

## CREDIT OPINION

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Update



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# Credit Suisse International

Update following rating action

## Summary

We rate [Credit Suisse International](#) (CSI)'s deposits and counterparty risk at A3/P-2. On 20 March, we put these ratings on review up, following a similar rating action at the level of [Credit Suisse AG's](#) (CS, A3/A3 ratings under review, ba1<sup>1</sup>), following the announced acquisition of Credit Suisse Group (CSG; senior unsecured debt rating Baa2, rating on review) by UBS Goup AG (UBSG; senior unsecured debt rating A3; negative outlook)<sup>2</sup>.

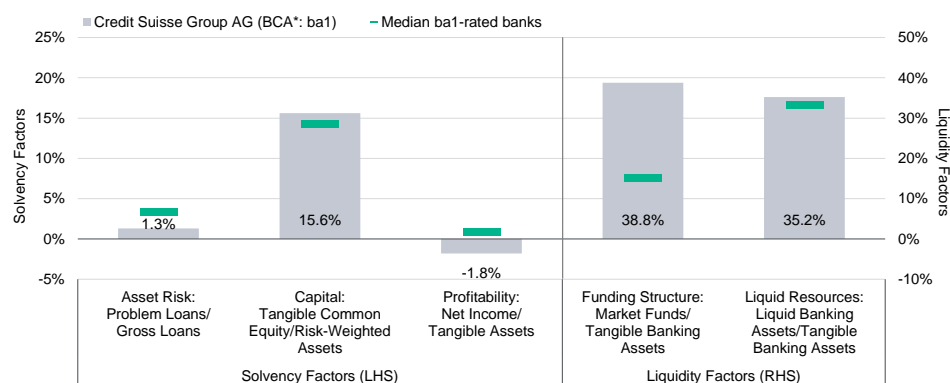
We rate CSI's debt at the same level as the direct obligations of CS, as we believe that CS's unlimited liability, as well as the operational importance of CSI to the group provides a very strong incentive for CS to service the obligations of CSI as if they were direct obligations of CS.

CSI is an unlimited liability company, and its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSI in the event of its liquidation. This obligation does not constitute a direct guarantee by CS for CSI's liabilities, and before any liquidation of CSI, creditors of CSI have no legal recourse to CS or CSG.

For a detailed discussion of the rating rationale for CS, please see our published research on [Credit Suisse AG](#) and [Credit Suisse Group AG](#).

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 issuer ratings of CSI are on review for upgrade, in line with those of its parent, Credit Suisse AG.

## Profile

CSI is a UK-domiciled bank specializing mainly in OTC derivatives trading and market making. CSI is the principal risk taker for derivatives within the group, it is a fully integral part of the group's operations and is systemically and operationally important for the group.

In line with Brexit requirements, CSI serves UK and non European Economic Area (EEA) clients. The group access EEA clients and markets via its existing subsidiaries in the EU, across its multiple locations within the EU, including Madrid, Frankfurt and Luxembourg. The group moved the majority of its EEA client and EEA-facing broker-dealer business to its Spanish subsidiary Credit Suisse Bank (Europe) SA, which received a full banking license in 2021.

[CSG](#) directly and indirectly has full ownership and control of CSI: its main operating bank, CS holds a 97.6% stake of the total voting interests in CSI, and CSG holds the remaining 2.4% stake.

CSI operates as an unlimited liability company, with CS having an unlimited obligation to meet any insufficiency in the assets of the subsidiary in liquidation.

CSI held total assets of \$224 billion as of June 2022, equivalent to around 30% of the group's. Risk-weighted assets (RWAs) were \$62 billion as of the same date (including third-party and intercompany exposures), making up 22% of the group's total RWAs.

In H1 2022 CSI reported a profit before tax of \$175 million compared to a large loss before tax of \$5.2 billion in H1 2021, related to a default of a US hedge fund client in its prime brokerage activities. Revenue of \$1.5 billion increased by 56% year-on-year (excluding credit provisions), and were largely generated within the Investment Bank segment. Operating expenses decreased 5% to \$1.4 billion due to a 10% decrease in compensation and benefits and a 4% reduction in general, administration and trading expenses.

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.com> for the most updated credit rating action information and rating history.

## Ratings

Exhibit 2

Category	Moody's Rating
<b>CREDIT SUISSE INTERNATIONAL</b>	
Outlook	Rating(s) Under Review
Counterparty Risk Rating	A3/P-2 <sup>1</sup>
Bkd Bank Deposits	A3/P-2 <sup>1</sup>
Counterparty Risk Assessment	A3(cr)/P-2(cr) <sup>1</sup>
Issuer Rating	A3 <sup>2</sup>
<b>PARENT: CREDIT SUISSE AG</b>	
Outlook	Rating(s) Under Review
Counterparty Risk Rating	A3/P-2 <sup>1</sup>
Bank Deposits	A3/P-2 <sup>1</sup>
Baseline Credit Assessment	ba1 <sup>2</sup>
Adjusted Baseline Credit Assessment	ba1 <sup>2</sup>
Counterparty Risk Assessment	A3(cr)/P-2(cr) <sup>1</sup>
Issuer Rating	A3 <sup>2</sup>
Senior Unsecured	A3 <sup>2</sup>
Subordinate MTN	(P)Ba1 <sup>2</sup>
Commercial Paper	P-2 <sup>2</sup>
Other Short Term	(P)P-2 <sup>2</sup>
<b>ULT PARENT: CREDIT SUISSE GROUP AG</b>	
Outlook	Rating(s) Under Review
Senior Unsecured	Baa2 <sup>2</sup>
Subordinate Shelf	(P)Ba1 <sup>2</sup>
Pref. Stock Non-cumulative	C (hyb)

[1] Rating(s) within this class was/were placed on review on March 20 2023 [2] Placed under review for possible upgrade on March 20 2023

Source: Moody's Investors Service

## Endnotes

- 1 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).
- 2 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))

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