


## CREDIT OPINION

27 March 2023

Update



### Contacts

Alessandro Roccati +44.20.7772.1603  
 Senior Vice President  
 alessandro.rocatti@moodys.com

Yana Ruvinskaya +33.1.53.30.33.93  
 Associate Analyst  
 yana.ruvinskaya@moodys.com

David Fanger +1.212.553.4342  
 Senior Vice President  
 david.fanger@moodys.com

Laurie Mayers +44.20.7772.5582  
 Associate Managing Director  
 laurie.mayers@moodys.com

Ana Arsov +1.212.553.3763  
 MD-Financial Institutions  
 ana.arsov@moodys.com

# Credit Suisse (USA), Inc.

Update following rating action

## Summary

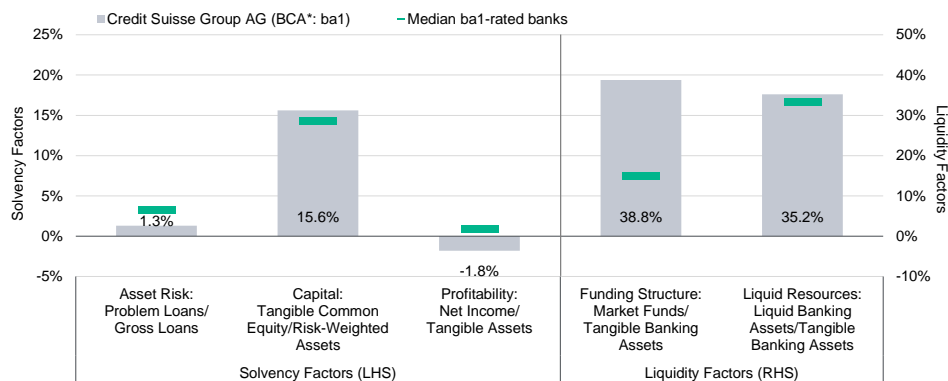
We rate the senior unsecured debt of [Credit Suisse \(USA\), Inc.](#) (CSUSA<sup>1</sup>) A3, at the same level as senior unsecured debt of [Credit Suisse AG](#) (CS; A3/A3 ratings under review; ba1<sup>2</sup>) On 20 of March 2023, we put these ratings on review up, following a similar rating action at the level of its guarantors, following the announced acquisition of Credit Suisse Group (CSG; senior unsecured debt rating Baa2, rating on review) by UBS Group AG (UBSG; senior unsecured debt rating A3; negative outlook)<sup>3</sup>.

Effective 26 March 2007, CS fully and unconditionally guaranteed on a senior basis — and [Credit Suisse Group AG](#) (CSG, Baa2 ratings under review<sup>4</sup>) guaranteed on a subordinated basis to senior liabilities — all outstanding SEC-registered debt securities issued by CS USA.

Please see Moody's published research on [Credit Suisse AG](#) and [Credit Suisse Group AG](#) for a detailed discussion of the rating rationales.

Exhibit 1

### Rating Scorecard - Credit Suisse Group AG - Key financial ratios



\*The ba1 BCA relates to Credit Suisse Group AG's main operating bank, Credit Suisse AG.

Source: Moody's Financial Metrics

## Outlook

The long-term senior unsecured debt ratings of CSUSA are on review for upgrade, in line with those of CS.

## Detailed credit considerations

### Profile

CSUSA is a direct subsidiary of Credit Suisse Holdings (USA), Inc. (CSH USA or 'the IHC' <sup>5</sup>), an indirect wholly owned subsidiary of CSG and is the parent of Credit Suisse Securities (USA) LLC, a regulated US securities broker/dealer.

CSUSA is essential for CSG's investment banking, securities sales and trading businesses in the [United States](#) (Aaa stable). As such, CSUSA is a fully integral part of CSG's operations.

### US regulatory requirements for the US Intermediate Holding Company (IHC)

The IHC is subject to the US Federal Reserve's enhanced prudential standards regime, which includes US risk-based capital, leverage, liquidity and stress-testing requirements. As part of this regulatory regime, the IHC is subject to US Federal Reserve's Dodd Frank Act Stress Test (DFAST) supervisory stress test. Under the published 2022 DFAST results, CSH USA displayed a projected minimum CET1 capital ratio of 20.1%. In addition, the IHC's projected minimum Tier 1 leverage ratio was 10.6%. These ratios significantly exceed the required minimum capital and leverage ratios (4.5% for CET1 and 4.0% for Tier 1 leverage ratio). Following the supervisory stress test results, the Board of Governors of the Federal Reserve System set a capital requirement of 13.5% for Credit Suisse Holdings (USA).

The IHC is required to meet US Total Loss Absorbing Capacity (TLAC) requirements, in particular a minimum TLAC requirement comprising the greater of 16% risk-weighted assets (RWAs), 6% percent total supplementary leverage exposure and 8% of average total consolidated assets less certain capital deductions. Within this TLAC requirement, the proportion of long-term debt must meet the greater of 6% RWAs, 2.5% total supplementary leverage exposure and 3.5% of average total consolidated assets less certain capital deductions. Additionally, the long-term debt and TLAC requirements must be met by internally issued capital and debt from the IHC to its foreign parent (CS) instead of by externally-issued capital and debt.

### Financial figures

The IHC reported \$9,063 million net loss in 2022 (\$1,905 million net income in 2021; \$538 million net income in 2020) that included negative impact of \$4,952 million goodwill impairment. As of year-end 2022, total assets were \$57 billion (end-2021: \$99 billion and end-2020: \$118 billion) and mainly consisted of \$31 billion of reverse repos and securities lending transactions, \$9 billion of trading assets, \$1.8 billion of loans (predominantly loans for purchasing or carrying securities; including held for sale loans) and \$0.7 billion of goodwill and intangibles.

The IHC reported a CET1 capital ratio of 27.8% at end-2022 (end-2021: 27.6%) and a Tier 1 leverage ratio of 19.8%<sup>6</sup> (end-2021: 15.3%). Risk-weighted assets were \$44.6 billion at end-2022 (end-2021: \$58.9 billion).

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

## Ratings

Exhibit 2

Category	Moody's Rating
<b>CREDIT SUISSE (USA), INC.</b>	
Outlook	Rating(s) Under Review
Bkd Senior Unsecured	A3 <sup>1</sup>
<b>ULT PARENT: CREDIT SUISSE GROUP AG</b>	
Outlook	Rating(s) Under Review
Senior Unsecured	Baa2 <sup>1</sup>
Subordinate Shelf	(P)Ba1 <sup>1</sup>
Pref. Stock Non-cumulative	C (hyb)

[1] Placed under review for possible upgrade on March 20 2023

Source: *Moody's Investors Service*

## Endnotes

- [1](#) Formerly Credit Suisse First Boston (USA), Inc.
- [2](#) The ratings shown are the bank's long-term senior unsecured debt and deposit ratings together with their corresponding outlook(s), as well as the bank's Baseline Credit Assessment (BCA).
- [3](#) The ratings of UBSG were not initiated or not maintained at the request of the rated entity. The ratings were initiated by us. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on our website ([www.moodys.com](http://www.moodys.com))
- [4](#) The rating shown is the group's senior unsecured debt rating and outlook.
- [5](#) On 1 July 2016, Credit Suisse Holdings (USA), Inc. was established as an Intermediate Holding Company (IHC) in the US.
- [6](#) The US Tier 1 leverage ratio is based on average total assets and is not comparable with the Basel III leverage ratio or the US Supplementary Leverage Ratio (SLR).

© 2023 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1362313