

# Risk Management Investor Day

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## Overview

# 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.

# Agenda

Scope

Organization

Conclusions

# Risk Management context

- High level objectives
- Scope

- Role and responsibilities
- Governance
- Staffing and culture
- Infrastructure and tools

- Results
- Feedback loops

Broad risk perspective

Teamwork and independence

Substantive impact

# Good Risk Management is key

## Objectives

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### Protect financial strength

- Capital and balance sheet
- Income statement
- Reputation is everything

### Facilitate capital deployment

- Support good franchises

## Constituencies' needs

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- Customer demand for strong counterparty
- Debt investors prefer low risk paper
- Regulatory compliance
- Support long-term shareholder value



# Categorizing risks

= today's focus

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

# Management risks

## Strategy risk

Outcome of strategic decisions or developments

## Reputation risk

Damage of our standing in the market

### Nature of risk

- Long term
- Difficult to quantify
- Significant downside

### How to manage risk

- High on senior management agenda
- Structured process for reputation risk
- Key component of main risk committee (CARMC)

CARMC = Capital Allocation and Risk Management Committee

# Chosen risks

Market risk	Changes in market factors such as prices, volatilities, correlations
Credit risk	Changes in the creditworthiness of other entities

## Nature of risk

- Highly quantifiable, but dependant on models
- Complexity and scale make it challenging
- Returns based on risk appetite and expertise

## How to manage risk

- Portfolio controls and limits
- Partnership between business and risk management
- Risk management has final decision

# Consequential risks

## Operational risk

Inadequate or failed internal processes, people and systems; or from external events

## Liquidity risk

Inability to fund assets or meet obligations at a reasonable price

## Nature of risk

- Partially quantifiable but based on theories
- A consequence of doing business
- Capital only part of the answer

## How to manage risk

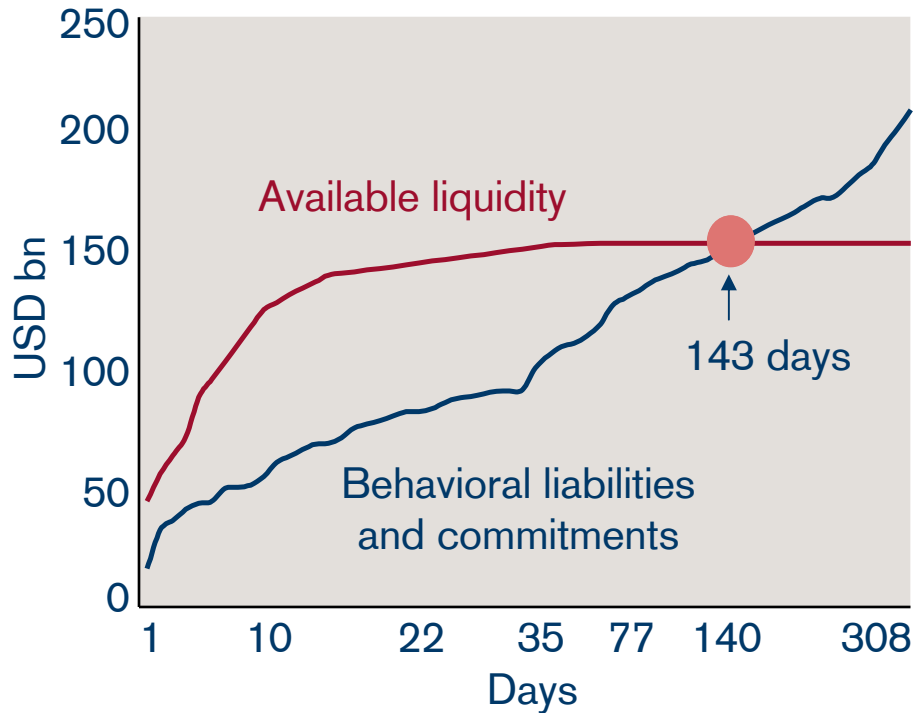
- Decentralized reviews of operational risks
- On the ground representation and rapid escalation process
- Management understanding of correct course of action

