

CREDIT SUISSE GROUP
Form 6-K
August 03, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Dated August 3, 2005

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For the month of August 3, 2005

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 offices)

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 by furnishing the information contained in this Form, the registrant 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 Relations

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Credit Suisse Group reports net income of CHF 919 million for the second quarter of 2005

Result includes a charge for litigation provisions in Institutional Securities in the amount of CHF 624 million after tax

Private Banking: net income of CHF 581 million; net new assets of CHF 12.8 billion

Corporate & Retail Banking: net income of CHF 277 million; record result; return on average allocated capital of 21.4%

Institutional Securities: net loss of CHF 408 million, reflecting the charge for litigation provisions; trading impacted by slowdown in market activity in April and May; strong investment banking revenues

Wealth & Asset Management: net income of CHF 245 million; good performance in Alternative Capital

Winterthur: continuing improvements in operational performance; net income of CHF 116 million in Life & Pensions and CHF 137 million in Non-Life

BIS tier 1 ratio of 10.9%

Financial Highlights

in CHF million	2Q2005	1Q2005	2Q2004	Change in % vs 1Q2005	Change in % vs 2Q2004
Net revenues	14,101	17,062	13,733	(17)	3
Total operating expenses	7,178	6,146	6,254	17	15
Net income	919	1,910	1,457	(52)	(37)

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Group return on equity	9.8%	20.6%	16.6%
Basic earnings per share (in CHF)	0.82	1.64	1.26
BIS tier 1 ratio	10.9%	12.1%	

Zurich, August 3, 2005 **☐ Credit Suisse Group today reported net income of CHF 919 million for the second quarter of 2005, compared to CHF 1,910 million in the previous quarter and CHF 1,457 million in the second quarter of 2004. The result for the second quarter of 2005 includes a charge for litigation provisions in Institutional Securities in the amount of CHF 624 million after tax.**

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Credit Suisse Group's return on equity for the second quarter was 9.8%, with a return on equity of 9.1% for the banking business and 11.3% for Winterthur. Basic earnings per share were CHF 0.82.

The Group's net income for the first half of 2005 amounted to CHF 2,829 million, compared to CHF 3,318 million for the corresponding period of 2004.

Oswald J. Grübel, CEO of Credit Suisse Group, said, "Following a strong start to 2005, the second quarter was impacted by the anticipated slowdown in market activity and our banking businesses experienced low levels of client activity in April and May. Benefiting from significant improvements in June, the Group generated a respectable second-quarter result, driven by good net revenues and effective cost management."

He added, "Our half-year results demonstrate that we are making good progress in advancing our business but still have some way to go before we deliver the full potential of Credit Suisse Group. We therefore remain committed to further improving on this performance as part of our efforts to build a powerful integrated banking organization. With that, I am convinced we will create compelling new opportunities for revenue growth and improved efficiency."

Banking Segments**Credit Suisse Group Banking Segment Results**

in CHF million		2Q2005	1Q2005	2Q2004	Change in % vs 1Q2005	Change in % vs 2Q2004
Private Banking	Net revenues	1,810	1,912	1,869	(5)	(3)
	Total op. expenses	1,084	1,060	1,083	2	0
	Net income	581	685	665	(15)	(13)
Corporate & Retail Banking	Net revenues	858	860	950	0	(10)
	Total op. expenses	548	529	553	4	(1)
	Net income	277	274	256	1	8
Institutional Securities	Net revenues	3,335	3,842	3,134	(13)	6
	Total op. expenses	3,891	3,006	2,858	29	36
	Net income	(408)	540	129	-	-
Wealth & Asset Management	Net revenues	1,570	936	1,499	68	5
	Total op. expenses	623	598	636	4	(2)
	Net income	245	135	301	81	(19)

Private Banking reported net income of CHF 581 million in the second quarter of 2005, reflecting stable lending, deposit and commission income. Compared to the strong first quarter of 2005, net income declined 15%, due primarily to a reduction in overall trading revenues as a result of lower income from trading execution. The 13% decrease in net income versus the second quarter of last year was mainly attributable to small losses during the quarter in the fair value of interest rate derivatives used for risk management purposes which did not qualify for hedge accounting, compared to large gains in the second quarter of 2004. The gross margin was 125.6 basis points for the second quarter and 131.5 basis points for the first half of 2005, achieving the segment's mid-term target of 130 basis points. The cost/income ratio was 59.9% for the second quarter, up 4.5 percentage points versus the prior quarter and up 2.0 percentage points versus the second quarter of 2004. This reflects seasonally higher expenses compared to the first quarter of 2005, strategic investments in key growth markets and lower net revenues.

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Corporate & Retail Banking generated net income of CHF 277 million for the second quarter of 2005, up slightly versus the previous quarter and up 8% compared to the second quarter of 2004. Strong revenue generation and a net release of provisions for credit losses were the main drivers of this result. The cost/income ratio of 63.9% in the second quarter of 2005 was up 2.4 percentage points from the prior quarter, which was characterized by seasonally lower expenses, and up 5.7 percentage points from the second quarter of 2004, which benefited from positive changes in the fair value of interest rate derivatives used for risk management purposes which did not qualify for hedge accounting. The segment achieved a strong return on average allocated capital of 21.4% in the second quarter.

Institutional Securities recorded a CHF 960 million charge before tax, CHF 624 million after tax, in the second quarter of 2005 to increase the reserve for private litigation involving Enron, certain IPO allocation practices, research analyst independence and other related litigation. The charge was in addition to the reserve for these private litigation matters of CHF 702 million (USD 450 million) before tax originally established in 2002 and brings the total reserve for these private litigation matters to CHF 1.4 billion (USD 1.1 billion) after deductions for settlements that have since taken place. We believe that with this measure, the litigation reserves of Credit Suisse Group adequately reflect our current assessment of the probable and reasonably estimable litigation exposure.

For the second quarter of 2005, Institutional Securities reported a net loss of CHF 408 million, including the above-mentioned charge for litigation provisions. Excluding this charge, Institutional Securities would have reported net income of CHF 216 million in the second quarter, an increase of 67% compared to the same period of last year, reflecting higher revenues and lower compensation and benefits. Compared to the first quarter of 2005, net income decreased from CHF 540 million, reflecting higher other expenses due to the litigation charge as well as a decline in net revenues resulting from the considerable slowdown in market activity in April and May. Trading revenues, particularly in fixed income, compared favorably to the second quarter of 2004 but were down from the first quarter of this year. Investment banking net revenues rose significantly versus the first quarter of 2005, with improved performances in advisory fees versus both prior periods and in debt and equity underwriting versus the first quarter of 2005. Total operating expenses increased compared to the previous quarter and the same period of 2004 due to the litigation charge. Compensation and benefits decreased slightly versus both prior periods.

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Wealth & Asset Management reported net income of CHF 245 million for the second quarter of 2005, up 81% from the previous quarter and down 19% from the second quarter of 2004, which included particularly high levels of investment-related gains in Alternative Capital. Second-quarter 2005 net revenues benefited from investment gains from private equity realizations. Total operating expenses rose 4% compared to the previous quarter and were slightly lower compared to the same period of last year.

Insurance Segments**Credit Suisse Group Insurance Segment Results**

in CHF million		2Q2005	1Q2005	2Q2004	Change in % vs 1Q2005	Change in % vs 2Q2004
Life & Pensions	Net revenues	3,714	6,610	3,466	(44)	7
	Total op. expenses	428	427	481	0	(11)
	Net income	116	126	67	(8)	73
Non-Life	Net revenues	2,979	3,049	2,977	(2)	0
	Total op. expenses	713	698	783	2	(9)
	Net income	137	125	82	10	67

Life & Pensions' net income rose substantially to CHF 116 million in the second quarter of 2005, an increase of 73% compared to the same period of 2004. Year-to-date, net income totaled CHF 242 million, up CHF 36 million, or 17%, from the first half of 2004. The main drivers behind this result were the focus on productivity and selected areas of growth and, to a lesser extent, the slightly higher net investment income on investments backing traditional life policies. Total business volume grew by 2% compared to the second quarter of 2004 and was up 5% year-to-date. This encompasses deposits from investment-type products as well as gross premiums written from traditional insurance policies. The net investment return backing traditional life policies amounted to 4.7%, compared to 4.6% in the corresponding quarter of the previous year. Insurance underwriting and acquisition expenses decreased 5% and administration expenses were down 8% compared to the second quarter of 2004, reflecting further benefits from the ongoing implementation of cost control measures. The expense ratio consequently improved by 1.0 percentage points to 10.9%.

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Non-Life reported second-quarter 2005 net income of CHF 137 million, up 67% compared to the second quarter of 2004. For the first half of 2005, net income amounted to CHF 262 million, representing an increase of CHF 77 million, or 42%, compared to the same period of 2004. This progress was achieved despite a challenging underwriting environment, the adverse impacts of foreign exchange rates and lower net investment income. Net premiums earned decreased slightly to CHF 2,643 million versus the same period of last year. Net investment return in the second quarter was 4.2%, compared to 4.5% in the second quarter of 2004. Net current investment return increased slightly to 3.7% from 3.6%, and net realized gains decreased by 0.4 percentage points to 0.5% versus the second quarter of 2004. The combined ratio decreased by a further 2.6 percentage points to 95.1% in the second quarter of 2005 compared to the same period of 2004, and it was down by 1.8 percentage points to 97.3% for the first half of 2005. The claims ratio improved by 0.9 percentage points to 70.4% from the second quarter of 2004 due to a low level of large-scale losses and improvements in claims management. The expense ratio decreased by 1.7 percentage points to 24.7%. Administration expenses decreased 15% to CHF 273 million and insurance underwriting and acquisition expenses remained relatively stable, decreasing 1% to CHF 379 million in line with net premiums earned.

Net New Assets**Net New Assets and Assets under Management (AuM)**

in CHF billion	Net New Assets 2Q2005	Total AuM 30.6.05	Change in AuM % vs 31.03.05
Private Banking	12.8	602.3	6.7
Corporate & Retail Banking	0.4	54.9	0.7
Institutional Securities	(1.5)	14.2	(11.8)
Wealth & Asset Management 1)	4.2	519.9	5.7
Life & Pensions	0.3	122.5	2.5
Non-Life	n/ a	27.4	8.7
Credit Suisse Group	16.2	1,341.2	5.5

¹⁾ Excluding assets managed on behalf of other entities within Credit Suisse Group n/ a: not applicable

Private Banking generated CHF 12.8 billion of net new assets in the second quarter of 2005. The segment reported a net new asset growth rate of 7.3% for the first half of the year, with strong asset inflows from strategic key markets. Wealth & Asset Management recorded CHF 4.2 billion of net new assets, driven primarily by new fund commitments in Alternative Capital. Overall, Credit Suisse Group reported CHF 16.2 billion of net new assets in the second quarter. The Group's total assets under management stood at CHF 1,341.2 billion as of June 30, 2005, up 5.5% from March 31, 2005.

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Outlook

We expect the recovery in client activity in the banking business, which started in June, to continue. We believe that equity markets will improve in the second half of the year after a short-term correction of the recent uptrend. Interest rates will most likely move in a narrow range. Credit Suisse Group is well positioned to benefit from this economic environment.

Enquiries

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For additional information on Credit Suisse Group's results for the second quarter of 2005, please refer to the Group's Quarterly Report Q2 2005, 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. It provides private clients and small and medium-sized companies with private banking and financial advisory services, and pension and insurance solutions from Winterthur. In the area of investment banking, it serves global institutional, corporate, government and individual clients in its role as a financial intermediary. Credit Suisse Group's registered shares (CSGN) are listed in Switzerland and in the form of American Depositary Shares (CSR) in New York. The Group employs around 60,000 staff worldwide. As of June 30, 2005, it reported assets under management of CHF 1,341.2 billion.

