

Bank Leu
since 1755



Financial Report 2006

Bank Leu Ltd

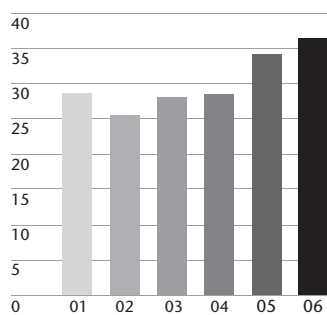
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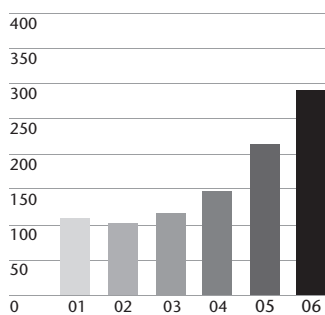
Bank Leu Ltd at a glance

	2006	2005	2004
Assets under Management (in CHF bn)	36.5	34.1	28.5
Number of staff (in full-time equivalents)	541	583	579
Cost/Income Ratio	44%	48%	57%
Operating income (in CHF 1000)	521 503	416 724	346 808
Operating expense (in CHF 1000)	227 835	200 706	196 007
Net profit before extraordinary items and taxes (in CHF 1000)	291 259	213 267	148 401
Net profit of the year (in CHF 1000)	257 396	174 881	119 914

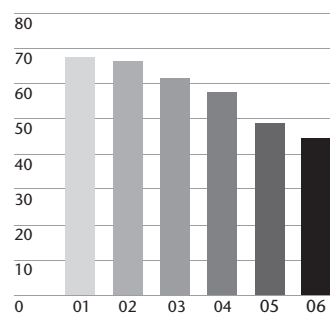
Assets under Management
(in CHF bn)



Net profit before extraordinary items and taxes
(in CHF 1000)



Cost/Income Ratio
(in %)



Success through development

It is only by remaining open to change that individuals and organizations can acquire the strength to sustain success over a long period of time. This is an insight that characterizes both the history of Bank Leu and its present.

As the oldest bank in Switzerland, Bank Leu has, throughout the 251 years of its existence, persistently cultivated this openness to change, development and progress. It has shaped, and continues to shape, our ongoing tradition of providing clients with first-class products and services together with access to all the achievements and possibilities of modern private banking. By combining experience, stability, forward-looking innovative power and a clear focus on our core businesses, Bank Leu has consistently exploited the potential of its selected markets, establishing a position of strength backed by a formidable level of trust.

The success of this strategy is also visible in the Bank's performance over the past business year. Bank Leu achieved the best results of its history in all areas of business in 2006 and the value of the client assets under its management likewise reached a record level. We are proud to report on yet another excellent year of business and feel confident in proceeding along the path of continuous development and improvement for the benefit of our clients.

Another step into the future

The merger with the other independent private banks of the Credit Suisse Group Clariden, Hofmann, BGP Banca di Gestione Patrimoniale and the securities dealer Credit Suisse Fides, to form the new Clariden Leu, is another important step along this path. It creates the optimum conditions for our company to participate proactively and successfully in the process of consolidation that will continue to shape the global banking industry going forward. It permits us to open up new markets from a solid base in the financial center of Zurich and to leverage their growth for the benefit of the organization and our clients.

With an even broader base of highly qualified and motivated employees we will continue to seek and tackle new challenges in the future, further improving our proven products, services and advisory processes and occupying new, promising niches. In doing so we will continue to foster close relationships with clients and markets, thus facilitating the ongoing process of cross-fertilization which is the underpinning of excellent results.

We are therefore preparing ourselves for the challenges of the future in the best way possible. Clear dedication and the ability to continuously grow and develop, a convincing strategy, an innovative business model and exceptional performance and services will be the basis of our growth and success in the future. The formation of the new Clariden Leu thus reflects in large measure our traditional identity: it is only when we are convinced that we are replacing something good with something better that we make a change. But when we do change, we do it quickly and rigorously and with all our energy.

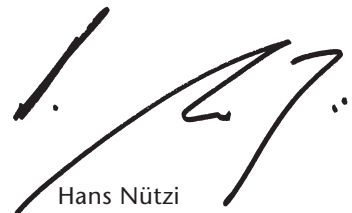
Thanks for past achievements and onwards to new horizons

The 251st business year of Bank Leu in its existing form was not only its most successful but also a particularly intensive and challenging year. As in the past, we were able to rely on the loyalty and trust of our clients and business partners. Together with all our active and former employees, they are the ones who have helped build Bank Leu's success, and we are most grateful for their continuing support.

The first year of Clariden Leu that now lies before us is the beginning of a new chapter in the history of private banking in Zurich's financial center. We are embarking on it with enthusiasm and from a solid base – committed to the goal of offering our clients outstanding quality of service and excellent results.



Walter Berchtold
Chairman of the
Board of Directors



Hans Nützi
Chief Executive Officer

Review of 2006 results

Introduction

For Bank Leu the business year 2006 was marked by exceptionally good operating results and the effects of the merger to form Clariden Leu. Bank Leu reported a net profit of CHF 257.4 million for 2006, up 47% on the already very good 2005 result. Operating profit grew substantially for the fourth year in a row. In 2006, Bank Leu recorded a 37% increase in operating profit year-on-year. At the same time, the cost/income ratio – the key efficiency indicator in private banking - improved from 48% in 2005 to 44% in 2006 despite the costs of the merger.

Income statement

Total operating income rose from CHF 416.7 million to CHF 521.5 million in 2006, an increase of 25%. As a result of the Bank's rigorous cost management and despite the costs of the forthcoming merger to form Clariden Leu (14% higher operating costs year-on-year) net profit was up 47% to CHF 257.4 million from CHF 174.9 million a year earlier.

Demand for structured products remained strong in 2006. The volume of issues outstanding increased by another CHF 1.7 billion from CHF 4.3 billion at the end of 2005 to CHF 6.0 billion at year-end 2006. The popularity of short-dated Barrier Reverse Convertibles with one or more equity underlyings continued unabated. These instruments enhance returns in flat markets by offering a high fixed interest rate.

Net income from interest operations

Net income from interest operations increased 114% to CHF 232.1 million in the reporting period. The main factor driving this significant increase was revenue of CHF 72.6 million from the trading department's dividend arbitrage transactions. Without this, net interest income would have been CHF 159.5 million (47% higher than a year ago). The main factor behind this substantial growth in interest income (excluding the

dividend arbitrage effect) were, as in 2005, gains on the issuance of structured products which are reported as interest income over the life of the product.

Net commission and fee income

At CHF 232.4 million (2005: CHF 217.8 million), net commission and fee income, the Bank's most important source of revenues, accounted for 45% of total operating income in 2006, compared to 52% in the previous year. Its share of total operating income declined due to the Bank's very good interest and trading revenues in 2006. Transaction-based commissions also increased, as 2006 was a good year for the stock markets.

Trading income

Trading income saw a similarly strong performance to interest and fee income in 2006. Although reported net income from trading was down 29% from CHF 73.7 million in 2005 to CHF 52.5 million in 2006, this decline was due to dividend arbitrage transactions where the dividend revenue flows into interest income but the costs of the transaction affect the trading result. Adjusted to include the dividend income from interest operations, net trading income would have totalled CHF 125.1 million, an increase of 70% versus the previous year.

Other ordinary net income

Other ordinary net income was down 73% from CHF 16.9 million a year ago to CHF 4.6 million. This sharp decrease is mainly attributable to a one-off effect in 2005 from the sale of Bank Leu's custody business to Credit Suisse.

Operating expense

Due to our ongoing vigilance on the cost front, operating expense remained almost unchanged at the previous year's level. In addition, costs were incurred in 2006 for the merger to form Clariden Leu, which resulted in a 14% increase in operating expense from CHF 200.7 million to CHF 227.8 million.

