FitchRatings

Banks
Universal Commercial Banks
Switzerland

Credit Suisse Group AG

Key Rating Drivers

Weak Profitability and Risk Profile: Credit Suisse Group AG's (Credit Suisse) and Credit Suisse AG's (CS AG) Viability Ratings (VRs) are below the 'a-' implied VRs as the group's weak operating profitability and risk profile have a strong impact on Fitch Ratings' overall view of its credit profile. The VRs also reflect the group's strong global wealth-management franchise – which we believe could come under pressure if the group fails to execute its strategy – its sound domestic franchise, adequate capitalisation, and sound asset quality.

Rating Uplift to Opco: CS AG, the group's main operating company (opco) has a Long-Term Issuer Default Rating (IDR) one notch above its VR because of the protection offered to its external senior creditors by buffers of subordinated debt issued by the holding company (holdco), which we view as sustainable given resolution requirements for the group.

Pressure on Operating Profitability: We expect Credit Suisse's profitability to remain under pressure in 2022 following 1Q22 results that were weaker than its peers and the announcement that the group will likely report a loss for 2Q22. The group views 2022 as a transition year, during which it will implement its strategic plan, announced last year. The bank plans to book about CHF400 million of restructuring charges over 2022, and Fitch believes operating expenses could be affected by further provisions for legal and regulatory matters.

We also believe that earnings are sensitive to weaknesses in capital markets given Credit Suisse's focus on credit and ECM/DCM in the investment bank and the sensitivity of transaction-based revenue in wealth management to investor sentiment. Overall, we expect Credit Suisse's operating profit/risk-weighted assets (RWAs) ratio to remain below 1% in 2022 and to improve only gradually to about 1.1% in 2023.

Risk Improvement Will Take Time: Credit Suisse has worked on strengthening its risk management and controls framework since 2Q21, and governance remains one of the key areas of focus of its strategic plan. We expect that fully embedding an improved risk culture will take some time.

Reduced Risk Appetite: The group reduced its risk exposure materially in 2021, particularly in investment banking, where RWAs declined by 12% in US dollar terms in 2021 and leverage exposure by 17%. As part of its strategic plan, Credit Suisse aims to limit the capital allocated to the investment-banking division to 50% of the total capital allocated to the other divisions.

Pressure on Business Profile: Credit Suisse's restructuring should result in a simpler group with a reduced reliance on earnings from investment banking and strengthened risk governance. We see considerable risk surrounding the execution of the plan, in particular if the operating environment for its core businesses remains weak for a prolonged period.

Increased Target Capital Ratios: Credit Suisse strengthened its capitalisation in 2021 with the issue of a mandatory convertible bond and a reduction in RWAs. Under its new strategic plan, it raised its target common equity Tier 1 (CET1) ratio to more than 14% pre-Basel III Reform (B3R) and its target CET1 leverage ratio to about 4.5% in 2024. Both ratios were slightly below this medium-term target at end-1Q22, and the bank expects to operate with a CET1 ratio around 13.5% in the near term.

Strong Loan Quality: We expect the quality of Credit Suisse's loan book to remain strong. Our assessment of asset quality includes the bank's sizeable non-loan exposures and its appetite for underwriting positions, including in its leveraged finance business. During 2021, Credit Suisse reviewed its counterparty exposure, and we expect it to maintain a moderate appetite for concentration risk.

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F2
Viability Rating	bbb+
Government Support Rating	ns

Sovereign Risk (Switzerland)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (November 2021)

Related Research

Fitch Downgrades Credit Suisse Group to 'BBB+'; Stable Outlook (May 2022)

Analysts

Roderic Finn
+44 20 3530 1139
roderic.finn@fitchratings.com

Christian Scarafia
+44 20 3530 1012
christian.scarafia@fitchratings.com

Ratings Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Impaired Franchise: The ratings would come under pressure if the group's earnings capacity deteriorates for a prolonged period, which would indicate weaknesses in its business profile and failure to execute on its strategic plan. Operating profit/RWAs declining below 0.5% for several quarters would likely trigger a downgrade. This could be caused by weak earnings in investment banking if the market environment remains weak for an extended period of time, or if the bank's wealth-management franchise weakens.