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 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 our most recently filed Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission.

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Presentation of Credit Suisse Group's Second-Quarter 2005 Results via Webcast and Telephone Conference

Date Wednesday, August 3, 2005

Time 10.00 CEST / 09.00 BST / 04.00 EST

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

The presentation will be held in English
(with simultaneous interpreting into German)

Webcast www.credit-suisse.com/results

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

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

Playback Video playback [] available approximately three hours after the event at: www.credit-suisse.com/results

Telephone replay [] available approximately one hour after the event;

please dial:

Europe: +41 91 612 4330
UK: +44 207 108 6233
US: +1 866 416 2558

Analyst & media conference ID:

Q&A Analysts English 661#
Q&A Analysts German 309#
Q&A Media English 728#
Q&A Media German 699#

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

Letter to Shareholders 2005 Q2

Dear shareholders

During the second quarter of 2005, we made good progress in improving the operating performance of Credit Suisse Group and took important steps towards the implementation of our strategy to build an integrated global bank.

Our One Bank strategy

Our industry is increasingly influenced by globalization and technological change. As a result, our clients' requirements are growing more complex each day and the way we operate as a bank is changing fundamentally. We need to respond to these developments and, above all, to our clients' changing needs. In order to remain at the forefront of our industry, we must strive to continuously improve our products and services and we must place our clients at the center of all that we do. This can only be achieved if we make the best possible use of the skills and expertise of our people as well as our global presence. Over the coming months, we will therefore continue to build an integrated global bank focusing on investment banking, private banking and asset management.

During the second quarter, we took important steps towards the realization of this goal. In May 2005, we completed the merger of our two legal entities in Switzerland: Credit Suisse and Credit Suisse First Boston. The creation of a single legal entity was the prerequisite for the integration of our banking businesses. In late June, the Board of Directors appointed the members of the new Executive Board for the bank. We were able to put together an excellent team with experienced executives from across our banking businesses. The new management team will lead the bank as of January 1, 2006, when the new organization will become operational.

In June, we also announced that we will move to one Credit Suisse brand. We believe that by uniting our businesses under one brand, we will create a clearer and more consistent presence in the market. We will thus be more visible to

our stakeholders and we will be able to communicate more effectively with one voice in all our markets around the world.

We are pleased with the progress we have made over the past few months. Our strategy has been well received by shareholders, clients and employees and its implementation is well on track.

The Board of Directors and the management team are convinced that combining our banking businesses will provide us with the necessary foundation for the future growth of our bank. From our experience in the financial services industry, we believe that the steps we are taking to build an integrated global bank will create synergies for revenue growth, improve efficiency and ultimately increase shareholder value.

Result for the second quarter of 2005

While we were preparing Credit Suisse Group for future growth, we were also mindful of our daily commitment to providing our clients with advice, services and products, and we remained focused on improving our operating performance.

For the second quarter of 2005, we reported net income of CHF 919 million, including a charge for litigation provisions in Institutional Securities in the amount of CHF 624 million after tax. For the first half of the year, our net income was CHF 2,829 million. Credit Suisse Group's return on equity for the second quarter was 9.8% and basic earnings per share were CHF 0.82.

Our operating environment in the second quarter was characterized by an anticipated slowdown in market activity. As a result, client activity in our banking business was significantly lower in April and May than in previous months. Although we saw a market rebound in June and were well positioned to benefit from the exceptionally strong levels of client activity during that month, this did not entirely compensate for the weak net revenues in April and May. Equally, our continued and effective cost management was only partially able to offset the negative impact of lower net revenues on our net income in the second quarter.

Private Banking provides high-net-worth individuals in Switzerland and in numerous other markets around the world with wealth management products and services.

Private Banking delivered net income of CHF 581 million in the second quarter. This result was lower than the strong levels achieved in both the first quarter of 2005 and the same quarter of last year.

Although we continued to invest in key growth markets in Asia, the Middle East and Europe, total operating expenses remained virtually unchanged compared with the second quarter of the previous year.

Private Banking recorded strong asset inflows from strategic key markets. They contributed to net new assets – a key measure of our operating performance – of CHF 12.8 billion in the second quarter, compared with CHF 7.0 billion in the first quarter. This represents an annualized year-to-date growth rate of 7.3%, exceeding our mid-term target of 5% growth. Combined with a positive market performance, our strong asset inflows resulted in assets under management of over CHF 600 billion.

During the second quarter, Private Banking continued to expand its presence in key growth markets. We opened a representative office in Guangzhou, providing access to southern China. We also opened a representative office in St. Petersburg, serving clients in the rapidly developing northern Russian region.

Corporate & Retail Banking offers banking products and services to corporate and retail clients in Switzerland.

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The segment reported net income of CHF 277 million for the second quarter. Strong revenue generation and the release of provisions due to the ongoing favorable credit environment were the main drivers behind this result.

Total operating expenses were virtually unchanged from the same period of last year but increased compared with the seasonally low levels experienced in the first quarter of this year.

The strategic objective of Corporate & Retail Banking is to gain market share in the high-end retail business, particularly with investment products. With this in mind, Credit Suisse launched a new investment product – Credit Suisse Triamant – in the second quarter. This product offers actively managed asset allocation, broad diversification and transparent reporting and combines the advantages of professional asset management with those of an investment fund.

Institutional Securities provides securities and investment banking services to institutional, corporate and government clients worldwide.

Institutional Securities reported a net loss of CHF 408 million for the second quarter, including the above-mentioned charge for litigation provisions in the amount of CHF 624 million after tax. In addition to the impact of this charge, the result was negatively affected by the slowdown in market and client activity in April and May referred to previously.

Investment banking net revenues increased significantly versus the first quarter of 2005. Advisory fees, which include fees from mergers and acquisitions, increased compared to both the second quarter of 2004 and first quarter of 2005. Notable M&A transactions in Europe and the Americas that were announced during the quarter include the acquisition of Allied Domecq by Fortune Brands and Pernod Ricard; the BASF AG and Shell International Ltd. sale of their joint venture Basell NV; and the acquisition of Neiman Marcus Group Inc by Texas Pacific Group and Warburg Pincus LLC.

Debt and equity underwriting increased compared to the first quarter of 2005. In equity underwriting, Institutional Securities ranked third in global IPO market share and first in Americas IPO market share for the second quarter of 2005. Key transactions for the quarter reflected the geographic and industrial breadth of the equity franchise and included IPOs for Deerfield Triarc Capital Corp. (a US real estate-related specialty finance company); Pyaterochka Holding (a Russian grocery retailer); Shanghai Electric Group Company Ltd. (the largest non-Japan Asia IPO in 2005 to date); and Lojas Renner (a Brazilian department store) for JC Penney.

Trading revenues, particularly in fixed income, compared favorably to the second quarter of 2004. In comparison with the first quarter of 2005, however, trading revenues declined.

Total operating expenses at Institutional Securities increased compared to the previous quarter and the same period of 2004 due to the charge for litigation provisions.

Wealth & Asset Management offers international asset management services – including a broad range of investment funds – to institutional and private investors, as well as providing financial advisory services to wealthy individuals and corporate clients.

Wealth & Asset Management recorded net income of CHF 245 million in the second quarter. This is a good result and represents a strong increase compared to the first quarter of this year. However, while operating expenses were slightly lower than in the second quarter of last year, net income was below the exceptional level recorded in this period, when the Alternative Capital division reported particularly high gains from private equity investments.

Net revenues benefited from a high level of investment gains from private equity in the second quarter of 2005. Furthermore, Alternative Capital recorded a solid increase in placement fees compared to the second quarter of last

year. This positive effect was offset by lower fee income at Credit Suisse Asset Management, our institutional business, and at Private Client Services, our North American business serving private clients.

Net new asset inflows amounted to CHF 2.8 billion for the quarter. Assets under management stood at CHF 529.3 billion as of June 30, 2005.

In the second quarter, Wealth & Asset Management launched two initiatives aimed at advancing its international growth. In May 2005, we announced the creation of a strategic partnership, China Renaissance Capital Investment Inc. This partnership will focus on private equity investment opportunities in China. In addition, in July 2005, Credit Suisse Asset Management acquired a 25% interest in a fund management joint venture in China with Industrial and Commercial Bank of China and China Ocean Shipping Group Company Ltd.

Winterthur, Credit Suisse Group's insurance unit, comprises two business lines. The **Life & Pensions** business line is a leading provider of life insurance and pension solutions for private and corporate clients. The **Non-Life** business line provides insurance products for private clients and small and medium-sized corporate clients.

In the second quarter Winterthur further improved its result. Net income for Life & Pensions was CHF 116 million. Non-Life reported net income of CHF 137 million for the period. Overall, our insurance business is now benefiting from the efficiency measures we have implemented over the last two years. These measures have led to improvements in insurance underwriting and acquisition expenses and lower administration expenses at Life & Pensions and to an improved combined ratio at Non-Life.

Strong capitalization basis for share buyback

Credit Suisse Group remains among the best-capitalized financial services providers worldwide. This is underscored by the fact that as of June 30, 2005, our BIS tier 1 ratio was 10.9%. In view of our strong capitalization, the Board of Directors proposed the approval of a share buyback program in the amount of up to CHF 6 billion to the Annual General Meeting on April 29, 2005. Following shareholder approval, we launched our share buyback program on May 9, 2005. As of August 3, 2005, we had repurchased 14.9 million shares with an aggregate value of CHF 742 million via a second trading line on virt-x.

We believe that our overall performance in the second quarter and first half of 2005 reflects the fundamental strength of our core businesses. Our results also show that we need to further drive our profitable growth and improve on our financial performance. Our goal is to build a global integrated bank to enable us to realize our full potential and to create the foundation for the future growth of Credit Suisse Group.

On behalf of the Board of Directors and the management team, we would like to take this opportunity to thank our shareholders for the trust they have placed in us. We also wish to thank all our employees for their relentless hard work and commitment.

Yours sincerely

Walter B. Kielholz Oswald J. Grübel
Chairman of the Board of Directors Chief Executive Officer
August 2005

For a detailed presentation of Credit Suisse Group's second quarter 2005 results please refer to the quarterly report.

