

CREDIT OPINION

9 November 2022

Update



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RATINGS

Credit Suisse Group AG

Domicile	Zurich, Switzerland
Long Term CRR	Not Assigned
Long Term Debt	Baa2
Type	Senior Unsecured - Fgn Curr
Outlook	Negative
Long Term Deposit	Not Assigned

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Credit Suisse Group AG

Update following rating action

Summary

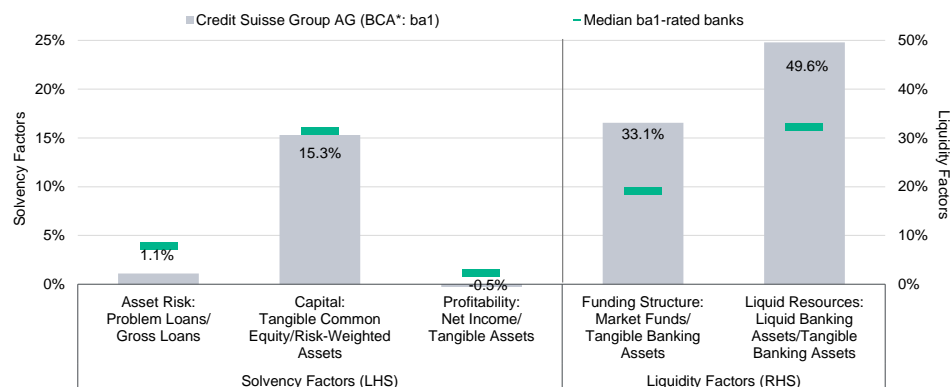
We assign Baa2 senior unsecured debt ratings to [Credit Suisse Group AG](#) (CSG) and A3/P-2 senior unsecured debt and deposit ratings to its principal bank subsidiary, [Credit Suisse AG](#) (CS). On 1 November 2022, all CS's ratings were downgraded, CSG's senior unsecured debt rating was affirmed, and the corresponding negative outlooks were maintained.

CS's ratings reflect (1) the bank's ba1 Baseline Credit Assessment (BCA) and Adjusted BCA; (2) the result of our Advanced Loss Given Failure (LGF) analysis, providing three notches of uplift to the bank's senior unsecured debt and deposit ratings; and (3) one additional notch of rating uplift stemming from our expectation of a moderate level of government support.

CS's ba1 BCA reflects: (1) the challenges the group faces in successfully executing on its 2025 plan aimed at achieving a substantially de-risked, more efficient and simplified bank, in particular the repositioning of its investment bank, which will require a lengthy timeline and lead to high talent and client attrition risk; (2) our expectation of large financial losses in 2022, losses in 2023, break-even in 2024 and moderate profitability in 2025; (3) challenges due to the more difficult macroeconomic and market environment; (4) the deteriorated liquidity position due to deposit outflows; (5) the lengthy and resource-consuming risk, compliance and cultural remediation efforts that have progressed but are still underway; and (6) the time required to stabilise the group under the leadership of a new board and senior executive. These factors are partially mitigated by the firm's solid capitalisation, further strengthened in both quantity and quality by the announced CHF4 billion rights issue.

Exhibit 1

Rating Scorecard - Credit Suisse Group AG - Key financial ratios



Source: Moody's Investors Service

Credit strengths

- » Large global wealth management and well-positioned domestic banking franchises provide a source of stable earnings
- » Solid capitalisation, benefiting from the announced CHF4 billion capital increase, provides protection to bondholders

Credit challenges

- » Elevated execution risks related to the 2023-2025 plan
- » Market share erosion and franchise impairment in the Investment Bank division
- » Expected losses in 2022 and 2023 and weak profitability in 2025
- » Funding profile is negatively affected by deposit outflows but debt maturity profile is favourable
- » Liquidity position currently weakened due to deposit funding pressures
- » Lengthy and resource-consuming risk, compliance and cultural remediation efforts that have progressed but are still underway

Outlook

- » The negative outlook on CS's long-term senior unsecured debt, issuer and deposit ratings and on CSG's senior unsecured debt ratings reflects its weakened liquidity position as well the negative pressures stemming from the extended timeframe before the bank is expected to return to sustained profitability and the risks related to the execution of what Moody's views as a broad and complex repositioning of the group's business model. These factors are partly mitigated by the strength of CSG's capital position, giving credit for the announced CHF 4 billion capital increase and other capital enhancing actions, which will provide much needed loss absorbency against the negative financial impact and uncertainties around the restructuring plan, and the complexity associated with carving out an independent investment bank.

Factors that could lead to an upgrade

- » Considering the negative outlook, upward rating pressure in the near term is unlikely. The negative outlook can return to stable if CSG maintains its solid capital position, swiftly improves its liquidity and achieves compliance with regulatory requirements at its operating entities. In addition to these factors, the ratings can be upgraded if CSG restores its client franchise and demonstrates significant progress in successfully execution on the restructuring plan, achieves greater visibility on its path to near-term sustainable profitability while making substantial progress in addressing and remediating the significant corporate governance, risk, audit or compliance control shortcomings.