Risk Governance: We expect that risk governance will continue to strengthen given the group's focus on risk culture. A material governance failure would put ratings under pressure if it indicates management's inability to execute on this part of its strategy.

Capitalisation: The ratings would come under pressure if Credit Suisse is unable to reach and maintain its CET1 ratio above the group's revised more than 14% pre-B3R medium-term target or if its CET1 ratio drops below 13% without a clear path to be restored to the target level. The ratings would also come under pressure if the bank reduces its risk-adjusted capital ratio targets.

Holdco Double Leverage: We would likely downgrade Credit Suisse's VR and Long-Term IDR by one notch if common equity double leverage at the holdco exceeds 120%.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Stronger Earnings Prospects: The most likely trigger for an upgrade would be a sustained improvement in the group's risk-adjusted earnings that indicates a strengthened business model and successful implementation of the strategic plan. We could upgrade the ratings if the group establishes a clear path to achieving an operating return of close to 1.5% of RWAs (2021: 0.13%) and if we see tangible evidence that the bank's risk governance has been sufficiently strengthened.

Other Debt and Issuer Ratings

Debt Rating Classes

Rating level	Credit Suisse	CS AG	Credit Suisse International	Credit Suisse (Deutschland) AG
Deposits				A-/F1
Senior unsecured debt	BBB+/F2[a]	A-/F1	A-/F1	
Tier 2 subordinated debt		BBB-		
Additional Tier 1 debt	BB			

[a] Including debt issued by Credit Suisse Group Funding (Guernsey) Ltd
Source: Fitch Ratings

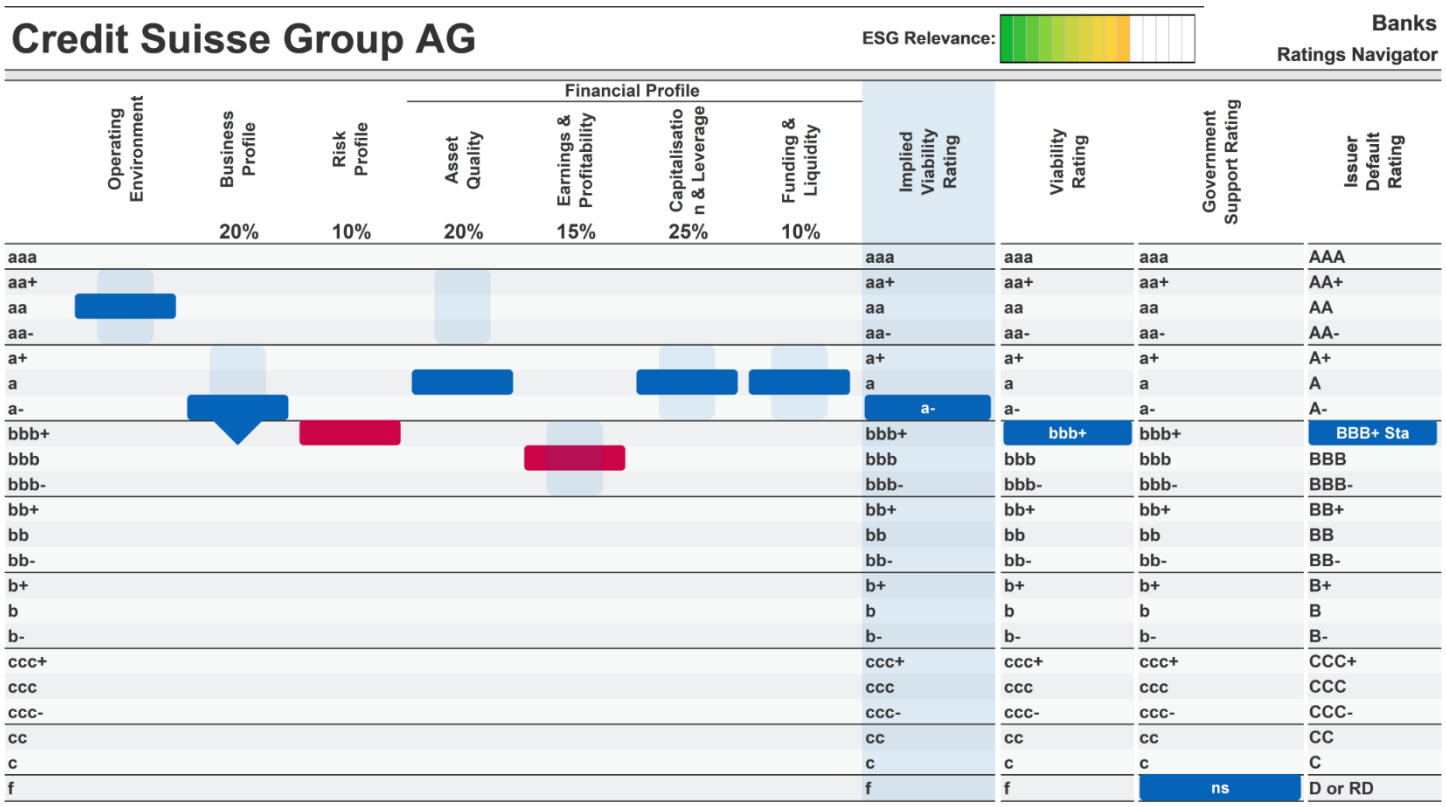
Senior unsecured debt is rated in line with the issuing entities' IDRs. Senior unsecured debt issued by Credit Suisse Group Funding (Guernsey) Limited and guaranteed by Credit Suisse is rated in line with the guarantor's IDR.

