

Exhibit 1.3

Prioritising Risks

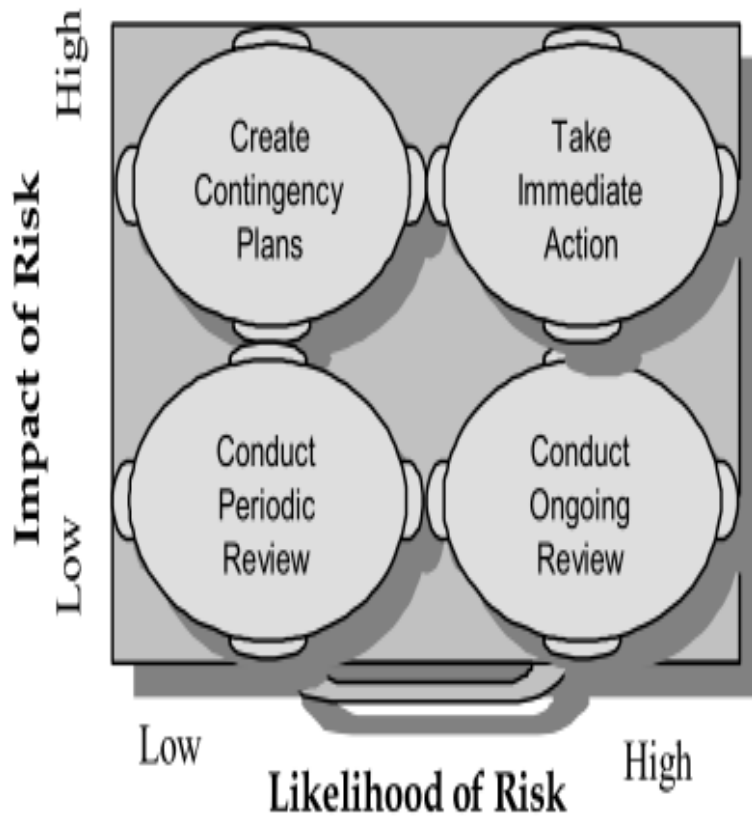


Exhibit 1.5

<i>The Enterprise Risk Management process</i>
▪ Identify the risk.
▪ Quantify the risk to the extent possible.
▪ Prevent or avoid the risk wherever possible.
▪ Transfer the risk if holding it is not consistent with the company's business strategy.
▪ If the risk is core to the business, hold it and manage it by modifying the operations, processes.
▪ Diversify the risk where appropriate by building a portfolio of businesses.
▪ Insure the risk, if it has to be held but is difficult to manage internally.
▪ Increase capital if the risk has to be held and is difficult to transfer.
▪ Assess the risk intelligently and decide whether it is more important to preserve the possibility of extremely good outcomes or to reduce the possibility of very bad outcomes.

The method of classifying risks is not as important as understanding and analysing them. Indeed, the very nature of uncertainty implies that it is difficult to identify all risks, leave alone classify them. Each company should carefully examine its value chain and come up with its own way of categorising the uncertainties associated with its important value adding activities. Then, it can quantify these uncertainties to the extent possible and decide which risks to hold and which to transfer.

In this book, we will concentrate on banks and financial institutions. We will look at the following risks in detail:

- Market risk
- Credit Risk
- Operational risk
- Liquidity risk

Exhibit 1.6
Risk Categories at Credit Suisse

Management risks	Strategy risk	Outcome of strategic decisions or developments
	Reputation risk	Damage of our standing in the market
Chosen risks	Market risk	Changes in market factors such as prices, volatilities, correlations
	Credit risk	Changes in the creditworthiness of other entities
	Expense risk	Difference between operating expenses and income in a crisis
Consequential risks	Operational risk	Inadequate or failed internal processes, people and systems; or external events
	Liquidity risk	Inability to fund assets or meet obligations at a reasonable price

Source: Credit Suisse Annual Report, 2008.