	0	7,426	694	0	8,120
Long-term debt	0	76,053	31,237	0	107,290
Other liabilities	0	24,090	173	(42)	24,221
Total liabilities at fair value	137,208	678,923	51,709	(346,583)	521,257
Net assets/liabilities at fair value	159,469	141,285	40,432	0	341,186

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.

Assets and liabilities measured at fair value on a recurring basis for level 3

2008	Derivatives, net investments	Private equity and other investments	Other	Total
Assets (CHF million)				
Balance at beginning of period	5,633	17,622	49,556	72,811
Net realized/unrealized gains/(losses) included in net revenues	5,920	(2,147)	(20,580)	(16,807)
Purchases, sales, issuances and settlements	(6,638)	3,662	152	(2,824)
Transfers in and/or out of level 3	(3,302)	813	27,675	25,186
Foreign currency translation impact included in net revenues	(277)	(1,119)	(2,436)	(3,832)
Balance at end of period	1,336	18,831 ¹	54,367 ²	74,534
Liabilities (CHF million)				
Balance at beginning of period	–	–	32,379	32,379
Net realized/unrealized gains/(losses) included in net revenues	–	–	(5,795)	(5,795)
Purchases, sales, issuances and settlements	–	–	(4,123)	(4,123)
Transfers in and/or out of level 3	–	–	7,029	7,029
Foreign currency translation impact included in net revenues	–	–	(1,899)	(1,899)
Balance at end of period	–	–	27,591 ³	27,591
Net	1,336	18,831	26,776	46,943
Total realized/unrealized gains/(losses) included in net revenues	5,920	(2,147)	(14,785)	(11,012)

¹ Substantially all in private equity investments; includes also life finance contracts. ² Includes primarily RMBS, CMBS, CDO and certain corporate, syndicated and leveraged lending. ³ Includes primarily structured notes.

2007	Derivatives, net investments	Private equity and other investments	Other	Total
Assets (CHF million)				
Balance at beginning of period	192	14,722	10,701	25,615
Net realized/unrealized gains/(losses) included in net revenues	7,354	5,080	(4,058)	8,376
Purchases, sales, issuances and settlements	523	(557)	27,444	27,410
Transfers in and/or out of level 3	(1,932)	(195)	17,800	15,673
Foreign currency translation impact included in net revenues	(504)	(1,428)	(2,331)	(4,263)
Balance at end of period	5,633	17,622 ¹	49,556 ²	72,811
Liabilities (CHF million)				
Balance at beginning of period	–	–	27,939	27,939
Net realized/unrealized gains/(losses) included in net revenues	–	–	1,345	1,345
Purchases, sales, issuances and settlements	–	–	14,793	14,793
Transfers in and/or out of level 3	–	–	(8,388)	(8,388)
Foreign currency translation impact included in net revenues	–	–	(3,310)	(3,310)
Balance at end of period	–	–	32,379 ³	32,379
Net	5,633	17,622	17,177	40,432
Total realized/unrealized gains/(losses) included in net revenues	7,354	5,080	(5,403)	7,031

¹ Substantially all in private equity investments. ² Includes primarily RMBS, CMBS and CDO. ³ Includes primarily structured notes.

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	2008			2007		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	(8,767) ¹	(2,245)	(11,012)	2,145	4,886	7,031
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(2,729)	(2,982)	(5,711)	1,852	2,588	4,440

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Non-recurring fair value changes

Certain assets and liabilities are measured at fair value on a non-recurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). As of December 31, 2008 and

2007, CHF 3.0 billion and CHF 6.3 billion, respectively, of loans were recorded at fair value, of which CHF 0.3 billion and CHF 5.7 billion, respectively, were classified as level 2 and CHF 2.6 billion and CHF 0.6 billion, respectively, were classified as level 3.

Difference between the aggregate fair value and the aggregate unpaid principal balances of loans and financial instruments

end of	2008			2007		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-performing loans (90 days or more past due)	131	229	(98)	0	0	0
Non-accrual loans	843	2,017	(1,174)	232	459	(227)
Financial instruments (CHF million)						
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	164,743	163,683	1,060	183,719	183,303	416
Loans	32,314	37,327	(5,013)	31,047	31,517	(470)
Other assets	16,644	27,557	(10,913)	33,936	35,420	(1,484)
Due to banks and customer deposits	(1,351)	(1,397)	46	(5,805)	(5,798)	(7)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(174,975)	(174,631)	(344)	(140,424)	(140,436)	12
Short-term borrowings	(2,545)	(3,146)	601	(8,120)	(8,409)	289
Long-term debt	(76,069)	(85,872)	9,803	(107,290)	(107,323)	33
Other liabilities	(2,637)	(5,184)	2,547	(3,648)	(3,646)	(2)

Gains and losses on financial instruments

	2008	2007
in	Net gains/ (losses)	Net gains/ (losses)
Financial instruments (CHF million)		
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	11,399 ¹	19,466 ¹
Trading loans	108 ²	117 ¹
of which related to credit risk	40	(113)
Other investments	(404) ³	44 ²
of which related to credit risk	10	0
Loans	(4,028) ²	1,345 ¹
of which related to credit risk	(5,146)	(408)
Other assets	(6,509) ²	955 ¹
of which related to credit risk	(8,914)	(1,264)
Due to banks and customer deposits	(49) ¹	(258) ¹
of which related to credit risk	57	5
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(8,537) ¹	(21,151) ¹
Short-term borrowings	93 ²	0
of which related to credit risk	9	0
Long-term debt	10,674 ²	(5,567) ²
of which related to credit risk	4,655	1,038
Other liabilities	(1,542) ²	(1,402) ²
of which related to credit risk	(631)	(1,402)

¹ Primarily recognized in net interest income. ² Primarily recognized in trading revenues. ³ Primarily recognized in other revenues.