The Derivative Counterparty Rating (DCR) of CS AG is at the same level as its Long-Term IDR because derivative counterparties in Switzerland have no definitive preferential status over other senior obligations in a resolution.

CS AG's subordinated Tier 2 debt is rated two notches below its VR for poor recovery prospects, which is Fitch's baseline notching for this type of debt.

Credit Suisse's additional Tier 1 (AT1) debt with fully flexible coupons is rated four notches below the entity's VR. The notching comprises two notches for loss severity, reflecting the notes' deep subordination, and two notches for incremental non-performance risk relative to the VR, due to fully discretionary coupon omission.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The VRs of Credit Suisse and CS AG are below the implied VRs due to the following adjustment reasons: risk profile (negative); 'weakest link' earnings and profitability (negative).

The VR of Credit Suisse (Schweiz) AG is below the implied VR due to the following adjustment reason: business profile (negative).

The asset quality scores of Credit Suisse, CS AG and CS Schweiz are below the implied score due to the following reason: non-loan exposures (negative).

The earnings and profitability score of CS Schweiz is above the implied score due to the following reason: historical and future metrics (positive).

Company Summary and Key Qualitative Factors

Business Profile

Credit Suisse has simplified its organisational structure with effect from January 2022, reducing its operating divisions to four: a global wealth-management unit (WM), a global investment bank (IB), a Swiss bank (SB) and an asset manager (AM). Wealth-management and investment-banking activities previously undertaken in the Asia-Pacific division have been transferred to the global divisions, while the domestic wealth-management business remains in the Swiss bank.

This should address the fragmentation in systems that followed the creation of a more regional organisation in 2015, with cost savings that can be reinvested to support growth, particularly in WM. The group also set new three-year targets and will seek to allocate more capital to the WM business, strengthen the risk and control framework, and invest to modernise and simplify the banking platforms. We believe that a successful restructuring should help to create a business model that allows the bank to improve its sustainable earnings, but there are considerable execution risks, in our view, and the inability to reach the group's targets could indicate challenges to its business model and result in a weakening of its franchise in some of its core businesses.

The group is one of the world's largest wealth managers, with about CHF707 billion of private banking assets under management (AUM) at end-1Q22 in its WM division. The group also has the second-largest universal banking presence in the concentrated Swiss market through its SB division, which had CHF583 billion AUM at end-1Q22. Its private banking franchise is complemented by a sizeable asset management operation, now booked in the AM unit, with CHF462 billion of AUM at end-1Q22. Credit Suisse generates significant operating profit from the SB, WM and to a lesser extent, AM divisions, which together provide a generally stable and sound revenue stream and contribute to the overall stability of the group's business model.