Quarterly Report 2005 Q2

Credit Suisse Group financial highlights

in CHF m, except where indicated	2Q2005	1Q2005	2Q2004	Change in % from 1Q2005	Change in % from 2Q2004	6 months		Change in % from 2004
						2005	2004	
Consolidated income statement								
Net revenues	14,101	17,062	13,733	(17)	3	31,163	30,547	2
Income from continuing operations before cumulative effect of accounting changes	920	1,916	1,500	(52)	(39)	2,836	3,431	(17)
Net income	919	1,910	1,457	(52)	(37)	2,829	3,318	(15)
Return on equity								
Return on equity - Group	9.8%	20.6%	16.6%	–	–	-15.2%	19.0%	–
Return on equity - Banking	9.1%	22.9%	19.0%	–	–	-15.9%	21.6%	–
Return on equity - Winterthur	11.3%	12.0%	7.7%	–	–	-11.6%	10.0%	–
Earnings per share								
Basic earnings per share in CHF	0.82	1.64	1.26	–	–	2.49	2.82	–
Diluted earnings per share in CHF	0.79	1.63	1.22	–	–	2.41	2.76	–
Net new assets in CHF bn	16.2	15.4	9.1	–	–	31.6	24.7	–

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in CHF m, except where indicated	30.06.05	31.03.05	31.12.04	Change in % from 31.03.05	Change in % from 31.12.04
Assets under management in CHF bn	1,341.2	1,271.6	1,220.7	5.5	9.9
Consolidated balance sheet					
Total assets	1,287,169	1,159,711	1,089,485	11	18
Shareholders' equity	38,154	38,524	36,273	(1)	5
Consolidated BIS capital data					
Risk-weighted assets	238,181	215,279	199,249	11	20
Tier 1 ratio	10.9%	12.1%	12.3%	–	–
Total capital ratio	14.0%	15.7%	16.6%	–	–
Number of employees					
Switzerland - banking segments	19,773	19,676	19,558	0	1
Switzerland - insurance segments	5,953	6,002	6,147	(1)	(3)
Outside Switzerland - banking segments	22,358	21,910	21,606	2	3
Outside Switzerland - insurance segments	13,497	13,177	13,221	2	2
Number of employees (full-time equivalents)	61,581	60,765	60,532	1	2
Stock market data					
Market price per registered share in CHF	50.55	51.35	47.80	(2)	6
Market price per American Depositary Share in USD	39.14	42.80	42.19	(9)	(7)
Market capitalization	55,443	57,294	53,097	(3)	4
Market capitalization in USD m	42,929	47,754	46,865	(10)	(8)
Book value per share in CHF	34.79	34.53	32.65	1	7
Shares outstanding	1,096,802,759	1,115,749,450	1,110,819,481	(2)	(1)

Cover photo: Joseph C.H. Chu, Greater China Controllers, Allen Kwan, Information Technology Client Services and Thuy-Anh Nguyen, Structuring Group, Credit Suisse First Boston, all based in Hong Kong.

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Cover photograph

The renowned Swiss photographic artist Beat Streuli (born 1957) captured images of Credit Suisse Group employees at various international locations during January and February 2005. The Group's financial publications for 2005 are illustrated with the work that resulted from this project.

Message from the Chief Executive Officer

Oswald J. Grübel
Chief Executive Officer
Credit Suisse Group

Dear shareholders, clients and colleagues

For the second quarter of 2005, Credit Suisse Group reported net income of CHF 919 million. This includes a charge for provisions for certain litigation in Institutional Securities in the amount of CHF 624 million after tax. For the first half of 2005, net income was CHF 2,829 million.

Private Banking delivered net income of CHF 581 million in the second quarter, which was lower than the strong levels achieved in both the first quarter of 2005 and the second quarter of last year. Private Banking's second quarter 2005 result reflects stable income from lending, deposits and commissions. Total operating expenses remained virtually unchanged compared to the previous year despite continued investments in key growth markets in Asia, the Middle East and Europe. Strong asset inflows from strategic key markets contributed to net new assets of CHF 12.8 billion in the second quarter, compared to CHF 7.0 billion in the first quarter.

Corporate & Retail Banking reported net income of CHF 277 million as it benefited from strong revenue generation and from the net release of provisions for credit losses due to the ongoing favorable credit environment. Total operating expenses were virtually unchanged from the same period of last year, but increased compared to the

seasonally low levels experienced in the first quarter of this year.

Institutional Securities reported a net loss of CHF 408 million for the second quarter. This result reflects the above-mentioned charge for provisions for certain litigation in the amount of CHF 624 million after tax. In addition to the impact of this charge, net income was negatively affected by the anticipated slowdown in market and client activity in April and May. Trading revenues, particularly in fixed income, compared favorably to the second quarter of 2004 but were down from the first quarter of 2005, reflecting the weaker markets. Investment banking net revenues rose significantly versus the first quarter of 2005, with improved performances in advisory fees versus both prior periods and in debt and equity underwriting versus the first quarter of 2005.

Wealth & Asset Management delivered good results, with net income of CHF 245 million. This represents a strong increase compared to the first quarter of this year, although net income was below the exceptional level recorded in the second quarter of 2004. Net revenues benefited from a high level of investment gains from private equity realizations. Net new asset inflows amounted to CHF 2.8 billion.

Winterthur delivered an improved performance in the second quarter of 2005. Net income for Life & Pensions was CHF 116 million, with progress in insurance underwriting and acquisition expenses as well as lower administration expenses. Non-Life reported net income of CHF 137 million for the second quarter, reflecting an improved combined ratio.

On May 9, 2005, following approval by the Annual General Meeting, Credit Suisse Group launched its share buyback program in the amount of up to CHF 6 billion. As at August 3, shares with an aggregate value of CHF 742 million had been repurchased via a second trading line on Virt-x.

In the second quarter of 2005, we took significant steps towards building an integrated bank offering investment banking, private banking and asset management services on a global basis. In May, we completed the merger of the two bank legal entities in Switzerland, and in late June, the members of our new bank Executive Board were appointed. In addition, we announced that our integrated bank will operate under the new Credit Suisse brand from the beginning of next year.

My management team and I are convinced that the measures we are introducing to enhance cooperation between our banking businesses will capture synergies for revenue growth, improve efficiency and ultimately benefit our clients, shareholders and employees.

Outlook

We expect the recovery in client activity in the banking business, which started in June, to continue. We believe that equity markets will improve in the second half of the year after a short-term correction of the recent uptrend. Interest rates will most likely move in a narrow range. Credit Suisse Group is well positioned to benefit from this economic environment.

Yours sincerely

Oswald J. Grübel
August 2005

Credit Suisse Group

Credit Suisse Group recorded net income of CHF 919 million in the second quarter of 2005 versus CHF 1,457 million in the second quarter of 2004, a decrease of CHF 538 million, or 37%. In the first half of 2005, net income amounted to CHF 2,829 million compared to CHF 3,318 million in the first half of 2004, a decrease of CHF 489 million, or 15%. Net income in the second quarter was impacted by a charge of CHF 624 million after tax (CHF 960 million before tax) in Institutional Securities to increase the reserve for certain private litigation. Second quarter results included increased net income in Corporate & Retail Banking and the insurance segments, offset in part by lower results in Institutional Securities, Private Banking and Wealth & Asset Management, compared to the second quarter of 2004.

Factors affecting results of operations

Across all segments, the second quarter business environment was generally challenging, with client activity in April and May substantially below the levels seen in the first quarter, but with marked improvements as the quarter came to a close.

The broad US equity markets showed minor increases during the second quarter, major European markets, including Switzerland, saw greater advances than the US, and Asian markets continued their mixed performance. Most markets globally peaked at the end of the second quarter and closed slightly below their quarterly highs. Investors found market conditions challenging due to concerns about inflation, the pace of short-term interest rate hikes by the US Federal Reserve Board, uncertainty regarding central bank target rates in Europe and significant volatility in oil prices.

The European Central Bank and Bank of England continued to hold their benchmark rates steady at 2% and 4.75%, respectively. The US Federal Reserve raised interest rates by 50 basis points for the second quarter in a row, while the price of 10-year US treasury notes increased, lowering long-term bond yields. This flattening of the yield curve provided a challenging environment in both the banking and insurance segments. In the US, negative developments in the auto, airline and insurance sectors led to risk aversion and the widening of credit spreads in the first part of the quarter. Credit spreads then narrowed beginning in mid-May, although not fully returning to previous levels, resulting in a more positive environment by the end of the quarter. Prompted by an interest rate differential between the US and Europe, the US dollar surged, closing more than 7% higher at the end of the period against both the Swiss Franc and the Euro than at the beginning of the second quarter.

The global credit environment remained positive with low default rates and an increased number of upgrades and a reduced number of downgrades by rating agencies, although the gap between upgrades and downgrades showed some signs of narrowing. This continued to have a favorable impact on the Group's provision for credit losses.

Industry-wide announced mergers and acquisitions activity increased compared to the second quarter of 2004 and the prior quarter. Industry-wide volumes for investment grade debt increased, volumes for high-yield debt declined and volumes for equity issuances were flat compared to the second quarter of 2004.

Summary of segment results

Private Banking reported net income of CHF 581 million in the second quarter of 2005, a decrease of CHF 84 million, or 13%, compared to the second quarter of 2004. Lending, deposit and commission income remained stable, however this was offset by a decrease in the fair value of interest rate derivatives used for risk management purposes that do not qualify for hedge accounting, with a small loss being recorded in the second quarter of 2005 versus a large gain in the same period of 2004. During the second quarter of 2005, Private Banking continued to expand its presence in key growth markets, with the opening of representative offices in Guangzhou, China and St. Petersburg, Russia.

Corporate & Retail Banking reported net income of CHF 277 million in the second quarter of 2005, an increase of CHF 21 million, or 8%, compared to the second quarter of 2004. Strong revenue contribution and a net release of credit provisions contributed to this result. To support its strategic aim of gaining market share in high-end retail business, particularly in investment products, a new innovative investment product for retail clients was launched in the second quarter.

Institutional Securities had a net loss of CHF 408 million in the second quarter of 2005, compared to net income of CHF 129 million in the second quarter of 2004, driven by a charge of CHF 624 million after tax (CHF 960 million before tax) to increase the reserve for certain private litigation, partially offset by higher revenues and lower compensation and benefits.

Wealth & Asset Management reported net income of CHF 245 million in the second quarter of 2005, a decrease of CHF 56 million, or 19%, compared to the strong second quarter of 2004, which included an exceptionally high level of private equity investment-related gains in the Alternative Capital business.

Both Institutional Securities and Wealth & Asset Management maintained a disciplined approach to compensation expenses, with the compensation to revenue ratio for the combined segments (excluding minority interest revenues) at 51.9% in the second quarter of 2005 compared to 53.2% in the second quarter of 2004.

Life & Pensions reported net income of CHF 116 million in the second quarter of 2005, an increase of CHF 49 million, or 73%, compared to the second quarter of 2004. The main drivers were a focus on productivity and selected areas of growth and, to a lesser extent, slightly higher net investment income on investments backing traditional life policies.

Non-Life reported net income of CHF 137 million in the second quarter of 2005, an increase of CHF 55 million, or 67%, compared to the second quarter of 2004. Non-Life's net income rose primarily due to improved underwriting results and reduced charges for discontinued operations and restructuring.

Credit Suisse Group consolidated results

Net revenues

The Group reported net revenues of CHF 14,101 million, an increase of CHF 368 million, or 3%, compared to the second quarter of 2004.

Net interest income remained largely unchanged at CHF 3,302 million. Private Banking reported a decrease of CHF 135 million with stable lending and deposit income, offset by lower dividends received on the own equity trading portfolio in the second quarter of 2005 compared to the second quarter of 2004. In 2004 most dividends were received in the second quarter, whereas during 2005 receipt of dividends was spread evenly over the first two quarters. The

decrease in Private Banking was partially offset by increases in both insurance segments due to an increased asset base and higher dividend income from equity securities.

Commissions and fees remained flat at CHF 3,483 million with all segments largely unchanged compared to the second quarter of 2004.

Trading revenues increased CHF 203 million, or 29%, to CHF 915 million, driven mainly by an increase in fixed income trading revenues in Institutional Securities as well as market appreciation of investment securities backing unit-linked policies in Life & Pensions. This was partially offset by lower results in Corporate & Retail Banking which were due to large gains in the second quarter of 2004 from positive changes in the fair value of interest rate derivatives used for risk management purposes that did not qualify for hedge accounting, compared to a small loss in the second quarter of 2005.

Net realized gains/(losses) from investment securities increased by CHF 243 million, or 123%, to CHF 441 million, due mainly to an increase in Life & Pensions as a result of an increase in the net investment return on investments backing traditional life policies.

Insurance net premiums earned decreased CHF 318 million, or 7%, to CHF 4,373 million, compared to the second quarter of 2004, primarily driven by lower premiums for vested benefits within the Swiss group life business, which was partially offset by growth in Germany and Japan.