Book and estimated fair values of financial instruments

end of	2008		2007	
	Book value	Fair value	Book value	Fair value
Financial assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	269,013	269,013	296,341	296,366
Securities received as collateral	29,755	29,755	28,728	28,728
Trading assets	341,381	341,381	530,125	530,125
Investment securities	11,681	11,680	14,515	14,516
Loans	220,392	222,072	221,570	221,995
Other financial assets ¹	253,073	253,020	220,337	220,328
Financial liabilities (CHF million)				
Due to banks and deposits	341,958	341,623	414,577	418,441
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	243,970	243,936	300,476	300,451
Obligation to return securities received as collateral	29,755	29,755	28,728	28,728
Trading liabilities	153,718	153,718	200,575	200,575
Short-term borrowings	10,182	10,151	14,398	14,396
Long-term debt	148,550	144,116	157,282	157,404
Other financial liabilities ²	175,931	175,923	161,815	161,857

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities. ² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

33 Assets pledged or assigned

end of	2008	2007
Assets pledged or assigned (CHF million)		
Book value of assets pledged and assigned as collateral	161,624	267,493
of which assets provided with the right to sell or repledge	90,215	180,475
Fair value of collateral received with the right to sell or repledge	515,031	619,913
of which sold or repledged	454,152	508,442
Other information (CHF million)		
Cash and securities restricted under foreign banking regulations	40,870	16,220
Swiss National Bank required minimum liquidity reserves	1,819	1,699

34 Capital adequacy

The Bank is subject to regulation by the FINMA. Since January 1, 2008, the Bank has operated under the international capital adequacy standards set forth by the Basel Committee on Banking Supervision, known as Basel II, as implemented by the FINMA. These standards affect the measurement of both risk-weighted assets and eligible capital. The Bank has based its capital adequacy calculations on US GAAP, as permitted by the FINMA circular 2008/34. The FINMA has advised the Bank that it may continue to include as tier 1 capital CHF 4.6

billion of equity from special purpose entities which are deconsolidated under FIN 46(R) as of December 31, 2008.

As of December 31, 2008 and 2007, the Bank was adequately capitalized under the regulatory provisions outlined under both FINMA and BIS guidelines.

For further information, refer to Note 35 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group.

BIS data (risk-weighted assets, capital and ratios)

end of	2008	Basel II 2007	Basel I 2007	Basel II % change 08 / 07
Risk-weighted assets (CHF million)				
Credit risk	169,561	240,843	253,313	(30)
Non-counterparty-related risk	6,370	6,648	6,602	(4)
Market risk	39,108	33,869	33,680	15
Operational risk	30,137	29,197	–	3
Risk-weighted assets	245,176	310,557	293,595	(21)
Eligible capital (CHF million)				
Tier 1 capital	34,192	29,828	32,254	15
Tier 2 capital	13,647	11,064	13,104	23
Less reductions	–	–	(1,040)	–
Total eligible capital	47,839	40,892	44,318	17
Capital ratios (%)				
Tier 1 ratio	13.9	9.6	11.0	–
Total capital ratio	19.5	13.2	15.1	–

Broker-dealer operations

Certain Bank broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2008, the Bank and its subsidiaries complied with all applicable regulatory capital adequacy requirements.

Dividend restrictions

Certain of the Bank's subsidiaries are subject to legal restrictions governing the amount of dividends they can pay (for example, pursuant to corporate law as defined by the Swiss Code of Obligations). As of December 31, 2008, the Bank was not subject to restrictions on its ability to pay dividends.

35 Litigation

For further information, refer to Note 37 – Litigation in V – Consolidated financial statements – Credit Suisse Group.

36 Significant subsidiaries and equity method investments

Significant subsidiaries

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
as of December 31, 2008				
100	AJP Cayman Ltd.	George Town, Cayman Islands	JPY	8,025.6
100	Banco Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	53.6
100	Banco Credit Suisse (México), S.A.	Mexico City, Mexico	MXN	679.4
100	Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	164.8
100	Boston Re Ltd.	Hamilton, Bermuda	USD	2.0
100	Casa de Bolsa Credit Suisse (México), S.A. de C.V.	Mexico City, Mexico	MXN	274.1
100	CJSC Bank Credit Suisse (Moscow)	Moscow, Russia	USD	37.8
100	Column Financial, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1
100	Credit Suisse (Brasil) Distribuidora de Títulos e Valores Mobiliários S.A.	São Paulo, Brazil	BRL	5.0
100	Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários	São Paulo, Brazil	BRL	98.4
100	Credit Suisse (Deutschland) AG	Frankfurt, Germany	EUR	74.8
100	Credit Suisse (France)	Paris, France	EUR	52.9
100	Credit Suisse (Gibraltar) Limited	Gibraltar, Gibraltar	GBP	5.0
100	Credit Suisse (Guernsey) Limited	St. Peter Port, Guernsey	USD	6.1
100	Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	3,809.9
100	Credit Suisse (International) Holding AG	Zug, Switzerland	CHF	42.1
100	Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	74.6
100	Credit Suisse (Monaco) S.A.M.	Monte Carlo, Monaco	EUR	12.0
100	Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	621.3
100	Credit Suisse (UK) Limited	London, United Kingdom	GBP	102.3
100 ¹	Credit Suisse (USA), Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Asset Finance Limited	George Town, Cayman Islands	CHF	0.0
100	Credit Suisse Asset Management (Australia) Limited	Sydney, Australia	AUD	0.3
100	Credit Suisse Asset Management (France) S.A.	Paris, France	EUR	31.6
100	Credit Suisse Asset Management (Polska) S.A.	Warsaw, Poland	PLN	5.6
100	Credit Suisse Asset Management (UK) Holding Limited	London, United Kingdom	GBP	144.1
100	Credit Suisse Asset Management Fund Holding (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	29.6
100	Credit Suisse Asset Management Fund Service (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	1.5
100	Credit Suisse Asset Management Funds AG	Zurich, Switzerland	CHF	7.0
100	Credit Suisse Asset Management Funds S.p.A: S.R.G.	Milan, Italy	EUR	5.0
100	Credit Suisse Asset Management Funds UK Limited	London, United Kingdom	GBP	15.5
100	Credit Suisse Asset Management Holding Europe (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	32.6
100	Credit Suisse Asset Management International Holding Ltd	Zurich, Switzerland	CHF	20.0
100	Credit Suisse Asset Management Investments Ltd	Zurich, Switzerland	CHF	0.1
100	Credit Suisse Asset Management Ltd	London, United Kingdom	GBP	45.0
100	Credit Suisse Asset Management, LLC	Wilmington, United States	USD	925.5
100	Credit Suisse Bond Fund Management Company	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Capital (Guernsey) I Limited	St. Peter Port, Guernsey	CHF	0.0
100	Credit Suisse Capital Funding, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Capital LLC	Wilmington, United States	USD	737.6