Depreciation, losses, adjustments and provisions

Despite the sharp increase in volumes, the total amount of depreciation, losses, adjustments and provisions was lower than in the previous year (CHF 0.8 million compared to CHF 1.7 million in 2005). Operating settlement losses were down in 2006.

Total assets

Total assets increased by CHF 3.0 billion, or 23%, from CHF 13.5 billion to CHF 16.5 billion in 2006. This increase was mainly attributable to issues of structured products, which are reported in the balance sheet under „Money market paper issued“ and „Bonds issued“.

As planned, the volume of mortgage lending increased only marginally by 3% to CHF 2.0 billion, while the volume of Lombard loans was down 13% from CHF 1.5 billion to CHF 1.3 billion.

The Bank's equity capital stood at CHF 640.5 million as at December 31, 2006, compared with CHF 497.1 million a year earlier.

Further details on the balance sheet are contained in the notes to the accounts.

Development of client assets

Client assets reached a total volume of CHF 36.5 billion at December 31, 2006, up 7% on year-end 2005.

This increase in client assets was due in part to the positive market performance in 2006 but also to net new assets of CHF 176 million, particularly in the private and external asset manager segments.

The Financial Report that follows gives detailed figures on the performance of Bank Leu in its 251st year of business.

Balance Sheet as at December 31, 2006

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	Change in CHF 1000	Change in %
Assets				
Cash and cash equivalents	170 612	184 073	- 13 461	- 7
Money market paper	1	354 236	- 354 235	- 100
Due from banks	11 521 050	8 245 523	3 275 527	40
Due from clients	1 298 500	1 494 835	- 196 335	- 13
Mortgage loans	2 030 341	1 973 855	56 486	3
Securities and precious metals trading portfolio assets	827 462	491 563	335 899	68
Financial assets	18 145	28 183	- 10 038	- 36
Investments in associates	4 416	6 416	- 2 000	- 31
Property and equipment	27 144	27 944	- 800	- 3
Accrued income and prepaid expenses	93 979	55 355	38 624	70
Other assets	532 335	619 882	- 87 547	- 14
Total assets	16 523 985	13 481 865	3 042 120	23
Total subordinated assets				
Total amounts receivable from shareholder and Group companies	2 713 061	1 858 210	854 851	46
Liabilities and shareholders' equity				
Money market paper issued	5 584 242	3 436 752	2 147 490	62
Due to banks	2 254 607	1 491 143	763 464	51
Client savings and investment deposits	370 691	588 343	- 217 652	- 37
Other balances due to clients	6 399 828	5 897 317	502 511	9
Bonds and mortgage bonds issued	434 637	937 405	- 502 768	- 54
Accrued expenses and deferred income	98 986	77 417	21 569	28
Other liabilities	694 734	500 841	193 893	39
Value adjustments and provisions	45 782	55 566	- 9 784	- 18
Reserves for general banking risks	14 102	14 102		
Share capital	200 000	200 000		
General statutory reserves	118 945	107 944	11 001	10
Other reserves	50 000		50 000	100
Profit carried forward	35	154	- 119	- 77
Net profit for the year	257 396	174 881	82 515	47
Total shareholders' equity	640 478	497 081	143 397	29
Total liabilities and shareholders' equity	16 523 985	13 481 865	3 042 120	23
Total subordinated liabilities				
Total liabilities to shareholder and Group companies	944 967	870 836	74 131	9

Off-balance-sheet transactions as at December 31, 2006

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	Change in CHF 1000	Change in %
Contingent liabilities	317 777	118 001	199 776	169
Irrevocable commitments	102 274	58 237	44 037	76
Liabilities for calls on shares and other equities				
Derivative financial instruments				
Gross positive replacement value	416 200	570 139	- 153 939	- 27
Gross negative replacement value	595 726	463 587	132 139	29
Total notional amount	32 346 886	33 994 112	- 1 647 226	- 5
Fiduciary transactions	1 904 914	1 781 043	123 871	7

Income statement 2006

	2006 in CHF 1000	2005 in CHF 1000	Change in CHF 1000	Change in %
Income and expense from ordinary banking business				
Net income from interest operations				
Interest and discount income	470 160	227 119	243 041	107
Interest and dividend income from financial assets	751	846	- 95	- 11
Interest expense	- 238 823	- 119 632	- 119 191	100
Subtotal, net income from interest operations	232 088	108 333	123 755	114
Net commission and fee income				
Commissions from lending business	1 385	1 030	355	34
Commissions from securities and investment business	238 148	225 021	13 127	6
Other commission and fee income	4 666	3 299	1 367	41
Commission expense	- 11 833	- 11 528	- 305	3
Subtotal, net commission and fee income	232 366	217 822	14 544	7
Net income from trading	52 478	73 690	- 21 212	- 29
Other ordinary net income				
Net income from the disposal of financial assets	267		267	100
Income from investments in associates	1 750	1 606	144	9
Income from real estate	2 209	2 500	- 291	- 12
Other ordinary income	706	13 152	- 12 446	- 95
Other ordinary expense	- 361	- 379	18	- 5
Subtotal, other ordinary net income	4 571	16 879	- 12 308	- 73
Total operating income	521 503	416 724	104 779	25
Operating expense				
Personnel expense	135 233	122 471	12 762	10
General administrative expense	92 602	78 235	14 367	18
Subtotal, operating expense	227 835	200 706	27 129	14
Operating profit	293 668	216 018	77 650	36
Net profit for the year				
Operating profit	293 668	216 018	77 650	36
Depreciation/write-downs non-current assets	1 590	1 003	587	59
Value adjustments, provisions and losses	819	1 748	- 929	- 53
Net profit before extraordinary items and tax	291 259	213 267	77 992	37
Extraordinary income	15 562	5 485	10 077	184
Extraordinary expense	- 37	- 1 176	1 139	- 97
Taxes	- 49 388	- 42 695	- 6 693	16
Net profit for the year	257 396	174 881	82 515	47

Proposed distribution of disposable profit

	2006 in CHF 1000
Disposable profit	
Net profit for the year	257 396
Profit carried forward from previous year	35
Disposable profit	257 431
Appropriation of profit	
Ordinary dividend	– 234 700
Allocation to the general statutory reserves	–22 700
Withdrawals from other reserves	– 2 300
Carried forward to new account	31

Cash flow statement 2006

	Source of funds in CHF m	2006 Application of funds in CHF m	Net cash flow in CHF m	Source of funds in CHF m	2005 Application of funds in CHF m	Net Cash flow in CHF m
Cash flow from operations and capital transactions			117.8			27.2
Cash flow from operating activities (internal financing)			230.7			139.8
Net profit for the year	257.4			174.9		
Value adjustments and provisions	1.9			11.9		
Depreciation/write-downs non-current assets	1.6			1.0		
Withdrawals from other provisions		13.3			13.0	
Creation of provisions for taxes						
Release of provisions for taxes						
Accrued income and prepaid expenses		38.5			26.1	
Accrued expenses and deferred income	21.6				8.9	
Cash flow from equity transactions			- 114.0			- 109.9
Dividend payments		175.0			120.0	
Reserves	61.0			10.1		
Cash flow from transactions in non-current assets			1.2			- 2.7
Investments in associates	2.0					
Real estate					0.9	
Other property and equipment		0.8			1.8	
Cash flow from banking business			- 117.8			- 27.2
Cash flow from interbank business			- 8.6			- 1 101.1
Due to banks	763.5				116.9	
Money market paper issued	2 147.5			2 632.1		
Due from banks		3 273.8			3 262.1	
Money market paper	354.2				354.2	
Cash flow from client activities			425.6			1 653.2
Savings and investment deposits		217.7			45.3	
Other balances due to clients	502.5			1 972.0		
Mortgage loans		56.4			131.0	
Due from clients	197.2				142.5	
Cash flow from capital transactions			- 502.8			- 85.6
Own bonds issued and loans from central bond issuing and mortgage bond institutions		502.8			85.6	
Other balance sheet items			290.4			- 187.4
Financial assets	10.0				8.2	
Other assets	87.5				221.2	
Other liabilities	193.9			47.5		
Value adjustments and provisions		1.0			5.6	
Liquidity			- 322.4			- 306.4
Cash and cash equivalents	13.5				24.9	
Securities and precious metals trading portfolio assets		335.9			281.5	

Auditors' report

Report of the Statutory Auditors to the General Meeting of Bank Leu Ltd, Zurich

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement, cash flow statement and notes) of Bank Leu Ltd for the year ended December 31, 2006.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

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

In our opinion, the accounting records, financial statements and the proposed appropriation of distributable profit comply with Swiss law and the company's Articles of Incorporation.

