CREDIT SUISSE GROUP
Paradeplatz
CH-8070 Zurich
Switzerland

24 November 2009

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Exposure Draft ED/2009/11– Improvements to IFRSs

Credit Suisse Group ("Credit Suisse") welcomes the opportunity to share our views on the International Accounting Standards Board's ("IASB") *Exposure Draft Improvements to IFRSs* ("Exposure Draft"). Credit Suisse's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). However, a number of our subsidiaries are required to apply International Financial Reporting Standards ("IFRS") to their stand-alone financial statements.

Credit Suisse supports the proposed amendments contained in the Exposure Draft. However Credit Suisse would like to take this opportunity to discuss various issues we see within current IFRSs.

IFRS 1 *First Time Adoption of IFRSs*

IFRS 1 was first published in 2003 and as such the exemption or exceptions noted therein were useful for entities adopting IFRSs in 2005 or 2006, but is less useful for adoption dates subsequent to those years. We believe adoption dates should be updated to be relative to the date of first time adoption of IFRS by an entity, rather than a fixed date (as of 1 January 2004). This will limit the need for future amendments to IFRS 1 and ensure that the application dates are compatible for all entities regardless of when they adopt IFRS.

We believe the IASB should change the implementation dates within IFRS 1 in the following two areas:

De-recognition
Currently IFRS 1 requires first time adopters of IFRS to apply the de-recognition of IAS 39: *Financial Instruments: Recognition and Measurement* ("IAS 39") requirements prospectively from 1 January 2004. We believe this exemption should be updated to be the date of transition to IFRS. The 1 January 2004 date had this effect for financial statement filers within the European Union. The adoption of the exemption for a

comparable date for financial statement filers with the US as well as to the other many countries moving to IFRS would provide the same benefit their European Union counterparts experienced converting in 2005 to overcome the practical difficulties of restating transactions that had been derecognised before that date.

Furthermore, we believe the exemption should be updated because restating past de-recognition transactions would be costly, time consuming and in many cases not possible as it may be difficult to obtain accurate information on transferred assets that are no longer under the control of the reporting entity. Furthermore, the information created could be biased from the benefit of hindsight. Finally, we believe that it will be extremely difficult for external auditors to get comfort in this area given the period of time that will have elapsed.

As the Board states in IFRS 1.BC22A, the use of the 1 January 2004 date was allowed in order to 'overcome the practical difficulties of restating transactions that had been derecognised before that date'. These practical difficulties remain for those adopting IFRS for the first time anytime after 1 January 2004.

Day 1 Gains
The requirement to defer Day 1 Gains has been removed under US GAAP with the implementation of SFAS 157 Fair Value Measurement. For US filers converting to IFRS, it would require considerable resources to complete this requirement and in many cases it would not be possible to obtain the necessary information. Currently IFRS requires financial statement preparers to apply the requirements regarding initial recognition of financial assets and financial liabilities contained with AG76 and AG76A of IAS 39, prospectively to transactions entered into after 25 October 2002 or 1 January 2004.

Again, we recommend that the date of implementation should be set by reference to the appropriate transition dates for an entity adopting IFRS. The Board, as noted in IAS 39.BC222(v), commented that using a transition date before 1 January 2004 ("the date of transition to IFRSs for many entities") would be "difficult and expensive to implement, and might require subjective assumptions about what was observable and what was not". We believe this same logic should be applied for those entities adopting IFRS after 1 January 2004.

IAS 12 *Income Taxes*

Currently deferred tax is calculated on share based compensation based on the current expected future tax deduction which considers the current share price rather than the grant date value of the award. We believe that this creates unnecessary volatility in the

CREDIT SUISSE GROUP
Paradeplatz
CH-8070 Zurich
Switzerland

income statement in the event of expected tax shortfalls when the current share price drops below the grant date share price of the award. Additionally, Credit Suisse supports convergence with US GAAP and this method of calculating deferred tax is a current difference to US GAAP.

IFRS 2 *Share-based Payment*

When an employer withholds shares from a share-based compensation plan in order to directly settle the employee's tax obligation where the employee does not have the option to receive gross settlement of the award, certain of the accounting firms apply an interpretation of IFRS 2 that the portion of the award related to the tax withholding should be treated as cash settled. We believe that an accounting interpretation to split the award into two parts (one with fixed plan accounting and one with liability accounting) does not give a meaningful accounting answer and brings with it an unnecessary complexity. We suggest that IFRS 2 be clarified that such awards should not be subject to a split accounting model. This is would also be a harmonisation to US GAAP.

We also request that the IASB develop accounting guidance to address 'recharge accounting' in connection with share-based compensation. When a parent grants rights to its equity instruments (e.g., share options) to employees of a subsidiary, the parent may require the subsidiary to make a payment to reimburse it for the granting of these rights. A common type of intra-group payment arrangement, or "recharge arrangement", is when the amount recharged is equal to the difference between the exercise price of the options granted and the market price of the parent's shares on the exercise date (i.e., exercise date intrinsic value recharge arrangement). However, in practice many types of recharges may exist. IFRS 2 does not address specifically the accounting for recharge arrangements related to share-based payment transactions involving shareholders. We believe that this arrangement should be accounted for like dividends so that a liability is only recognised if and when the parties commit to pay.

IAS 39 *Financial Instruments: Recognition and Measurement*

Unlike written financial guarantees, purchased financial guarantees are scoped out from both IAS 39 and IFRS 4 *Insurance Contracts* for measurement purposes and are typically accounted for under IAS 37 as contingent assets. We believe that purchased financial guarantees should be allowed to be held at fair value under the fair value option within IAS 39. This would allow entities to economically hedge related loans which are accounted for at fair value and to align the accounting treatment to US GAAP.

CREDIT SUISSE GROUP
Paradeplatz
CH-8070 Zurich
Switzerland

If you have any questions or would like any additional information on the comments we have provided, please do not hesitate to contact Eric Smith in New York on (212) 538-5984, or Todd Runyan in Zurich on +41 44 334 8063.

Sincerely,

Rudolf Bless
Managing Director
Chief Accounting Officer

Allison Bunton
Vice President
Accounting Policy and Assurance Group