Under Credit Suisse's latest strategic plan, it will limit the size of the IB to 50% of the capital allocated to the other business divisions. Revenues from the IB remain significant, however, generating 42% of operating income and about 23% (51% in the prior year given weak IB performance in 4Q21 and 1Q22) of total operating profit in the 12 months to end-1Q22 (excluding one-offs and the corporate centre), which exposes the group to potential larger earnings volatility than other international rated peers.

Assets Under Management
(CHFbn)

	2018	2019	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
WM	673	720	636	675	687	707	757	769	761	743	707
SB	431	524	489	515	530	551	571	588	589	598	583
AM	389	438	410	424	439	440	458	471	475	477	462
Intra-business[a]	-148	-175	-164	-170	-177	-186	-190	-197	-201	-203	-197
	1,344	**1,507**	**1,371**	**1,443**	**1,478**	**1,512**	**1,596**	**1,632**	**1,623**	**1,614**	**1,555**

[a] Assets managed across businesses
Source: Fitch Ratings, Credit Suisse

Credit Suisse Financial Targets

Division/metric	2024 Target	2021 reported	1Q22 reported
IB RoRC (%)	>12	18[a]	-1[a]
IB capital utilisation (%)	~1/3 of group	37	34
WM RoRC (%)	>18	18[a]	7[a]
CET1 ratio	>14 (pre-B3R)	14.4	13.8
Leverage ratio	~4.5	4.3	4.3
Group RoTE (%)	>10	-4	-2.6
Corporate center pre-tax loss	<CHF0.5bn loss	-CHF 0.25bn[b]	-CHF0.72bn[b]

[a] Excl. non-recurring items, Archegos,
[b] Excl. litigation
Source: Fitch Ratings, Credit Suisse

Risk Profile

As a globally operating banking group active in wealth management and investment banking, Credit Suisse is exposed to material operational, reputational, market and counterparty risk. Appetite for credit risk in the wealth-management, retail and corporate loan books is moderate, but the group has an appetite to assume large underwriting positions, including in its leverage finance business, and it provides leverage to institutional and wealth-management clients, including in emerging markets. Plain vanilla Lombard lending and Swiss mortgage loans are generally low-risk, and underwriting standards in these segments are sound. Domestic mortgage loans are granted on the basis of borrower affordability assessed under stressed interest rates. For rental properties and commercial real estate, accepted loans-to-values are lower at origination and the required amortisation is quicker.

Credit Suisse has exposure to share-backed lending, which includes loans that are secured by less liquid collateral. Such loans are subject to a strict collateral haircut policy but sharp falls in the value of typically concentrated underlying collateral can result in impairment. The group maintains some appetite for specialty lending to wealth-management clients, including for shipping, aviation and yacht financing.

Corporate lending and underwriting exposures can be individually large, but risk is mitigated through the use of hedging and collateral, where available. Overall single name concentration in the loan book is moderate. Credit Suisse has a strong franchise in leveraged finance, which can result in notable underwriting exposure to sub-investment grade borrowers in relation to the group's capital and exposes the group to the risk of mark-to-market losses and hung deals during periods of market stress.

Fitch views market risk as material given the scale of trading and capital market activities in relation to the group's capital base. Credit and securitised products are key drivers of traded market risk. Interest-rate risk in the banking book is moderate.

The group's material exposure to operational, litigation and regulatory risks reflects its global activities. Litigation provisions in 2021 were mainly in connection with legacy litigation matters, including US RMBS-related matters and the Mozambique loans. Total provisions for litigation were CHF1.54 billion at end-2021 (CHF1.66 billion at end-2020). Civil actions have been filed against Credit Suisse in relation to the supply chain funds matter and relating to Credit Suisse's relationship with Archegos. We expect that it will take a long time before these and other matters are finally resolved and their outcome remains uncertain.