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

KPMG Klynveld Peat Marwick Goerdeler SA



Daniel Senn
Swiss Certified Accountant
Auditor in Charge



Andreas Herbst
Swiss Certified Accountant

Zurich, January 15, 2007

This report is an English translation of the original German version. In case of discrepancies the original version takes precedence. The audit opinion was issued based on the audited German version of the financial statements for the financial year 2006.

Notes on business activities and risk management

Notes on business activities

Bank Leu is a legally independent member of the Credit Suisse Group and as such is part of the Credit Suisse Private Banking business unit. Its core business is private banking for Swiss and international clients, i.e. investment advisory and asset management services for discerning private clients as well as partnerships with external asset managers. As a specialist in the Swiss financial market, the Bank is also an issuer of derivative products and funds and a market maker, serving professional and institutional clients in Switzerland and abroad. These clients are provided with specialized services in the fields of securities trading and administration, as well as in the foreign exchange, money market, and precious metals business. In addition to branch offices in Geneva and Nassau (Bahamas), Bank Leu has a number of representative offices and associated companies in Switzerland and abroad through which it conducts private banking business.

Staff

As at December 31, 2006, the Bank employed a staff of 541 (2005: 583).

Notes on risk management

Transactions in financial products entail various risks, especially market, liquidity, and credit risk, but also operational risks. The Bank's organizational structure, well-trained staff, and state-of-the-art technical support allow it to operate an independent risk control system. This function is performed by the Risk/ALM unit, which reports to the CFO and is independent of the trading business. It monitors compliance with the risk management standards laid down by the Board of Directors for implementation by the Executive Board.

Market risk is the possible change in the value of financial products which may result from fluctuations in prices, volatilities, interest rates, and other parameters. The methods, processes, and responsibilities for identifying, managing, assessing, monitoring, controlling, and reporting market risks are set out in the risk management standards formulated by the Bank's specialists and approved by the Board of Directors. The Risk/ALM unit reports daily to the trading units and the Executive Board on market risks and monitors and controls positions on an ongoing basis. In the reports provided to the Executive Board and

the Board of Directors, individual risks are aggregated for the bank as a whole. The reports provide information on earnings performance (both in absolute terms and in relation to the existing budget), the current value at risk, and the extent of current drawdowns against limits. Appropriate position and value-at-risk approval limits for all financial products and positions have been allocated to the various levels of responsibility within the Bank. For the purposes of determining market risk, the value at risk (VaR) is defined as the maximum loss that could be incurred by the trading portfolio, with 99% probability, over a holding period of ten days. The calculation is performed using a historical simulation. The parameters used (e.g. volatilities, correlations) are identical to those employed by the Credit Suisse Group and are based on data from the last two years. The average daily VaR amounted to CHF 4.0 million (previous year: CHF 3.6 million), the lowest value being CHF 2.5 million and the highest CHF 6.9 million.

Periodic stress testing, which takes account of extreme market shifts, did not exceed the limits set at any point during the year. Broken down by type of risk into first-order (FO) risks and second-order (SO) risks, the ratio is 61% FO to 39% SO. FO risks chiefly comprise position risks (the delta risk of underlying products) and the interest rate risk, whereas SO risks are those associated with derivative instruments (volatility risk, gamma risk).

This classification of risks is mainly relevant for trading in equities and equity index products or derivatives on them (approx. 65% of total risk exposure), an area of the market in which Bank Leu is active with issues of its own structured products.

The Bank's capital underpinning for market risks is calculated in accordance with Federal Banking Commission guidelines, applying the standard procedure.

The term *credit risk* refers to the risk of a counterparty becoming insolvent. The Bank devotes substantial resources to the effective and efficient evaluation of such risks. A centralized, independent credit management system ensures a clear overview of all the Bank's credit exposures.

By classifying credits according to our internal system of risk categories, we can measure the credit quality of the loan portfolio at any point in time.

To enhance credit risk management we set counterparty and country limits and assign graded levels of authority for credit approval. Control of risk exposure is part of our ongoing credit monitoring procedure; regular management controls ensure transactions are carried out in compliance with the Bank's internal directives. In the case of special risks, the Executive Board and the Board of Directors are informed of developments.

Among the tools used to manage *operational risks* is a comprehensive system of directives, guidelines, working instructions, and controls. By outsourcing processing functions to other units within the Credit Suisse Group the Bank ensures that trading and settlement activities are strictly segregated.

Asset/liability management. Approval authorities and limits for asset/liability management are separated from those applicable to trading. Responsibility rests with a committee of the Executive Board, while monitoring and management are undertaken centrally by the Risk/ALM unit. Using a market interest rate model, the margin on client deposits and the income from investing these funds longer-term are computed and reported separately. Interest-sensitivity risks for the entire Bank are measured and reported monthly to the Executive Board Committee. The interest rate risk attached to balance sheet positions is estimated and monitored in accordance with Credit Suisse Group guidelines. Parallel shift and rotation shift scenarios are used to measure and report the interest rate exposure in the banking book.

Outsourcing

Bank Leu has outsourced certain of its business operations – principally IT and securities processing – to Credit Suisse. The amounts charged for the services provided are shown under „General administrative expense“.

Summary

Bank Leu has in place modern, rigorous, and forward-looking risk management processes that are constantly adapted to evolving market conditions. Our proactive philosophy, high riskaversion and professional approach have successfully guarded us against potential damage even in a challenging market climate. Bank Leu's membership within the Credit Suisse Group and its comprehensive treasury management activities are additional guarantors of security, dependability, and solidity.

Valuation and accounting principles

Accounting principles

The valuation and accounting principles conform to the provisions of the Swiss Code of Obligations, the Swiss Federal Banking Act, the Bank's articles of association and the Swiss Federal Banking Commission's Accounting and Reporting Regulations (ARR-SFBC).

Recording and reporting

All business transactions effected are recorded as follows: foreign exchange, money market, and precious metals transactions are recognized in the balance sheet on their value date. Prior to their value date, foreign exchange and precious metals transactions are reported under „Other assets“ or „Other liabilities“ at their replacement value. Securities and fiduciary transactions are recognized in the balance sheet on their transaction date.

Conversion of foreign currencies

Foreign currency income and expense is translated using the exchange rate on the transaction date. Assets, liabilities and off-balance-sheet commitments denominated in foreign currencies are translated at the year-end exchange rate or, in the case of hedged transactions, at the hedged rate. Gains and losses arising from currency translations are taken to the income statement. The assets and liabilities and, on a monthly basis, the income and expenses of the foreign branch offices are translated at the exchange rates applying on the balance sheet date. Differences resulting from the use of year-end and weighted average exchange rates are recognized under „Other liabilities“.

The following exchange rates were used for the currency conversion:

Year-end exchange rates for balance-sheet and off-balance-sheet transactions:

	31.12.2006	31.12. 2005
USD	1.2208	1.3137
GBP	2.3987	2.2692
EUR	1.6085	1.5572

Currency translation rates for the income statement of foreign branch offices:

As from January 2005 the income statements of the foreign branch offices have been translated using the month-end exchange rate.

Cash and cash equivalents, money market paper, amounts due from banks and clients

Cash and cash equivalents, amounts due from banks and client deposits are stated at their nominal value, while money market paper is carried at fair value. In the case of money market assets held to maturity, the unearned discount is accrued over the term of the instrument.

Provisions for foreseeable risks and losses required by general principles of accounting prudence are charged to the appropriate asset items in the balance sheet.

