

# Risk Management Investor Day

London

May 22, 2007

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# Reputational Risk

# Cautionary statement

## Cautionary statement regarding forward-looking and non-GAAP information

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements.

A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2006 filed with the US Securities and Exchange Commission, and in other public filings and press releases.

We do not intend to update these forward-looking statements except as may be required by applicable laws.

This presentation contains non-GAAP financial information. Information needed to reconcile such non-GAAP financial information to the most directly comparable measures under GAAP can be found in Credit Suisse Group's first quarter report 2007.

# Why focus on reputational risk?

*“Activists protest outside Bank headquarters”*

*“Accountants at center of scandal again”*  
Associated Press

*“Auditor pays \$456 million fine, avoids indictment in tax shelter”*  
Business News

*“Asset manager apologizes to authorities for supervision lapse”*

Major issue for globally operating financial services firms

# Why focus on reputational risk?

- Strategic vision of being the Premier Bank
- Diverse customer base with high expectations
- Years of client goodwill can be lost through a single bad event that is widely reported
- Information travels – literally – at the speed of light

*“Our reputation is everything”*

- Brady Dougan

# What are the tangible benefits of a good reputation?

- Customer goodwill
- Recruiting and retaining key employees
- Favorable perception by regulators
- Rating agency status

...All support our business model and value proposition

# What constitutes reputational risk?

## Actions or transactions that could involve...

- Controversial client and/or business activities
- Conflicts of interest
- Tax, accounting or regulatory implications
- Adverse environmental or sustainability implications
- Client suitability concerns

## Our approach

- All transactions are subject to reputational risk rules
  - Rules are in addition to legal and policy constraints
- Identification of an issue triggers a formal review process
- Inherently judgmental, but . . .
  - . . . a serious, consistent approach can help manage this risk
- Policy in place since 2002, adopted for the integrated bank

“Our policy is to avoid any action or transaction that brings with it a potentially unacceptable level of risk to the Group’s reputation”

- Annual Report 2006

# Our approach

**Top Down**

Consistent approach

Senior reputational risk  
approvers

Executive Board oversight

**Bottom Up**

Wide transaction capture

All employees must follow  
the reputational risk policy  
and raise issues as they  
encounter them

# Substantial and comprehensive process

## Reputational Risk Reviewers are senior MDs

- Independent of the front office
- Located in each region . . .
  - Americas
  - Switzerland
  - Europe, Middle East & Africa
  - Asia Pacific

... and cover all of the bank

- Private Banking
- Investment Banking
- Asset Management
- Shared Services

MD = Managing Directors

# Reputational risk process

## Responsible

## Tasks



Global Reputational  
Risk Committee

- Representation on Executive Board
- Sets policy, reviews key issues, can overrule a rejection



Regional CEO

- Can veto an approval (but cannot overrule a rejection)



Reputational risk  
approver

- After review, approves, rejects or modifies a submission

Division endorser

- Business Area head or designee
- Supports or rejects a submission

Originator  
(Any employee)

- Initiates approval process

# Not just “Yes” or “No”

- Its not just about rejecting unsuitable transactions
- Rather, the objective is to bring transactions to an appropriate standard, if possible
- In many cases, transactions can be approved if modified
  - Improved or different structure
  - Further due diligence
  - Additional disclosure requirements
- Senior people involved in this process can help educate employees on the firm’s standards, help them “navigate the gray areas” and raise the quality of our business

# Broad spectrum of typical transactions

Product  
development

Does the product serve a valid client need?

Transactional

Does the deal meet all our standards?

Individual

Is this someone we want to do business with?

Suitability

Is the transaction appropriate for the client's circumstances and financial condition?

# Conclusion

- There is no perfect “vaccine” for reputational risk...
  - No mechanical net
  - Standards may differ across regions and through time
  - Issues are inherently judgmental
- ...but with a strong process and senior engagement we are addressing and mitigating reputational risk
  - Significant senior resources
  - Awareness and training
  - Systematic, consistent approach bank wide
  - Pro-active approach to evolving standards

# CREDIT SUISSE



Questions & Answers