CREDIT SUISSE GROUP
Form 6-K
August 03, 2006

FORM 6-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the month of August 3, 2006

Commission File Number 001-15244

CREDIT SUISSE GROUP

(Translation of registrant's name into English)

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

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

Form 20-F Form 40-F

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

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

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

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

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

Yes No

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

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Media Release

Credit Suisse Group reports net income of CHF 4.8 billion for the first half of 2006

Zurich, August 2, 2006 **Credit Suisse Group today reported net income of CHF 4,762 million for the first half of 2006, compared to CHF 2,829 million for the first half of 2005. Net income for the second quarter of 2006 was CHF 2,158 million, compared to net income of CHF 919 million in the second quarter of 2005. Net new assets totaled CHF 30.1 billion for the second quarter of 2006. The Group recorded a return on equity of 21.6% for the quarter, with a return on equity of 23.4% in the banking business.**

Financial highlights

in CHF million	**2Q2006**	Change in % vs 1Q2006	Change in % vs 2Q2005	**1H2006**	Change in % vs 1H2005
Net revenues	**8,788**	(20)	18	**19,713**	33
Total operating expenses	**5,600**	(16)	(7)	**12,238**	11
Net income	**2,158**	(17)	135	**4,762**	68
Return on equity - Group	**21.6%**	-	-	**23.1%**	-
Return on equity - Banking	**23.4%**	-	-	**25.4%**	-
Basic earnings per share (CHF)	**1.94**	-	-	**4.25**	-
BIS tier 1 ratio (at quarter-end)	**10.6%**	-	-	-	-

Oswald J. Grübel, CEO of Credit Suisse Group, stated: "We achieved a strong result in a market that experienced higher volatility and increasing investor caution. This shows that our efforts to build a powerful integrated organization are gaining momentum, while our business has proved its resilience in the face of a demanding environment."

Commenting on the strength of the banking business, he added: "The expanding global economy is continuing to create wealth and is increasing demand for the range of products and services we offer. The long-term growth prospects for our integrated bank are excellent but we are also aware that effective risk control and strict cost management must remain a priority to protect the value that we have created and to generate an enhanced return for our shareholders."

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Credit Suisse Group segment results

in CHF million		**2Q2006**	Change in % vs 1Q2006	Change in % vs 2Q2005	**1H2006**	Change in % vs 1H2005
Investment Banking	Net revenues	**4,436**	(23)	30	**10,193**	38
	Total operating expenses	**3,133**	(26)	(21)	**7,381**	5
	Income from continuing operations before taxes	**1,287**	(18)	-	**2,851**	-
Private Banking	Net revenues	**2,913**	(6)	15	**6,023**	19
	Total operating expenses	**1,795**	(1)	11	**3,605**	13
	Income from continuing operations before taxes	**1,123**	(14)	21	**2,431**	28
Asset Management	Net revenues	**675**	(11)	(14)	**1,431**	3
	Total operating expenses	**649**	25	53	**1,169**	41
	Income from continuing operations before taxes	**27**	(88)	(92)	**261**	(54)

Investment Banking segment

The Investment Banking segment recorded income from continuing operations before taxes of CHF 1,287 million in the second quarter of 2006, compared to a loss from continuing operations before taxes of CHF 558 million in the second quarter of 2005. The result for the second quarter of 2006 included credits from insurance settlements for litigation and related costs of CHF 474 million, while the result for the second quarter of 2005 included a charge of CHF 960 million to increase the reserve for certain private litigation matters. Net revenues grew by 30% compared to the second quarter of 2005 and were at the second highest level ever, reflecting increased revenues in all key business areas and robust deal activity. Total operating expenses fell by 21% versus the second quarter of 2005, primarily reflecting the impact of the above-mentioned insurance settlements and the litigation charge. The compensation/revenue ratio was 53.5% in the second quarter of 2006, an improvement of 2.0 percentage points compared to the full-year 2005. The segment's pre-tax income margin in the second quarter of 2006 was 29.0%.

Private Banking segment

The Private Banking segment, which comprises the Wealth Management and Corporate & Retail Banking businesses, reported income from continuing operations before taxes of CHF 1,123 million in the second quarter of 2006, an increase of 21% compared to the second quarter of 2005. Net revenues grew by 15% to CHF 2,913 million in the second quarter of 2006, primarily reflecting higher commission and fee income. Compared to the second quarter of 2005, total operating expenses rose 11%, primarily reflecting ongoing strategic growth initiatives in international markets. Private Banking reported a pre-tax income margin of 38.6% for the second quarter of 2006, an improvement of 1.8 percentage points from the same period of 2005.

The ***Wealth Management*** business reported income from continuing operations before taxes of CHF 779 million in the second quarter of 2006, an increase of 31% compared to the second quarter of 2005, reflecting strong net revenue growth. The pre-tax income margin was 38.3% for the second quarter of 2006, an improvement of 3.1 percentage points compared to the same period of 2005. Net new assets amounted to CHF 16.5 billion, representing a strong annualized growth rate of 9.0%.

The ***Corporate & Retail Banking*** business posted income from continuing operations before taxes of CHF 344 million in the second quarter of 2006, up 2% from the second quarter of 2005. The pre-tax income margin declined by 1.1 percentage points to 39.1% compared to the second quarter of 2005, mainly reflecting the impact of lower net releases of provisions for credit losses in the second quarter of 2006. The pre-tax return on average economic risk capital was 49.3% in the second quarter of 2006, an improvement of 6.7 percentage points compared to the second quarter of 2005.

Asset Management segment

The Asset Management segment posted income from continuing operations before taxes of CHF 27 million in the second quarter of 2006, down 92% compared to the second quarter of 2005. This decrease primarily reflected costs of CHF 152 million associated with the realignment of the Asset Management business, particularly in the US. Net revenues declined 14% to CHF 675 million compared to the second quarter of 2005, mainly due to lower investment-related gains. Total operating expenses rose 53% versus the second quarter of 2005, primarily reflecting the above-mentioned realignment costs. Asset Management reported CHF 15.5 billion of net new assets in the second quarter of 2006.

Organizational realignment in Asset Management

Credit Suisse has conducted a global strategic review of Asset Management and identified a number of measures to secure the future growth of the business. One important measure is the realignment of the Asset Management operation in the US to create a solid and sustainable platform for expansion in this market by changing its investment approach in a number of its traditional asset management strategies. Credit Suisse remains committed to its Asset Management business in the US. Going forward, the US business will focus on growth areas such as enhanced index, quantitative strategies and structured products, as well as on its current strengths, including alternative investments and core competencies in other equity and fixed income strategies.