Lendings (amounts due from clients and mortgage loans)

Loans are carried in the balance sheet at their nominal value. Impaired loans, i.e. those where it is unlikely that the borrower will be able to meet his future obligations, are valued on an individual basis and the impairment recognized in the form of specific value adjustments. Off-balance-sheet transactions, such as firm commitments, guarantees, and derivative financial instruments, are also subjected to this valuation. Loans are classified as impaired at the latest when the contractually agreed payments of principal and/or interest are more than 90 days in arrears. Interest more than 90 days in arrears is regarded as past due. Past due interest and interest where collection is considered doubtful is no longer accrued as income but allocated directly to value adjustments and provisions. Loans are classified as non-accruing when doubts as to the recoverability of the interest are so great that it is no longer considered appropriate to accrue interest on them.

The impairment is measured as the difference between the carrying value of the loan and its estimated recoverable amount, taking account of the counterparty risk and the net proceeds from the realization of any collateral. If the realization process is expected to take more than one year, the estimated proceeds of realization are discounted to present value on the accounting date. Specific value adjustments are deducted directly from the corresponding asset positions in the balance sheet.

When a receivable is classified as partially or completely uncollectible, it is written off and charged against the previously established value adjustment. Recoveries of amounts previously written off are recognized in the income statement.

In addition to specific value adjustments, Bank Leu also makes general value adjustments on the basis of an internal model to cover any latent risks present on the valuation date. The model takes account of various factors (including volatility of default probability, changes in ratings or the extent of the loss) that can influence estimates of possible credit losses. The provisions for latent credit losses relate to all loans not individually classified as impaired but where latent default risks are present on an overall portfolio basis. Latent default risks are determined using historical loss experience for homogeneous, unimpaired credit portfolios based on counterparty rating and product category, these data being adjusted to the current economic situation. Changes in provisions are taken to the income statement.

Impaired claims are written back to their full value once payments of outstanding principal and interest are being received again on time in accordance with the original contractual terms and additional creditworthiness criteria are fulfilled.

Loan origination costs

The income and expenses arising on the origination of mortgage loans are capitalized as assets or liabilities on the balance sheet using a standard cost approach and credited or debited to net income from interest operations over the expected term of the loan. As a result, a charge of CHF 0.62 million was made to net income from interest operations in 2006, while CHF 0.44 million was credited to personnel expense and CHF 0.22 million to general administrative expense.

Securities lending and borrowing

Securities borrowed and lent with cash collateral are recorded in the balance sheet at the value of the cash collateral advanced or received.

Securities lent or given as collateral for borrowed securities are recognized in the balance sheet at their book value, provided the Bank retains economic control of the transferred securities.

Securities borrowed or those received as collateral for securities lent are not recognized in the balance sheet unless the Bank gains economic control of the transferred securities.

The Bank is said to have economic control when the contractual rights pertaining to the securities are not relinquished.

The market values of the securities borrowed and lent are monitored on a daily basis so that additional collateral may be provided or requested as necessary.

Fees received or paid in respect of securities borrowing and lending transactions are recorded as interest income or interest expense, as appropriate.

Repurchase and reverse repurchase transactions

Purchases of securities subject to an agreement to resell (reverse repurchase transactions) and sales of securities subject to an agreement to repurchase (repurchase transactions) are classified as collateralized financing transactions, since they normally do not involve an actual sale. Securities sold subject to an agreement to repurchase remain on the balance sheet. Securities purchased subject to an agreement to resell are recorded as loans collateralized by securities.

Assets and liabilities are valued using the accrual method, trading portfolio assets at fair value.

Securities received and delivered are not recognized or derecognized in the balance sheet until control of the contractual rights that comprise these securities is transferred. The market values of the securities received or delivered are monitored on a daily basis so that additional collateral may be provided or requested as necessary.

Interest earned on reverse repurchase transactions and interest incurred on repurchase transactions is accrued over the life of the underlying agreement.

Securities and precious metals trading portfolio assets

Securities and precious metals trading portfolio assets are generally valued and carried in the balance sheet at fair value. The fair value used is the price quoted on active and liquid markets or that obtained from a pricing model.

Gains and losses resulting from the valuation of trading portfolio assets are recognized under „Net income from trading“. Interest and dividend income from securities trading portfolios is credited to „Interest and dividend income from trading“.

Financial assets

Debt instruments acquired with a view to holding them to maturity are valued using the accrual method, any premiums and discounts being amortized against the balance sheet position over the term of the instrument. Interest-related gains/losses realized due to premature disposals or redemptions are accrued over the remaining term, i.e. until their original final maturity.

Debt securities not intended to be held until their final maturity, equity securities, and precious metals are valued at the lower of cost or market. If the market value is lower than the purchase price, the unrealized loss is recognized in the income statement. If the market value rises, the unrealized gain is only recognized to the extent of the previously recognized loss.

Investments in associates

Investments in associates are valued at historical cost less any write-downs made in accordance with prudent accounting principles.

Property and equipment

Premises used by the Bank are valued at cost, including any value-enhancing investments such as basic interior construction or interior fittings, less depreciation over their estimated useful life. Capitalized basic interior construction is immediately written down by 44%, the remainder being depreciated over 67 years. Capitalized interior fittings are depreciated over five years. Land is not depreciated.

Other property and equipment, such as computers, machinery, furniture, vehicles, and fixtures, are capitalized and recognized at cost if they are to be used for more than one accounting period and exceed the minimum limit for capitalization.

Investments in existing property and equipment are capitalized if they result in a lasting increase in their market value or value in use or if their useful life is significantly increased.

In any subsequent accounts, investments in property and equipment are carried at cost less any accumulated depreciation. Depreciation is charged on a straight-line basis over the estimated useful life (normally three to five years).

The value of property and equipment is reviewed annually, and, if such a review indicates an impairment of the asset, an extraordinary impairment charge is made. Scheduled and any non-scheduled depreciation charges and write-downs are recognized in the income statement under „Depreciation/write-downs on non-current assets“.

Pension provisions

Bank Leu is affiliated to the Credit Suisse Group's autonomous pension fund. The Bank bears the costs of the occupational pension plan for all staff members and their surviving dependants pursuant to the relevant legislation. Both the pension obligations and the assets serving as coverage are outsourced to the autonomous Credit Suisse Group Pension Fund, which is a legally independent body. The required pension contributions are made to the pension plan and shown under „Personnel expense“.

Taxes

Taxes on profits and capital are computed in accordance with local fiscal provisions relating to the assessment of profits and capital and recognized as an expense for the accounting period to which the relevant profits are attributable. Direct taxes owed are recognized under „Accrued expenses and deferred income“.

Value adjustments and provisions

Specific value adjustments and provisions are made for all recognizable potential losses in accordance with prudent accounting principles. Value adjustments and provisions no longer required under prudent accounting principles during a given accounting period are released and recognized in the income statement.

Specific value adjustments are deducted directly from the corresponding asset positions. Provisions for other risks are shown under this position.

In addition to provisions required by prudent accounting principles, undisclosed reserves in the form of other provisions can be established to cover general business risks.

Reserves for general banking risks

In accordance with the accounting regulations for banks, reserves for general banking risks are shown separately under shareholders' equity. Changes to this equity component are recognized in the income statement as extraordinary income.

Derivative financial instruments

Information on business policy and risk management can be found in the „Notes on business activities and risk management“.

Derivative financial instruments are accounted for in accordance with United States Generally Accepted Accounting Principles (US-GAAP). These principles are complied with in full, with the provisions of Swiss company law also being observed, i.e. the relevant entries are recorded in the equalization account. Positive and negative replacement values for all derivative financial instruments are carried at fair value under „Other assets“ or „Other liabilities“.

If no such agreements exist the replacement values are reported on a gross basis.

Derivative financial instruments classified as trading positions include instruments held for trading purposes as well as derivatives used for risk management that do not qualify for hedge accounting. Positions in derivative financial instruments reported as trading positions are entered into as proprietary and client transactions. Realized gains and losses, the change in unrealized gains and losses, and interest payments are included in „Net income from trading“.