Factors that could lead to a downgrade

- » The ratings could be downgraded if: (1) CSG is unable to make material progress in executing the strategic plan; (2) CSG's capital position consistently remains below the Common Equity Tier 1 guidance of at least 13% during the restructuring plan; (3) CSG's liquidity position or its funding structure substantially deteriorate; (4) CSG suffers sustained client or franchise impairment in its Wealth Management or Investment Bank divisions leading to further deposits outflow; and (5) enhancements of the bank's risk appetite, frameworks and controls fail to be successfully implemented.
- » The holding company's senior unsecured debt ratings could further be downgraded should there be a larger-than-anticipated decrease in the existing stock of loss-absorbing liabilities without a commensurate reduction in the level of tangible banking assets; this would lead to fewer notches of rating uplift as a result of our Advanced LGF analysis.

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.

Key indicators

Exhibit 2

Credit Suisse Group AG (Consolidated Financials) [1]

	06-22 ²	12-21 ²	12-20 ²	12-19 ²	12-18 ²	CAGR/Avg. ³
Total Assets (CHF Billion)	722.5	751.3	813.4	782.9	764.3	(1.6) ⁴
Total Assets (USD Billion)	754.7	822.3	920.1	808.5	775.3	(0.8) ⁴
Tangible Common Equity (CHF Billion)	42.0	43.0	40.4	50.2	45.5	(2.3) ⁴
Tangible Common Equity (USD Billion)	43.9	47.1	45.7	51.8	46.2	(1.4) ⁴
Problem Loans / Gross Loans (%)	1.1	0.9	1.1	0.7	0.8	0.9 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	15.3	16.0	14.6	17.2	16.0	15.8 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	7.1	6.2	7.6	4.2	4.7	6.0 ⁵
Net Interest Margin (%)	0.8	0.8	0.8	1.1	1.1	0.9 ⁵
PPI / Average RWA (%)	-0.9	0.1	1.5	1.4	1.3	0.7 ⁶
Net Income / Tangible Assets (%)	-0.5	0.0	0.4	0.6	0.2	0.2 ⁵
Cost / Income Ratio (%)	116.3	99.0	79.6	79.4	82.2	91.3 ⁵
Market Funds / Tangible Banking Assets (%)	32.2	33.1	36.1	32.0	35.9	33.9 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	49.0	49.6	48.0	46.8	46.2	47.9 ⁵
Gross Loans / Due to Customers (%)	73.7	74.6	75.1	77.6	79.3	76.1 ⁵

[–] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; US GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Following the publication of our revised Banks Methodology in July 2021, only the 2020 ratios reflect the change in treatment of high-trigger Additional Tier 1 instruments.

Profile

Credit Suisse Group AG (CSG) is a global banking and financial services group and the holding company of the Switzerland-based main operating bank Credit Suisse AG (CS). It provides private banking, asset and wealth management and investment banking services to corporate, institutional and government clients, high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs) worldwide, as well as affluent and retail clients in Switzerland. CS reported total consolidated assets of CHF727 billion and assets under management of over CHF1.5 trillion at end-June 2022.

Starting from January 2022, CS reorganized into four divisions (Wealth Management, Investment Bank, Swiss Bank and Asset Management) across four geographic regions (Switzerland, Europe, Middle East and Africa, Asia-Pacific). The new leaner structure will increase visibility and reduce complexity. In detail, the Asia Pacific division will be eliminated; the Swiss Bank will include the domestic retail, affluent and HNWI client segments, corporate and institutional client segments only, with private banking and capital markets activities moving to Wealth Management and Investment Bank, respectively.

In October 2022, CS announced a strategic plan aimed at achieving a substantially de-risked, more efficient and simplified bank, with materially lower leverage and dependence on the more volatile capital markets and investment banking earnings. Although experienced new management has been appointed, the transformation risks are amplified by the significant turnover which has occurred amongst the senior executive team and board.

The new strategic plan includes: (1) finalizing and executing the transfer of the majority of the assets of the securitized products group to investment vehicles managed by affiliates of Apollo and PIMCO, (2) setting-up a non-core unit holding mostly Investment Bank assets, (3) carving out and attracting new external capital for a simplified independent investment bank, – active in the ECM/DCM and advisory & financing businesses -- headquartered in New York, under the brand CS First Boston, and (4) aligning and streamlining the bank's remaining businesses which will focus primarily on banking in its domestic Swiss market, global Wealth and Asset Management, while retaining a much smaller ancillary markets footprint.

Exhibit 3

The break-up of CS's Investment Bank division

Pro-forma data at 2022YE

	Markets	CSFB	SPG	NCU	Total
Revenue	3	>2.5		0.2*	
RWA	22	21	22	25	90
Leverage	109	75	85	116	385

*Moody's estimate on CS data.

Source: Company reports, Moody's Investors Service

According to the plan, the Investment Bank's risk-weighted assets (RWAs) will decrease to below one fifth of group RWAs by 2025 versus around one third at end-September 2022, due to the Investment Bank's capital reduction¹ of around 40% from the wind-down of the Non-Core Unit and the capital release from Securitized Products.

The bank's BCA benefits from its Strong+ Macro Profile

Nearly three-quarters of Credit Suisse's revenue are derived from activities in Switzerland and North America, operating environments to which we currently assign Strong+ and Very Strong - Macro Profiles, respectively; this is partly offset by the sizeable operations in the EU and in the Asia-Pacific region, which have weaker Macro Profiles. This results in a Strong+ weighted Macro Profile for Credit Suisse.