# Classifying operational risks

- Operational Risk Management is about reducing the frequency and severity of large and rare events

	Small losses	Large losses
Low frequency	Does not matter much	<p><b>Major events (primary challenge)</b></p> <ul style="list-style-type: none"> <li>Can put banks out of business</li> <li>Difficult to understand and prioritize</li> <li>Similar across industries: aviation, chemical processing</li> </ul>
High frequency	<p><b>Minor events (secondary challenge)</b></p> <ul style="list-style-type: none"> <li>“OpRisk industry” focus</li> <li>Supports efficiency savings rather than material risk reduction</li> </ul>	<p>Not relevant (Otherwise, would already be out of business)</p>

# Credit Suisse liquidity barometer



- Integrated bank analysis, based on centralized treasury
- Conservative assumptions regarding cash in-/outflows reflect crisis environment
- Focus on target days as well as on longer-term roll off development
- Regular controls and reviews

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# Roles and responsibilities

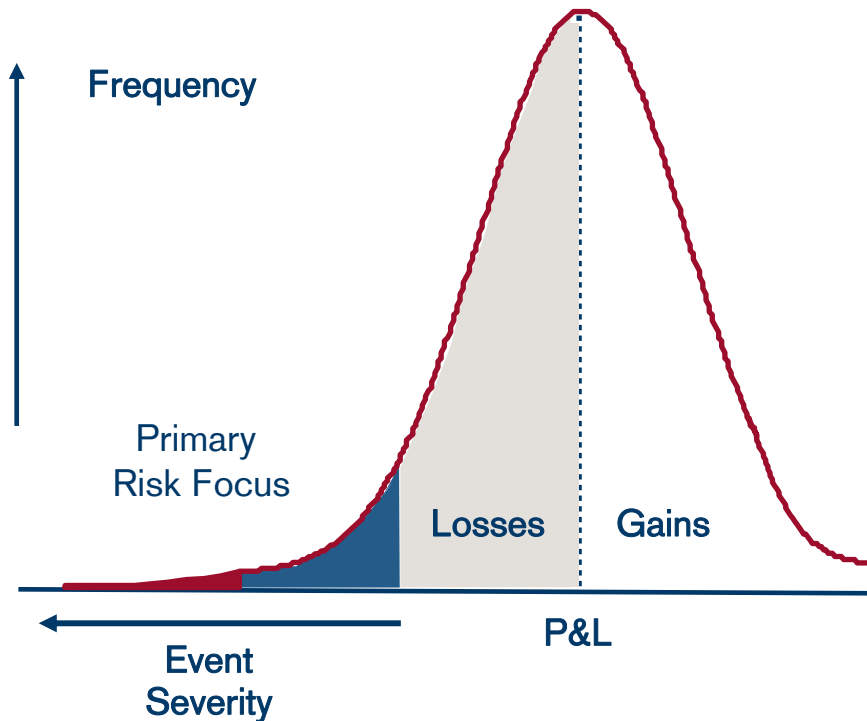
## Oversight process

- Three levels
  - Business line managers – full P&L responsibility
  - Independent risk department – check and balances
  - CARMC and Board of Directors – strategy setting
- Integration of risk and business
  - Strategic planning
  - Limit setting processes
- Involvement and support of CARMC and top management