Significant subsidiaries (continued)

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
100	Credit Suisse Energy LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Equities (Australia) Limited	Sydney, Australia	AUD	62.5
100	Credit Suisse Equity Fund Management Company	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Finance (Guernsey) Limited	St. Peter Port, Guernsey	USD	0.2
100	Credit Suisse First Boston (Latam Holdings) LLC	George Town, Cayman Islands	USD	23.8
100	Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	EUR	0.0
100	Credit Suisse First Boston Mortgage Capital LLC	Wilmington, United States	USD	356.6
100	Credit Suisse Fund Management S.A.	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Futures (Hong Kong) Limited	Hong Kong, China	HKD	265.8
100	Credit Suisse Holdings (Australia) Limited	Sydney, Australia	AUD	3.0
100	Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	4,184.7
100	Credit Suisse Investment Products (Asia Pacific) Limited	George Town, Cayman Islands	USD	0.0
100	Credit Suisse Leasing 92A, L.P.	New York, United States	USD	85.0
100	Credit Suisse Life & Pensions AG	Vaduz, Liechtenstein	CHF	15.0
100	Credit Suisse Life (Bermuda) Ltd.	Hamilton, Bermuda	USD	1.0
100	Credit Suisse Loan Funding LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Management LLC	Wilmington, United States	USD	896.1
100	Credit Suisse Money Market Fund Management Company	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Portfolio Fund Management Company	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Principal Investments Limited	George Town, Cayman Islands	JPY	3,324.0
100	Credit Suisse Private Equity, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4
100	Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	3,527.0
100	Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	530.9
100	Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.7
100	Credit Suisse Securities (Japan) Limited	Tokyo, Japan	JPY	78,100.0
100	Credit Suisse Securities (Singapore) Pte Limited	Singapore, Singapore	SGD	30.0
100	Credit Suisse Securities (Thailand) Limited	Bangkok, Thailand	THB	331.0
100	Credit Suisse Securities (USA) LLC	Wilmington, United States	USD	3,311.8
100	CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1
100	DLJ Capital Corporation	Wilmington, United States	USD	4.0
100	DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0
100	Glenstreet Corporation N.V.	Curaçao, Netherlands Antilles	GBP	20.0
100	J O Hambro Investment Management Limited	London, United Kingdom	GBP	0.0
100	Pearl Investment Management Limited	Nassau, Bahamas	USD	0.1
100	SPS Holding Corporation	Wilmington, United States	USD	0.1
92 ²	Credit Suisse International	London, United Kingdom	USD	3,132.0
83	Asset Management Finance LLC	Wilmington, United States	USD	341.0
58 ³	Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	43.0
50 ⁴	Credit Suisse Hedging-Griffo Investimentos S.A.	São Paulo, Brazil	BRL	49.2

¹ 43% of voting rights held by Credit Suisse Group AG, Guernsey Branch. ² 20% of voting rights and 8% of equity interest held directly by Credit Suisse Group AG. ³ 42% of voting rights held directly by Credit Suisse Group AG. ⁴ Majority interest.

Significant equity method investments

Equity interest in %	Company name	Domicile
as of December 31, 2008		
14 ¹	Absolute Invest Ltd.	Zug, Switzerland
25	E.L. & C. Baillieu Stockbroking (Holdings) Pty Ltd	Melbourne, Australia
33	Credit Suisse Founder Securities Limited	Beijing, China
25	ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China
30	Woori Credit Suisse Asset Management Co., Ltd.	Seoul, South Korea

¹ The Bank retains significant influence through Board of Directors representation.

37 Significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view)

For further information, refer to Note 41 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view) in V – Consolidated financial statements – Credit Suisse Group.

38 Risk assessment

In accordance with the Swiss Code of Obligations the following disclosure provides information regarding the risk assessment process, which was in place for the reporting period and followed by the Board of Directors.

The primary objectives of risk management are to protect the financial strength and reputation of the Bank, while ensuring that capital is well deployed to support business activities and grow shareholder value. The risk management organization reflects the specific nature of the various risks in order to ensure that risks are managed within set limits in a transparent and timely manner.

The Board of Directors is responsible for the strategic direction, supervision and control of the Bank and for defining our overall tolerance for risk. The Board of Directors has delegated certain responsibilities regarding risk management and oversight to the Risk Committee and to the Executive Board.

The Risk Committee of the Board of Directors is responsible for assisting the Board in fulfilling their oversight responsibilities

by providing guidance regarding risk governance and the development of the risk profile and capital structure, including the regular assessment and review of major risk exposures and the approval of risk limits.

Within the Executive Board of the Bank, the CRO is responsible for providing risk management oversight and for establishing an organizational basis to manage all risk management matters. The CARMC and the Risk Processes and Standards Committee have been established to assist the Executive Board and the CRO, and certain responsibilities regarding risk management and oversight have been delegated to these committees. The CRO provided periodic risk reports to the CARMC and the Executive Board, which formed the basis of their risk assessments and reviews.