Detailed credit considerations**Asset Risk reflects the elevated execution risks related to the 2025 plan and deficiencies in risk management, risk awareness and related governance control processes**

Our assigned Asset Risk score of baa3 reflects our assessment of higher-than-anticipated execution risk related to the restructuring of the bank and the repositioning of the Investment Bank.

The score also reflects risk management, compliance and cultural failures, which affected its profitability and its capital position. Although CS is enhancing its governance and risk management practices, the extent and effectiveness of these measures is uncertain. Further, the remediation of these matters will likely consume a significant amount of bank resources and managerial focus and take time to resolve, during which CS will remain subject to heightened reputational, financial as well as regulatory risks.

Our Asset risk score further captures the group's high market, operational, reputational or legal (litigation) risks related to capital markets activities, in particular leverage finance and typical risks associated with large global wealth management activities.

Underlying credit quality remains strong

We believe the group's underlying credit quality will remain supported by its low problem loan ratio and generally sound credit risk management capabilities. Historically, CS has had a low level of asset risk within its wealth management and Swiss universal banking businesses, as reflected in the group's low problem loan ratio of 1.1% at H1 2022.

Opacity and Complexity adjustment captures high reliance on capital markets activities

We make a one-notch negative qualitative adjustment to CS's BCA for 'Opacity and Complexity', in line with banks with large capital markets activities, to reflect our view that capital markets activities are both opaque and potentially volatile, posing significant challenges for the management of such activities. CS' exposure to capital markets activities, despite diminishing, will continue to pose risks for creditors because of the volatile revenue profile, the inherent risk-management and risk-governance challenges, the opacity of risk taking, the significant market, counterparty and operational risks, and the confidence-sensitivity of the customer and funding franchises.

Corporate behaviour adjustment captures risk management shortcomings and strategic uncertainty

We make a one-notch negative qualitative adjustment for Corporate Behaviour, reflecting the challenges the group will face in successfully executing on the announced strategy within the targeted time frame, significant recent senior executive turnover, and governance and compliance deficiencies under remediation.

Expected losses in 2022 and 2023 and weak profitability in 2025

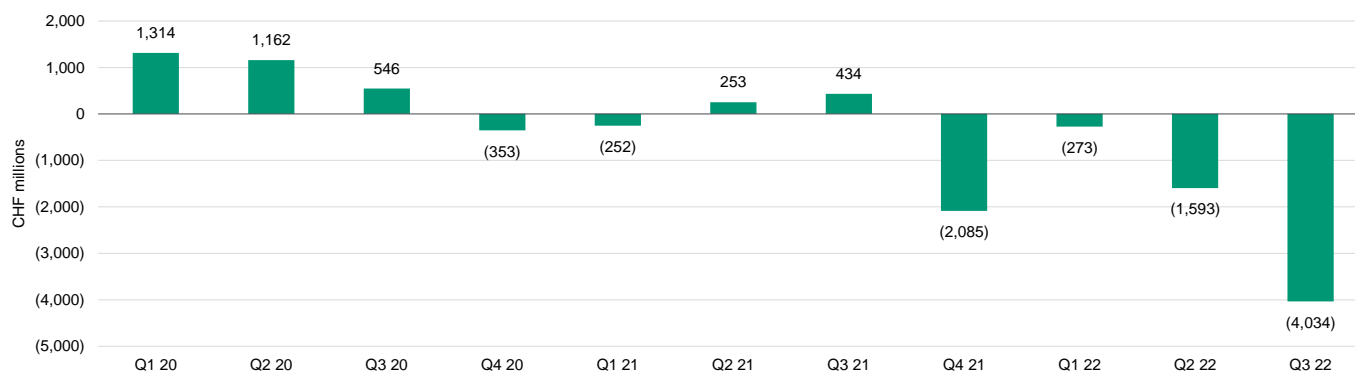
Our assigned caa1 Profitability score reflects an expectation of large financial losses in 2022, losses in 2023, due to high restructuring and remediation costs and reduced revenue streams, while the risk, compliance and cultural remediation efforts are still underway and a return to modest profitability in 2025.

In 2021, CS reported a net loss of CHF 1.6 billion, which included CHF 1.6 billion goodwill impairment charges and CHF 4.2 billion provision for credit losses mainly driven by a CHF 4.3 billion charge due to Archegos' failure to meet its margin commitments. On an adjusted basis, excluding significant items and Archegos, revenue increased 2% due to higher revenues in Asset Management, Investment Bank and Swiss banking partly offset by lower net revenues in International Wealth Management. Adjusted operating expenses decreased 4%, reflecting lower variable compensation costs.