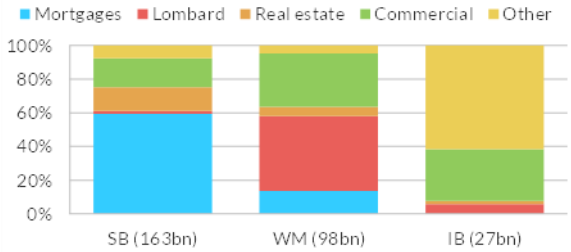
Financial Profile

Asset Quality

The quality of Credit Suisse's loan book is sound, due to the quality and stability of its domestic loans, which predominantly consist of low-risk residential mortgages. Risk is heightened by exposures to emerging markets, leveraged finance and specialised loans (with private banking clients). Our assessment of asset quality also considers non-loan book exposures, the riskiest of which are generated largely by capital market activities. The impaired loans ratio increased to 1.05% at end-1Q22 (end-2021: 0.94%) due to an increase in WM impaired loans – this is partially due to the Russian invasion as well as to a contraction in the group's loan book. Net credit exposure to Russia declined by 56% to CHF373 million at end-1Q22. We expect loan impairment charges to normalise in the near- to medium-term but to remain slightly above pre-pandemic levels once write-backs of LICs made in 2020 have finished, driven by loan growth and cyclical deterioration in the loan book.

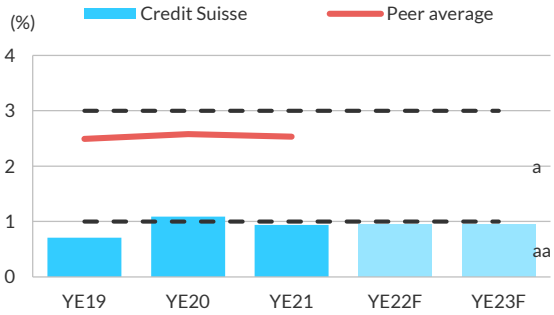
Credit Suisse's capital market operations are material and expose it to various asset classes – some of which, including inventory for credit and securitised products, are potentially volatile. Trading assets (end-1Q22: CHF107 billion) mostly consist of listed equities and debt, of which around a third relates to foreign governments. The balance is derivatives, mostly interest-rate and foreign-exchange products. Level 3 assets amounted to CHF10.2 billion at end-1Q22 (5% of total assets at fair value). The group has a significant franchise in securitised products and is active across a number of underlying asset classes, including commercial and residential real estate, consumer loans and, to a lesser extent, transportation.

Gross Loans Breakdown
(End-1Q22)



Other: FI, governments, consumer. Number in brackets: division's loans in CHFbn
Source: Fitch Ratings, Credit Suisse

Impaired Loans/Gross Loans



Source: Fitch Ratings, banks

Earnings and Profitability

Credit Suisse reported an operating loss of CHF244 million in 1Q22 resulting in an operating loss of 0.4% of RWAs (operating profit of CHF352 million in FY21) and announced that it expects to report a loss for 2Q22. Results in 1Q22 were particularly weak in the core WM and in the IB divisions, as revenues were subdued, particularly transaction-based revenues, leveraged finance and equity capital markets. The direct impact of the Archegos-related losses amounted to CHF4.3 billion in 2021. The group has also booked goodwill impairment of CHF1.6 billion in 2021. Results have also been affected by additional litigation charges (2021: CHF1.2 billion; 1Q22: CHF653 million).