CARMC = Capital Allocation and Risk Management Committee

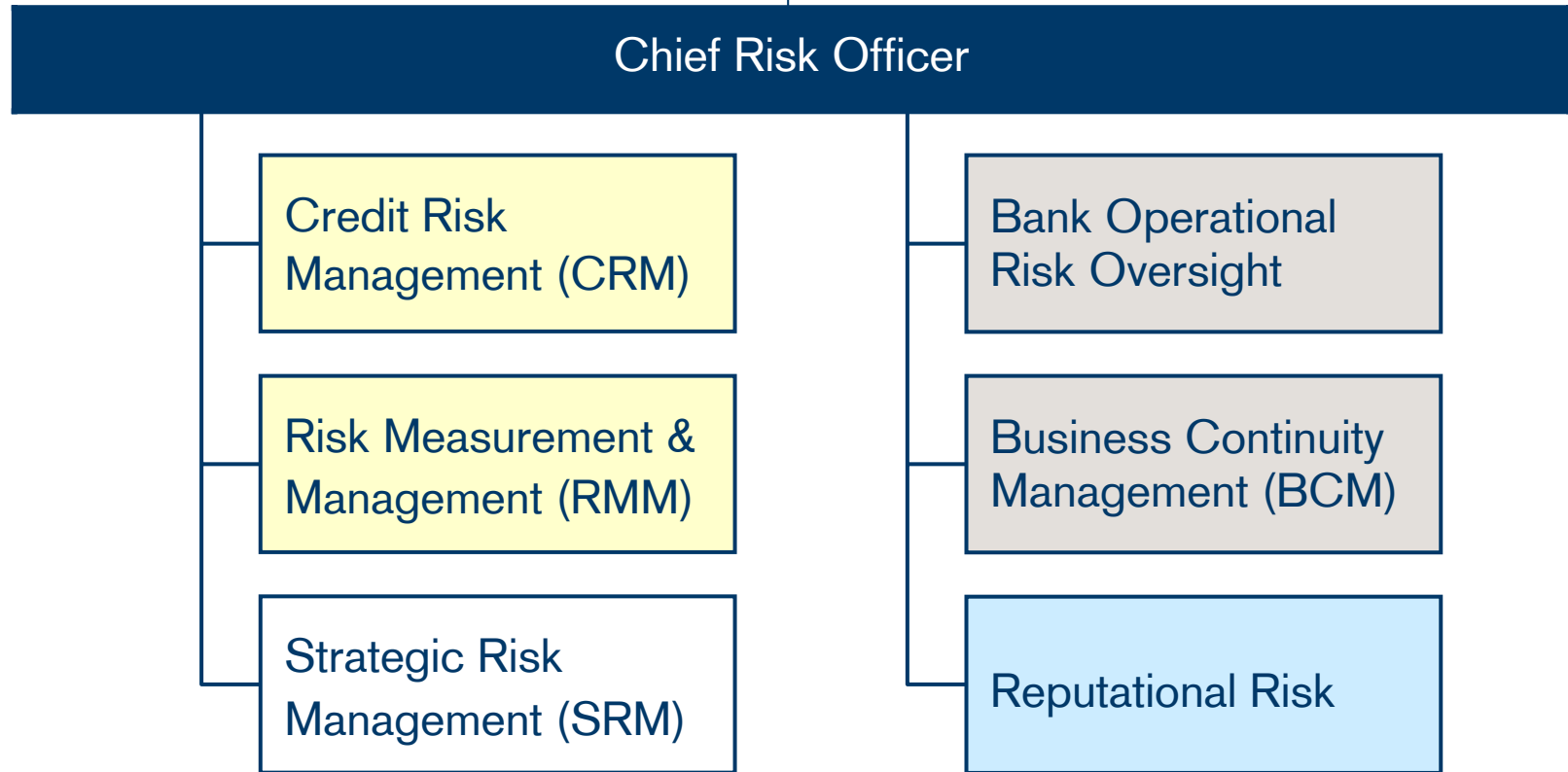
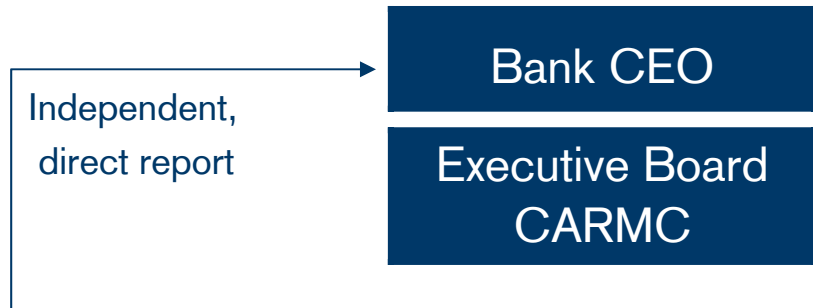
# Roles and responsibilities