During the reporting period the Board of Directors and its Risk Committee performed risk assessments in accordance with established policies and procedures.

Controls and procedures

Evaluation of disclosure controls and procedures

The Bank has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report under the supervision and with the participation of management, including the Bank CEO and CFO, pursuant to Rule 13(a)-15(a) under the Securities Exchange Act of 1934 (the Exchange Act). There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives.

As of December 31, 2007, the controls over the valuation of ABS positions in the CDO trading business in Investment Banking relating to the supervision and monitoring of the initial valuations of these positions by trading personnel and the related price testing and supervision by product control, which is segregated from trading, were not effective. The Bank's price testing of these positions included modeling techniques that failed to accurately value these positions. This material weakness was remediated by the end of 2008 as described under Remediation of prior material weakness in internal control over financial reporting below. A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Bank's annual or interim financial statements will not be prevented or detected on a timely basis.

The CEO and CFO concluded that, as of December 31, 2008, the design and operation of the Bank's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in reports filed and submitted under the Exchange Act is recorded, processed, summarized and reported as and when required.

Management report on internal control over financial reporting

The management of the Bank is responsible for establishing and maintaining adequate internal control over financial reporting. The Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has made an evaluation and assessment of the Bank's internal control over financial reporting as of December 31, 2008 using the criteria issued by the COSO in "Internal Control – Integrated Framework".

Based upon its review and evaluation, management, including the Bank CEO and CFO, has concluded that the Bank's internal control over financial reporting is effective as of December 31, 2008.

KPMG Klynveld Peat Marwick Goerdeler SA, the Bank's independent auditors, have issued an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2008, as stated in their report, which follows.

Remediation of prior material weakness in internal control over financial reporting

In 2008, the Bank was actively engaged in the implementation of remediation efforts to address the material weakness relating to mismarks and pricing errors by a small number of traders in certain ABS positions in CDO trading in our structured product business within Investment Banking that existed as of the end of 2007.

The Executive Board assigned the highest priority to the prompt remediation of this material weakness. The Bank's remediation efforts were governed by a steering committee, under the direction of the Bank CRO and included other members of the Executive Board as well as senior management staff. During 2008, the status of remediation was reviewed by the Audit Committee, which received regular reports on issues encountered and key decisions reached by Bank's management.

During 2008, Bank's management took the following key actions to remediate this material weakness:

Front office Investment Banking: supervisory framework

- Reassigned certain trading responsibilities;
- Enhanced and completed supervisory mandates, including orientation and training on changes in supervisory responsibilities and escalation procedures;
- Implemented supervisory responsibility monitoring processes, including IT tracking tools; and
- Rolled out mandatory firm-wide training on effective supervision.

Product control: valuation governance

- Established an additional senior valuation governance Bank to, among other things, improve coordination among trading, product control and RMM;
- Developed a review process to further integrate valuation processes;
- Improved the scope and granularity of price testing reports;
- Defined additional benchmarks for all key unobservable inputs; and
- Strengthened the formal price testing methodology approval process.

RMM: Improved integration of RMM view and trading profit and loss

- Designed and implemented a daily risk-based valuation and profit and loss estimation processes.

We also strengthened personnel and added other resources. By the end of 2008, these key controls were designed and tested to ensure they were operating effectively.

Changes in internal control over financial reporting

Changes in the Bank's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect the Bank's internal control over financial reporting have been described above.



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Report of the Independent Registered Public Accounting Firm to the General Meeting of

Credit Suisse, Zurich

We have audited Credit Suisse and subsidiaries' (the "Bank") internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Bank's board of directors and management are responsible for maintaining effective internal control over financial reporting and the Bank's management is responsible for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

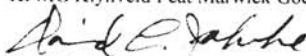
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards, the consolidated balance sheets of the Bank as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in shareholder's equity, comprehensive income, and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2008 and our report dated March 18, 2009, expressed an unqualified opinion on those consolidated financial statements.

KPMG Klynveld Peat Marwick Goerdeler SA


David L. Jahnke
Licensed Audit Expert


Robert S. Overstreet
Licensed Audit Expert

Zurich, Switzerland
March 18, 2009

APPENDIX 6 — LEGAL PROCEEDINGS INFORMATION EXTRACTED FROM CREDIT SUISSE GROUP AG ANNUAL REPORT 2008

We are a wholly owned subsidiary of Credit Suisse Group AG. We have extracted the section headed “Legal proceedings” from pages 416 to 420 of the Credit Suisse Group AG annual report 2008 in this appendix 6. References to page numbers in this appendix 6 are to the pages in the Credit Suisse Group AG annual report 2008 and not to the pages in this document.

Legal proceedings

The Group is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. Some of these actions have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts. The Group believes, based on currently available information and advice of counsel, that the results of such proceedings, in the aggregate, will not have a material adverse effect on its financial condition but might be material to operating results for any particular period, depending, in part, upon the operating results for such period. In respect of each of the matters described below, each of which consists of a number of claims, it is the Group's belief that the reasonably possible losses relating to such claims in excess of its provisions are either not material or not estimable.

It is inherently difficult to predict the outcome of many of these matters. In presenting the consolidated financial statements, management makes estimates regarding the outcome of these matters, records a reserve and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel, the Group's defenses and its experience in similar cases or proceedings, as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings.

South Africa litigation

The lawsuits filed in the US in 2002 alleging that the Group (and, in some cases, other Group entities) and numerous other defendants are liable under international and US law by virtue of having conducted business in South Africa during the apartheid era prior to 1995 appear to have been terminated insofar as the Group (and Group entities) are concerned. After the US Court of Appeals for the Second Circuit (Second Circuit) remanded the cases back to the US District Court for the Southern District of New York (SDNY), the plaintiffs in all of the active cases amended their complaints and in doing so did not name the Group (or Group entities) as a defendant. In one inactive case, the plaintiffs have not reappeared in court and

the case appears to have been terminated, although no formal order to that effect has been entered.