Net new assets

The Wealth Management business recorded CHF 16.5 billion of net new assets in the second quarter of 2006, representing a strong annualized growth rate of 9.0%. This strong asset generation reflects inflows across a broad client base, particularly in Europe and the US. The Asset Management business delivered CHF 15.5 billion of net new assets, driven mainly by inflows in the US. Overall, Credit Suisse Group recorded CHF 30.1 billion of net new assets in the second quarter of 2006. The Group s total assets under management were CHF 1,370.9 billion as of June 30, 2006, a decrease of 1.8% from March 31, 2006, reflecting adverse market and foreign exchange-related movements, offset in part by net new assets.

First-half 2006 results

Credit Suisse Group posted net income of CHF 4,762 million for the first half of 2006 compared to CHF 2,829 million in the first half of 2005. The Group's return on equity was 23.1% for the first six months of the year, with a return on equity of 25.4% in the banking business.

Winterthur

Winterthur was previously reported as a separate segment of Credit Suisse Group. Due to the agreement to sell Winterthur that was announced in June 2006, the Group's financial results have been revised to reflect this business as discontinued operations. Winterthur generated net income of CHF 286 million in the second quarter of 2006.

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Outlook

Continued global economic growth is providing an excellent environment in which Credit Suisse Group can grow. The integrated bank is very well positioned to benefit from further wealth creation and increased corporate activity, particularly in the emerging markets. Revenue and operational synergies from the integration, together with a firm focus on costs, will also contribute to further improvements in profitability.

Credit Suisse Group expects interest rates to remain stable over the next three months and anticipates that the equity markets will recover and the currency markets will remain calm.

Information

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For additional information on Credit Suisse Group s second-quarter 2006 results, please refer to the Group s Quarterly Report 2006/Q2, as well as the Group s slide presentation for analysts and the press, which are available on the Internet at: www.credit-suisse.com/results

Credit Suisse Group

Credit Suisse Group is a leading global financial services company headquartered in Zurich. Credit Suisse Credit Suisse Group's banking arm provides clients worldwide with investment banking, private banking and asset management services. It provides companies, institutional clients and high-net-worth private clients worldwide, as well as retail clients in Switzerland, with specialist advisory services, comprehensive solutions, and innovative products.

Credit Suisse Group is active in over 50 countries and employs approximately 63,000 people. Credit Suisse Group registered shares (CSGN) are listed in Switzerland and, in the form of American Depositary Shares (CSR), in New York. Further information about Credit Suisse Group and 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. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to our plans, objectives or goals; our future economic performance or prospects; the potential effect on our future performance of certain contingencies; and assumptions underlying any such statements.

Words such as believes, anticipates, expects, "intends and plans and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable laws.

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

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

Presentation of Credit Suisse Group s Second-Quarter 2006 Results

Analyst and Media Conference

- Wednesday, August 2, 2006
  10:00 CEST / 09:00 BST / 04:00 EST
  Credit Suisse Forum St. Peter, Zurich

- Simultaneous interpreting: German English, English German

- **Speakers**
  Oswald J. Grübel, Chief Executive Officer of Credit Suisse Group
  Renato Fassbind, Chief Financial Officer of Credit Suisse Group

- **Internet**
  Live broadcast at: www.credit-suisse.com/results
  Video playback available approximately 3 hours after the event

- **Telephone**
  Live audio dial-in on +41 91 610 5600 (Europe), +44 207 107 0611 (UK) and
  +1 866 291 4166 (US); ask for Credit Suisse Group quarterly results .
  Please dial in 10-15 minutes before the start of the presentation

  Telephone replay available approximately 1 hour after the event on +41 91 612 4330 (Europe),
  +44 207 108 6233 (UK) and +1 866 416 2558 (US); conference ID English – 551#, conference ID German – 554#

Credit Suisse Group financial highlights

						6 months		
in CHF m, except where indicated	2Q 2006	1Q 2006	2Q 2005	Change in % from 1Q 2006	Change in % from 2Q 2005	2006	2005	Change in % from 2005
Consolidated statements of income								
Net revenues	**8,788**	10,925	7,417	(20)	18	**19,713**	14,800	33
Income from continuing operations before taxes, minority interests, extraordinary items and cumulative effect of accounting changes	**3,178**	4,348	1,403	(27)	127	**7,526**	3,804	98
Net income	**2,158**	2,604	919	(17)	135	**4,762**	2,829	68
Return on equity								
Return on equity – Group	**21.6%**	24.4%	9.8%	–	–	**23.1%**	15.2%	–
Return on equity – Banking [1]	**23.4%**	27.4%	9.1%	–	–	**25.4%**	15.9%	–
Earnings per share								
Basic earnings per share, in CHF	**1.94**	2.31	0.82	–	–	**4.25**	2.49	–
Diluted earnings per share, in CHF	**1.86**	2.21	0.79	–	–	**4.07**	2.41	–
Cost/income ratio – reported	**63.7%**	60.8%	81.5%	–	–	**62.1%**	74.7%	–
Cost/income ratio [2]	**69.4%**	68.8%	90.1%	–	–	**69.1%**	80.0%	–
Net new assets, in CHF bn	**30.1**	27.4	15.9	–	–	**57.5**	28.7	–

	30.06.06	31.03.06	31.12.05

in CHF m, except where indicated				Change in % from 31.03.06	Change in % from 31.12.05
Assets under management, in CHF bn	**1,370.9**	1,396.6	1,333.9	(1.8)	2.8
Consolidated balance sheets					
Total assets	**1,404,562**	1,433,621	1,339,052	(2)	5
Shareholders' equity	**38,882**	42,630	42,118	(9)	(8)
Consolidated BIS capital data					
Risk-weighted assets	**244,931**	248,116	232,891	(1)	5
Tier 1 ratio	**10.6%**	10.8%	11.3%	–	–
Total capital ratio	**13.4%**	13.5%	13.7%	–	–
Number of employees					
Switzerland – Banking	**20,069**	20,026	20,194	0	(1)
Outside Switzerland – Banking	**24,027**	23,621	24,370	2	(1)
Winterthur [3)]	**18,944**	18,872	18,959	0	0
Number of employees (full-time equivalents)	**63,040**	62,519	63,523	1	(1)
Stock market data					
Share price per registered share, in CHF	**68.40**	73.15	67.00	(6)	2
High (closing price) year-to-date, in CHF	**78.90**	78.45	68.50	1	15
Low (closing price) year-to-date, in CHF	**62.85**	68.25	46.85	(8)	34
Share price per American Depositary Share, in USD	**55.99**	55.86	50.95	0	10
Market capitalization, in CHF m	**74,393**	80,900	75,399	(8)	(1)
Market capitalization, in USD m	**60,896**	61,778	57,337	(1)	6
Book value per share, in CHF	**35.75**	38.55	37.43	(7)	(4)
Share information					
Shares issued	**1,247,893,498**	1,247,752,166	1,247,752,166	0	0
Treasury shares	**(160,272,952)**	(141,809,733)	(122,391,983)	13	31
Shares outstanding	**1,087,620,546**	1,105,942,433	1,125,360,183	(2)	(3)

[1] Excludes the shareholder's equity and net income of Winterthur, including intercompany transactions between Winterthur and the Group.
[2] Excludes minority interest revenues of CHF 741 million, CHF 1,284 million, CHF 722 million, CHF 2,025 million and CHF 997 million and minority interest expenses of CHF 13 million, CHF 9 million, CHF 9 million, CHF 21 million and CHF 12 million in 2Q 2006, 1Q 2006, 2Q 2005, six months 2006 and six months 2005, respectively, from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such revenues and expenses.
[3] In June 2006 the Group announced a definitive agreement for the sale of Winterthur.