Bank Leu uses derivative financial instruments to hedge interest rate, currency, and stock market risks. Gains and losses on hedging transactions with derivatives are recognized in the income statement on the same basis as the hedged exposures.

Fair value hedges are entered into for the purposes of asset and liability management. They are accounted for using US GAAP hedge accounting regulations. Under these rules, only transactions with counterparties outside the Group qualify. In addition, the effectiveness of each individual hedging transaction must be reported retrospectively and prospectively every month. If there is insufficient correlation between the hedged item

and the hedge (ineffective hedges), the gain from the hedge and the interest payments must be shown under „Net income from trading“. Gains and losses from effective hedges are accrued in the equalization accounts. The equalization accounts are reported gross under „Other assets“ and „Other liabilities“. Interest payments are recognized in „Net income from interest operations“.

Proprietary structured products

Structured products are accounted for either under „Money market paper issued“ or under „Bonds issued“, depending on their maturity. Structured products are accounted for in accordance with United States Generally Accepted Accounting Practices (US GAAP), i.e. the structuring profit and the interest accruals are reported under either „Money market paper issued“ or „Bonds issued“, in the same way as the structured product.

Bank Leu buys and sells proprietary structured products as part of its trading activities. Structured products are recognized at fair value and deducted from the new issues book.

Changes in accounting and valuation principles relative to the previous year

The Bank has prepared its 2006 Financial Report based on the Swiss Federal Banking Commission's Accounting and Reporting Recommendations (ARR-SFBC) for statutory individual-company accounts, whereas previously the „True and Fair View“ approach was applied. This change is due to the redemption of the bond issue, which removes the obligation to publish True and Fair View figures. As a result, a number of adjustments to various accounting and valuation principles were made in the year under review and the prior-year figures restated. In the interests of clarity, our commentary is restricted to the following material changes.

Investments in associates:

In the True and Fair View accounts, holdings of 20% or more are accounted for using the equity method. Investments in associates are now valued at historical cost less any write-downs made in accordance with prudent accounting principles. Only realized income is recognized. The following figures show the differences as at December 31, 2005:

	In CHF 1000	
	Reported values 2005	Under new accounting principles
Investments in associates	30,931	6,416
Income from investments in associates	5,504	1,606

Valuation adjustments and provisions:

In statutory individual-company accounts undisclosed reserves in the form of other provisions to cover general business risks may now be established in addition to provisions required by prudent accounting principles.

The following figures show the differences as at December 31, 2005:

	In CHF 1000	
	Reported values 2005	Under new accounting principles
Value adjustments and provisions	28,809	55,566

Post-balance-sheet events

On April 27, 2006, Credit Suisse announced its plans to merge the four independent private banks Clariden, BGP Banca di Gestione Patrimoniale, Bank Hofmann and Bank Leu, as well as Credit Suisse Fides, to form Clariden Leu with effect from the beginning of 2007. In connection with the planned merger on January 26, 2007, the assets and liabilities of Bank Leu will be transferred retroactive to January 1, 2007, to Clariden Bank, and Bank Leu Ltd will be deleted from the commercial register as a legal entity in its own right. In the course of the planned merger on January 26, 2007, Clariden Bank will be renamed Clariden Leu retroactive to January 1, 2007.

Information on the balance sheet

	Total in CHF 1000	Collateral for mortgages in CHF 1000	Other collateral in CHF 1000	Without collateral in CHF 1000
Overview of collateral				
Lendings				
Due from clients	1 298 500	18 481	1 120 443	159 576
Mortgage loans	2 030 341	2 030 341		
residential properties	1 622 477	1 622 477		
business property and offices	222 222	222 222		
commercial and industrial property	46 290	46 290		
other	139 352	139 352		
Total lendings	December 31, 2006	3 328 841	2 048 822	1 120 443
	December 31, 2005	3 468 690	1 987 814	1 415 502
				65 374
Off-balance-sheet transactions				
Contingent liabilities	317 777	373	162 043	155 361
Irrevocable commitments	102 274	84 177	1 311	16 786
Total off-balance-sheet transactions	December 31, 2006	420 051	84 550	163 354
	December 31, 2005	176 238	56 142	103 300
				16 796
Impaired loans:				
Reporting year	13 290	10 614	2 676	4 472
Previous year	18 867	15 918	2 949	5 433

⁽¹⁾ This item also includes collateral where the proceeds of the realization exceed the amount of the outstanding debt.

Information on the balance sheet

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000
Investments in associates		
with market value		
without market value	4 416	6 416
Total investments in associates	4 416	6 416

	Business activity	Share capital in CHF 1000	Share held in %
Significant investments in associates			
Subsidiaries and significant shareholdings ⁽¹⁾			
Leu Capital Management Ltd, Nassau	Fund company	6	99
Leu Investment Services (South America) SA, Montevideo	Finance company	12	100
SGK Management AG, Zurich	Finance company	200	100
Bank Leu Representação Ltda., São Paulo	Finance company	200	99
Schweizerische Gesellschaft für Kapitalanlagen SGK, Zurich	Finance company	5 620	11
Other minority shareholdings			
Telekurs Holding AG, Zurich		45 000	3.3
SIS Swiss Financial Services Group AG, Zurich		26 000	1.3

⁽¹⁾ Since the total assets of subsidiaries are insignificant, they have not been consolidated in the financial statements.

Information on the balance sheet

			31.12.2005	2006	2006	2006	2006	31.12.2006
	Historical cost in CHF 1000	Accumulated depreciation in CHF 1000	Book value in CHF 1000	Investments/ purchases in CHF 1000	Disposals/ sales in CHF 1000	Balances carried forward in CHF 1000	Depreciation in CHF 1000	Book value in CHF 1000
Analysis of non-current assets								
Investments in associates								
Majority shareholdings	2 507		2 507		2 000			507
Minority shareholdings	4 364	455	3 909					3 909
Total investments in associates	6 871	455	6 416		2 000			4 416
Property and equipment								
Bank premises	26 909	1 559	25 350				335	25 015
Other property and equipment	4 061	1 467	2 594	824	34		1 255	2 129
Total property and equipment	30 970	3 026	27 944	824	34		1 590	27 144
Total	37 841	3 481	34 360	824	2 034		1 590	31 560

31.12.2006
in CHF 1000

31.12.2005
in CHF 1000

Additional notes to analysis of non-current assets

Fire insurance value of bank premises	79 948	79 948
Fire insurance value of other property and equipment	9 549	29 420

31.12.2006
Other Assets
in CHF 1000

31.12.2006
Other liabilities
in CHF 1000

31.12.2005
Other Assets
in CHF 1000

31.12.2005
Other liabilities
in CHF 1000

Other assets and liabilities

Trading assets and contracts on a commission basis	406 415	594 809	569 165	458 790
Assets and liabilities management	9 785	917	974	4 797
Total replacement value	416 200	595 726	570 139	463 587
Equalization account	- 9 927	366	2 548	2 962
Indirect taxes	72 273	4 482	2 342	3 660
Other	53 789	94 160	44 853	30 632
Total	532 335	694 734	619 882	500 841

Information on the balance sheet

	31.12.2005		Change in purpose of provision (reversal) in CHF 1000	Recoveries, doubtful interest, curr. translation differences in CHF 1000	New provisions charged to income statement in CHF 1000	Release of undisclosed reserves credi- ted to income statement in CHF 1000	31.12.2006	
	in CHF 1000	Specific applications in CHF 1000					in CHF 1000	Change in CHF 1000
Value adjustments and provisions								
Value adjustments and provisions for default risks (borrower and country risks)	8 643	- 20		67	503	- 3 252	5 941	- 2 702
Value adjustments and provisions for other business risks	16 031	- 640			550	- 7 747	8 194	- 7 837
Restructuring provisions	2 855	- 376				- 1 981	498	- 2 357
Other provisions	36 680				410		37 090	410
Total value adjustments and provisions	64 209	- 1 036		67	1 463	- 12 980	51 723	- 12 486
Less:								
Value adjustments deducted directly from assets	8 643	- 20		67	503	- 3 252	5 941	- 2 702
Total value adjustments and provisions according to balance sheet	55 566	- 1 016			960	- 9 728	45 782	- 9 784
Reserves for general banking risks	14 102						14 102	