Litigation relating to IPO allocation

Since January 2001, Credit Suisse Securities (USA) LLC (CSS LLC), one of its affiliates and several other investment banks have been named as defendants in a large number of putative class action complaints filed in the SDNY concerning IPO allocation practices. In April 2002, the plaintiffs filed consolidated amended complaints alleging various violations of the federal securities laws resulting from alleged material omissions and misstatements in registration statements and prospectuses for the IPOs and, in some cases, follow-on offerings, and with respect to transactions in the aftermarket for those offerings. The complaints contain allegations that the registration statements and prospectuses either omitted or misrepresented material information about commissions paid to investment banks and aftermarket transactions by certain customers that received allocations of shares in the IPOs. The complaints also allege that misleading analyst reports were issued to support the issuers' allegedly manipulated stock price and that such reports failed to disclose the alleged allocation practices or that analysts were allegedly subject to conflicts of interest. In October 2004, the SDNY granted in substantial part plaintiffs' motion for class certification in each of six "focus" cases. The SDNY stated that the order "is intended to provide strong guidance, if not dispositive effect, to all parties when considering class certification in the remaining actions." In June 2005, the Second Circuit granted the underwriter defendants permission to appeal the class certification order. In June 2006, the Second Circuit heard oral argument on the underwriter defendants' appeal. In December 2006, the Second Circuit vacated the SDNY's decision and ruled that the cases pending on appeal "may not be certified as class actions." In January 2007, the plaintiffs in the six focus cases filed a petition for rehearing with the Second Circuit. On April 6, 2007, the Second Circuit denied the petition for rehearing and, on May 30, 2007, issued the mandate remanding the case to the SDNY for further proceedings. On August 14, 2007, the plaintiffs filed amended complaints in this matter, and, on September 27, 2007, filed new motions for class certification in the six focus cases. On November 14, 2007, the underwriter defendants filed a motion to dismiss the amended

complaints, and, on December 21, 2007, filed their opposition to plaintiffs' new motions for class certification.

Separately, in February 2005, the SDNY preliminarily approved a settlement between plaintiffs and the issuer defendants and the issuers' officers and directors. On June 28, 2007, in light of the Second Circuit's decision vacating class certification, the SDNY so ordered and approved a stipulation between plaintiffs and the issuer defendants terminating that settlement agreement. Following a mediation in 2008, a settlement in principle was reached between the plaintiffs and the underwriter and issuer defendants. The settlement in principle is subject to the negotiation of final documentation and court approval.

Research-related litigation

Putative class action lawsuits were filed against CSS LLC in the wake of publicity surrounding the 2002 industry-wide governmental and regulatory investigations into research analyst practices. Currently, one federal class action is pending. That case, pending in the US District Court for the District of Massachusetts, is brought on behalf of purchasers of shares of AOL Time Warner Inc. A motion for class certification was filed in this action in March 2007. In September 2008, the district court granted class certification; the US Court of Appeals for the First Circuit has declined to hear CSS LLC's appeal of that decision. CSS LLC filed a motion for summary judgment in November 2008.

Enron-related litigation and inquiries

Numerous actions have been filed against CSS LLC and certain affiliates relating to Enron Corp. or its affiliates (Enron). In April 2002, CSS LLC and certain of its affiliates and certain other investment banks were named as defendants along with, among others, Enron, Enron executives and directors and external law and accounting firms in a putative class action complaint filed in the US District Court for the Southern District of Texas (Newby, et al. v. Enron, et al.)(Newby). The Newby action was filed by purchasers of Enron securities and alleges violations of the federal securities laws. In May 2003, the lead plaintiff in Newby filed an amended complaint that, among other things, named as defendants additional Credit Suisse entities, expanded the putative class to include purchasers of certain Enron-related securities and alleged additional violations of the federal securities laws. In June 2006, the Credit Suisse entities filed a motion for summary judgment to dismiss the action. In July 2006, the court certified a class

in the action. The Credit Suisse entities and other defendants appealed this class certification decision to the US Court of Appeals for the Fifth Circuit (Fifth Circuit), and oral argument was held in February 2007. In a decision on March 19, 2007, the Fifth Circuit reversed the class certification decision, rejected plaintiffs' scheme liability theory and remanded the matter back to the district court "for further proceedings as appropriate." In light of this decision, the district court stayed all proceedings in this matter while the plaintiffs pursued a petition for writ of certiorari in the US Supreme Court.

In January 2008, the US Supreme Court denied plaintiffs' certiorari petition, and thus left standing the Fifth Circuit's ruling and remanded the case to the district court. In February 2008, the district court ordered the parties to file supplemental briefs on the pending summary judgment motions, addressing the impact of the Fifth Circuit's ruling and of a recent decision by the US Supreme Court in a similar but unrelated case in which the US Supreme Court also rejected plaintiffs' scheme liability theory. The last of these supplemental briefs was submitted on June 24, 2008. On March 5, 2009, the district court granted summary judgment in favor of all Credit Suisse entities, dismissing all pending claims and denying plaintiffs' motion to amend the putative class action complaint. On January 23, 2009, two plaintiffs in the Newby action moved for leave to amend the Newby complaint to add Texas state law claims on behalf of only those two plaintiffs against affiliates of CSS LLC and other defendants. All defendants have opposed that motion.

In April 2005, the bank defendants in the Newby action, including CSS LLC and its affiliates, filed a cross-claim against Arthur Andersen LLP and cross-claims or third-party claims against certain former Enron executives for contribution in the event that the bank defendants are found liable on any of the plaintiffs' claims.