Financial calendar

Third quarter results 2006	Thursday, November 2, 2006
Fourth quarter / full year results 2006	Thursday, February 15, 2007

Cover: Nicole Nahass, HOLT, Investment Banking, New York Photographer: John Wildgoose

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Oswald J. Grübel
Chief Executive Officer

Message from the Chief Executive Officer

Dear shareholders, clients and colleagues

We achieved strong results in the second quarter of 2006 in a market that experienced higher volatility and increasing investor caution. Credit Suisse Group reported net income of CHF 2.2 billion for the quarter, compared to CHF 919 million in the second quarter of 2005, and its return on equity was 21.6%. This improvement demonstrates our resilience in a demanding environment and shows that our efforts to build a powerful integrated organization are continuing to gain momentum.

Investment Banking substantially improved its performance compared to the second quarter of 2005 and increased its net revenues by 30%. Income from continuing operations before taxes totaled CHF 1.3 billion for the quarter, driven by record combined underwriting and advisory revenues and strong trading revenues. Despite the onset of more difficult markets, trading revenues increased significantly compared to last year's second quarter, reflecting higher revenues in many fixed income and equity trading businesses. These results show that Investment Banking is delivering on its growth plans, gaining momentum with clients and expanding its range of products in its core areas of business.

Private Banking posted its best second quarter results ever. Net revenues grew by 15%

compared to the second quarter of 2005 and income from continuing operations before taxes totaled CHF 1.1 billion, an increase of 21% compared to the same period of last year. Private Banking is continuing to invest in the global expansion of its business, and is rolling out its advisory services and growing its onshore presence in international markets. During the second quarter, we announced the launch of operations in Australia and made further inroads in the Middle East. We made progress in the growth of our private client business in the US and in strengthening our onshore presence in Europe. Private Banking's strong performance is underscored by its continued high level of net new asset generation, with net inflows of CHF 16.5 billion from the Wealth Management business in the second quarter, notably from Europe and the US.

Asset Management is essential to the success of the integrated bank's strategy. However, the business is not yet in a position to fully capitalize on the growth opportunities presented by the industry globally. We recently conducted a global strategic review of Asset Management and identified a number of measures that must be implemented in order to create a solid and sustainable platform for the future growth of the business.

These measures include repositioning our Asset Management business by reshaping the product offering, improving sales and investment processes and lowering the overall cost base. As part of the new strategy, we are realigning our Asset Management business in the US by changing our investment approach in a number of traditional asset management strategies. Going forward, the US business will concentrate on both current strengths and growth opportunities in this important market. We remain committed to our Asset Management business in the US, where we already have leadership positions in alternative investments and a number of select traditional asset management strategies. We are convinced that these steps will enable us to put the expertise and market reach of our Asset Management business to optimal use within our integrated bank.

Asset Management recorded income from continuing operations before taxes of CHF 27 million in the second quarter of 2006. These results include costs of CHF 152 million related to the realignment of the business. Net new assets totaled CHF 15.5 billion, underlining our strength in certain high performing products and strategies.

In June 2006, we announced the sale of Winterthur to AXA for cash consideration of CHF 12.3 billion. This represents a very good solution for the future of Winterthur, as well as its clients and employees. The transaction is expected to close by the end of this year, subject to regulatory approval.

The sale of Winterthur is a major strategic step for Credit Suisse Group. We can now focus all of our resources and the expertise of our people on implementing our strategy to grow our banking business globally by combining our strengths in investment banking, private banking and asset management.

We are making good progress with our strategy. It has been just seven months since we launched our integrated organization and we are already seeing evidence of the increased value we can deliver to clients by working together closely across our divisions and regions. Furthermore, the expanding global economy is continuing to create wealth and is fuelling demand for the range of products and services we offer. The long-term growth opportunities in our markets are excellent, particularly in the emerging markets. As we expand our business globally, we are well aware that effective risk control and strict cost management must remain a priority to protect the value that we have created and to generate an enhanced return for our shareholders.

Outlook

Continued global economic growth is providing an excellent environment in which Credit Suisse Group can grow. Our integrated bank is very well positioned to benefit from further wealth creation and increased corporate activity, particularly in the emerging markets. Revenue and operational synergies from the integration, together with a firm focus on costs, will also contribute to further improvements in profitability.

Credit Suisse Group expects interest rates to remain stable over the next three months and anticipates that the equity markets will recover and the currency markets will remain calm.

Yours sincerely

Oswald J. Grübel August 2006

Credit Suisse Group

Credit Suisse Group recorded net income of CHF 2,158 million in the second quarter of 2006, compared to CHF 919 million in the second quarter of 2005. Investment Banking and Private Banking reported improved income from continuing operations before taxes compared to the second quarter of 2005 as a result of higher client activity and trading volume. Asset Management reported lower income from continuing operations before taxes as a result of costs associated with a business realignment and a decline in private equity and other investment-related gains compared to a strong second quarter in 2005. In June 2006, the Group announced a definitive agreement for the sale of Winterthur.

Summary of segment results

Investment Banking

Investment Banking reported income from continuing operations before taxes of CHF 1,287 million in the second quarter of 2006 compared to a loss from continuing operations before taxes of CHF 558 million in the second quarter of 2005. Net revenues increased 30% to CHF 4,436 million as a result of higher revenues in all key business areas. Total operating expenses decreased CHF 843 million compared to the second quarter of 2005, primarily as a result of the second quarter 2005 charge to increase the reserve for private litigation matters of CHF 960 million and credits from insurance settlements for litigation and related costs of CHF 474 million in the second quarter of 2006. Compensation and benefits expense increased CHF 397 million, or 20%, compared to the second quarter of 2005, due primarily to increased compensation accruals in line with improved results.