Information on the balance sheet

31.12.2006
in CHF 1000

31.12.2005
in CHF 1000

Assets pledged or assigned as security for own obligations, assets subject to reservation of title

On the balance sheet date the following assets were not freely available:

Securities and financial assets deposited as guarantee for SIS and Eurex stock market licenses	6 999
Total	6 999
of which utilized	5 000

Securities lending and borrowing transactions, repurchase and reverse repurchase transactions

Cash collateral on securities borrowed and reverse repurchase transactions

Cash collateral on securities lent and repurchase transactions	2 000	26 000
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Securities lent under securities lending arrangements or provided as collateral under securities borrowing arrangements as well as securities transferred under repurchase transactions in the bank's possession	678 659	612 691
of which subject to an unlimited right of resale or pledge	678 166	612 691

Securities received as collateral under securities lending arrangements or securities borrowed under securities borrowing arrangements as well as securities received under reverse repurchase transactions subject to an unlimited right of sale	1 773 176	1 214 308
of which repledged or resold securities	3 930	10 209

31.12.2006
in CHF 1000

31.12.2005
in CHF 1000

Liabilities to Bank Leu retirement benefit plans

Liabilities to Bank Leu retirement benefit plans as of the balance sheet date

The employees of Bank Leu Ltd, Zurich have access to a pension plan through the Pension Fund of Credit Suisse Group (Switzerland). The pension plan is a defined benefit plan. The capital plan is a defined contribution plan with the same benefit objectives as the pension plan. The Pension Fund of Credit Suisse Group (Switzerland) prepares its annual accounts on the basis of Swiss GAAP ARR 26. The Pension Fund of Credit Suisse Group (Switzerland) has confirmed to Bank Leu Ltd that the accounts drawn up in accordance with these principles as at December 31, 2006 show an adequate funding level.

As at December 31, 2006 Bank Leu Ltd, Zurich had no employer contribution reserves. Employee benefit expense contained in personnel expense for the 12 months from January 1, 2006 to December 31, 2006 amounted to CHF 9.1 million compared to CHF 11.4 million for the 12 months from January 1, 2005 to December 31, 2005.

In compliance with the Swiss Federal Banking Commission's Newsletter No. 38 of January 4, 2006 the bank has elected in its statutory individual company accounts not to disclose any future economic benefits in the assets on the balance sheet.

Information on the balance sheet

	2006 Number	2006 Total par value in CHF 1000	2005 Number	2005 Total par value in CHF 1000
Composition of share capital and shareholder data ⁽¹⁾				
Registered shares at CHF 1 000 each	200 000	200 000	200 000	200 000

All shares outstanding rank for dividends.

Credit Suisse Group holds 100% of the shares.

⁽¹⁾ The CS Group was informed through disclosure notifications on September 19 and 20, 2006, that AXA S.A.'s holdings of the Group's shares have exceeded 5% of the voting rights entered in the Commercial Register. All outstanding shares have the same voting rights.

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000
Overview of bonds and loans from mortgage institutions		
Bond issues		100 000
Loans from mortgage bond institutions / structured products	434 637	837 405
Total	434 637	937 405

	Weighted average interest rate	Maturities	31.12.2006 Book value in CHF 1000
Structured products			
Barrier Reverse Convertible, issued by Bank Leu Nassau Branch	7.40%	2007–2010	40 235
Barrier Certificates, issued by Bank Leu Nassau Branch		2007–2009	88 041
Capital Protected Notes, issued by Bank Leu Nassau Branch		2007–2012	80 560
Plus Certificates, issued by Bank Leu Nassau Branch		2007–2009	74 513
Snowball Note, issued by Bank Leu Nassau Branch		2009–2010	103 008
Power Certificates, issued by Leu Nassau Branch		2009	2 727
Leu Baskets, issued by Leu Nassau Branch		2010	23 913
Leu Baskets, issued by Bank Leu AG Zurich		2008–2011	21 640
Total structured products			434 637

	under one year in CHF 1000	between 1–2 years in CHF 1000	between 2–3 years in CHF 1000	between 3–4 years in CHF 1000	between 4–5 years in CHF 1000	over 5 years in CHF 1000	Total in CHF 1000
Maturity structure							
Barrier Reverse Convertible	15 329		21 293	3 613			40 235
Barrier Certificates	14 059	43 558	30 424				88 041
Capital Protected Notes	3 649	11 555	7 354	45 263	9 123	3 616	80 560
Plus Certificates	66 279		8 234				74 513
Snowball Note			47 822	55 186			103 008
Power Certificates			2 727				2 727
Leu Baskets		21 254		23 913	386		45 553
Total structured products	99 316	76 367	117 854	127 975	9 509	3 616	434 637

Information on the balance sheet

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000
Statement of shareholders' equity		
Share capital	200 000	200 000
General statutory reserves	107 944	97 943
Other reserves		
Reserves for general banking risks	14 102	14 102
Disposable profit	175 035	120 154
Total shareholders' equity as at January 1	497 081	432 199
- Dividends	- 114 000	- 110 000
+ Net profit for the year	257 396	174 881
Value adjustment	1	1
Total shareholders' equity as at December 31	640 478	497 081
Share capital	200 000	200 000
General statutory reserves	118 945	107 944
Other reserves	50 000	
Reserves for general banking risks	14 102	14 102
Disposable profit	257 431	175 035
Total shareholders' equity as at December 31	640 478	497 081

Information on the balance sheet

	Sight deposits CHF 1000	Callable in CHF 1000	Within 3 Months in CHF 1000	Within 3-12 Months in CHF 1000	Within 1-5 years in CHF 1000	After 5 years in CHF 1000	Immo- bilized in CHF 1000	Total in CHF 1000
Maturity structure of current assets and liabilities								
Current assets								
Cash and cash equivalents	170 612							170 612
Money market paper	1							1
Due from banks	449 001		7 570 815	3 500 934	300			11 521 050
Due from clients	113 100	500	459 609	461 235	232 777	31 279		1 298 500
Mortgage loans	2 148	120 485	432 341	320 035	882 216	273 116		2 030 341
Securities and precious metals trading assets	747 426		3 119		45 803	31 114		827 462
Financial assets	27		9 998	8 120				18 145
Total current assets 31.12. 2006	1 482 315	120 985	8 475 882	4 290 324	1 161 096	335 509		15 866 111
Total current assets 31.12. 2005	1 935 055	31 811	6 156 347	3 116 537	1 351 309	181 209		12 772 268
Liabilities								
Money market paper issued			1 388 667	4 128 503	67 072			5 584 242
Due to banks	402 148		1 609 339	243 120				2 254 607
Client savings and investment deposits		370 691						370 691
Other balances due to clients	1 758 790		4 394 682	246 356				6 399 828
Medium-term notes issued								
Bonds and mortgage bonds issued				99 316	331 705	3 616		434 637
Total liabilities 31.12.2006	2 160 938	370 691	7 392 688	4 717 295	398 777	3 616		15 044 005
Total liabilities 31.12.2005	2 755 211	588 343	5 005 243	3 540 495	458 274	3 394		12 350 960

31.12.2006
in CHF 1000 31.12.2005
in CHF 1000

Due to and due from related companies ⁽¹⁾ and loans to members of the bank's corporate bodies ⁽²⁾

Due from related companies	2 713 061	1 858 210
Due to related companies	944 967	870 836
Loans to members of the bank's corporate bodies	11 779	19 257

⁽¹⁾ Related companies are those integrated into the Credit Suisse Group under uniform management.

⁽²⁾ Loans to members of the bank's corporate bodies comprise loans to members of the Board of Directors and the senior Executive Board, as well as to statutory auditors and companies under their control.