Three actions filed against CSS LLC and/or certain of its affiliates and other parties that were consolidated or coordinated with the Newby action remain pending; all other coordinated and consolidated cases in which CSS LLC and/or certain of its affiliates were named as defendants have been dismissed and/or settled. The proceedings in all three of these pending cases have been stayed by the district court pending resolution of the summary judgment motions in the Newby action. In two of these remaining cases, CSS LLC and its affiliates have moved to dismiss the complaints. Those motions are fully briefed and await decision. In the third remaining case, an amended complaint was filed in September 2006, but no motion to dismiss has yet been filed due to the stay.

CSS LLC and certain of its affiliates have received periodic requests for information and/or subpoenas from certain governmental and regulatory agencies, including the Enron Task

Force (a joint task force of the US Department of Justice and the SEC), regarding Enron and its affiliates. CSS LLC and its affiliates have cooperated with such inquiries and requests.

NCFE-related litigation

Since February 2003, lawsuits have been filed against CSS LLC with respect to services that it provided to National Century Financial Enterprises, Inc. and its affiliates (NCFE). From January 1996 to May 2002, CSS LLC acted as a placement agent for bonds issued by NCFE that were to be collateralized by health-care receivables and, in July 2002, as a placement agent for a sale of NCFE preferred stock. NCFE filed for bankruptcy protection in November 2002. In these lawsuits, which have since been consolidated in the US District Court for the Southern District of Ohio and are known as the MDL cases, investors in NCFE's bonds and preferred stock have sued numerous defendants, including the founders and directors of NCFE, the trustees for the bond issuances, NCFE's auditors and law firm, the rating agencies that rated NCFE's bonds and NCFE's placement agents, including CSS LLC. The allegations include claims for breach of contract, negligence, fraud and violation of federal and state securities laws. CSS LLC filed motions to dismiss these cases. On December 19, 2007, the district court denied, in large part, CSS LLC's motions to dismiss, allowing most of the investor claims to proceed. On February 20, 2009, CSS LLC filed motions for summary judgment seeking to dismiss the bond investors' remaining claims.

In addition, in November 2004, the trust created through NCFE's confirmed bankruptcy plan commenced two actions against CSS LLC and certain affiliates. The trust filed an action in the US District Court for the Southern District of Ohio asserting common law claims similar to those asserted in the MDL cases against several of the same defendants and it also alleged statutory claims under the Ohio Corrupt Practices Act, claims for professional negligence and claims under the US Bankruptcy Code. CSS LLC and its affiliates have filed a motion to dismiss that action. The trust also filed an action in the US Bankruptcy Court for the Southern District of Ohio objecting to the proofs of claim filed by CSS LLC and its affiliates in NCFE's bankruptcy and seeking disgorgement of amounts previously distributed to CSS LLC and its affiliates under the bankruptcy plan. CSS LLC and its affiliates have answered that complaint.

Refco-related litigation

In October 2005, CSS LLC was named, along with other financial services firms, accountants, officers, directors and controlling persons, as a defendant in several federal class action lawsuits filed in the SDNY relating to Refco Inc. The actions allege violations of the disclosure requirements of the federal securities laws in connection with a Refco notes offering in August 2004 and Refco's IPO in August 2005. The actions have been consolidated into the matter *In re Refco, Inc. Securities Litigation*. In July 2006, CSS LLC and certain other defendants filed a motion to dismiss plaintiffs' claims related to the Refco notes offering in 2004. The SDNY subsequently granted that motion and dismissed the case. In December 2007, the plaintiffs filed an amended complaint in which they named additional defendants and again alleged, against CSS LLC and others, violations of the disclosure requirements of the federal securities laws in connection with the August 2004 debt offering and the August 2005 IPO. On February 1, 2008, CSS LLC and certain other defendants moved to dismiss portions of the amended complaint. On August 14, 2008, the SDNY granted that motion to dismiss. On September 26, 2008, CSS LLC and certain other defendants filed an answer to the remaining claims in the amended complaint.

In August 2007, CSS LLC was named, along with other financial services firms, accountants, officers, directors and controlling persons, as a defendant in a lawsuit filed in Illinois state court on behalf of the estate of Refco Inc. and certain of its affiliates. The lawsuit asserts claims against CSS LLC for aiding and abetting breaches of fiduciary duty by Refco insiders in connection with Refco's August 2004 notes offering and August 2005 IPO. The lawsuit also asserts claims against CSS LLC for professional malpractice and negligent misrepresentation in connection with CSS LLC's role as a financial advisor to Refco. CSS LLC and certain other defendants removed this action to Illinois federal district court and the case has now been transferred (by the Judicial Panel on Multi-District Litigation) to the SDNY. In May 2008, CSS LLC and certain other defendants filed a motion to dismiss plaintiffs' claims.

On March 5, 2008, CSS LLC was named, along with other financial services firms, accountants, officers, directors and controlling persons, as a defendant in an action filed in New York state court by the Joint Official Liquidators of various Sphinx Funds and the trustee of the Sphinx Trust. The lawsuit asserts claims against CSS LLC for aiding and abetting breaches of fiduciary duty by Refco insiders in connection with Refco's August 2004 notes offering and Refco's August 2005 IPO, aiding and abetting fraud, and interference with con-

tract/prospective contract. CS LLC and certain other defendants have removed the action to the SDNY. In November 2008, CSS LLC and certain other defendants filed a motion to dismiss plaintiffs' claims.

CSS LLC and certain of its affiliates have received subpoenas and requests for information from certain regulators, including the SEC, regarding Refco. CSS LLC and its affiliates have cooperated with such inquiries and requests.