Investment Banking reported a pre-tax income margin of 29.0% in the second quarter of 2006 compared to negative 16.3% in the second quarter of 2005. Excluding the insurance settlements and litigation charge, the pre-tax income margin was 18.3% in the second quarter of 2006 compared to 11.8% in the second quarter of 2005. The compensation/revenue ratio was 53.5% in the second quarter of 2006, an improvement from the full-year 2005 level of 55.5%.

Private Banking

Private Banking reported income from continuing operations before taxes of CHF 1,123 million in the second quarter of 2006, an increase of CHF 194 million, or 21%, compared to the second quarter of 2005. Net revenues increased CHF 389 million, or 15%, to CHF 2,913 million in the second quarter of 2006. Commissions and fees grew CHF 242 million, benefiting from a higher level of assets under management as well as stronger brokerage volumes and product sales. Net interest income increased CHF 126 million, or 14%, primarily driven by an increase in the liability margin and higher dividend income. Total operating expenses increased 11% from the second quarter of 2005, primarily as a result of higher compensation in the Wealth Management business related to ongoing strategic growth initiatives, as well as higher performance-related compensation in line with better results.

Net new assets amounted to CHF 16.6 billion compared to CHF 8.6 billion in the second quarter of 2005, primarily driven by inflows across a broad client base in Wealth Management, particularly in Europe and the US.

Asset Management

Asset Management reported income from continuing operations before taxes of CHF 27 million in the second quarter of 2006, compared to CHF 357 million in the second quarter of 2005. This decrease reflects realignment costs and significantly lower private equity and other investment-related gains. Net revenues declined 14%, or CHF 107 million, to CHF 675 million compared to the second quarter of 2005. Private equity and other investment-related gains were CHF 115 million during the second quarter of 2006, CHF 151 million lower than the strong second quarter of 2005. This decline was partially offset by an increase in asset management revenues of CHF 27 million, or 6%, as a result of higher assets under management.

Total operating expenses increased 53%, or CHF 224 million, to CHF 649 million compared to the second quarter of 2005. This increase was primarily a result of CHF 152 million of business realignment costs. Assets under management decreased to CHF 615.2 billion as of June 30, 2006 from CHF 619.6 billion as of March 31, 2006, as CHF 15.5 billion of net new assets added during the quarter were more than offset by adverse market and foreign exchange-related movements.

Sale of Winterthur

In June 2006, the Group announced a definitive agreement for the sale of Winterthur to AXA for cash consideration of CHF 12.3 billion. The sale of Winterthur follows the Group’s decision in 2004 to focus its growth strategy on an integrated global banking business model. The Group plans to reinvest the proceeds from the sale of Winterthur in the further development of its banking businesses.

As a part of the sale agreement, AXA agreed to repay approximately CHF 1.1 billion of debt currently outstanding between the Group and Winterthur. The Group did not provide any indemnification in respect of Winterthur's insurance reserves in the sale agreement. The gain on the sale will be recognized at the time of closing, which is expected to occur by the end of 2006, subject to regulatory approvals and closing conditions. As of June 30, 2006, Winterthur's shareholder's equity was CHF 8.8 billion.

Winterthur was previously reported as a separate segment of the Group, however, due to its pending sale, the Group's financial results have been revised to reflect this business as discontinued operations.

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

The following tables set forth an overview of segment results:

2Q 2006, in CHF m	Investment Banking	Private Banking	Asset Management	Corporate Center[1)]	Credit Suisse Group[2)]
Net revenues	**4,436**	**2,913**	**675**	**764**	**8,788**
Provision for credit losses	**16**	**(5)**	**(1)**	**0**	**10**
Compensation and benefits	2,374	1,020	255	48	**3,697**
Other expenses	759	775	394	(25)	**1,903**
Total operating expenses	**3,133**	**1,795**	**649**	**23**	**5,600**
Income from continuing operations before taxes and minority interests	**1,287**	**1,123**	**27**	**741**[3)]	**3,178**

2Q 2005, in CHF m	Investment Banking	Private Banking	Asset Management	Corporate Center[1)]	Credit Suisse Group[2)]
Net revenues	**3,417**	**2,524**	**782**	**694**	**7,417**
Provision for credit losses	**(1)**	**(28)**	**0**	**(1)**	**(30)**
Compensation and benefits	1,977	876	217	29	**3,099**
Other expenses	1,999	747	208	(9)	**2,945**
Total operating expenses	**3,976**	**1,623**	**425**	**20**	**6,044**
Income/(loss) from continuing operations	**(558)**	**929**	**357**	**675**[4)]	**1,403**

before taxes and minority interests	

[1] Includes consolidation eliminations, revenues and expenses from certain parent company investments and certain other revenues and expenses not allocated to the segments.
[2] The results of operations of Winterthur, which were previously reported as a separate segment of the Group, are now reflected in Income from discontinued operations, net of tax for all periods presented. For further details regarding the sale of Winterthur, see "Notes to the condensed consolidated financial statements - unaudited - Discontinued operations."

[3] Includes minority interest income of CHF 728 million from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such income.
[4] Includes minority interest income of CHF 713 million from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such income.

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

	Credit Suisse Group		
in CHF m	2Q 2006	2Q 2005	Change in % from 2Q 2005
Net revenues	**8,788**	7,417	18
Provision for credit losses	**10**	(30)	–
Compensation and benefits	**3,697**	3,099	19
Other expenses	**1,903**	2,945	(35)
Total operating expenses	**5,600**	6,044	(7)
Income from continuing operations before taxes and minority interests	**3,178**	1,403	127
Income tax expense/(benefit)	**502**	28	–
Minority interests	**804**	692	16
Income from continuing operations	**1,872**	683	174
Income from discontinued operations, net of tax	**286**	236	21
Net income	**2,158**	919	135

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

Credit Suisse Group consolidated results

The Group recorded net income of CHF 2,158 million in the second quarter of 2006, compared to CHF 919 million in the second quarter of 2005. Basic earnings per share increased 137% to CHF 1.94 compared to the second quarter of 2005. The return on equity was 21.6%, compared to 9.8% in the second quarter of 2005.

Net revenues

The Group reported net revenues of CHF 8,788 million, an increase of CHF 1,371 million, or 18%, compared to the second quarter of 2005.

Net interest income was CHF 1,866 million in the second quarter of 2006, a decrease of CHF 229 million, or 11%, compared to the second quarter of 2005. The change was due largely to a decrease in Investment Banking of CHF 366 million, or 30%, which was partially offset by an increase in Private Banking of CHF 126 million, primarily as a result of an increase in the liability margin.