Exhibit 4

Credit Suisse reported net loss in many recent quarters

Net income/ loss by quarter

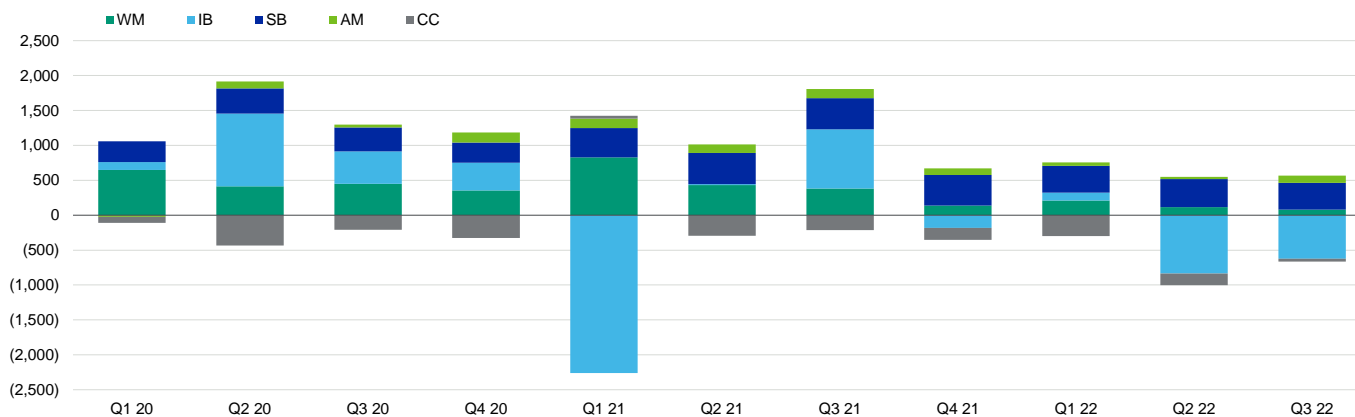


Source: Company results presentations and financials

In the first nine months of 2022, CS reported a CHF5.9 billion net loss (Exhibit 4). The result included a CHF3.7 billion impact from the impairment of deferred tax assets, CHF1.3 billion in litigation provisions and a CHF511 million write-down on the Allfunds stake. Revenue decreased 35% year-on-year, driven by a large decline in Investment Bank revenues (-51%) lower Wealth Management (-33%) and Asset Management (-9%) revenue, whilst Swiss Bank revenues remained flat. Adjusted operating costs (excluding litigation provisions) increased 3% yoy, due to higher investments in compliance, risk and infrastructure.

Exhibit 5

Underlying performance weakened recent quarters



Adjusted pre-tax income including Archegos impact.

Source: Company results presentations and financials, Moody's Investors Service

Management targets a group return on tangible equity (ROTE) of around 6% in 2025 - we calculate this equals to around CHF3 billion net income based on the existing perimeter - and a 2025 Core RoTE of >8% through a reduction of operating costs to CHF14.5 billion from the current run-rate of around CHF17 billion, despite a reduction in revenue, due to Investment Bank businesses disposal.

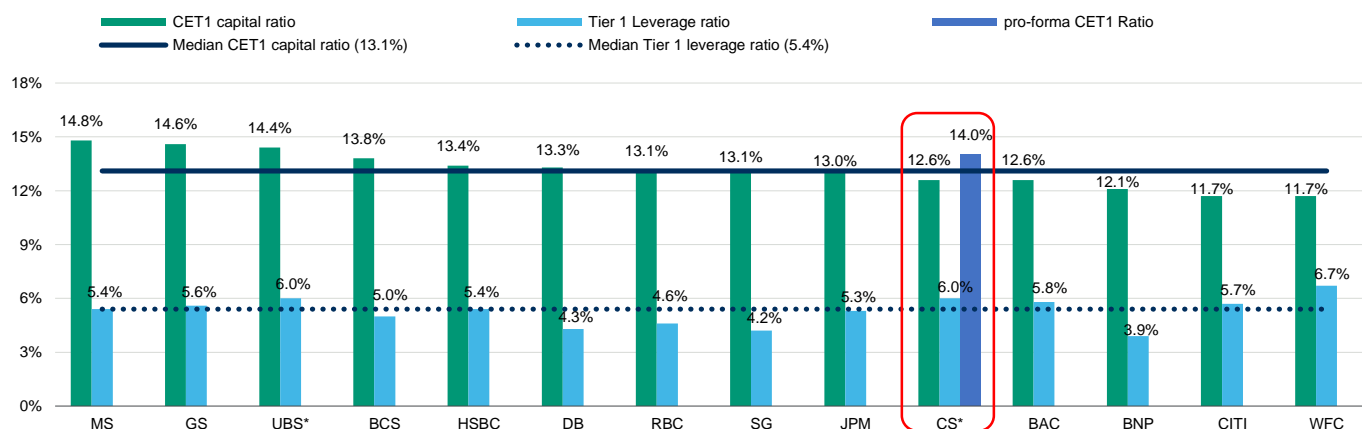
Solid capitalisation, benefiting from the announced CHF4 billion capital increase, provides protection to bondholders

Our assigned Capital score of a1, reflects CS's capitalisation. The strength of CSG's capital position, giving credit for the announced CHF 4 billion capital increase - bringing the pro-forma Common Equity Tier 1 (CET1) ratio to 14.0% - and other capital enhancing actions, will provide much needed loss absorbency against the negative financial impact and uncertainties around the restructuring plan, and the complexity associated with carving out an independent investment bank.

At the end of the third quarter, CS reported a CET1 capital ratio of 12.6% (Exhibit 6), down 90 bps from the previous quarter. The decline in CET1 ratio was driven by DTA impairments (-48 bps), pre-tax loss (-12 bps) and increase in RWAs (-11), including increase in operational risk RWAs (-19 bps) related to litigation provisions taken in Q1 2022. The CET1 leverage ratio of 4.1% and Tier 1 leverage ratio of 6.0% declined compared with the previous quarter (4.3% and 6.1%, respectively) despite the leverage exposure was down to CHF837 billion due to reduced activity. The CHF 4 billion capital raise will increase the pro-forma Tier 1 leverage ratio to 6.5%.