Other revenues were CHF 1,587 million compared to CHF 1,354 million in the second quarter of 2004. Wealth & Asset Management reported an increase of CHF 143 million resulting mainly from minority interests arising on consolidated investments, as discussed under Minority interests below. Additionally, Life & Pensions recorded an increase of CHF 87 million, related largely to higher net realized gains on other invested assets, which was partially offset by a decrease in Institutional Securities due to decreased gains on private equity-related investments.

Total benefits, claims and credit losses

The Group reported a net release in provisions for credit losses of CHF 29 million in the second quarter of 2005, compared to a net expense of CHF 133 million in the second quarter of 2004, largely reflecting an ongoing favorable credit environment.

Compared to the second quarter of 2004, policyholder benefits, claims and dividends increased by CHF 254 million, or 5%, to CHF 5,111 million. Life & Pensions reported a decrease of CHF 313 million in policyholder claims and benefits mainly reflecting lower costs for disability coverage. This was partially offset by an increase in dividends to policyholders of CHF 172 million, reflecting improved performance, which in most major markets is legally required to be passed on to policyholders. Investment income credited to policyholder account balances, reported by Life & Pensions, increased by CHF 420 million, or 174%, to CHF 661 million, due mainly to stronger market appreciation of investments backing unit-linked policies in the general account and, to a lesser extent, traditional life policies.

Total operating expenses

The Group reported total operating expenses of CHF 7,178 million in the second quarter of 2005, an increase of CHF 924 million, or 15%, compared to the second quarter of 2004, reflecting a significant increase in litigation provisions in the amount of CHF 960 million.

Insurance underwriting, acquisition and administration expenses were CHF 1,038 million, a decrease of CHF 73 million, or 7%, compared to the second quarter of 2004 reflecting improvements in most market units within both

insurance segments.

Banking compensation and benefits remained essentially flat at CHF 3,098 million. A modest increase was recorded in Private Banking in connection with its strategic investments in international markets, which was partially offset by generally lower performance-related compensation within most segments.

Other expenses amounted to CHF 3,041 million, an increase of CHF 1,045 million, or 52%, primarily reflecting a significant increase in litigation provisions, as discussed below under Loss contingencies, as well as higher commission expenses and professional fees in Institutional Securities.

Loss contingencies

Based upon the applicable accounting standards and the most recent information available, the Group recorded a charge of CHF 960 million (USD 750 million) before tax, CHF 624 million after tax, in the second quarter of 2005 in Institutional Securities to increase the current reserve for private litigation involving Enron, certain IPO allocation practices, research analyst independence and other related litigation. The charge was in addition to the reserve of CHF 702 million (USD 450 million) before tax originally established in 2002 and brings the total reserve for these private litigation matters to CHF 1.4 billion (USD 1.1 billion), after deductions for settlements that have since taken place. On the basis of facts known, Credit Suisse Group believes that the currently recorded provision is adequate to cover the probable and reasonably estimable contingencies related to these matters. However, estimates are, by their nature, based on subjective judgments, and additional provisions, or releases of such provisions, may be required in the future based on a variety of factors, including, among other things, developments in or settlements of such litigation.

Income tax expense

The Group recorded income tax expense of CHF 213 million compared to CHF 441 million in the second quarter of 2004, a decrease of CHF 228 million, or 52%. Institutional Securities recorded an income tax benefit of CHF 239 million compared to an expense of CHF 14 million due mainly to the impact of the significant charge relating to private litigation in the second quarter of 2005. This was partially offset by an increase of CHF 92 million in Non-Life which was driven by higher pre-tax profits in most markets as well as taxes on dividends from consolidated participations.

The Group tax expense is not impacted by investments that are required to be consolidated under the relevant accounting rules as income from these investments is non-taxable. The amount of non-taxable income relating to these investments varies from one period to the next and in the second quarter of 2005 amounted to CHF 714 million. Due mainly to this effect, the Group's effective tax rate in the second quarter of 2005 was 12% compared to the Swiss statutory rate of 22%.

Minority interests

Credit Suisse Group's net revenues and operating expenses include the consolidation of certain entities and private equity funds primarily under Financial Accounting Standards Board Interpretation No. 46 Revised (FIN 46R). Consolidation of these entities does not impact net income as the amounts recorded in net revenues and expenses are offset by equivalent amounts recorded in minority interests.

Minority interests of CHF 708 million were reported in the second quarter 2005, an increase of CHF 160 million, or 29%, compared to the second quarter of 2004, due to significant investment-related gains in the current quarter. This also resulted in an increase of CHF 407 million, or 135%, compared to the previous quarter.

Equity capital

Credit Suisse Group's consolidated BIS tier 1 ratio was 10.9% as of June 30, 2005, down from 12.1% as of March 31, 2005. Following approval by the Annual General Meeting, the Group launched a share buyback program and during the second quarter own shares in the amount of CHF 523 million was repurchased. While tier 1 capital remained stable, risk weighted assets increased by approximately 10%, due largely to generally increased activity and was evenly impacted by balance sheet and off-balance sheet positions. In addition, approximately one quarter of the increase was related to fluctuations in the US dollar. The Group's shareholders' equity as of June 30, 2005 decreased slightly to CHF 38.2 billion from CHF 38.5 billion as of March 31, 2005.

Compared to March 31, 2005 Winterthur continued to improve its capital position, reporting shareholders' equity of CHF 9.4 billion, an increase of CHF 0.9 billion.

Net new assets

The Group reported net new assets of CHF 16.2 billion in the second quarter of 2005, an increase of CHF 0.8 billion compared to the first quarter of 2005.

Private Banking reported strong net new asset inflow of CHF 12.8 billion for the second quarter of 2005, with key markets in Asia and Europe continuing to report strong growth rates. Wealth & Asset Management recorded net new assets of CHF 4.2 billion, driven mainly by new fund commitments in Alternative Capital.

As of June 30, 2005, the Group's total assets under management amounted to CHF 1,341.2 billion, an increase of 5.5% compared to March 31, 2005, benefiting from strong asset inflow, higher market performance and the strengthening of the US dollar.

Credit Suisse Group structure

Credit Suisse Group comprises three divisions with six reporting segments: Credit Suisse, including the segments Private Banking and Corporate & Retail Banking; Credit Suisse First Boston, including the segments Institutional Securities and Wealth & Asset Management; and Winterthur, including the segments Life & Pensions and Non-Life.

The organizational chart presented below reflects the legal entity, division and segment structure that are operational since May 16, 2005. The Bank is comprised of former Credit Suisse First Boston and former Credit Suisse, which were merged on May 13, 2005. The merger of these Swiss legal entities constitutes the first step towards the creation of an integrated organization.

It is planned that the merged bank will combine the Credit Suisse and Credit Suisse First Boston divisions in 2006 in order to better address client needs in a rapidly changing market environment. The objective of the new integrated bank is to operate more efficiently and provide enhanced advisory services and products with a sharper focus on client needs. The new integrated bank will be structured along three lines of business. Private Banking will include international and Swiss wealth management as well as services for private clients and large, small and medium-sized corporate clients including pension funds in Switzerland. Corporate & Investment Banking will include the products and services provided to corporate and investment banking clients. Asset Management will include asset management products and services.

The following table sets forth an overview of segment results:

2Q2005, in CHF m	Private Banking	Corporate & Retail Banking	Institutional Securities	Wealth & Asset Management	Life & Pensions	Non-Life	Corporate Center	Credit Suisse Group
Net revenues	1,810	858	3,335	1,570	3,714	2,979	(165)	14,101
Policyholder benefits, claims and dividends	–	–	–	–	3,111	1,985	15	5,111
Provision for credit losses	16	(44)	(1)	0	0	0	0	(29)
Total benefits, claims and credit losses	16	(44)	(1)	0	3,111	1,985	15	5,082
Insurance underwriting, acquisition and administration expenses	–	–	–	–	383	652	3	1,038
Banking compensation and benefits	580	291	1,897	275	–	–	55	3,098
Other expenses	504	257	1,994	348	45	60	(167)	3,041
Restructuring charges	0	0	0	0	0	1	0	1
Total operating expenses	1,084	548	3,891	623	428	713	(109)	7,178
Income/(loss) from continuing operations before taxes and minority interests	710	354	(555)	947	175	281	(71)	1,841
Income tax expense/(benefit)	123	77	(239)	81	59	125	(13)	213
Minority interests, net of tax	6	0	92	621	0	17	(28)	708
Income/(loss) from continuing operations	581	277	(408)	245	116	139	(30)	920
Income/(loss) from discontinued operations, net of tax	0	0	0	0	0	(2)	1	(1)
Net income/(loss)	581	277	(408)	245	116	137	(29)	919

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

in CHF m, except where indicated	Credit Suisse Group		
	30.06.05	31.03.05	31.12.04
Risk-weighted positions	224,770	202,943	187,775
Market risk equivalents	13,411	12,336	11,474
Risk-weighted assets	238,181	215,279	199,249

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Tier 1 capital	25,934	26,022	24,596
of which non-cumulative perpetual preferred securities	2,186	2,147	2,118
Tier 1 ratio	10.9%	12.1%	12.3%
Total capital	33,270	33,847	33,121
Total capital ratio	14.0%	15.7%	16.6%

As of January 1, 2004, Credit Suisse Group bases its capital adequacy calculations on US GAAP, which is in accordance with the Swiss Federal Banking Commission (SFBC) newsletter 32 (dated December 18, 2003). The SFBC has advised Credit Suisse Group that it may continue to include as Tier 1 capital CHF 2.1 bn (March 31, 2005 and December 31, 2004: CHF 2.1 bn) of equity from special purpose entities, which are deconsolidated under FIN 46R.

The following table sets forth details of assets under management and client assets:

in CHF bn	30.06.05	31.03.05	31.12.04	Change in % from 31.03.05	Change in % from 31.12.04
Private Banking					
Assets under management	602.3	564.3	539.1	6.7	11.7
Client assets	637.1	596.1	569.4	6.9	11.9
Corporate & Retail Banking					
Assets under management	54.9	54.5	53.9	0.7	1.9
Client assets	112.8	102.3	102.1	10.3	10.5
Institutional Securities					
Assets under management	14.2	16.1	15.2	(11.8)	(6.6)
Client assets	112.6	104.5	95.1	7.8	18.4
Wealth & Asset Management					
Assets under management ¹⁾	519.9	492.0	472.9	5.7	9.9
Client assets	536.7	508.9	488.9	5.5	9.8
Life & Pensions					
Assets under management	122.5	119.5	115.5	2.5	6.1
Client assets	122.5	119.5	115.5	2.5	6.1
Non-Life					
Assets under management	27.4	25.2	24.1	8.7	13.7
Client assets	27.4	25.2	24.1	8.7	13.7
Credit Suisse Group					
Discretionary assets under management	662.4	620.7	595.8	6.7	11.2
Advisory assets under management	678.8	650.9	624.9	4.3	8.6
Total assets under management	1,341.2	1,271.6	1,220.7	5.5	9.9
Total client assets	1,549.1	1,456.5	1,395.1	6.4	11.0

The following table sets forth details of net new assets:

in CHF bn	2Q2005	1Q2005	2Q2004	6 months	
				2005	2004
Private Banking	12.8	7.0	7.9	19.8	18.7
Corporate & Retail Banking	0.4	1.0	(0.3)	1.4	0.6
Institutional Securities	(1.5)	(0.5)	(0.6)	(2.0)	1.2
Wealth & Asset Management ¹⁾	4.2	5.1	2.0	9.3	2.0
Life & Pensions	0.3	2.8	0.1	3.1	2.2
Credit Suisse Group	16.2	15.4	9.1	31.6	24.7

¹⁾ Excluding assets managed on behalf of other entities within Credit Suisse Group. This differs from the presentation of the Wealth & Asset Management segment results, in which such assets are included.