Commissions and fees increased CHF 1,023 million, or 30%, as a result of higher investment banking fees of CHF 744 million, or 48%, compared to the second quarter of 2005. In addition, Private Banking commissions and fees increased CHF 242 million, or 18%, compared to the second quarter of 2005, due to higher assets under management and increased client activity.

Trading revenues increased CHF 728 million, or 113%, to CHF 1,371 million, reflecting significant increases in both fixed income and equity trading revenues in Investment Banking.

Other revenues were CHF 1,126 million in the second quarter of 2006, a decrease of 12% compared to CHF 1,277 million in the second quarter of 2005. This was primarily due to a decrease in private equity and other investment-related gains of CHF 151 million, or 57%, in

Asset Management from the strong second quarter of 2005. Other revenues also include substantially all minority interest-related revenues from consolidated private equity funds and other entities in which the Group does not have a significant economic interest in such revenues.

Provision for credit losses

The Group reported provisions for credit losses of CHF 10 million in the second quarter of 2006 compared to a net release of CHF 30 million in the second quarter of 2005. The credit environment continued to be favorable in the second quarter of 2006.

Total operating expenses

The Group reported total operating expenses of CHF 5,600 million in the second quarter of 2006, a decrease of CHF 444 million compared to the second quarter of 2005.

Compensation and benefits increased CHF 598 million, or 19%, to CHF 3,697 million, primarily due to increased compensation accruals in line with improved results.

Other expenses were CHF 1,903 million, a decrease of CHF 1,042 million from the second quarter of 2005. This reduction was primarily due to insurance settlements for litigation and related costs of CHF 474 million (CHF 308 million after tax) received in the second quarter of 2006, which were reflected as a reduction in other operating expenses, and the CHF 960 million (CHF 624 million after tax) charge related to certain private litigation matters in the second quarter of 2005. Excluding these items, other expenses increased 20% compared to the second quarter of 2005, largely as a result of higher commission expenses in line with higher commission revenues.

Income tax expense

The Group recorded income tax expense of CHF 502 million in the second quarter of 2006. Income tax expense was positively impacted by the release of tax contingency accruals totalling CHF 65 million following the favorable resolution of matters with tax authorities during the quarter. Income tax expense of CHF 502 million compared to CHF 28 million in the second quarter of 2005, reflecting the Group’s higher pre-tax income in the second quarter of 2006 and an income tax benefit of CHF 336 million recorded in the second quarter of 2005 as a result of the significant charge related to certain private litigation matters.

The Group tax expense is not affected by minority interest revenues and expenses from consolidated private equity and other entities in which the Group does not have a significant economic interest in such revenues and expenses. The amount of non-taxable income relating to these investments varies from one period to the next and in the second quarter of 2006 amounted to CHF 728 million.

The Group’s effective tax rate in the second quarter of 2006 was 16%. Excluding the effect of non-taxable income from these investments, the Group's effective tax rate in the second quarter of 2006 was 20%. The Group’s effective tax rate in the second quarter of 2005 was 2%. Excluding the effect of non-taxable income of CHF 713 million, the Group’s effective tax rate in the second quarter of 2005 was 4%.

Minority interests

The Group's net revenues and operating expenses reflect the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such revenues and expenses. The consolidation of these entities does not affect net income as the amounts recorded in net revenues and expenses are offset by corresponding amounts reported as minority interests. This minority interest income, which amounted to CHF 728 million in the second quarter of 2006, is reported in the Corporate Center.

Minority interests were CHF 804 million in the second quarter of 2006, an increase of CHF 112 million compared to the second quarter of 2005. This increase was primarily due to revenues from certain private equity funds and other entities that were consolidated for the first time during the first quarter of 2006. For further details, see "Notes to the condensed consolidated financial statements – unaudited – New accounting pronouncements."

Discontinued operations

As a result of the agreement for the sale of Winterthur, the results of operations of Winterthur are reflected in *Income from discontinued operations, net of tax* in the consolidated statements of income for all periods presented. The assets and liabilities of Winterthur have been presented as *Assets of discontinued operations held-for-sale* and *Liabilities of discontinued operations held-for-sale* , respectively, in the consolidated balance sheet as of June 30, 2006. Net new assets and assets under management for the Group are presented for all periods excluding Winterthur.

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

Factors affecting results of operations

Global equity markets had a volatile quarter, as general investor optimism diminished in light of growing macroeconomic concerns and uncertainty around the US Federal Reserve's interest rate policy. The US stock markets started out strong in the second quarter, however the Dow Jones Industrial Average lost half of the year-to-date gains before recovering slightly at the quarter end. The NASDAQ Composite Index, the S&P 500 Index, the Frankfurt Stock Exchange Index and the Swiss Market Index all decreased during the quarter.

Other European and Asian stock markets also declined in the second quarter as the worldwide tightening of monetary policy made investors more cautious, particularly with US investors withdrawing from international markets and riskier asset classes. Activity in the Swiss equity market remained strong as evidenced by the increase in trades and turnover on the Swiss Exchange. Volatility in the Swiss equity market also increased during the quarter along with the volatility index on the S&P 500 Index.

The US Federal Reserve continued to raise interest rates, increasing the federal funds rate to 5.25% in June 2006. Officials indicated that further rate increases will be determined by inflation indicators, including price data and employment levels. The European Central Bank also raised its key lending rate 0.25% to 2.75% during the quarter.

The yield curve experienced abrupt changes during the quarter, with an upward shift and slight steepening in the beginning, and a yield curve inversion at the end of the quarter. Generally unfavorable trading conditions were observed, with lower volumes compared to the first quarter and sudden shifts of the yield curve.

Industry-wide volume of announced mergers and acquisitions transactions resulted in the third most active quarter on record, surpassing the levels of the first quarter of 2006. Deals were announced in almost all industry sectors, resulting in nearly USD 1 trillion in global volumes. Similar to the first quarter of 2006, merger activity in Europe outpaced that of the US.

Industry-wide volumes of global debt underwriting activity were slightly lower than the record first quarter, but higher than the second quarter of 2005. Robust merger activity helped drive debt issuance volume, with both investment grade and high yield debt volumes up from the second quarter of 2005.

Equity underwriting continued to be strong, largely driven by financial sponsors and the technology sector. Global equity underwriting volumes marked the best quarter since 2000. Global initial public offering volumes were also higher than the second quarter of 2005 and the first quarter of 2006, although the new issue market became more difficult towards end of the quarter amid turbulence in the global equity markets.

Credit Suisse Group structure

The Group’s business consists of three segments: Investment Banking, Private Banking and Asset Management. Prior period results presented in this Quarterly Report have been revised to reflect the operational and management structure in place during 2006.