Exhibit 6

CET1 capital and Tier 1 leverage ratios, as of Q3 2022



1) Tier 1 leverage ratio for US banks is the supplemental leverage ratio (SLR); 3) Basel III fully phased-in advanced approach for MS, JPM, GS, Citi and BAC. *UBS and CS leverage ratio reflect Common Equity Tier plus low-trigger Additional Tier 1 and high-trigger Additional Tier 1 securities. ^HSBC's leverage exposures are calculated using the end point definition of capital and the IFRS 9 regulatory transitional arrangements.

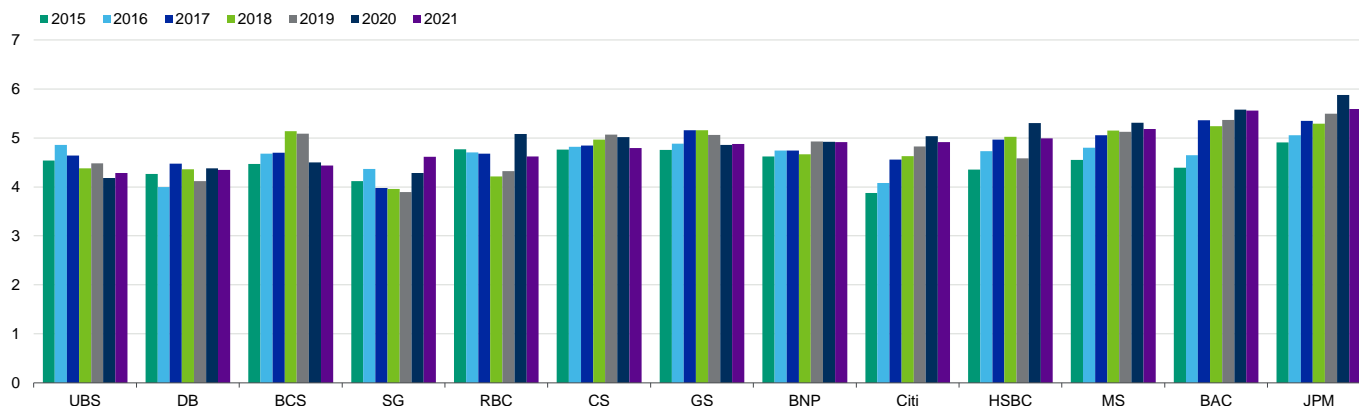
Source: Companies' results presentations and financials, Moody's Investors Service

Funding profile benefits from a favorable debt maturity profile but is negatively affected by deposit outflows

Our assigned ba1 Funding Structure reflects i) recent large deposit outflows; ii) the group's high total loss-absorbing capacity (TLAC) amounting to CHF97 billion at end-September 2022, corresponding to a TLAC ratio of 35.5%, well above the regulatory requirement; and iii) the favorable maturity profile and strong quality of CS's long-term debt: we estimate that the weighted average maturity of TLAC-eligible long-term market funds is around 6.5 years, superior to many of its GIB peers and that the funding tenure of the bank's long-term senior debt is around five years (Exhibit 7).

Exhibit 7

Average weighted maturity of long-term debt in market funds in years



Source: Company reports, Moody's Investors Service

According to our calculations, market funding fluctuated around 35-40% of tangible banking assets (TBAs) over the past years. Depending on the final regulatory rebates, the proportion of TLAC funding on total market funding will slightly fluctuate, but we expect overall market funding to stay below 35% of TBAs over time. Swiss regulation ensures that CS will largely maintain its maturity profile and level of TLAC debt over the next few years, safeguarding the aforementioned structural benefits and ensuring funding structure stability.

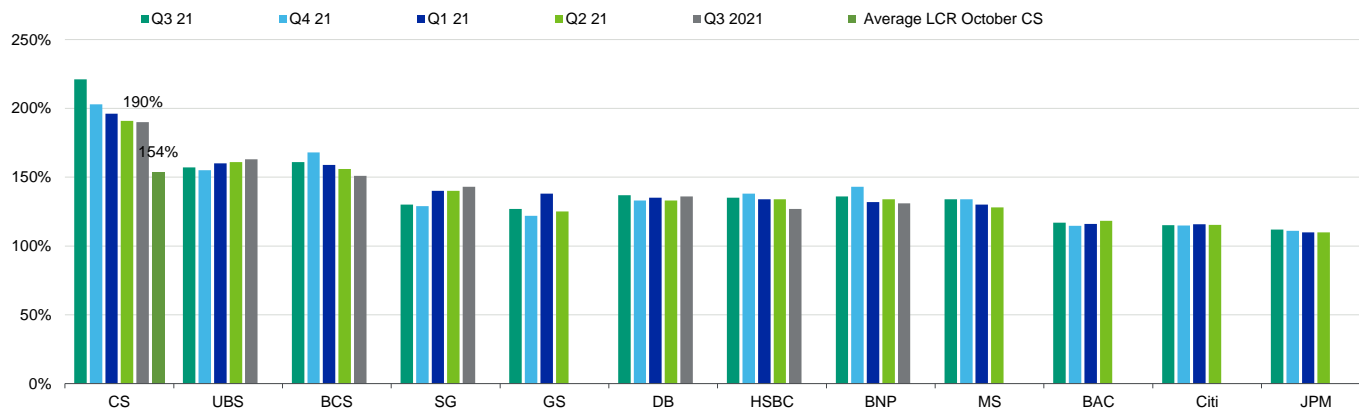
Liquidity position currently weakened due to deposit funding pressures

Our assigned a1 Liquid Resources score - one notch below the initial score - reflects negative adjustments for the liquidity deterioration reported in October 2022 as well as asset encumbrance on a sizeable portion of assets that are designated as liquid in our initial ratio and score.