Risk Management

Credit Suisse Group's overall position risk, measured on the basis of Economic Risk Capital (ERC), increased 11% in the second quarter of 2005 compared with the previous quarter. The increase was mainly due to higher risk levels at Credit Suisse First Boston as well as the strengthening of the US dollar. The more narrowly defined average Value-at-Risk (VaR) in US dollar terms for the Group's trading books decreased by 6% during the second quarter of 2005 due to a reduction in the VaR for mortgage exposures following a reduction in the market volatility observed over the last two years. The loan portfolios across the Group continued to benefit from a favorable credit environment, resulting in a net release of credit provisions of CHF 29 million for the second quarter of 2005.

Economic Risk Capital trends

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

Over the course of the second quarter of 2005, Credit Suisse Group's 1-year, 99% position risk ERC increased by 11%, mainly due to higher risk levels at Credit Suisse First Boston as well as the strengthening of the US dollar.

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At the end of the second quarter of 2005, 52% of the Group's position risk ERC was with Credit Suisse First Boston, 33% with Winterthur, 13% with Credit Suisse and 2% with the Corporate Center.

Trading risks

Credit Suisse Group assumes trading risks through the trading activities of the Institutional Securities segment and – to a lesser extent – the trading activities of the Private Banking and Corporate & Retail Banking segments. The other segments do not engage in trading activities. Trading risks are measured using VaR as one of a range of risk measurement tools. VaR is the potential loss in fair value of trading positions due to adverse market movements over a defined time horizon and for a specified confidence level. In order to show the aggregate market risk in the Group's trading books, the table below shows the trading-related market risk on a consolidated basis, as measured by a 10-day VaR scaled to a 1-day holding period and based on a 99% confidence level. This means that there is a one in 100 chance of incurring a daily mark-to-market trading loss that is at least as large as the reported VaR.

Credit Suisse Group's average 1-day, 99% VaR in the second quarter of 2005 was CHF 65 million, compared to CHF 67 million during the first quarter of 2005. In US dollar terms, Credit Suisse Group's average 1-day, 99% VaR was USD 53 million during the second quarter 2005, compared to USD 57 million during the first quarter of 2005. The decrease in average VaR was due to a reduction in the VaR for mortgage exposures as a consequence of the reduction in the market volatility observed over the last two years (first quarter 2003 data replaced by more benign first quarter 2005 data in the rolling two-year underlying data set used to compute VaR).

The segments with trading portfolios use backtesting to assess the accuracy of the VaR model. Daily backtesting profit and loss is compared to VaR with a one-day holding period. Backtesting profit and loss is a subset of actual trading revenue and includes only the profit and loss effects due to movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night's positions. It is appropriate to compare this measure with VaR for backtesting purposes, since VaR assesses only the potential change in position value due to overnight movements in financial market variables. On average, an accurate one-day, 99% VaR model should have no more than four backtesting exceptions per year. A backtesting exception occurs when the daily loss exceeds the daily VaR estimate.

Credit Suisse Group had no backtesting exceptions during the second quarter of 2005 (and no backtesting exceptions in the last twelve months). The histogram entitled "Frequency of trading revenue" compares the distribution of daily backtesting profit and loss during the second quarter of 2005 with the distribution of actual trading revenues, which includes fees, commissions, provisions and the profit and loss effects associated with any trading subsequent to the previous night's positions.

Loan exposure

Credit Suisse Group's total loan exposure grew 3% as of June 30, 2005 compared to March 31, 2005, with the increase concentrated at Credit Suisse.

Compared to March 31, 2005 non-performing loans increased slightly while total impaired loans at Credit Suisse Group declined 3% as of June 30, 2005. Non-performing loans increased 11% and total impaired loans at Credit Suisse First Boston increased by 10% in the second quarter of 2005, with much of the increase relating to the impact of foreign exchange translation into Swiss francs. Credit Suisse reported a small reduction in total non-performing loans and a 6% decline in total impaired loans, while Winterthur reported small reductions in both categories.

During the second quarter of 2005, the Group recorded a net release of provisions for credit losses amounting to CHF 29 million, compared to a net release of CHF 36 million recorded in the first quarter. Presented in the accompanying

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tables are the additions, releases and recoveries included in determining the allowance for loan losses.

Coverage of total impaired loans by valuation allowances at Credit Suisse Group and Credit Suisse was virtually unchanged at the end of the second quarter of 2005 compared to the end of the first quarter, while coverage deteriorated at Credit Suisse First Boston.

The following table sets forth the Group's risk profile, using ERC as the common risk denominator:

in CHF m	Change in % from			Change Analysis: Brief Summary
	30.06.05	31.03.05	30.06.04	
Interest Rate ERC, Credit Spread ERC & Foreign Exchange Rate ERC	4,663	3	7	Higher foreign exchange rate and credit spread risks at Winterthur
Equity Investment ERC	3,855	11	27	Higher equity trading risk at Credit Suisse First Boston plus higher equity exposures at Winterthur
Swiss & Retail Lending ERC	1,667	(1)	(5)	No material change
International Lending ERC & Counterparty ERC	2,707	23	1	Higher lending risks at Credit Suisse First Boston due to syndications plus higher US dollar exchange rate
Emerging Markets ERC	2,191	16	9	Higher exposures at Credit Suisse First Boston plus higher US dollar exchange rate
Real Estate ERC & Structured Asset ERC ¹⁾	4,537	13	32	Higher residential and commercial real estate exposures at Credit Suisse First Boston plus higher US dollar exchange rate
Insurance Underwriting ERC	827	(2)	24	No change
Simple sum across risk categories	20,447	10	14	
Diversification benefit	(6,392)	7	22	
Total Position Risk ERC	14,055	11	10	

1-year, 99% position risk ERC, excluding foreign exchange translation risk. For an assessment of the total risk profile, operational risk ERC and business risk ERC have to be considered. For a more detailed description of the Group's ERC model, please refer to Credit Suisse Group's Annual Report 2004, which is available on the website: www.credit-suisse.com/annualreport2004. Prior period balances have been restated for methodology changes in order to maintain consistency over time.

¹⁾ This category comprises the real estate investments of Winterthur, Credit Suisse First Boston's commercial real estate exposures, Credit Suisse First Boston's residential real estate exposures, Credit Suisse First Boston's asset-backed securities exposure as well as the real estate acquired at auction and real estate for own use in Switzerland.

The following table sets forth the trading-related market risk exposure for Credit Suisse Group on a consolidated basis, as measured by scaled one-day, 99% VaR:

in CHF m	2Q2005			1Q2005 ¹⁾			Average 31.03.05	
	Minimum	Maximum	Average 30.06.05	Minimum	Maximum	Average 31.03.05		
Credit Suisse Group ²⁾								
Interest rate & credit spread	44.2	73.5	61.6	44.2	43.3	77.9	63.5	58.9
Foreign exchange rate	8.0	21.3	13.0	8.0	10.5	30.0	20.3	12.2

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Equity	31.4	46.7	37.6	45.3	23.4	47.8	33.2	37.5
Commodity	1.3	9.5	3.2	9.5	0.8	3.1	1.5	2.5
Diversification benefit	⊖)	⊖)	(50.6)	(51.0)	⊖)	⊖)	(51.8)	(42.1)
Total	52.0	77.1	64.8	56.0	57.7	77.1	66.7	69.0

1) Adjusted.

2) Disclosure covers all trading books of Credit Suisse Group. Numbers represent daily 10-day VaR scaled to a 1-day holding period.

3) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

The following table sets forth the gross loan exposure of the three divisions and Credit Suisse Group:

	Credit Suisse			Credit Suisse First Boston			Winterthur			Credit Suisse Group		
in CHF m	30.06.05	31.03.05	31.12.04	30.06.05	31.03.05	31.12.04	30.06.05	31.03.05	31.12.04	30.06.05	31.03.05	31.12.04
Consumer loans:												
Mortgages	69,828	68,454	67,119	0	0	0	8,098	8,290	8,485	77,926	76,744	75,604
Loans collateralized by securities	16,195	15,425	15,018	0	0	0	4	4	4	16,199	15,429	15,022
Other	2,596	2,250	2,319	828	746	540	0	0	0	3,424	2,995	2,859
Consumer loans	88,619	86,129	84,456	828	746	540	8,102	8,294	8,489	97,549	95,168	93,485
Corporate loans:												
Real estate	26,282	26,456	26,135	585	578	613	1,372	1,348	1,376	28,239	28,382	28,124
Commercial & industrial loans	37,449	36,633	33,126	14,155	14,216	13,501	1,452	1,362	958	53,056	52,211	47,585
Loans to financial institutions	8,291	7,111	6,279	6,647	5,987	5,351	2,102	2,084	2,096	17,031	15,182	13,726
	1,646	1,931	1,898	252	250	402	2,174	2,107	2,101	4,072	4,287	4,401

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Governments and public institutions													
Corporate loans	73,668	72,131	67,438	21,639	21,031	19,867	7,100	6,901	6,531	102,398	100,062	93,836	
Loans, gross	162,287	158,260	151,894	22,467	21,777	20,407	15,202	15,195	15,020	199,947	195,230	187,321	
(Unearned income)/deferred expenses, net	130	136	142	(35)	(33)	(32)	9	7	5	104	110	116	
Allowance for loan losses	(2,115)	(2,245)	(2,438)	(558)	(543)	(533)	(59)	(64)	(66)	(2,733)	(2,851)	(3,038)	
Total loans, net	160,302	156,151	149,598	21,874	21,201	19,842	15,152	15,138	14,959	197,318	192,489	184,399	

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

The following table sets forth the impaired loan portfolio of the three divisions and Credit Suisse Group:

	Credit Suisse			Credit Suisse First Boston			Winterthur			Credit Suisse Group		
in CHF m	30.06.05	31.03.05	31.12.04	30.06.05	31.03.05 ₁₎	31.12.04	30.06.05	31.03.05	31.12.04	30.06.05	31.03.05 ₁₎	31.12.04
Non-performing loans	1,347	1,334	1,481	311	279	268	36	37	22	1,693	1,650	1,770
Non-interest earning loans	1,101	1,127	1,259	11	11	9	13	13	14	1,126	1,152	1,280
Total non-performing loans	2,448	2,461	2,740	322	290	277	49	50	36	2,819	2,802	3,050
Restructured loans	9	5	95	82	42	17	1	5	5	91	52	110
Potential problem loans	813	1,012	1,077	353	355	355	65	67	71	1,232	1,433	1,500
Total other impaired loans	822	1,017	1,172	435	397	372	66	72	76	1,323	1,485	1,620
Total impaired loans, gross	3,270	3,478	3,912	757	687	649	115	122	112	4,142	4,287	4,670
Valuation allowances as % of												
Total non-performing	86.4%	91.2%	89.0%	173.3%	187.2%	192.4%	120.4%	128.0%	183.3%	96.9%	101.7%	99.5%

loans												
Total impaired loans	64.7%	64.5%	62.3%	73.7%	79.0%	82.1%	51.3%	52.5%	58.9%	66.0%	66.5%	65.0%

1) Adjusted.