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

Investment Banking

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

Investment Banking reported income from continuing operations before taxes of CHF 1,287 million in the second quarter of 2006. These results compare to a loss from continuing operations before taxes of CHF 558 million in the second quarter of 2005, which included a CHF 960 million charge to increase the reserve for certain private litigation matters. These strong results reflected a more focused Investment Banking franchise that performed well despite more volatile market conditions from mid-May through the end of the quarter. Investments in core client businesses continue to result in improvements in the breadth and diversity of revenues.

The results in the second quarter of 2006 included credits from insurance settlements for litigation and related costs of CHF 474 million. Excluding the insurance settlements and the litigation charge, income from continuing operations before taxes increased CHF 411 million, or 102%, to CHF 813 million in the second quarter of 2006.

Pre-tax income margin was 29%, and pre-tax return on average economic risk capital was 35.3% in the second quarter of 2006. Excluding the insurance settlements and the litigation charge, pre-tax income margin for the second quarter of 2006 was 18.3% compared to 11.8% in the second quarter of 2005, and pre-tax return on average economic risk capital was 23.3% in the second quarter of 2006 compared to 15.1% in the second quarter of 2005. The weakening of the average rate of the US dollar against the Swiss franc by 4% from the first quarter of 2006 adversely affected revenues and favorably impacted expenses, resulting in a net negative impact on income from continuing operations before taxes.

Net revenues were CHF 4,436 million, up CHF 1,019 million, or 30%, compared to the second quarter of 2005 and were at the second highest level ever, reflecting higher revenues in all key business areas and robust deal activity. Net revenues decreased 23% from the record first quarter of 2006, due primarily to lower trading revenues in a more challenging trading environment.

Provision for credit losses was CHF 16 million for the second quarter of 2006 compared to a net release of CHF 1 million in the second quarter of 2005.

Compared to March 31, 2006, total impaired loans decreased CHF 199 million to CHF 382 million, and valuation allowances as a percentage of total impaired loans increased 22 percentage points to 98% as of June 30, 2006. The overall credit environment continued to be favorable in the second quarter.

Total operating expenses were CHF 3,133 million in the second quarter of 2006, down CHF 843 million, or 21%, compared to the second quarter of 2005. Excluding the insurance settlements and the litigation charge, total operating expenses increased CHF 591 million, or 20%, to CHF 3,607 million. Compensation and benefits increased CHF 397 million, or 20%, due primarily to increased compensation accruals in line with improved results. The compensation/revenue ratio of 53.5% in the second quarter of 2006 was at the same level as the first quarter of 2006, and a decline from 55.5% from the full year 2005. Other expenses decreased CHF 1,240 million, or 62%, from the second quarter of 2005, primarily reflecting the credits from the insurance settlements for litigation and related costs of CHF 474 million in the second quarter of 2006 and the CHF 960 million litigation charge in the second quarter of 2005. Excluding the insurance settlements and the litigation charge, other expenses increased CHF 194 million, or 19%, compared to the second quarter of 2005, due primarily to higher commission expenses, in line with higher commission revenues, higher professional fees and a higher provision to increase the reserve for future estimated legal expenses. Excluding the insurance settlements, other expenses increased CHF 65 million, or 6%, compared to the first quarter of 2006.

Excluding the insurance settlements and the litigation charge, the cost/income ratio improved to 81.3% in the second quarter of 2006 from 88.3% in the second quarter of 2005. Investment Banking continues to pursue sustainable, long-term cost/income ratio reductions. Investment Banking has established internal non-compensation expense year-end 2006 run-rate targets for each business, category of expense and region and is finalizing detailed plans for specific initiatives to achieve these targets. Credit Suisse continues to expand its centers of excellence in locations such as Raleigh-Durham, North Carolina and Singapore in order to enable its businesses to leverage talent around the world and improve the efficient use of resources.

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

in CHF m	2Q 2006	1Q 2006	2Q 2005	Change in % from 1Q 2006	Change in % from 2Q 2005	6 months 2006	6 months 2005	Change in % from 2005
Net interest income	**857**	748	1,223	15	(30)	**1,605**	2,239	(28)
Commissions and fees	**2,310**	1,942	1,566	19	48	**4,252**	2,893	47
Trading revenues	**1,132**	2,943	465	(62)	143	**4,075**	1,949	109
Other revenues	**137**	124	163	10	(16)	**261**	330	(21)
Total noninterest revenues	**3,579**	5,009	2,194	(29)	63	**8,588**	5,172	66
Net revenues	**4,436**	5,757	3,417	(23)	30	**10,193**	7,411	38
Provision for credit losses	**16**	(55)	(1)	–	–	**(39)**	(20)	95
Compensation and benefits	**2,374**	3,080	1,977	(23)	20	**5,454**	4,112	33
Other expenses	**759**	1,168	1,999	(35)	(62)	**1,927**	2,945	(35)
Total operating expenses	**3,133**	4,248	3,976	(26)	(21)	**7,381**	7,057	5
Income/(loss) from continuing operations before taxes	**1,287**	1,564	(558)	(18)	–	**2,851**	374	–

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

in CHF m	2Q 2006	1Q 2006	2Q 2005	Change in % from 1Q 2006	Change in % from 2Q 2005	6 months 2006	6 months 2005	Change in % from 2005
Debt underwriting	**613**	456	411	34	49	**1,069**	682	57
Equity underwriting	**313**	249	186	26	68	**562**	325	73
Underwriting	**926**	705	597	31	55	**1,631**	1,007	62
Advisory and other fees	**405**	333	369	22	10	**738**	594	24
Total investment banking	**1,331**	1,038	966	28	38	**2,369**	1,601	48
Fixed income	**1,939**	2,767	1,353	(30)	43	**4,706**	3,469	36
Equity	**1,146**	2,077	912	(45)	26	**3,223**	1,978	63
Total trading	**3,085**	4,844	2,265	(36)	36	**7,929**	5,447	46
Other (including loan portfolio)	**20**	(125)	186	–	(89)	**(105)**	363	–
Net revenues	**4,436**	5,757	3,417	(23)	30	**10,193**	7,411	38

Total investment banking revenues include debt underwriting, equity underwriting and advisory and other fees. In the second quarter of 2006, investment banking revenues were at a record level, totaling CHF 1,331 million, up CHF 365 million, or 38%, compared to the second quarter of 2005. These results reflected continued improvements in the franchise and relative position in the industry, with increases in both underwriting and advisory and other fees. Total investment banking revenues were up 28% compared to the first quarter of 2006. Credit Suisse's growing energy franchise contributed to the solid quarter for investment banking revenues and provided good synergies for continued growth of the commodities platform. Credit Suisse participated in a number of notable energy transactions in the second quarter including Anadarko Petroleum Corporation's acquisitions of Kerr-McGee Corporation and Western Gas Resources Inc. Credit Suisse was also recently named the "Best Emerging Markets Investment Bank" by *Euromoney* Awards for Excellence 2006.