Liquidity decreased in October, following institutional and corporate deposit funding outflows. The group average Liquidity Coverage ratio (LCR) decreased from 192% at end-September 2022 (Exhibit 8) - broadly unchanged from 191% at end-June 2022 - to 154% in the month of October through October 25, much lower although still above regulatory requirements. Further, the firm disclosed that some material legal entities were in breach of regulatory liquidity requirements. Management announced remediation plans to reverse these liquidity outflows, including accessing the public and private markets, asset disposals, including the transfer of the majority of the securitised product business, and other measures. Swiftly improving liquidity and achieving compliance with regulatory requirements at its operating entities will be central to our credit view.

Exhibit 8

GIBs liquidity coverage ratio (LCR) as at Q3 2022



Source: Company reports, Moody's Investors Service.

CS reported a liquidity reserve and other unencumbered liquid assets of CHF224.6 billion at end-September 2022, largely comprising central bank cash and other highly liquid securities. Its high share of cash deposits with central banks, unencumbered government securities, and other highly rated non-sovereign obligations further enhances the quality of its liquid assets. High-quality liquid assets (HQLA) were at around 30% of CS's total assets at end-September 2022.

Restoring previous liquidity levels and maintaining above-average liquidity remains important to CS because of its sizeable global wealth management and capital markets franchises. The deposits and short-term market funding of these businesses may be more confidence-sensitive than for traditional banks, exposing CS to liquidity stress. In addition, we believe that an extended period without access to wholesale funding would require significant balance sheet shrinkage that could impair earnings and franchise value. CS is also exposed to sizeable contingent liquidity obligations related to its capital market activities that are not captured in our liquidity and funding ratios.

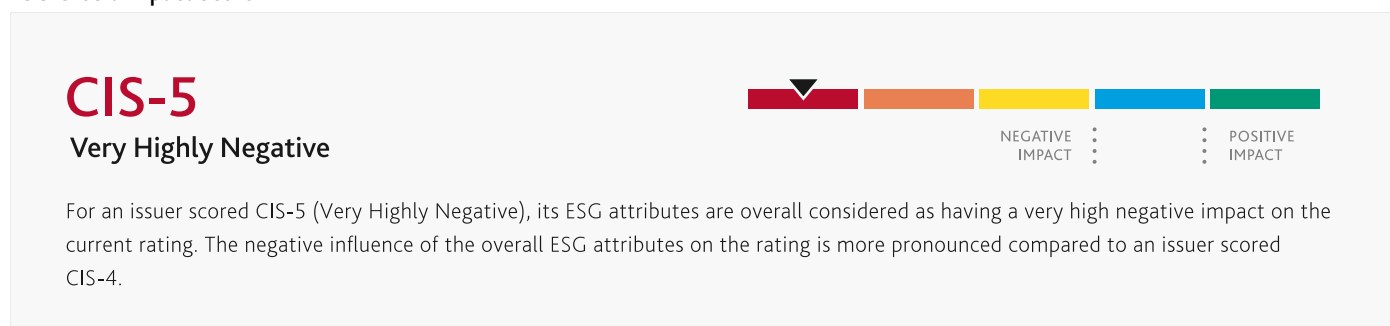
Overall, CS has a baa1 Combined Liquidity Score, derived from its assigned a1 Liquid Resources score and its assigned ba1 Funding Structure score. The combined score reflects CS's liquidity resources in line with peers mitigating its high sensitivity to market funding.

ESG considerations

Credit Suisse Group AG's ESG Credit Impact Score is Very Highly Negative CIS-5

Exhibit 9

ESG Credit Impact Score

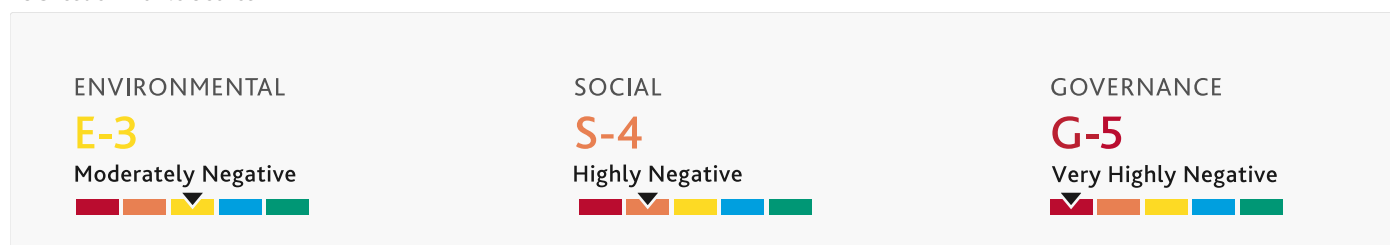


Source: Moody's Investors Service

CS' ESG Credit Impact Score is very highly negative (CIS-5). Its ESG attributes have a very highly negative impact on current ratings. This very highly negative impact is primarily driven by governance factors, in particular, (1) the challenges the group will face in successfully executing on the repositioning of its investment bank in the more difficult macroeconomic and market environment ; (2) the crystallisation of large financial losses over an extended period of time; (3) market share erosion and franchise impairment, following restructuring of its Investment Bank division, ; (4) funding and liquidity pressures; (5) the lengthy and resource-consuming risk, compliance and cultural remediation efforts that have progressed but are still underway; and (6) our view that stabilising the group under the leadership of a new board and senior executive team will require time.