The following table sets forth the movements in the allowance for loan losses of the three divisions and Credit Suisse Group:

	Credit Suisse		Credit Suisse First Boston		
in CHF	1Q2005	2Q2004	2Q2005	1Q2005	
Balance beginning of period	2,438	2,904	543	533	
New provisions	65	143	65	19	
Releases of provisions	(81)	(91)	(60)	(41)	
Net additions/(releases) charged to income statement	(16)	52	5	(22)	
Gross write-offs	(190)	(306)	(56)	(33)	
Recoveries	9	7	6	14	
Net write-offs	(181)	(299)	(50)	(19)	
Provisions for interest	2	2	23	19	
Foreign currency translation impact and other adjustments, net	8	6	(2)	37	32
Balance at end of period	2,245	2,657	558	543	During the term of the Intangible Asset Agreement with the Company, Lifestyle receive a guaranteed annual payment of \$1.7 million, which amounts are being paid to Ms. Stewart regardless of Ms. Stewart's continued employment with the Company, plus Lifestyle's share of the Company's net income.

During the term of the IP License Agreement with the Company, Ms. Stewart will receive a payment of \$1.3 million which amounts are being paid in connection with the acquisition of continued employment with the Company. The Company paid \$1.3 million to Ms. Stewart in connection with the IP License Agreement.

IP License Agreement

Family Member

Ms. Stewart's sister-in-law was employed by the Company as Senior Vice President, and her compensation was commensurate with her respective duties. Ms. Stewart's sister-in-law's employment terminated in May 2017. Since January 1, 2017, the Company paid Ms. Stewart's sister-in-law a payment of \$1.3 million.

The Audit Committee

The Audit Committee is composed of three independent directors, each of whom, in the opinion of the Board of Directors, is "independent" within the meaning of Rule 5605(a)(2) of the Nasdaq Stock Market listing rules and the regulations of the SEC. On behalf of the Board of Directors, the Audit Committee oversees the Company's internal control and financial reporting processes. The Audit Committee's function is one of oversight and monitoring.

The Company has the primary responsibility for the Company's financial statements and internal control processes, principles and internal controls. The Company's independent registered accountants (the "Auditors") is responsible for performing an audit of the Company's consolidated financial statements in accordance with generally accepted accounting principles, issuing a report relating to their audit and the effectiveness of such financial statements with respect to internal control.

In fulfilling its responsibilities with respect to the financial statements for the year ended December 31, 2017, the Audit Committee

reviewed and discussed the audited consolidated financial statements for the year ended December 31, 2017, and the Auditors and reviewed and assessed the effectiveness of the Company's internal control over financial reporting.

Auditors' audit of the Company

reviewed and discussed with the Auditors the matters that independent registered accountants are required to discuss with audit committees under applicable Public Company Accounting Oversight Board (PCAOB) rules.

The Audit Committee received written disclosures and the letter from the Auditors regarding the Auditors' independence and the requirements of the Public Company Accounting Oversight Board and the SEC.

The Audit Committee considered whether the Auditors' provision of non-audit services is compatible with the Auditors' independence and concluded that the non-audit services provided by the Auditors are compatible with the Auditors' independence.

Based on the reviews and discussions referred to above, the Audit Committee recommends the approval of the Company's audited consolidated financial statements for the year ended December 31, 2017, and the Report on Form 10-K. The Audit Committee has selected CohnReznick LLP as the Company's independent accounting firm for the fiscal year ending December 31, 2018, and has asked the Auditors to continue as the Company's independent accounting firm. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis, and if it determines that the charter in its present form is adequate, it may in the future recommend to the Board of Directors to amend the charter to the extent it deems necessary to react to changes in the regulatory environment.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table presents information regarding the beneficial ownership of our common stock by each of the named executive officers and each of our directors and all of our directors.

each of the named executive officers

each of our directors

all of our directors

each stockholder known to us to be the beneficial owner of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes the person or persons who, directly or indirectly, own or exercise sole voting and sole investment power with respect to all shares beneficially owned, including shares held in joint tenancy, in trust, or otherwise, if the person or persons are applicable. Shares of our common stock subject to options, warrants and convertible securities, exercisable or convertible, or exercisable or convertible within 60 days of April 19, 2019, are not to be beneficially owned by the person holding the options, warrants or other convertible securities, but are included in the percentage ownership of that person but are not treated as outstanding for purposes of this table.

The information presented in this table is based on 63,485,665 shares of our common stock outstanding as of April 19, 2019. Unless otherwise indicated, the address of each of the executive officers and directors of our common stock named below is c/o Sequential Brands Group, Inc., 601 West...

Name of Beneficial Owner

Karen Murray(1)
Director, Chief Executive Officer and Secretary

Yehuda Shmidman(2)
Former Director, Chief Executive Officer and Secretary

William Sweedler(3)
Chairman of the Board of Directors

Martha Stewart(4)
Director, Chief Creative Officer

Al Gossett(5)
Director

Gary Johnson(6)
Director

Stewart Leonard, Jr.(7)
Director

Aaron Hollander(8)
Director

Rodney S. Cohen

Director

Peter Lops

Chief Financial Officer

Gary Klein(9)

Former Chief Financial Officer

Andrew Cooper(10)

President

Directors and executive officers as a group (ten persons)

Name of Beneficial Owner

Martha Stewart Family Limited Partnership
 Tengram Capital Partners Gen2 Fund, L.P.
 Carlyle Galaxy Holdings, L.P.(11)
 683 Capital Management, Inc.(12)

Co

Consists of 496,693 shares of common stock bas

Consists of 6,628,572 shares of common stock held by TCP WR, 733,333 shares of common stock held by TCP WR and 257,273 shares of common stock held by TCP SQBG II LLC (“TCP II”) as of December 8, 2015. Each of these entities reported having shared voting and investment authority with the chairman, Mr. William Sweedler, as a managing member of TCA, which is the general partner of the Gen2 Fund, L.P., which is the managing member of each of TCP WR, TCP Acquisition Fund, L.P. and TCP II. Each of TCA, Tengram and Mr. Sweedler disclaim beneficial ownership of the common stock to the extent of his pecuniary interest therein. Mr. Sweedler is also the beneficial owner of common stock held by Madcat II, LLC, of which Mr. Sweedler is the managing member. Mr. Sweedler disclaims ownership of common stock held by Madcat II, LLC, except to the extent of his pecuniary interest therein. Mr. Sweedler is the owner of 1,020,290 shares of common stock. The address of Mr. Sweedler, TCA, Tengram Capital Partners, TCP II is 15 Rivers

Shares reported as beneficially owned by Ms. Stewart represent 4,848 shares of common stock held by the Martha Stewart 1999 Family Trust (the “1999 Family Trust”), 8,032,910 shares of common stock held by the Martha Stewart 2000 Family Trust (the “2000 Family Trust”), 8,032,910 shares of common stock held by the Martha and Alexis Stewart Charitable Foundation (the “Foundation”) and 8,032,910 shares of common stock held by the Martha Stewart Family Limited Partnership (“MSFLP”), as reported in the Schedule 13D filed by the Foundation and MSFLP, having shared voting and investment power over its shares. Our director, Ms. Martha Stewart, is the sole trustee of the 1999 Family Trust and holds sole decision-making authority with respect to investment of the assets of the 1999 Family Trust, a co-trustee of the Foundation and the sole trustee of the Martha Stewart Family Trust. Ms. Stewart is a partner of MSFLP. The address of MSFLP is 4

Consists of 737,447 shares of common stock, of which (i) 109,091 were purchased by Mr. Gossett and consummated on July 26, 2013 and are directly beneficially owned by Mr. Gossett, (ii) 628,356 shares are directly beneficially owned by Mr. Gossett and (iii)

Consists of 182,559 shares of common stock, of which (i) 154,781 shares of common stock are held by Mr. Johnson and (ii)

Consists of 127,621 shares of common stock, of which (i) 99,843 shares of common stock are held by Mr. Leonard, Jr. and (ii)

Consists of 85,995 shares of common stock, of which (i) 58,217 shares of common stock are held by Mr. Hollander and (ii)

Consists of 140,990 shares of common stock based on

C

Based on the Schedule 13D filed on December 8, 2015. Carlyle Galaxy Holdings L.P. election by our stockholders, pursuant to a letter agreement with the Company and affiliates hold at least 33% of the shares acquired by it in connection with our acquisition. Carlyle Group Management L.L.C. is the general partner of The Carlyle Group L.P., which is listed on the Nasdaq. The Carlyle Group L.P. is the managing member of Carlyle Holdings II L.P., which is the general partner of TC Group Cayman Investment Holdings Sub L.P., which is the managing partner of TC Group Cayman Investment Holdings GP, L.L.C., which is the general partner of Carlyle Equity Opportunity GP, L.P., which is the general partner of Carlyle Holdings, L.P. Accordingly, each of the foregoing entities may be deemed to own common stock owned of record by Carlyle Galaxy Holdings, L.P. and reported to have control over these shares. The address of TC Group Cayman Investment Holdings, L.P., and Carlyle Holdings Sub L.P. is c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Drive, KY1-9005. The address of each of the other entities mentioned in this footnote is 1000 Avenue NW

Based on the Schedule 13G/A filed by 683 Capital Management, Inc. on February 1, 2015. 683 Capital Management, Inc. reported having shared voting and investment power over all of the shares included in this footnote. 683 Capital Management, Inc. is 5 Bryan

INDEPENDENT REGISTERED

The Audit Committee has approved the appointment of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. We have been advised by CohnReznick LLP, a public accounting firm with the Public Company Accounting Oversight Board, and the Audit Committee and independence standards and rules of the Public Company Accounting Oversight Board.

While the Audit Committee retains CohnReznick LLP as our independent registered public accounting firm, the Board of Directors is submitting the selection of CohnReznick LLP to our stockholders for ratification at the Annual Meeting. The Audit Committee and the Board of Directors are not soliciting a vote on this proposal.

Unless contrary instructions are given, shares represented by proxies solicited by the Company are authorized to ratify the selection of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. If the selection of CohnReznick LLP is not ratified by affirmative vote of a majority of the shares represented by proxy at the Annual Meeting and entitled to vote on this proposal, the Board of Directors will select an independent registered public accounting firm in the light of the circumstances.

If CohnReznick LLP is ratified, the Audit Committee in its discretion may direct CohnReznick LLP to select an independent registered public accounting firm at any time during the year if it determines that CohnReznick LLP is not qualified to continue as our independent registered public accounting firm. CohnReznick LLP has no financial interest of any kind in the Company, except the ownership of shares of common stock of the Company and client. Representatives of CohnReznick LLP will be invited to attend the Annual Meeting. If CohnReznick LLP does attend the Annual Meeting, the representative will have an opportunity to speak and so chooses, and will be available to answer questions.

Aggregate fees for professional services rendered by our independent auditors, CohnReznick LLP, for the fiscal year ending December 31, 2018, were as follows:

Audit fees
 Audit-related fees
 Tax fees
 All other fees
 Total

Audit fees include fees for the audit of our consolidated financial statements, the audit of our internal control over financial reporting and reviews of our unaudited quarterly financial statements.

Fees for audit-related services, including for assurance and related services reasonably necessary to the audit or review of our financial statements. These fees relate to assurance services performed by CohnReznick LLP.

Tax fees include professional services in connection with the preparation of tax returns.

This category consists of services provided by CohnReznick LLP that are not in

Audit Commi

The Audit Committee approves in advance audit and non-audit services to be pro
accounting firm. Any service proposals submitted by our independent registered pub
approved by the Audit Committee during its meetings. Once a proposed service is

the engagement of the service. No tax services were approved by

Item 2-01(c)(7)(i)(C) of Regulation S-X during the fiscal

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THA
SELECTION OF COHNREZNICK LLP AS OUR INDEPENDENT REGISTER**

TH

TO APPROVE, ON AN ADVISORY BASIS, NAMED EXECUTIVE OFFICERS

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, a stockholder vote to approve executive compensation was conducted in connection with the 2016 Annual Meeting of stockholders. The Board of Directors recommended, and our stockholders agreed to, that we should approve that the advisory vote to approve executive compensation be held on an advisory basis. Pursuant to Securities Exchange Act Rule 14A we are seeking an advisory stockholder vote to approve the compensation of executive officers. This proposal, also referred to as “say-on-pay,” gives stockholders the right to abstain from voting with respect to our fiscal 2017 executive compensation programs and policies.