Debt underwriting revenues in the second quarter of 2006 were CHF 613 million, up CHF 202 million, or 49%, compared to the second quarter of 2005. These results primarily reflected significantly higher revenues in leveraged finance on improved market share in leveraged lending as the global syndicated lending market expanded from the second quarter of 2005, and the global industry volume of high-yield debt issuance was more than double compared to the second quarter of 2005. Debt underwriting revenues were up 34% compared to the first quarter of 2006, primarily from leveraged finance. Through the second quarter of 2006, Credit Suisse ranked third in global high-yield securities new issuance volumes. Credit Suisse was recognized for a number of its global debt products in the annual *Euroweek* Celebration of Excellence survey, including specific recognition for Asia Pacific leveraged finance, Latin

American debt capital markets and European high-yield capital markets.

Equity underwriting revenues in the second quarter of 2006 were CHF 313 million, up CHF 127 million, or 68%, compared to the second quarter of 2005, reflecting significantly higher industry-wide equity issuance activity and improved global equity market share. Equity underwriting revenues increased 26% compared to the first quarter of 2006, due primarily to higher global industry-wide equity issuances including a substantial increase in initial public offering activity, offset in part by a decline in revenues from the convertibles business. Credit Suisse ranked fifth in global initial public offering market share through the second quarter of 2006 and maintained a leading position in financial sponsor-backed equity offerings. Credit Suisse was recognized as the “Best Global Equity Bank” by *Global Finance* in 2006. Credit Suisse participated in a number of key equity transactions across a broad range of industries and geographies in the second quarter, including initial public offerings for Debenhams (UK department store) and Shanghai Prime Machinery Company Limited and follow-on offerings for the NASDAQ Stock Market, Inc. and Submarino S.A. (Brazil-based online retailer). In the second quarter of 2006, Credit Suisse received the *Financial Times* award for “Sustainable Energy Finance Deal of the Year” for the initial public offering of Suntech Power Holdings Co. Ltd, the first major China-based alternative energy company.

Advisory and other fees were CHF 405 million in the second quarter of 2006, up CHF 36 million, or 10%, compared to the second quarter of 2005 and up 22% compared to the first quarter of 2006, reflecting strong results from mergers and acquisitions. Credit Suisse ranked eighth in global announced mergers and acquisitions and twelfth in global completed mergers and acquisitions through the second quarter of 2006. Notable transactions in the quarter included the Anadarko Petroleum Corporation acquisitions, as well as the sale of Duke Energy’s DENA power generation portfolio to LS Power Generation, which constituted one of the largest merchant power asset sales in North America, Mittal Steel Company NV’s acquisition of Arcelor S.A., Blackstone Group’s acquisition of Travelport (Cendant Corporation’s travel distribution services unit) and an investor group’s acquisition of Univision Communications, Inc. The increase in advisory and other fees also reflected higher revenues from the private fund group, which raises capital for hedge funds, private equity funds and real estate funds.

Total trading revenues include results from fixed income and equity sales and trading. Total trading revenues for the second quarter of 2006 were CHF 3,085 million, up CHF 820 million, or 36%, compared to the second quarter of 2005, due to improved results in both fixed income and equity trading revenues. Total trading revenues decreased 36% compared to the first quarter of 2006 due to less favorable market conditions beginning in mid-May and a particularly strong first quarter.

Investment Banking’s average daily VaR in the second quarter of 2006 was CHF 95 million, up from CHF 64 million in the second quarter of 2005 and up from CHF 72 million in the first quarter of 2006. Average economic risk capital increased CHF 3.1 billion compared to the second quarter of 2005, in line with the strategy to extend incremental capital to support high-growth and high-margin activities, with significant increases in the structured products and leveraged finance businesses.

Fixed income trading recorded revenues of CHF 1,939 million in the second quarter of 2006. These results were up CHF 586 million, or 43%, compared to the second quarter of 2005, reflecting strong results in residential and commercial mortgage-backed securities, interest rate products and leveraged finance, partially offset by weaker results in emerging markets trading and fixed income proprietary trading. Fixed income markets in the second quarter of 2006 were more challenging due to lower volumes and a shift of investor risk appetite away from the emerging markets. Interest rate markets also remained challenging as the yield curve experienced sudden shifts; however, interest rate products performed well in light of market conditions. Despite the more difficult market conditions in the second quarter of 2006, fixed income trading revenues in the first six months of 2006 were a record CHF 4,706 million. Compared to the record first quarter of 2006, fixed income trading revenues decreased 30%, due primarily to lower revenues in fixed income proprietary trading, emerging markets trading and leveraged finance, partially offset by stronger results in commercial mortgage-backed securities. The commodities business showed solid growth in its first year of operation with a strong revenue contribution from energy trading in the second quarter of 2006.

Equity trading revenues of CHF 1,146 million increased CHF 234 million, or 26%, compared to the second quarter of 2005, reflecting stronger results in the convertibles, derivatives and most cash businesses due to higher levels of client-driven activity, partially offset by weaker results in equity proprietary trading. Compared to the record first quarter of 2006, equity trading revenues decreased 45% due primarily to weaker results in equity proprietary trading and the cash businesses. Risk-taking conditions became more difficult from mid-May resulting in significantly lower proprietary trading revenues than the record first quarter. For the first six months of 2006, proprietary trading revenues were significantly higher than in the first six months of 2005. Advanced execution services continued to experience strong growth with record revenues in the second quarter. Prime services also had an excellent quarter with higher revenues due to continued business growth and new client mandates. During the second quarter, Credit Suisse partnered with Paladyne Systems, a leading provider of alternative investment solutions, to provide clients with a fully hosted front-to-back office solution capable of supporting hedge funds that require multiple prime brokers. This partnership advanced the strategy of meeting both the current and emerging needs of hedge fund clients through innovation, asset class integration and market-leading service. In addition, Credit Suisse was ranked the number one broker of choice for equity trading and sales trading capabilities in the *Euromoney Institutional Investor* 2006 Pan-European Equity Trading rankings survey.

Other (including loan portfolio) recorded revenues of CHF 20 million for the second quarter of 2006, compared to CHF 186 million in the second quarter of 2005, due primarily to lower gains from private equity-related investments not managed as part of Asset Management. Compared to the first quarter of 2006, other (including loan portfolio) revenues increased CHF 145 million, primarily reflecting gains on credit default swaps used to hedge the loan portfolio compared to losses on such credit default swaps in the first quarter.

