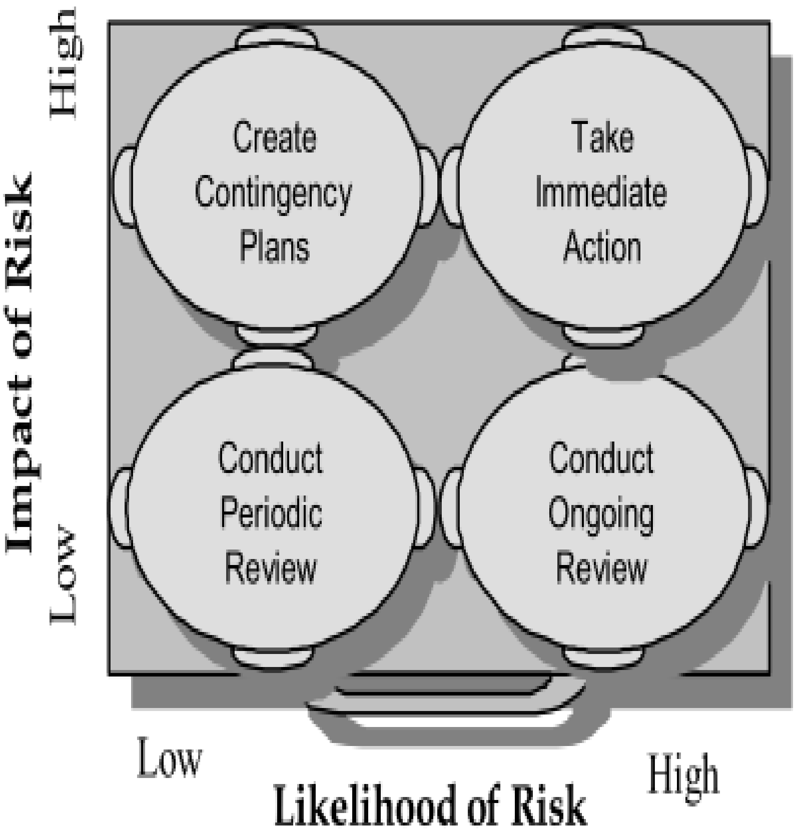
Exhibit 1.3

Prioritising Risks



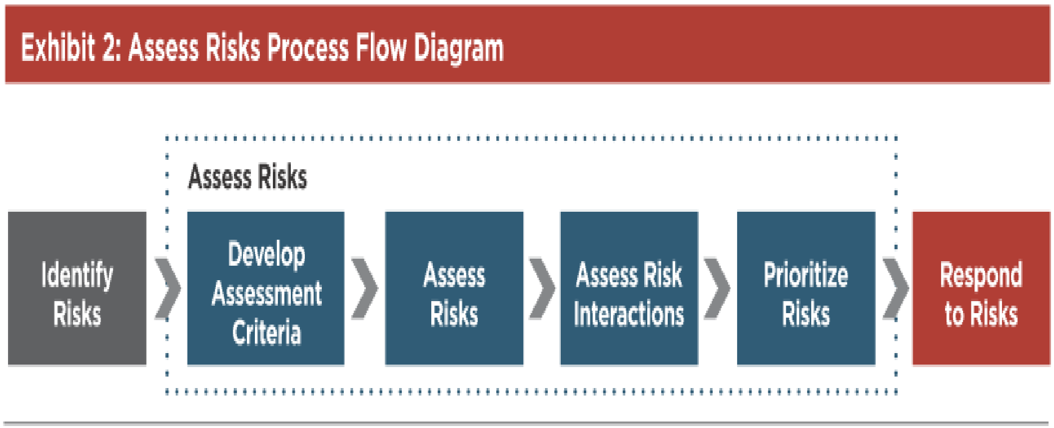


Exhibit 1.5

The Enterprise Risk Management process
▪ 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.

Illustrative Impact Scale

Rating	Descriptor	Definition
5	Extreme	• Financial loss of $X million or more[3] • International long-term negative media coverage; game-changing loss of market share • Significant prosecution and fines, litigation including class actions, incarceration of leadership • Significant injuries or fatalities to employees or third parties, such as customers or vendors • Multiple senior leaders leave
4	Major	• Financial loss of $X million up to $X million • National long-term negative media coverage; significant loss of market share • Report to regulator requiring major project for corrective action • Limited in-patient care required for employees or third parties, such as customers or vendors • Some senior managers leave, high turnover of experienced staff, not perceived as employer of choice
3	Moderate	• Financial loss of $X million up to $X million • National short-term negative media coverage • Report of breach to regulator with immediate correction to be implemented • Out-patient medical treatment required for employees or third parties, such as customers or vendors • Widespread staff morale problems and high turnover
2	Minor	• Financial loss of $X million up to $X million • Local reputational damage • Reportable incident to regulator, no follow up • No or minor injuries to employees or third parties, such as customers or vendors • General staff morale problems and increase in turnover
1	Incidental	• Financial loss up to $X million • Local media attention quickly remedied • Not reportable to regulator • No injuries to employees or third parties, such as customers or vendors • Isolated staff dissatisfaction

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.

Likelihood

Likelihood represents the possibility that a given event will occur. Likelihood can be expressed using qualitative terms (frequent, likely, possible, unlikely, rare), as a percent probability, or as a frequency. When using numerical values, whether a percentage or frequency, the relevant time period should be specified such as annual frequency or the more relative probability over the life of the project or asset. Sometimes enterprises describe likelihood in more personal and qualitative terms such as "event expected to occur several times over the course of a career" or "event not expected to occur over the course of a career."

Illustrative Likelihood Scale

Rating	Annual Frequency		Probability	
	Descriptor	Definition	Descriptor	Definition
5	Frequent	Up to once in 2 years or more	Almost certain	90% or greater chance of occurrence over life of asset or project
4	Likely	Once in 2 years up to once in 25 years	Likely	65% up to 90% chance of occurrence over life of asset or project
3	Possible	Once in 25 years up to once in 50 years	Possible	35% up to 65% chance of occurrence over life of asset or project
2	Unlikely	Once in 50 years up to once in 100 years	Unlikely	10% up to 35% chance of occurrence over life of asset or project
1	Rare	Once in 100 years or less	Rare	<10% chance of occurrence over life of asset or project