This vote is not intended to address any specific item of compensation, but rather to address the compensation of executive officers as described in this Proxy Statement. In evaluating this say-on-pay proposal, you should refer to the “Compensation Discussion and Analysis” and the “Executive Compensation” section of this Proxy Statement.

Our executive compensation program is simple in design and is structured to help recruit and retain a team of executives with the requisite set of skills and experience to successfully lead the Company. Our executive compensation and benefit programs are designed to reward increased performance.

Because your vote on this proposal is advisory, it will not be binding on us, the Board of Directors. However, the Compensation Committee and the Board of Directors will take your vote into account when considering future executive compensation arrangements. Further, your advisory vote will help guide the Board of Directors and the Compensation Committee in continuing to review and update our executive compensation programs with the interests of its stockholders, and in compliance with the standards of corporate governance. Accordingly, we are asking you to endorse our proposal.

RESOLVED, that the compensation paid to the Company’s named executive officers for the fiscal year ended December 31, 2016, in accordance with Regulation S-K, including the Executive Compensation section, compensation table and related information, is hereby approved.

The affirmative vote of the majority of the shares of common stock present in person or by proxy at the Annual Meeting is required to approve the advisory resolution.

THE BOARD OF DIRECTORS
REQUESTS THAT YOU VOTE “FOR” THE APPROVAL OF THE
RESOLUTION ON THE COMPANY’S NAMED EXECUTIVE OFFICERS

STOCKHOLDER PROPOSAL TO IMPLEMENT A SIMPLE MAJORITY VOTING

Kenneth Steiner (the “proponent”) of 14 Stoner Ave, 2M, Great Neck, NY 11022 (100 shares of our common stock), has advised the Company that he plans to present the following proposal at the annual meeting properly presented at the annual meeting by or on behalf of the proponent, the Board of Directors will vote “AGAINST” the following stockholder proposal. We have included the proponent’s comments on the proposal to SEC rules, and the

RESOLVED, Shareholders request that our board take each step necessary so that the current bylaws that calls for a greater than simple majority vote be eliminated, and replaced by a simple majority vote cast for and against applicable proposals, or a simple majority in compliance with a standard that is the closest standard to a majority of the votes cast for and against such proposals consistent with applicable law that our company take each step necessary

Shareowners are willing to pay a premium for shares of companies that have excellent performance. Supermajority voting requirements have been found to be one of 6 entrenching mechanisms that reduce company performance according to “What Matters in Corporate Governance” by Lucien Bebchuk, Harvard Law School. Supermajority requirements are used to block initiatives supporting

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, McGraw-Hill and Macy’s. The proponents of these proposals include currently a 1%-minority can frustrate the will of our 79%-shareholder majority. In addition, the power to prevent shareholders from improving management accountability and shareholder value is diminished because management can declare as worthless and use

Adoption of this proposal will also facilitate a transition to one-year terms for the Board of Directors. In the unopposed 2017 election received higher than usual negative votes. With such shareholder support, the Board deserves Please vote

The Board of Directors will oppose this proposal if it is properly presented at the annual meeting. **AGAINST**

The Board of Directors recommends that stockholders vote against this stockholder proposal discussed below. After careful consideration, the Board of Directors has determined that the proposal is not in the best interest of the Company to enhance stockholder value and, therefore, it is not in the best interest of the

A majority of the shares represented in person or by proxy and entitled to vote is required to elect the Company’s directors in uncontested

As of the date of this Proxy Statement, we are not aware of any other matters that
Meeting and we do not intend to bring any other matters before the Annual Meeting
come before the Annual Meeting, the persons named in the accompanying proxy w
have discretionary authority to vote the shares represented by su

SECTION 16(A) BENEFICIAL OW
Section 16(a) of the Exchange Act requires that our executive officers and directors, a
a registered class of our equity securities, file initial reports of beneficial own
ownership with the SEC. Executive officers, directors and greater-than-10% stock
furnis

Based solely on our review of the copies of such reports received by us and writ
persons that they have complied with the relevant Section 16(a) filing requirements,
of noncompliance with the Section 16(a) filing requirements by any executive office
than 10% of a registered class of the Company's equity securities

Stockholder proposals intended to be included in our proxy statement under Rule 14a
our 2019 annual meeting of stockholders must be received at our corporate headqua
West 26th Street, 9th Floor, New York, New York 10001, on or before the close of b
SEC rules and regulations govern the submission of stockholder proposals and our
2019 notice of annual meeting of s

Pursuant to the Bylaws and applicable SEC rules and regulations, in order for any b
for the 2019 annual meeting of stockholders to be brought before such meeting by a
the stockholder must give timely notice to us at our principal offices no earlier than
(120 days prior to June 8, 2019, the one year anniversary of the Annual Meeting
March 10, 2019 (90 days prior to June 8, 2019). However, if the date of the 2019 ann
more than 60 days after the one year anniversary of the Annual Meeting, notice to
than the close of business on the 120th day before the 2019 annual meeting and not
of the 90th day before the 2019 annual meeting or the 10th day following the day on
such meeting is first made. The notice must contain the information required by the
do not affect a stockholder's ability to request inclusion of a proposal in our
deadlines set forth in Rule 14a-8 of the SEC's proxy rules and referred to i
discretionary authority to vote on any matter at an annual meeting if we do not r

A copy of the Bylaws is available upon request to: Secretary c/o Sequential Bra
Floor, New York, New York 10001. The chairperson of the 2019 annual meeting of
not properly presen

The 2017 Annual Report, which is not a part of our proxy soliciting materials, is those stockholders that received a copy of the proxy materials in the mail. For those

Internet Availability of Proxy Materials, this proxy statement and our 2017 Annual Report are available on our website at www.sequentialbrandsgroup.com in the Section 303A

Additionally, and in accordance with SEC rules, you may access our proxy statement on our “cookie-free” website that does not identify visitors to the site. A copy of the Company’s proxy statement will be provided to stockholders without charge upon written request directed to our Corporate Secretary, Inc., 601 West 26th Street, 9th Floor, New York, New York 10001. The Company’s proxy statement and the 2017 Annual Report are requested. The Company also makes available on or through its website its Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act as required by law.

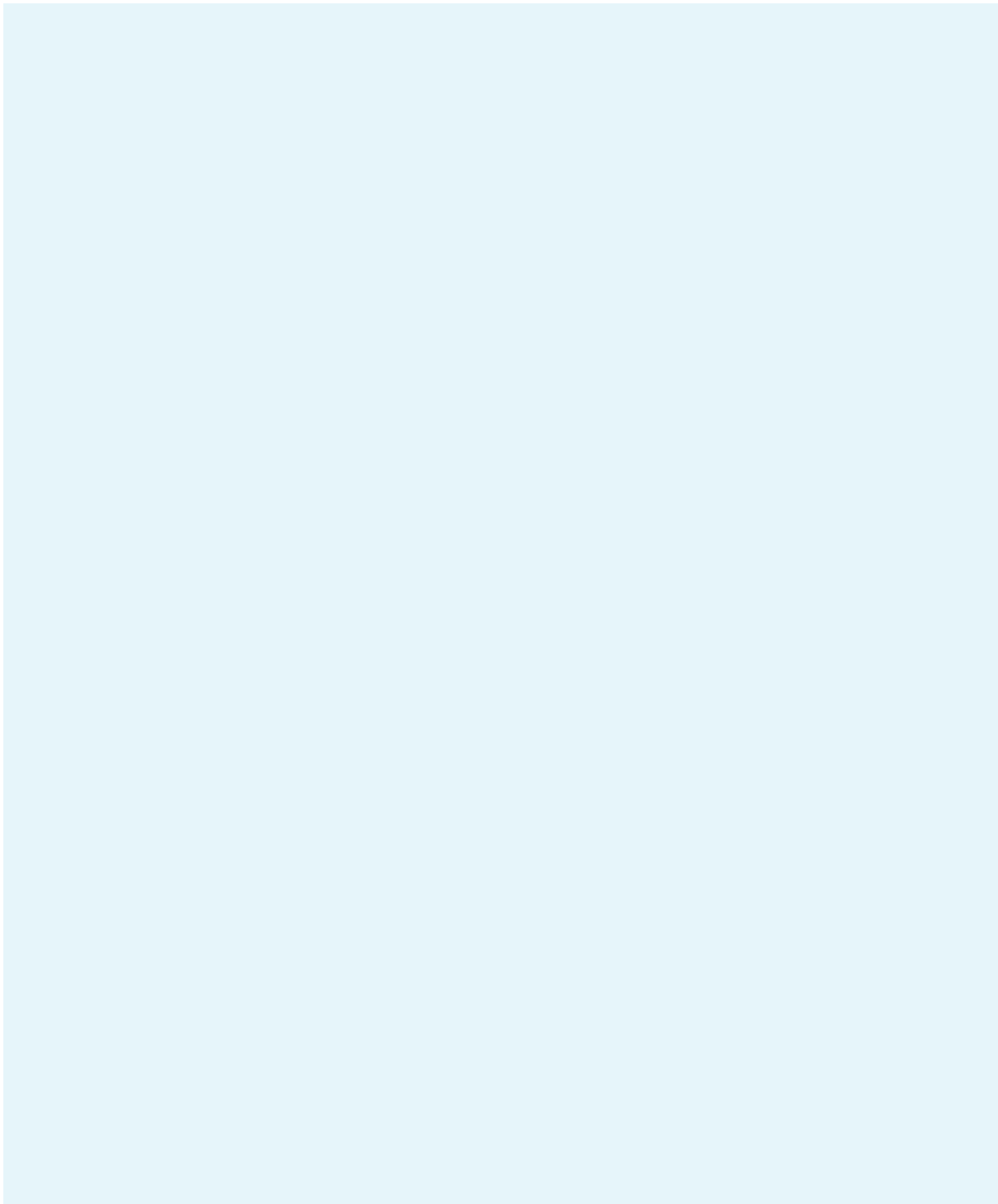
PLEASE PROMPTLY VOTE. IF YOU HAVE RECEIVED A NOTICE OF INTERNET VOTING MATERIALS, YOU SHOULD FOLLOW THE INSTRUCTIONS FOR VOTING. IF YOU HAVE REQUESTED A HARD COPY OF THE PROXY STATEMENT, FILL IN, DATE AND SIGN THE VOTING CARD AND MAIL IT PROMPTLY IN THE ENVELOPE PROVIDED. IF YOU HAVE REQUESTED A HARD COPY OF THE PROXY STATEMENT, YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE THE ANNUAL MEETING.