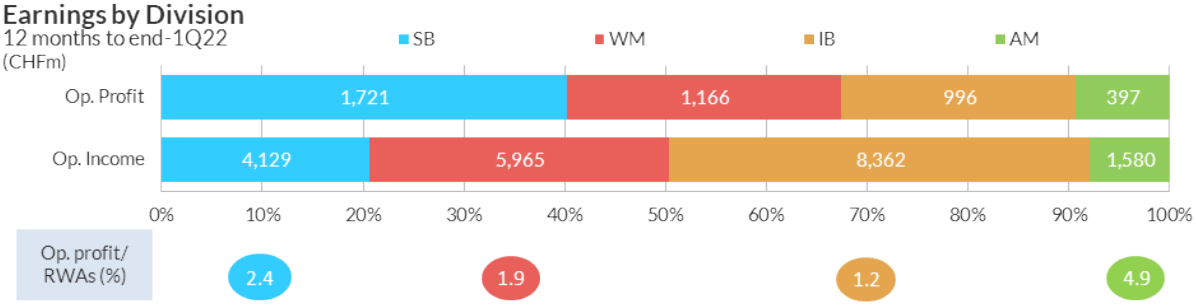
Excluding the Archegos-related losses, goodwill impairment, litigation charges and restructuring expenses, the IB generated an operating profit/RWAs of 1.2% for the twelve months to end-1Q22. This is substantially down from 3.7% for the 12 months to end-1Q21 despite a strong 1Q21. Since 2Q21, results were affected by much lower SPAC and leveraged finance activity, declining equity revenues following the withdrawal from prime services and a challenging fixed-income trading environment, particularly in the segments the group is most active in. If the current weak environment persists, it will continue to put pressure on Credit Suisse's business relative to peers with larger macro franchises. Credit Suisse's global rankings materially declined across M&A, ECM, DCM, and syndicated loans in 1Q22 compared to European Global Trading and Universal Bank (GTUB) peers.

WM generated operating profit/RWAs of 1.9% for the 12 months to end-1Q22, excluding litigation charges and restructuring expenses. This was well below the 3% for the twelve months to end-1Q21 as a result of significantly lower client transaction volumes. The group has had sound inflows of net new assets over the past four years, and had further positive net new assets of CHF4.8 billion in 1Q22 (spread across regions), but balances have been affected by market movements with AUM declining to CHF707 billion from CHF743 billion over 1Q22. AUM fluctuations introduce a degree of volatility into the amount of recurring fees generated in WM, which will be under pressure in 2Q22.

We expect that the SB and AM will continue to generate more stable earnings, but the profitability of SB would be affected by market-value induced AUM reductions. AUM declined to CHF583 billion at end-1Q22 (end-2021: CHF598 billion).

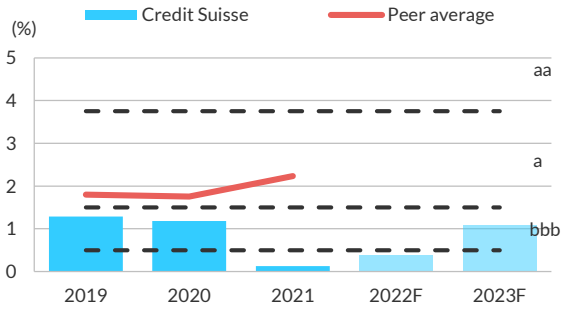
Earnings by Division

12 months to end-1Q22
(CHFm)



Excluding non-recurring items and corporate centre
Source: Fitch Ratings, Credit Suisse

Operating Profit/RWAs



Source: Fitch Ratings, banks

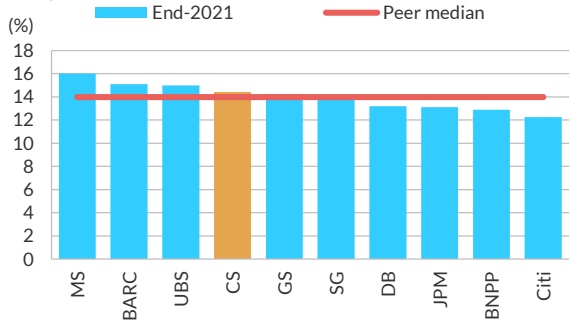
Capital and Leverage

Credit Suisse's CET1 ratio declined to 13.8% at 1Q22 (end-2021: 14.4%; end-2020: 12.9%). The reduction in credit-risk RWA from the deleveraging in the investment bank in 2021 was partially offset by an increase in operational-risk RWAs in 1Q22. The group recently revised the capital target per its 2024 strategic plan. It expects to operate with a CET1 ratio of around 13.5% in the near term and to reach a CET1 ratio of more than 14% in 2024 before the implementation of B3R.