Exhibit 10

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

CS faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk as a global asset and wealth manager with modest lending activities. Similar to its peers, the firm is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. CS is engaging in developing its climate assessment and portfolio management capabilities.

Social

CS faces high industrywide social risks related to regulatory risk, litigation exposure and high compliance standards. Customer relations, particularly mis-selling and misrepresentation risks are relevant, given the high reputational sensitivity of wealth and asset management activities and the mis-steps in the management and distribution of Greensill supply chain funds. High cybersecurity and personal data risks are mitigated by a strong IT framework, which includes sharing information with regulators. The design of complex, opaque or speculative financial products for institutional clients increases CS' exposure to reputational risk and litigation. Human capital risks are heightened by the constraints CS presently faces in retaining and attracting human talent, particularly in the Investment Bank division.

Governance

CS faces very highly negative idiosyncratic governance risks mostly due to CS's weak financial performance as reflected in the losses we expect the bank to report both in 2022 and 2023 and its weak risk management and controls reflected in the Archegos and Greensill events and related losses. While the group has announced concrete actions and remediation to address these weaknesses, improvements in profitability, funding, liquidity, risk and compliance will take time. Further, stabilising the group and its franchise under the leadership of a new board and senior executive team will also require time. In addition, the opacity and complexity of capital markets activities, which currently account for around one third of group's risk-weighted assets and should decrease over time, expose the group to tail risks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

CS and CSG are subject to the Swiss bank resolution framework, which we consider to an operational resolution regime. Therefore, we apply our recently revised Advanced LGF analysis, assuming residual tangible common equity (TCE) of 3% and post-failure losses of 8% of tangible banking assets, a 25% run-off in junior wholesale deposits and a 5% run-off in preferred deposits. We further assign a 100% probability to deposits being preferred to senior unsecured debt, thereby reflecting depositor preference by law in Switzerland.

For **junior deposits and senior unsecured debt issued by CS**, our Advanced LGF analysis indicates an extremely low loss-given-failure, resulting in three notches of rating uplift from the bank's ba1 Adjusted BCA, prior to government support. This is because of the substantial volume of deposits and the significant amount of bank-level senior unsecured debt outstanding, supported by the high volume of subordinated debt classes, namely senior unsecured and subordinated debt at the holding company level, protecting bank-level depositors and senior unsecured debt-holders.

For **senior unsecured debt issued by or guaranteed by CSG**, our Advanced LGF analysis indicates a moderate loss-given-failure, resulting in two notches of additional rating uplift as a result of our LGF analysis. Our forward-looking view on CSG's senior debt ratings continues to factor in the loss absorbency we expect CS to build and maintain over the outlook period.

For **junior securities issued or guaranteed by CS or CSG**, our Advanced LGF analysis indicates a moderate loss-given-failure, given the adequate volume of debt and increased protection from more subordinated instruments, including high-trigger AT1 securities and residual equity. We incorporate additional notching for junior subordinated and preference share instruments reflecting the risk of coupon suspension and distressed exchange prior to a potential resolution.

Government support considerations

Swiss authorities have implemented² a credible and flexible bank resolution framework that includes provisions for burden-sharing with senior creditors. We therefore believe there is a 'Low' probability of government support for parent holding company debt issued

(or guaranteed) by CSG. This reflects the resolution objectives of Swiss authorities, who have espoused single point of entry (SPE) resolution as their preferred strategy, exposing holding company creditors to loss in order to shield the bank's own senior creditors and depositors.

The deposit and senior debt ratings for CS and its branches benefit from one notch of government support uplift, reflecting our view that there remains a 'Moderate' probability of government support for those rating classes at the operating company level.

For junior securities issued or guaranteed by CS or CSG, the potential for government support is 'Low' and the ratings on those securities do not include any related uplift.

A3/P-2 Counterparty Risk Ratings (CRRs)

CS's CRRs are positioned four notches above the ba1 Adjusted BCA, reflecting the extremely low loss-given-failure provided by subordinated instruments to the more senior CRR liabilities and one additional notch of government support uplift assuming a 'Moderate' level of support.

A3(cr)/P-2(cr) Counterparty Risk Assessment (CR Assessment)

CS's CR Assessment is positioned four notches above the ba1 Adjusted BCA, based on the buffer against default provided by more subordinated instruments, primarily senior unsecured debt, to the senior obligations represented by the CR Assessment and one additional notch of government support uplift assuming a 'Moderate' level of support.

Because the CR Assessment captures the probability of default on certain senior operational obligations, rather than expected loss, we focus purely on subordination and take no account of the volume of the instrument class.

Methodology and scorecard

Methodology

The principal methodology we use in rating Credit Suisse is the [Banks Methodology](#), published in July 2021.