## Risk focus



- Focus on events outside recent experience
- Include long-term shareholder perspective
- Risk involved in capital deployment – part of strategy
- Balancing risks and opportunities

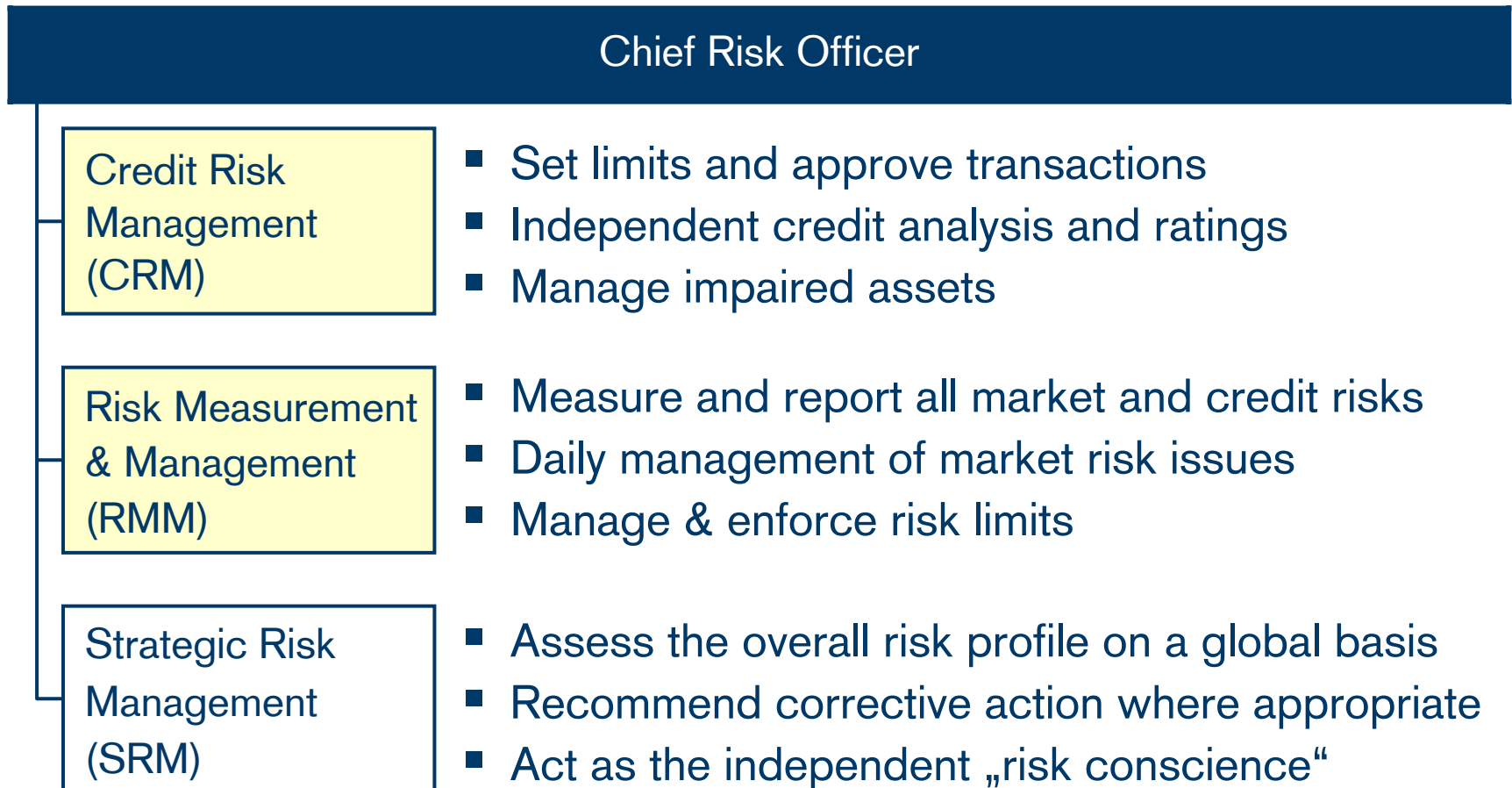