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

				6 months	
	2Q 2006	1Q 2006	2Q 2005	2006	2005
Cost/income ratio	**70.6%**	73.8%	116.4%	**72.4%**	95.2%
Pre-tax income margin	**29.0%**	27.2%	(16.3%)	**28.0%**	5.0%
Compensation/revenue ratio	**53.5%**	53.5%	57.9%	**53.5%**	55.5%
	15,817	15,871	12,708	**15,656**	12,005

Average economic risk capital, in CHF m					
Pre-tax return on average economic risk capital [1]	**35.3%**	42.0%	(15.2%)	**39.1%**	8.7%
Average one-day, 99% VaR, in CHF m	**95**	72	64	**83**	65

[1] Calculated using a return excluding funding costs for allocated goodwill.

	30.06.06	31.03.06	31.12.05	Change in % from 31.03.06	Change in % from 31.12.05
Total loans, in CHF m	**38,190**	39,654	34,762	(4)	10
Non-performing loans/total loans	**0.5%**	0.7%	0.4%	–	–
Impaired loans/total loans	**1.0%**	1.5%	1.5%	–	–

Private Banking

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

Private Banking reported income from continuing operations before taxes of CHF 1,123 million in the second quarter of 2006, an increase of CHF 194 million, or 21%, versus the second quarter of 2005. Private Banking achieved strong net new assets of CHF 16.6 billion, with significant inflows across a broad client base, particularly in Europe and the US. The second quarter 2006 results were mainly driven by improved net revenues, which were CHF 389 million, or 15%, higher compared to the second quarter of 2005, primarily from higher commission and fee income. Operating expenses in the second quarter of 2006 were CHF 172 million, or 11%, higher than in the second quarter of 2005, primarily reflecting ongoing strategic growth initiatives in the Wealth Management business. Compared to the first quarter of 2006, second quarter 2006 results were affected by increasing investor caution, lower average global trading volumes, declining equity markets, a lower US dollar and increased interest rates. The market slowdown and decreased client activity in the second quarter of 2006 led to a decrease in brokerage and other transaction-based revenues compared to the first quarter of 2006. As a result, Private Banking's income from continuing operations before taxes decreased CHF 185 million, or 14%, compared to the strong first quarter of 2006.

In the second quarter of 2006, Private Banking continued to progress with its strategic growth initiatives aimed at leveraging its industry-leading position to realize the potential in the growing private banking sector. Since the beginning of 2005, the Wealth Management business has opened nine new service locations, including six in the Middle East and Asia, consistent with the strategy to strengthen its local presence in these fast-growing markets. Credit Suisse was the first major global financial institution to be awarded a license at the Qatar Financial Centre in Doha, Qatar. In the second quarter of 2006, Private Banking announced the launch of operations in Australia. Additionally, Private Banking continued its development of the European onshore franchise, which has particularly contributed to Wealth Management's increased client base and strong net new asset growth. There has been a net increase of 270 Wealth Management relationship managers since the beginning of 2005, primarily outside Switzerland, to advance and manage its growth in these international locations. These strategic investments in new markets and its European onshore presence are the main drivers of the accelerated growth and are reflected in the cost development of Private Banking.

Private Banking continued its strategic development in product innovation. Since the beginning of 2006, the Wealth Management business has launched more than 500 new product offerings, including many tailor-made solutions, particularly in structured investments. Credit Suisse’s leadership in structured product development was recently recognized by *Euromoney* , which named Credit Suisse the “Best Provider of Structured Products in Switzerland” in its 2006 Private Banking Awards survey.

In the second quarter of 2006, Private Banking had strong net revenue growth, with net revenues of CHF 2,913 million, an increase of CHF 389 million, or 15%, compared to the second quarter of 2005. Commissions and fees rose CHF 242 million, or 18%, compared to the second quarter of 2005, driven by higher asset-based revenues related to the higher level of assets under management, and increased brokerage volumes and product sales reflecting increased client activity. The increase in net interest income of CHF 126 million, or 14%, compared to the second quarter of 2005, was primarily driven by an increase in the liability margin. There was ongoing pressure on the asset margin, reflecting competitive markets. Interest rate-related assets rose during the second quarter of 2006. Private Banking maintained a strong annualized growth rate in Swiss residential mortgage volumes of 9% during the first six months of 2006. Net interest income also reflected higher dividend income from the equity portfolio, with a corresponding decline in trading revenues.

Provisions for credit losses in the second quarter of 2006 resulted in net releases of CHF 5 million compared to net releases of CHF 28 million in the second quarter of 2005, reflecting the continued favorable credit environment.

Private Banking's total operating expenses were CHF 1,795 million for the second quarter of 2006, an increase of CHF 172 million, or 11%, from the second quarter of 2005. The increase in operating expenses was mainly caused by higher compensation and benefits, which increased CHF 144 million, or 16%, compared to the second quarter of 2005. The increase reflected higher personnel expenses related to the ongoing strategic growth initiatives in the Wealth Management business. In addition, performance-related compensation accruals were higher in line with the better results. Other expenses increased CHF 28 million, or 4%, compared to the second quarter of 2005, driven mainly by higher commission expenses related to the increase in revenues from commissions and fees. Compared to the first quarter of 2006, total operating expenses were flat, with a decrease in Wealth Management compensation and benefits reflecting lower performance-related compensation in line with the lower results, mostly offset by higher other expenses as a result of an increase in provisions for a legal matter and higher marketing costs.

Private Banking reported a pre-tax income margin of 38.6% for the second quarter of 2006, an improvement of 1.8 percentage points compared to the second quarter of 2005, with net revenue growth of 15% compared to an 11% increase in total operating expenses.

As of June 30, 2006, assets under management were CHF 859.1 billion. During the second quarter of 2006, net new assets of CHF 16.6 billion were more than offset by decreases of CHF 40.2 billion related to adverse market and foreign exchange movements.

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

						6 months		
in CHF m	2Q 2006	1Q 2006	2Q 2005	Change in % from 1Q 2006	Change in % from 2Q 2005	2006	2005	Change in % from 2005
Net interest income	**1,050**	966	924	9	14	**2,016**	1,846	9
Commissions and fees	**1,606**	1,807	1,364	(11)	18	**3,413**	2,767	23
Trading revenues	**173**	303	168	(43)	3	**476**	335	42
Other revenues	**84**	34	68	147	24	**118**	115	3
Total noninterest revenues	**1,863**	2,144	1,600	(13)	16	**4,007**	3,217	25
Net revenues	**2,913**	3,110	2,524	(6)	15	**6,023**	5,063	19
Provision for credit losses	**(5)**	(8)	(28)	(38)	(82)	**(13)**	(44)	(70)