Parmalat-related legal proceedings

Credit Suisse International is the subject of legal proceedings commenced in August 2004 before the Court of Parma in Italy by Dr. Enrico Bondi, as extraordinary administrator, on behalf of Parmalat SpA (in extraordinary administration), relating to an agreement entered into between Credit Suisse International and Parmalat SpA in December 2001. The extraordinary administrator sought to have the agreement set aside and demanded repayment by Credit Suisse International of approximately EUR 248 million. The extraordinary administrator also commenced two further actions before the Court of Parma against: (i) Credit Suisse International and Credit Suisse Securities (Europe) Limited (CSSEL), seeking damages on the basis of allegations that, by the December 2001 transaction, Credit Suisse International delayed the insolvency of Parmalat Participações of Brazil and consequently of Parmalat SpA, with the result that Parmalat's overall loss increased by approximately EUR 7.1 billion between January 2002 and the declaration of its insolvency in December 2003; and (ii) Credit Suisse International and certain other banks, seeking damages on the basis of allegations that, by various derivatives transactions in 2003, Credit Suisse International and those other banks delayed the insolvency of Parmalat SpA with the result that its overall loss increased by approximately EUR 2 billion between July and December 2003. In June 2008, Credit Suisse agreed to a full and final settlement of all of the claims involving Credit Suisse and its affiliates and the Parmalat Group without admission of liability. Under the agreement, Credit Suisse agreed to pay EUR 173 million. In addition, claims for unquantified damages have been filed in Italy against Credit Suisse entities on behalf of a number of individuals claiming to have suffered losses as a result of the actions of a Credit Suisse employee.

Credit Suisse International has made a claim in the reorganization proceedings of Parmalat Participações of Brazil in respect of EUR 500 million of bonds issued by that entity and held by Credit Suisse International. This claim has so far been rejected by the trustee. Parmalat Participações has made a claim in response alleging that the debt represented by the

bonds has already been paid and asserting that it is therefore entitled under Brazilian law to twice the amount of the debt claimed by Credit Suisse International.

Proceedings have been filed in the SDNY against Credit Suisse by Farmland Dairies and Parmalat-USA Corporation, US subsidiaries of Parmalat. The allegations against Credit Suisse make reference to the December 2001 transaction. In August 2006, the SDNY dismissed the complaint in the Farmland Dairies action, with leave to re-plead. In September 2006, both Farmland Dairies and Parmalat-USA Corporation filed amended complaints asserting claims against Credit Suisse, Credit Suisse International and CSSEL. The Credit Suisse entities filed motions to dismiss in both actions. On August 8, 2007, the SDNY dismissed both actions. Plaintiffs in both actions appealed to the Second Circuit. On February 17, 2009, the Second Circuit affirmed the SDNY's dismissal of these actions.

Mortgage-related matters

CSS LLC and certain of its affiliates have received subpoenas and/or requests for information from certain regulators regarding the origination, purchase, securitization and servicing of subprime and non-subprime residential mortgages and related issues. CSS LLC and its affiliates are cooperating with such inquiries and requests. CSS LLC and certain of its affiliates have also been named as defendants in various civil litigation matters related to the residential mortgage business.

Huntsman Litigation

Huntsman Corporation has sued CSS LLC, along with another lender, in Texas state court alleging tortious interference in connection with the merger agreement between Hexion Specialty Chemicals and Huntsman and a prior merger agreement between Huntsman and Basell that was terminated in favor of the Hexion deal. Huntsman has also asserted causes of action for fraud, negligent misrepresentation and civil conspiracy. The jury trial is scheduled to begin in June 2009.

Auction Rate Securities

CSS LLC is responding to a number of customer demands and participating in FINRA arbitrations relating to the sale of certain ARS in connection with its Private Banking business.

In February 2008, ST Microelectronics (ST) brought a FINRA arbitration against CSS LLC concerning the purchase

and sale of USD 415 million notional amount of ARS. The brokers of record for ST, who are no longer employed by CSS LLC, have since been criminally indicted and will be tried in April 2009. In February 2009, the arbitration panel awarded ST USD 406 million in damages in exchange for CSS LLC taking possession of the ARS. ST subsequently filed an action in the SDNY to confirm this award and on March 16, 2009, CSS LLC moved to vacate that award. Separately, in 2008, ST filed an action in the US District Court for the Eastern District of New York against CSS LLC and the Group alleging violations of the federal securities laws and various common law causes of action relating to this portfolio. The Credit Suisse entities have moved to dismiss that action.

In September of 2008, CSS LLC, along with many other Wall Street firms, agreed to a settlement in principle with the New York Attorney General and the North American Securities Administrators Association Task Force whereby Credit Suisse agreed to repurchase up to USD 550 million par value of ARS from individual customers.

ADR litigation

A putative class action was filed on April 21, 2008 in the SDNY against the Group and certain executives by certain purchasers of American Depositary Receipts and shares alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Plaintiffs in this action allege that Credit Suisse's stock price was artificially inflated as a result of allegedly misleading disclosures relating to the company's business and financial results. A second putative class action complaint making similar allegations was filed on May 30, 2008. These actions were consolidated in an amended complaint, dated October 20, 2008. On

December 19, 2008, the Group filed a motion to dismiss the amended complaint.

Other regulatory matters

US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, with respect to designated foreign countries, nationals and others. The New York County District Attorney's Office, the US Department of Justice and other governmental authorities are reported to be conducting a broader review of how certain financial institutions have processed US dollar payments involving US sanctioned countries, persons and entities. Credit Suisse is conducting an internal review of certain US dollar payments involving countries, persons or entities that may be subject to these sanctions and is cooperating with the inquiries by such authorities. It is currently not possible to predict the ultimate resolution or timing of this matter.

In connection with our identification of mismarks and pricing errors by a small number of traders in our CDO trading business in Investment Banking, and the related internal review, we promptly initiated contact with our regulators. We have provided information to our regulators and governmental authorities, and we have been cooperating with them. On August 13, 2008, the FSA issued a Final Notice concluding that our subsidiaries, Credit Suisse International and CSSEL breached their Principles for Business as a result of the mismarks and pricing errors. In particular, these subsidiaries were found to have breached Principle 2 requiring a firm to conduct its business with due skill, care and diligence and Principle 3 requiring a firm to take reasonable care to organize and control its affairs responsibly and effectively, with adequate risk management systems. These subsidiaries agreed to accept a GBP 5.6 million fine.