About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 11

Credit Suisse Group AG

Macro Factors							
Weighted Macro Profile		Strong +		100%			
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	1.1%	aa3	↔	baa3	Market risk	Operational risk	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	15.3%	aa3	↓	a1	Risk-weighted capitalisation	Expected trend	
Profitability							
Net Income / Tangible Assets	-0.5%	caa1	↔	caa1	Expected trend	Return on assets	
Combined Solvency Score		a3		baa3			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	33.1%	ba1	↔	ba1	Term structure	Market funding quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	49.6%	aa3	↓	a1	Expected trend	Asset encumbrance	
Combined Liquidity Score		baa1		baa1			
Financial Profile				baa2			
Qualitative Adjustments				Adjustment			
Business Diversification				0			
Opacity and Complexity				-1			
Corporate Behavior				-1			
Total Qualitative Adjustments				-2			
Sovereign or Affiliate constraint				Aaa			
BCA Scorecard-indicated Outcome - Range				baa3 - ba2			
Assigned BCA				ba1			
Affiliate Support notching				0			
Adjusted BCA				ba1			
Balance Sheet							
		in-scope (CHF Million)		% in-scope		at-failure (CHF Million)	% at-failure
Other liabilities		81,590		12.8%		-	-
Deposits		391,000		61.4%		-	-
Preferred deposits		289,340		45.4%		-	-
Junior deposits		101,660		16.0%		-	-
Senior unsecured bank debt		76,998		12.1%		-	-
Dated subordinated bank debt		2,590		0.4%		-	-
Senior unsecured holding company debt		49,004		7.7%		-	-
Preference shares(holding company)		16,385		2.6%		-	-
Equity		19,100		3.0%		-	-
Total Tangible Banking Assets		636,667		100.0%		-	-

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	-	-	-	-	3	3	3	3	0	baa1
Counterparty Risk Assessment	-	-	-	-	3	3	3	3	0	baa1 (cr)
Deposits	-	-	-	-	3	3	3	3	0	baa1
Senior unsecured bank debt	-	-	-	-	3	3	3	3	0	baa1
Senior unsecured holding company debt	-	-	-	-	2	2	2	2	0	baa2
Dated subordinated bank debt	-	-	-	-	0	0	0	0	0	ba1
Dated subordinated holding company debt	-	-	-	-	0	0	0	0	0	ba1
Holding company non-cumulative preference shares	-	-	-	-	-1	-1	-1	-1	-2	b1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	baa1	1	A3	A3
Counterparty Risk Assessment	3	0	baa1 (cr)	1	A3(cr)	
Deposits	3	0	baa1	1	A3	A3
Senior unsecured bank debt	3	0	baa1	1		A3
Senior unsecured holding company debt	2	0	baa2	0	(P)Baa2	Baa2
Dated subordinated bank debt	0	0	ba1	0		(P)Ba1
Dated subordinated holding company debt	0	0	ba1	0		(P)Ba1
Holding company non-cumulative preference shares	-1	-2	b1	0	B1 (hyb)	B1 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 12

Category	Moody's Rating
CREDIT SUISSE GROUP AG	
Outlook	Negative
Senior Unsecured	Baa2
Subordinate Shelf	(P)Ba1
Pref. Stock Non-cumulative	B1 (hyb)
CREDIT SUISSE GROUP FUNDING (GUERNSEY) LTD	
Outlook	Negative
Bkd Senior Unsecured	Baa2
CREDIT SUISSE INTERNATIONAL	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Bkd Bank Deposits	A3/P-2
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Issuer Rating	A3
CREDIT SUISSE AG	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Bank Deposits	A3/P-2
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Issuer Rating	A3
Senior Unsecured	A3

Subordinate MTN	(P)Ba1
Commercial Paper	P-2
Other Short Term	(P)P-2
CREDIT SUISSE (USA), INC.	
Outlook	Negative
Bkd Senior Unsecured	A3
CREDIT SUISSE AG (SYDNEY) BRANCH	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Deposit Note/CD Program	--/P-2
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured -Dom Curr	A3
Commercial Paper	P-2
CREDIT SUISSE AG (NEW YORK) BRANCH	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Bank Deposits	A3/P-2
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured	A3
Subordinate MTN	(P)Ba1
Commercial Paper	P-2
Other Short Term	(P)P-2
CREDIT SUISSE AG (GUERNSEY) BRANCH	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured	A3
Other Short Term	(P)P-2
CREDIT SUISSE AG (NASSAU) BRANCH	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured	A3
Subordinate MTN	(P)Ba1
Other Short Term	(P)P-2
CREDIT SUISSE AG (LONDON) BRANCH	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Bank Deposits	A3/--
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured	A3
Subordinate	Ba1
Other Short Term	P-2
CREDIT SUISSE AG (TOKYO) BRANCH	
Outlook	Negative
Counterparty Risk Rating	A3/P-2
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured -Dom Curr	A3

Source: Moody's Investors Service

Endnotes

- [1](#) Based on RWAs excluding Basel III reforms
- [2](#) The framework supported making the largest Swiss banks, including CS, resolvable by establishing holding company structures and creating a Swiss banking subsidiary. These were important steps in overcoming the main obstacles for the two Swiss G-SIB's resolvability: namely their global reach and high interconnection with other parts of the financial system.

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