The CET1 leverage ratio was 4.3% at 1Q22, in line with end-2021. The temporary exclusion of central bank cash from leveraged exposure expired on 1 January 2022. The group revised its guidance for the CET1 leverage ratio to around 4.5%, per the 2024 strategic plan.

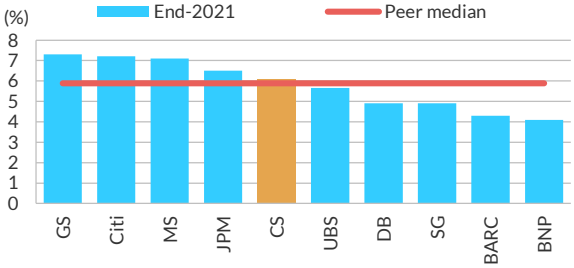
The group accrued for dividends in 2021 and the pay-out was approved by the AGM in April 2022. Following the Archegos case, the board decided to suspend the previously announced buyback programme, which it intends to restore only after restoring the full dividend.

Fully-Loaded CET1 Ratios



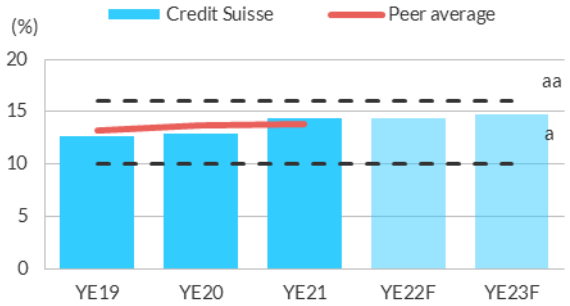
Source: Fitch Ratings. Banks

Leverage Ratios



US: Fully-loaded supplementary leverage ratio; Europe: Basel III fully-loaded Tier 1 leverage ratio
Source: Fitch Ratings, Banks

CET1/RWAs



Source: Fitch Ratings, banks

Funding and Liquidity

Credit Suisse's funding profile benefits from a well-established and diversified deposit base, stemming from its domestic franchise and international wealth-management activities. The group's business model relies on significant access to confidence-sensitive wholesale funding. This is mitigated by sound diversification across type, geography and currency, with a manageable maturity profile.

Client deposits of CHF399 billion at end-1Q22 (excluding certificates of deposit and bank deposits) structurally exceed the group's CHF288 billion loan book (excluding banks), although a large portion of deposits resides within the CS Schweiz legal entity.

The group's long-term wholesale funding is material at CHF160 billion at end-1Q22, but is well diversified. Around a quarter of total long-term debt was in the form of structured notes issued to private banking clients. The group expects long-term debt-issuance for 2022 to be in line with previous years and weighted towards total loss-absorbing capacity-eligible senior holding-company bonds, supplemented by operating company instruments, to support liquidity and reflecting higher going/gone concern capital requirements as a result of RWA inflation. A USD1.5 billion AT1 instrument was recently called on the first optional redemption date, replaced with a USD1.65 billion instrument at 9.75%, and the group may issue up to CHF2 billion of additional AT1 notes according to their 2022 funding plan. The use of short-term unsecured funding is moderate.

Liquidity remains sound with the average group liquidity coverage ratio at 196% in 1Q22 (2021: 203%; 2020: 190%) with the moderate decline in 1Q22 due to fewer high-quality liquid assets (HQLA) and higher modelled net outflows. About half of Credit Suisse's HQLA was cash with central banks in Switzerland, the US and the eurozone, with the remainder largely in US and UK government and agency securities.

About Fitch Forecasts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Light-blue columns represent Fitch's forecasts.

Peer average includes UBS Group AG (VR: a+), Deutsche Bank AG (bbb+), Barclays plc (a), BNP Paribas S.A. (a+), Societe Generale S.A. (a-), Morgan Stanley (a), Citigroup Inc. (a), The Goldman Sachs Group, Inc. (a), JPMorgan Chase & Co. (aa-).