**APPENDIX 7 — PRESS RELEASE ANNOUNCED BY
CREDIT SUISSE GROUP AG ON MARCH 9, 2009**

We are a wholly owned subsidiary of Credit Suisse Group AG. We have extracted the press release announced by Credit Suisse Group AG on March 9, 2009 in this appendix 7. References to page numbers in this appendix 7 are to the pages in the above mentioned press release announced by Credit Suisse Group AG and not to the pages in this document.

Press Release

Hans-Ulrich Doerig to be appointed Chairman of Credit Suisse Group

- Walter B. Kielholz has decided to step down as Chairman in order to focus on his new role at Swiss Re. He will stand for re-election as a Board member of Credit Suisse Group with no functional duties.
- Urs Rohner will be proposed for election to the Board of Directors and, if elected, will assume the role of full-time Vice Chairman.
- Andreas Koopmann, Chief Executive Officer (CEO) of Bobst Group, and John Tiner, former CEO of the UK Financial Services Authority (FSA), will be proposed for election to Credit Suisse Group's Board of Directors.
- Subject to his re-election to the Board of Directors at the Annual General Meeting in 2009, Richard E. Thornburgh, a member of the Board since 2006, will become Chairman of the Risk Committee in place of Hans-Ulrich Doerig.
- Thomas W. Bechtler will stand down from the Board, having served for the maximum five terms.

Zurich, March 9, 2009 **Credit Suisse Group today announced a number of changes to the Board of Directors. Credit Suisse has had a good start to 2009 and, in view of the bank's very strong capital base, clear strategy, experienced Board of Directors and excellent management team, the Board believes that this is an appropriate moment to make these changes. Hans-Ulrich Doerig, currently Vice Chairman, will, subject to his re-election as a Board member at the Annual General Meeting (AGM) on April 24, 2009, be appointed as Chairman with effect from that date. Mr. Doerig takes over from Walter B. Kielholz, who has decided to step down as Chairman of Credit Suisse Group to enable him to focus on his new role as Chairman of Swiss Re. Mr. Kielholz will, however, stand for re-election to the Board of Credit Suisse Group as a member with no functional duties.**

Urs Rohner, currently Chief Operating Officer and General Counsel of Credit Suisse, will be proposed for election to the Board of Directors at the AGM and, if elected, will assume the role of full-time Vice Chairman. John Tiner, CEO of the UK firm Resolution and former CEO of the UK FSA, and Andreas Koopmann, CEO of Bobst Group, will be proposed for election to the

Board of Directors of Credit Suisse Group. Subject to his re-election to the Board of Directors at the Annual General Meeting in 2009, Richard E. Thornburgh, a member of the Board since 2006, will become Chairman of the Risk Committee in place of Hans-Ulrich Doerig. Thomas W. Bechtler, a Board member since 1994, will stand down from the Board, having served for the maximum five terms.

Hans-Ulrich Doerig said: "Credit Suisse owes a great debt of gratitude to Walter Kielholz for the enormous contribution he has made by leading the transformation of the bank over the past few years. We are pleased that he will remain on our Board. I am honored to take over as Chairman at a very important time in the bank's history and I look forward to continuing to work closely with the other members of the Board, Brady Dougan and the management team."

He continued: "I am delighted that we are able to propose Andreas Koopmann, Urs Rohner and John Tiner for election to the Board. They will each be able to make a very important contribution to the continuing success of Credit Suisse. The Board is convinced that Urs Rohner's significant role in the bank's success to date prepares him well for his new position as Vice Chairman. In his current role, he has been responsible for the development of the bank's strategy, efficiency management, human capital and legal and regulatory affairs. I look forward to working very closely with Urs as Vice Chairman."

Brady Dougan said: "Management and the Board have enjoyed a close working partnership, which has been instrumental in positioning Credit Suisse well during a challenging market environment. Hans-Ueli and I have worked together for 20 years, and we look forward to continuing to build on that partnership. Credit Suisse is in a very good position to weather difficult markets if they persist in the coming months and to prosper when they recover."

Walter B. Kielholz said: "I am pleased that I am able to make this transition, knowing that Credit Suisse is in a very strong position. Over the past few years, the members of the Board have worked very closely with the management team to develop the strategy and to strengthen our Board and Corporate Governance model. The proposal to elect three new members means that the Board will be able to continue this strategic progress under the leadership of Hans-Ueli; he has been a member of the senior management of Credit Suisse since 1982 and brings unique depth of experience, gained in his 35 years with our bank."

Urs Rohner will be succeeded as General Counsel by Romeo Cerutti, currently a senior member of the General Counsel organization. Mr. Cerutti will be appointed to the Executive Board of Credit Suisse with effect from April 24, 2009.

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Credit Suisse

As one of the world's leading banks, Credit Suisse provides its clients with private banking, investment 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 is active in over 50 countries and employs approximately 47,800 people. Credit Suisse is comprised of a number of legal entities around the world and is headquartered in Zurich. The registered shares (CSGN) of Credit Suisse's parent company, Credit Suisse Group AG, are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse can be found at www.credit-suisse.com.

Cautionary statement regarding forward-looking information

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. 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 the following:

- 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 securities 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:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations;
- 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 the risk of a continued US or global economic downturn in 2009 and beyond;
- the direct and indirect impacts of continuing deterioration of subprime and other real estate markets;
- further adverse rating actions by credit rating agencies in respect of structured credit products or other credit-related exposures or of monoline insurers;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and other cost targets; and

- 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 information set forth in our Form 20-F Item 3 - Key Information - Risk Factors.

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