# Risk Organization Overview



CARMC = Capital Allocation and Risk Management Committee

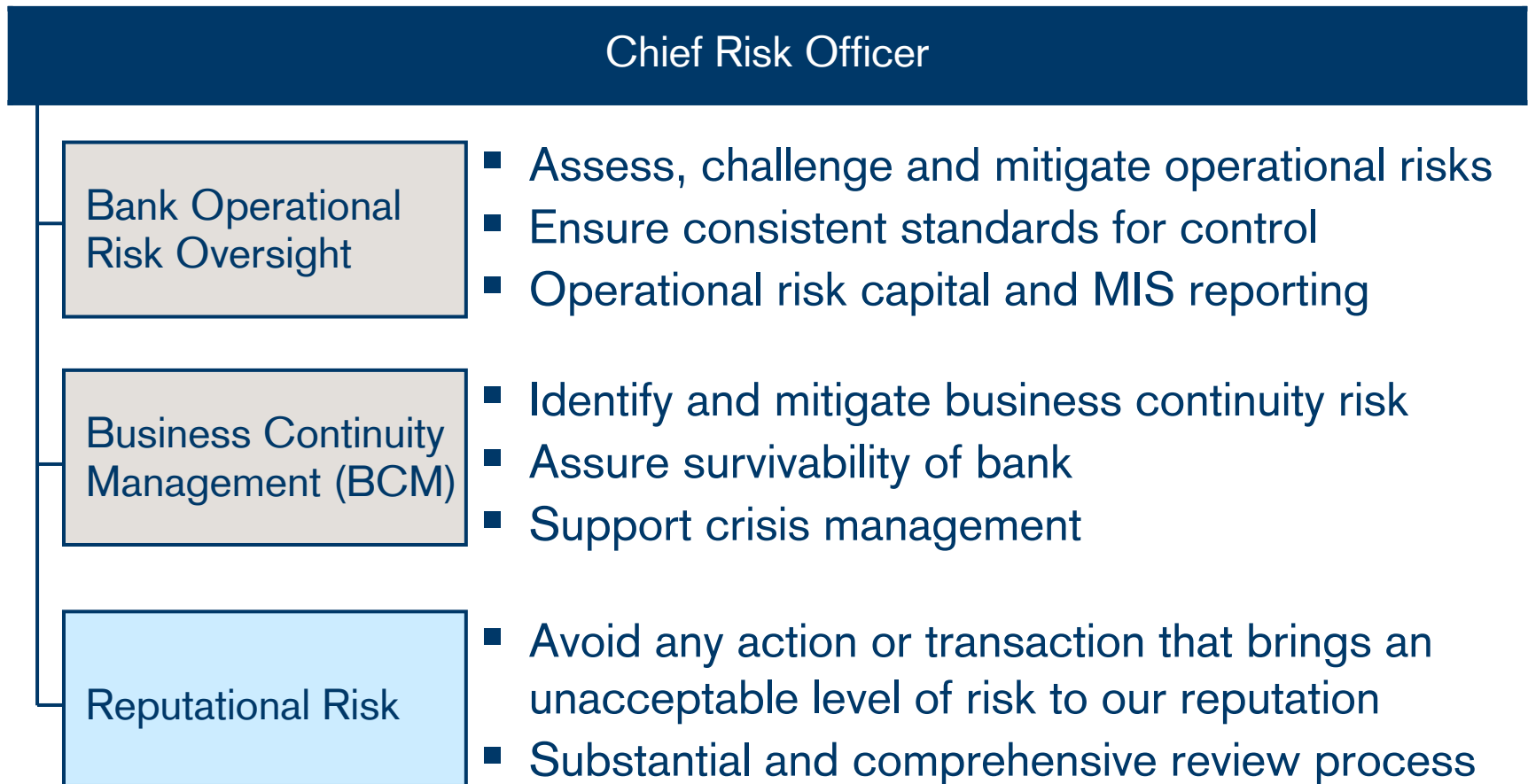
# Risk Organization

## Mandates (1/2)



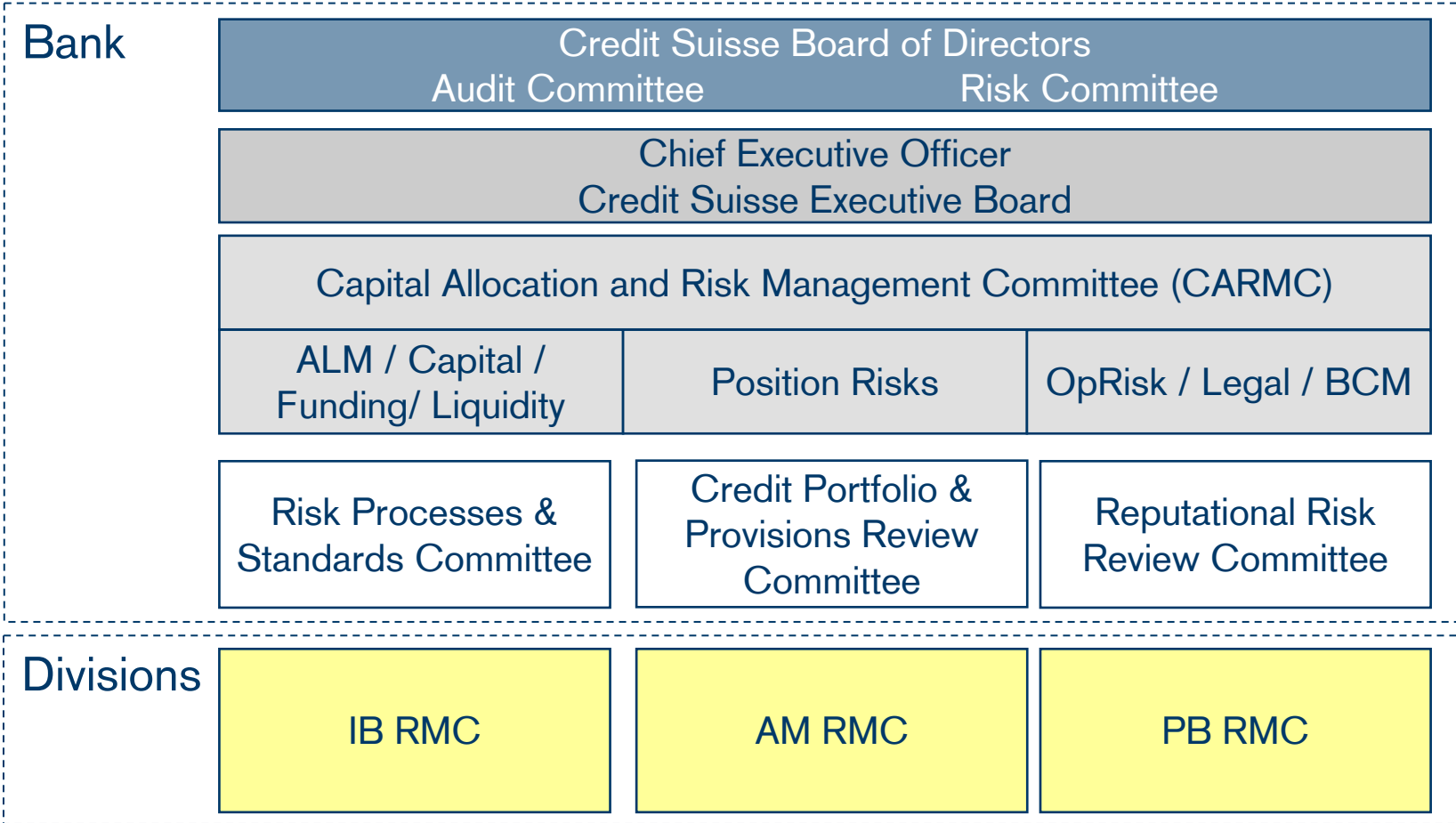
# Risk Organization

## Mandates (2/2)



# Risk governance

## Key management bodies and committees



# Agenda

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# Conclusions

- Focused objectives, linked to strategy
- Know the risks
- Understand the risks
- Right organizational set-up

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Questions & Answers