Credit Suisse (USA), Inc.

Update following rating action

Summary
We rate the senior unsecured debt of Credit Suisse (USA), Inc. (CSUSA) A3, at the same level as senior unsecured debt of Credit Suisse AG (CS; A3/A3 ratings under review; ba1). 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).

Effective 26 March 2007, CS fully and unconditionally guaranteed on a senior basis — and Credit Suisse Group AG (CSG, Baa2 ratings under review) 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'\(^2\)), 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 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%\(^6\) (end-2021: 15.3%). Risk-weighted assets were $44.6 billion at end-2022 (end-2021: $58.9 billion).

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

Exhibit 2

<table>
<thead>
<tr>
<th>Category</th>
<th>Moody’s Rating</th>
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<tr>
<td>CREDIT SUISSE (USA), INC.</td>
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<td>Rating(s) Under Review</td>
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<tr>
<td>Pref. Stock Non-cumulative</td>
<td>C (hyb)</td>
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</tbody>
</table>

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).
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).
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