Transactions ⁽³⁾ with related parties

No significant transactions with related parties were effected during 2006.

Transactions by members of the Executive Board are subject to the same terms and conditions as for other employees. Transactions with other related parties are subject to the terms and conditions applying to third parties.

⁽³⁾ Securities and derivatives transactions, payment and lending transactions

Information on the balance sheet

	31.12.2006 Switzerland in CHF 1000	31.12.2006 Abroad in CHF 1000	31.12.2005 Switzerland in CHF 1000	31.12.2005 Abroad in CHF 1000
Assets and liabilities in Switzerland and abroad				
Assets				
Cash and cash equivalents	162 221	8 391	176 282	7 791
Money market paper	1		354 236	
Due from banks	1 490 142	10 030 908	1 671 018	6 574 505
Due from clients	791 329	507 171	726 775	768 060
Mortgage loans	2 030 341		1 973 855	
Securities and precious metals trading assets	595 703	231 759	203 676	287 887
Financial assets	27	18 118	27	28 156
Investments in associates	4 399	17	6 399	17
Property and equipment	27 144		27 944	
Accrued income and prepaid expenses	37 202	56 777	29 503	25 852
Other assets	515 391	16 944	619 426	456
Total assets	5 653 900	10 870 085	5 789 141	7 692 724
Liabilities and shareholders' equity				
Money market paper issued	416 959	5 167 283	279 602	3 157 150
Due to banks	835 598	1 419 009	930 088	561 055
Client savings and investment deposits	326 725	43 966	527 708	60 635
Other balances due to clients	5 524 477	875 351	4 936 101	961 216
Bonds and mortgages	21 640	412 997	136 032	801 373
Accrued expenses and deferred income	92 180	6 806	74 795	2 622
Other liabilities	694 734		492 432	8 409
Value adjustments and provisions	45 782		55 566	
Reserves for general banking risks	14 102		14 102	
Share capital	200 000		200 000	
General statutory reserves	118 944		107 944	
Other reserves	50 000			
Profit carried forward	35		154	
Net profit of the year	221 517	35 879	160 572	14 309
Total shareholders' equity	604 598	35 879	482 772	14 309
Total liabilities and shareholders' equity	8 562 693	7 961 291	7 915 096	5 566 769

Information on the balance sheet

	31.12.2006 in CHF 1000	Share in %	31.12.2005 in CHF 1000	Share in %
Assets in individual countries/groups of countries (by domicile)				
Switzerland	5 653 900	34	5 789 141	43
EU	10 200 648	62	6 756 048	50
USA	13 688		15 934	
Other	655 749	4	920 742	7
Total amounts due from abroad	10 870 085	66	7 692 724	57
Total assets	16 523 985	100	13 481 865	100

	CHF		US Dollars		Other currencies		Total	
	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000

Assets and liabilities by currency

Assets

Cash and cash equivalents	159 683	173 557	682	613	10 247	9 903	170 612	184 073
Money market paper	1	354 236					1	354 236
Due from banks	5 089 700	3 418 772	3 048 035	2 164 615	3 383 315	2 662 136	11 521 050	8 245 523
Due from clients	938 397	984 813	173 638	250 855	186 465	259 167	1 298 500	1 494 835
Mortgage loans	2 030 341	1 973 855					2 030 341	1 973 855
Securities and precious metals trading portfolio assets	546 131	271 442	46 741	50 729	234 590	169 392	827 462	491 563
Financial assets	10 025	20 022			8 120	8 161	18 145	28 183
Investments in associates	4 399	6 399	17	17			4 416	6 416
Investments in equipment	27 144	27 944					27 144	27 944
Accrued income and prepaid expenses	56 501	37 688	19 429	11 276	18 049	6 391	93 979	55 355
Other assets	500 901	309 655	19 662	75 620	11 772	234 607	532 335	619 882
Total balance sheet assets	9 363 223	7 578 383	3 308 204	2 553 725	3 852 558	3 349 757	16 523 985	13 481 865

Claims for delivery in respect of currency spot, forward and option transactions

	5 622 337	6 342 263	7 140 407	9 234 638	5 846 370	7 327 746	18 609 114	22 904 647
Total assets	14 985 560	13 920 646	10 448 611	11 788 363	9 698 928	10 677 503	35 133 099	36 386 512

Information on the balance sheet

	CHF		US Dollars		Other currencies		Total	
	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000
Liabilities								
Money market paper issued	3 611 650	2 324 242	433 583	204 416	1 539 009	908 094	5 584 242	3 436 752
Due to banks	972 447	678 076	663 749	411 848	618 411	401 219	2 254 607	1 491 143
Client savings and investment deposits	366 965	575 920			3 726	12 423	370 691	588 343
Other balances due to clients	2 214 931	2 435 344	2 341 027	1 831 042	1 843 870	1 630 931	6 399 828	5 897 317
Bonds issued and loans from mortgage bond institutions	157 300	538 429	85 007	156 338	192 330	242 638	434 637	937 405
Accrued expenses and deferred income	93 413	67 423	3 869	8 898	1 704	1 096	98 986	77 417
Other liabilities	482 741	113 915	44 058	94 864	167 935	292 062	694 734	500 841
Value adjustments and provisions	45 782	55 566					45 782	55 566
Reserves for general banking risks	14 102	14 102					14 102	14 102
Share capital	200 000	200 000					200 000	200 000
General statutory reserves	118 945	107 944					118 945	107 944
Other reserves	50 000						50 000	
Profit carried forward	35	154					35	154
Net profit for the year	221 517	160 572	35 879	14 309			257 396	174 881
Total shareholders' equity	604 599	482 772	35 879	14 309			640 478	497 081
Total balance sheet liabilities	8 549 828	7 271 687	3 607 172	2 721 715	4 366 985	3 488 463	16 523 985	13 481 865
Delivery obligations in respect of currency spot, forward and option transactions	6 379 913	6 562 073	6 821 866	9 142 513	5 416 533	7 190 433	18 618 312	22 895 019
Total liabilities	14 929 741	13 833 760	10 429 038	11 864 228	9 783 518	10 678 896	35 142 297	36 376 884
Net position per currency	- 55 819	- 86 886	- 19 573	75 865	84 590	1 393	9 198	- 9 628

Information on off-balance-sheet items

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000
Contingent liabilities		
Credit guarantees in the form of bills of exchange and other guarantees	230 002	62 650
Bid and performance bonds, letters of indemnity, other performance guarantees, other contingent liabilities	87 775	55 351
Total contingent liabilities	317 777	118 001

Bank Leu belongs to the VAT group of Credit Suisse Group and is jointly and severally liable for the Group's VAT obligations to the tax authorities.

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000
Breakdown of fiduciary transactions		
Fiduciary deposits with third parties	1 544 524	1 523 791
Fiduciary deposits with Group companies	360 390	257 252
Fiduciary credits and fiduciary transactions		
Total fiduciary transactions	1 904 914	1 781 043

	31.12.2006 in CHF 1000	31.12.2005 in CHF 1000
Client assets		
Type of client assets		
Assets in in-house funds	3 235 472	3 122 670
Assets with discretionary management mandate	7 533 504	7 239 968
Other client assets	25 694 185	23 712 746
Total client assets (including double counting)	36 463 161	34 075 384
of which double counted	2 204 268	2 195 574
Net new assets	176 957	1 358 295

Assets under management include assets from clients for which Bank Leu provides investment advisory or asset management services. Assets that are held solely for transaction-related or safekeeping/custody purposes are not considered assets under management. Assets of corporate clients and public institutions that are used primarily for cash management or transaction-related purposes are also not considered assets under management. The decision as to whether assets are classified as assets under management is assessed individually on the basis of each client's intentions and objectives and the banking services provided to the client. Reclassifications between assets under management and assets held for transaction-related or safekeeping purposes result in corresponding inflows or outflows of net new assets.