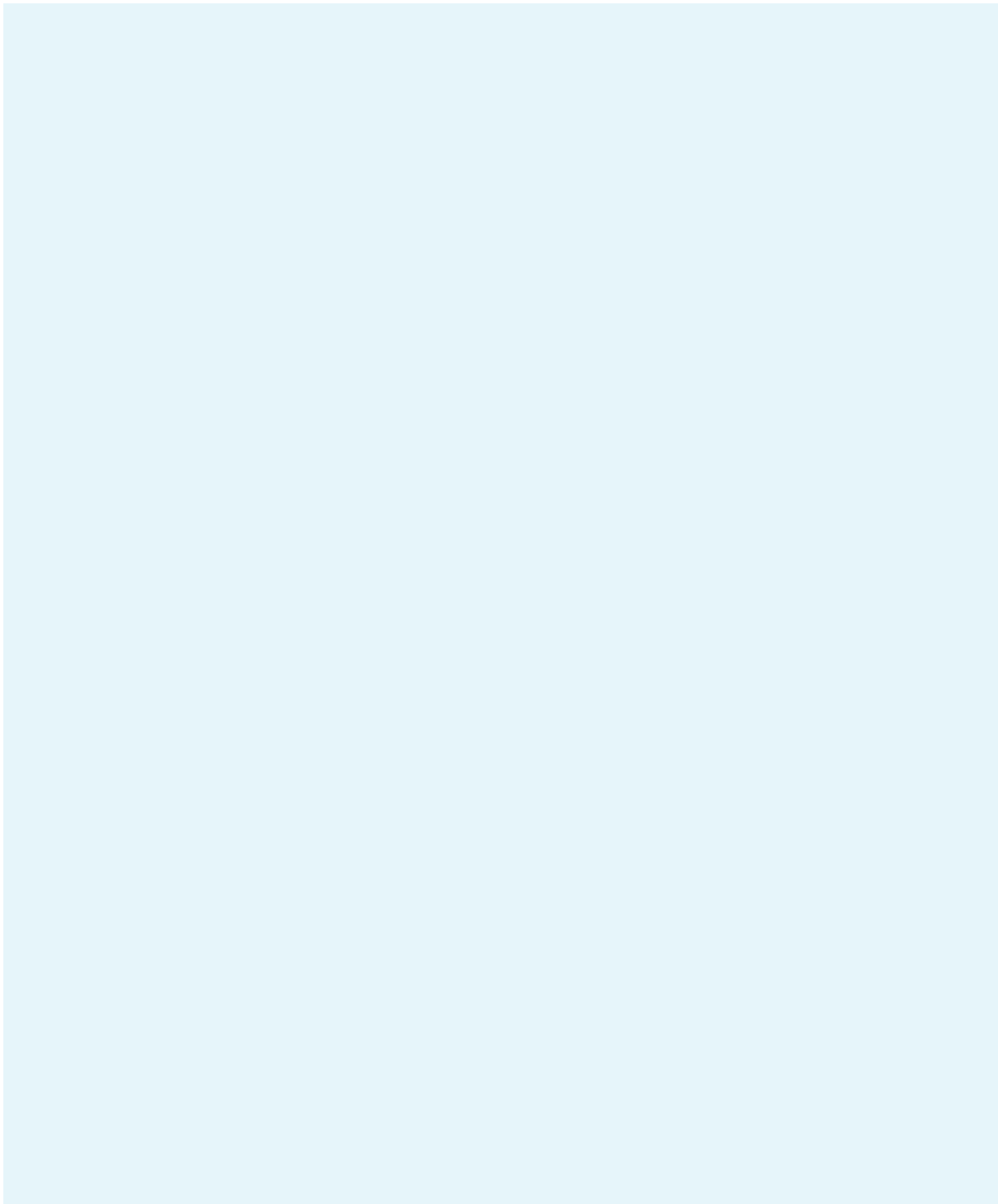
IF YOU ARE A SHAREHOLDER OF RECORD AS OF THE RECORD DATE, YOU MAY REVOKE YOUR PROXY BY DELIVERING TO THE CORPORATE SECRETARY OF SEQUENTIAL BRANDS GROUP, INC., 100 WEST WASHINGTON STREET, SUITE 1000, NEW YORK, NY 10036, A WRITTEN NOTICE OF REVOCATION OR A DULY EXECUTED PROXY. IF YOU HOLD YOUR SHARES IN STREET NAME, YOU MAY CHANGE YOUR VOTE BY ATTENDING THE ANNUAL MEETING AND EXPRESSING A DESIRE TO DO SO. IF YOU HOLD YOUR SHARES IN STREET NAME, YOU MAY CHANGE YOUR VOTE BY GIVING NEW INSTRUCTIONS TO YOUR BROKER, BANK OR OTHER NOMINEE. YOU MUST CONTACT YOUR BROKER OR OTHER NOMINEE TO FIND OUT HOW TO DO SO. ATTENDANCE AT THE ANNUAL MEETING WILL NOT REVOKE YOUR PROXY.

THE ANNUAL MEETING

cut here -----

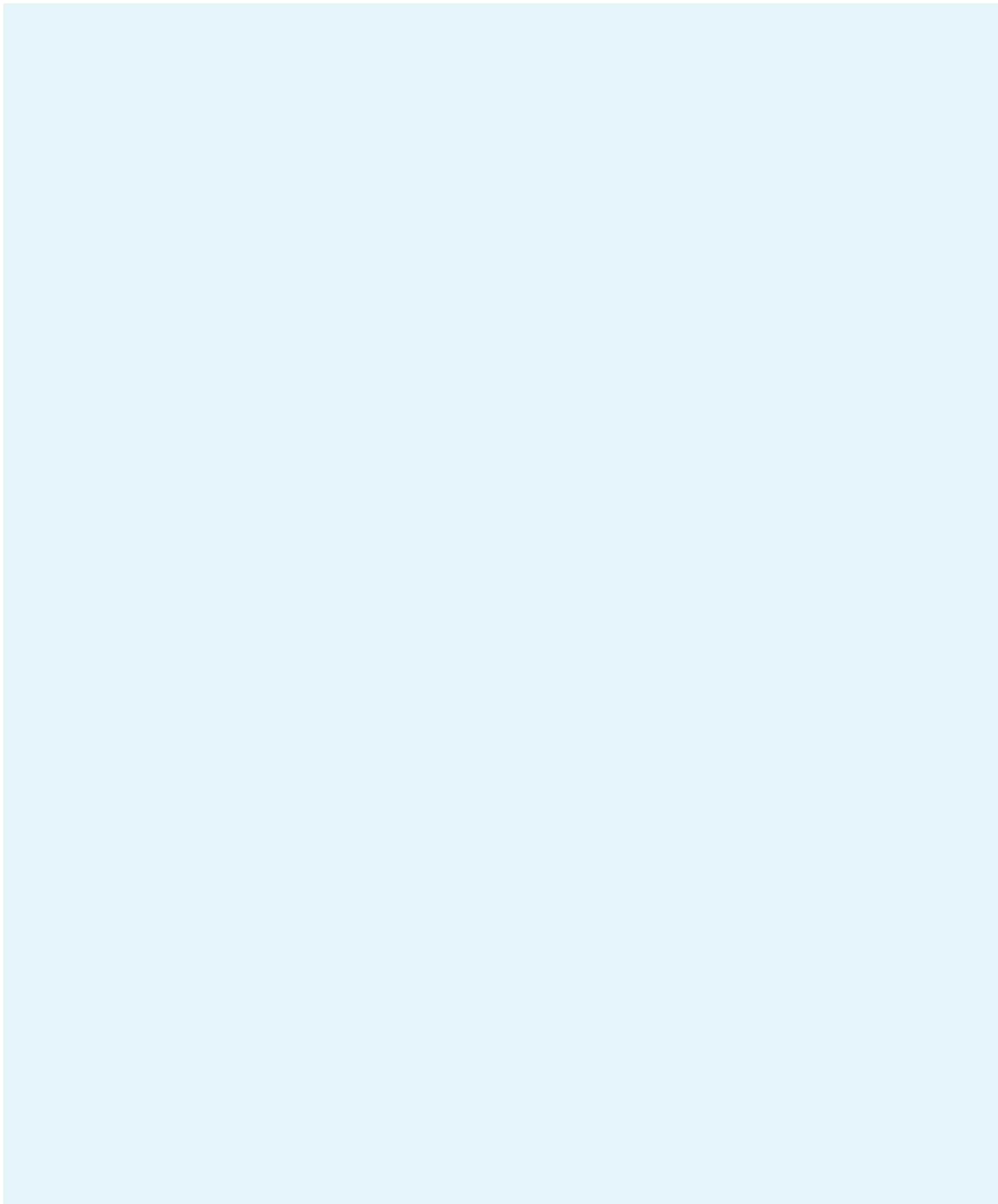
Reservation Form for Sequential Brands Group,
Stockholders who expect to attend the Annual Meeting on June 8, 2018, at 10:00
complete this form and return it to the Secretary, c/o Sequential Brands Group,
York, New York 10001. Please be prepared to show proof of identification at the
holding stock in brokerage accounts will need to bring a copy of a brokerage statement
com





Using a black ink pen, mark your votes with an X as shown in this example. Please
X Sequential Brands Group, Inc. 02 TM 9 D 1 U P X + Annual Meeting Proxy Card. C A
completed for your vote to be counted. — Date and Sign Below Please sign exactly
should each sign. When signing as attorney, executor, administrator, corporate officer,
give full title. Date (mm/dd/yyyy) — Please print date below. Signature 1 — Please keep
keep signature within the box. + A Proposals — The Board recommends a vote
Proposals 2 and 3, and AGAINST Proposal 4. 01 - Karen Murray 02 - William S
Against Abstain 2. To ratify the selection of CohnReznick LLP as our independent
fiscal year ending December 31, 2018. For Against Abstain 4. Stockholder proposal
our governance documents if properly presented at the meeting. For Against A
ANNUAL MEETING INFORMATION Change of Address — Please print your new
comments below. B Non-Voting Items Meeting Attendance Mark the box to the right
- Martha Stewart For Against Abstain 3. To approve, on an advisory basis
officers. Admission Ticket Electronic Voting Instructions Available 24 hours a day, 7 d
you may choose one of the voting methods outlined below to vote your proxy. V
BELOW IN THE TITLE BAR. Proxies submitted by the Internet or telephone must be
June 7, 2018. Vote by Internet • Go to www.investorvote.com/SQBG • Or scan the
steps outlined on the secure website Vote by telephone • Call toll free 1-800-652-V
& Canada on a touch tone telephone • Follow the instructions provided by the record
VIA THE INTERNET OR TELEPHONE, PLEASE FOLD ALONG THE PERFORATION
BOTTOM PORTION





Notice of 2018 Annual Meeting of Stockholders
601 West 26th Street, 9th Floor
Board of Directors for Annual Meeting — June 8, 2018
The stockholder(s) hereby rev
Murray and Peter Lops, or any of them, each with the power of substitution, are
shares of the undersigned, with all the powers which the undersigned would possess i
of Stockholders of Sequential Brands Group, Inc. to be held on June 8, 2018 or at
(including, if applicable, on any matter which the Board of Directors did not know wo
a reasonable time before the proxy solicitation was made or for the election of a perso
named in Proposal 1 becomes unable to serve or for good cause will not serve).
heretofore given to vote said shares, and hereby ratifies all that said proxies at
postponement thereof. Shares represented by this proxy, when this proxy is proper
stockholder. If no such directions are indicated, the proxies will have authority to vo
FOR Proposals 2 and 3, and AGAINST Proposal 4. In their discretion, the pro
business as may properly come before the Annual Meeting or at any postponement
appear on reverse side.). Proxy — Sequential Brands Group, Inc. 2018 Annual Me
of Sequential Brands Group, Inc. Stockholders Friday, June 8, 2018 10:00 am E
Corporate Office 601 West 26th Street, 9th Floor, New York, NY 10001 Upon arriv
photo identification at the registration desk. q IF YOU HAVE NOT VOTED
PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE B
ENVELOPE. q Important notice regarding the Internet availability of proxy materia
To Be Held on June 8, 2018. The 2018 Proxy Statement and the 2017 A