Net new assets measure the degree of success in acquiring assets under management. The calculation is based on the direct method, taking into account individual cash and securities transactions, and any new or repaid loans. Interest and dividend income credited to clients and commissions, interest and fees charged for banking services are not taken into account when calculating net new assets, as such charges are not directly related to the acquisition of assets under management. Similarly, changes in assets under management due to currency and market volatility as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not treated as net new assets.

Double counting arises when assets under management are subject to multiple levels of asset management services, each of which represents additional value added for the client and additional income for Bank Leu. Specifically, double-counting results from the investment of assets under management in own funds.

Information on off-balance-sheet items

		Trading derivatives			Hedging derivatives		
		Positive RVs in CHF 1000	Negative RVs in CHF 1000	Total notional amount in CHF 1000	Positive RVs in CHF 1000	Negative RVs in CHF 1000	Total notional amount in CHF 1000
Open derivative instruments							
Interest rate derivatives							
OTC	FRAs and other forward contracts						
	Swaps	78 050	35 836	5 079 263	9 786	917	792 312
	Options						
Traded	Futures			721 250			
	Options						
Total interest rate derivatives		78 050	35 836	5 800 513	9 786	917	792 312
Foreign exchange/precious metals							
OTC	Forward contracts	45 855	55 187	8 722 144			
	Swaps						
	Options	183 527	170 480	10 471 210			
Traded	Futures			1 146			
Total foreign exchange/precious metals		229 382	225 667	19 194 500			
Equity/index contracts							
OTC	Futures						
	Options	59 258	156 547	5 078 048			
Traded	Futures						
	Options	38 428	51 475	1 060 030			
Total equity/index contracts		97 686	208 022	6 138 078			
Others							
OTC	Options	1 296	125 284	421 482			
Total others		1 296	125 284	421 482			
Total before netting:							
Current year		406 414	594 809	31 554 573	9 786	917	792 312
Previous year		569 165	458 790	33 340 579	974	4 797	653 533
Total after netting:							
Current year		406 414	594 809	31 554 573	9 786	917	792 312
Previous year		569 165	458 790	33 340 579	974	4 797	653 533

Information on the income statement

	2006 in CHF 1000	2005 in CHF 1000	Change in CHF 1000	Change in %
Analysis of income				
Breakdown of income from interest operations				
Interest and discount income	470 160	227 119	243 041	107
Interest earned on loans and advances to clients	101 726	93 757	7 969	8
Interest earned on loans and advances to banks	275 543	121 595	153 948	127
Interest and discount income from bills of exchange and money market paper	2 280	1 921	359	19
Lending commission with interest component	1 263	1 567	- 304	- 19
Interest and dividend income from trading	89 348	8 279	81 069	979
Interest and dividend income from financial assets	751	846	- 95	- 11
Interest expense	- 238 823	- 119 632	- 119 191	100
Interest due on client balances/bonds	- 188 903	- 93 807	- 95 096	101
Interest on balances due to banks	- 49 920	- 25 825	- 24 095	93
Total income from interest operations	232 088	108 333	123 755	114
Breakdown of net commission and fee income				
Lending business	1 385	1 030	355	34
Commission income	1 385	1 030	355	34
Securities business	48 579	54 415	- 5 836	- 11
Commission from stock exchange and issuing business	48 579	54 415	- 5 836	- 11
Investment business	177 896	159 246	18 650	12
Commission income	189 569	170 606	18 963	11
Commission expense	- 11 673	- 11 360	- 313	3
Other commission and fee income	4 506	3 131	1 375	44
Commission income	4 666	3 299	1 367	41
Commission expense	- 160	- 168	8	- 5
Total commission and fee income	232 366	217 822	14 544	7
Breakdown of net income from trading (including derivatives and after deduction of brokerage commission expense)				
Income from trading in securities	- 5 422	34 888	- 40 310	- 116
Income from trading in foreign exchange and notes	54 000	42 680	11 320	27
Income from trading in precious metals	5 160	2 328	2 832	122
Income from trading in interest rate instruments	- 1 260	- 6 206	4 946	- 80
Total trading income	52 478	73 690	- 21 212	- 29
Breakdown of other ordinary net income				
Net income from the disposal of financial assets	267		267	100
Income from investments in associates	1 750	1 606	144	9
Income from real estate	2 209	2 500	- 291	- 12
Other ordinary income	706	13 152	- 12 446	- 95
Other ordinary expenses	- 361	- 379	18	- 5
Total other ordinary net income	4 571	16 879	- 12 308	- 73
Total operating income	521 503	416 724	104 779	25

Information on the income statement

	2006 in CHF 1000	2005 in CHF 1000	Change in CHF 1000	Change in %
Analysis of expenses				
Breakdown of personnel expenses				
Salaries	111 642	99 816	11 826	12
Employee benefits	16 258	17 780	- 1 522	- 9
Other personnel expense	7 333	4 875	2 458	50
Total personnel expense	135 233	122 471	12 762	10
Breakdown of general administrative expense				
Occupancy and property expense	8 056	8 882	- 826	- 9
IT, installations, furnishings, vehicles and other equipment	21 827	16 920	4 907	29
Other general administrative expense	62 719	52 433	10 286	20
Total general administrative expense	92 602	78 235	14 367	18
Depreciation/write-downs non-current assets	1 590	1 003	587	59
Breakdown of value adjustments, provisions and losses				
For default risks (borrower and country risks)				
For other business risks		982	- 982	- 100
Losses	819	766	53	7
of which losses in lending business				
Total value adjustments, provisions and losses	819	1 748	- 929	- 53

	2006 in CHF 1000	2005 in CHF 1000	Change in CHF 1000	Change in %
Analysis of extraordinary income and expense				
Breakdown of extraordinary income				
Release of provisions and value adjustments	11 517	5 171	6 346	123
Disposal of investments in associates	3 673		3 673	100
Other extraordinary income	372	314	58	18
Total extraordinary income	15 562	5 485	10 077	184
Breakdown of extraordinary expense				
Restructuring expense				
Other extraordinary expense	- 37	- 1 034	997	- 96
Total extraordinary expense	- 37	- 1 034	997	- 96

Information on the income statement

	2006 Switzerland in CHF 1000	2006 Abroad in CHF 1000	2005 Switzerland in CHF 1000	2005 Abroad in CHF 1000
Analysis of income and expense in ordinary banking business, Switzerland and abroad ⁽¹⁾				
Net income from interest operations	203 995	28 093	99 181	9 152
Net commission and fee income	241 688	– 9 322	217 989	– 167
Net trading income	30 898	21 580	62 474	11 216
Other ordinary net income	4 560	11	16 879	
Total operating income	481 141	40 362	396 523	20 201
Operating expense				
Personal expense	134 039	1 194	121 217	1 254
General administrative expense	89 323	3 279	75 567	2 668
Total operating expense	223 362	4 473	196 784	3 922
Operating profit	257 779	35 889	199 739	16 279

⁽¹⁾ by business establishment

Corporate bodies

Changes in the Board of Directors

At the 2006 Annual General Meeting, Gilbert Coutau retired from the Board of Directors, having reached the compulsory retirement age. The Board would like to thank him for his valuable services to Bank Leu during his long years as a director.

Board of Directors

Walter Berchtold

Chairman

Member of the Executive Board of

Credit Suisse Group

CEO Private Banking and Member of the

Executive Board of Credit Suisse Group

Reto Donatsch

Vice Chairman

Vincent Albers

Partner of Albers & Co., Zurich

Dr. Ernst Homberger

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Partner of

Niederer Kraft & Frey Attorneys, Zurich

Dr. Ulrich Körner

CEO Credit Suisse Switzerland

Member of the Executive Board of Credit Suisse

Marcel Queloz

Member of the Board of Directors and

Member of the Executive Board

of Büro-Fürer AG, Zurich

Statutory auditors as prescribed by Swiss company law and banking supervisory regulations

KPMG Klynveld Peat Marwick Goerdeler SA,

Zurich

Internal audit

Credit Suisse Group Auditors

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This annual report is also available in German.

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