Financials

Financial Statements

Summary Financials and Key Ratios

	31 Mar 22		31 Dec 21	31 Dec 20	31 Dec 19	31 Dec 18
	3 months - 1st quarter (USDm) Unaudited	3 months - 1st quarter (CHFm) Unaudited	Year end (CHFm) Audited - unqualified	Year end (CHFm) Audited - unqualified	Year end (CHFm) Audited - unqualified	Year end (CHFm) Audited - unqualified
Summary income statement						
Net interest and dividend income	1,577	1,459.0	5,811.0	5,948.0	7,017.0	7,009.0
Net fees and commissions	2,489	2,303.0	11,922.0	10,597.0	9,882.0	10,631.0
Other operating income	579	536.0	3,049.0	4,315.0	3,235.0	1,922.0
Total operating income	4,646	4,298.0	20,782.0	20,860.0	20,134.0	19,562.0
Operating costs	5,029	4,652.0	16,225.0	16,519.0	16,056.0	15,993.0
Pre-impairment operating profit	-383	-354.0	4,557.0	4,341.0	4,078.0	3,569.0
Loan and other impairment charges	-119	-110.0	4,205.0	1,096.0	324.0	245.0
Operating profit	-264	-244.0	352.0	3,245.0	3,754.0	3,324.0
Other non-operating items (net)	-199	-184.0	-952.0	222.0	966.0	48.0
Tax	-163	-151.0	1,026.0	801.0	1,295.0	1,361.0
Net income	-299	-277.0	-1,626.0	2,666.0	3,425.0	2,011.0
Other comprehensive income	n.a.	n.a.	1,830.0	-2,887.0	-2,222.0	776.0
Fitch comprehensive income	-299	-277.0	204.0	-221.0	1,203.0	2,787.0
Summary balance sheet						
Assets						
Gross loans	310,974	287,682.0	292,983.0	293,444.0	297,725.0	288,483.0
- Of which impaired	3,277	3,032.0	2,767.0	3,197.0	2,126.0	2,192.0
Loan loss allowances	n.a.	n.a.	1,297.0	1,536.0	946.0	902.0
Net loans	310,974	287,682.0	291,686.0	291,908.0	296,779.0	287,581.0
Interbank	1,079	998.0	1,323.0	1,298.0	741.0	1,142.0
Derivatives	n.a.	n.a.	17,771.0	25,662.0	17,914.0	18,345.0
Other securities and earning assets	234,504	216,940.0	219,327.0	267,716.0	298,892.0	287,211.0
Total earning assets	546,557	505,620.0	530,107.0	586,584.0	614,326.0	594,279.0
Cash and due from banks	181,548	167,950.0	164,818.0	139,112.0	101,879.0	100,047.0
Other assets	71,326	65,984.0	60,908.0	80,126.0	71,090.0	74,590.0
Total assets	799,431	739,554.0	755,833.0	805,822.0	787,295.0	768,916.0
Liabilities						
Customer deposits	430,898	398,624.0	392,819.0	390,921.0	383,783.0	363,925.0
Interbank and other short-term funding	77,921	72,085.0	88,649.0	111,915.0	112,881.0	103,465.0
Other long-term funding	173,300	160,320.0	151,052.0	145,246.0	138,988.0	144,092.0
Trading liabilities and derivatives	30,466	28,184.0	27,545.0	45,916.0	38,234.0	42,177.0
Total funding and derivatives	712,586	659,213.0	660,065.0	693,998.0	673,886.0	653,659.0
Other liabilities	38,553	35,665.0	35,694.0	53,042.0	56,678.0	61,022.0
Preference shares and hybrid capital	n.a.	n.a.	15,844.0	15,841.0	13,017.0	10,216.0
Total equity	48,293	44,676.0	44,230.0	42,941.0	43,714.0	44,019.0
Total liabilities and equity	799,431	739,554.0	755,833.0	805,822.0	787,295.0	768,916.0
Exchange rate		USD1 = CHF0.9251	USD1 = CHF0.9202	USD1 = CHF0.88985	USD1 = CHF0.97165	USD1 = CHF0.9811

Source: Fitch Ratings, Fitch Solutions, Credit Suisse

Key Ratios

Summary Financials and Key Ratios

	31 Mar 22	31 Dec 21	31 Dec 20	31 Dec 19	31 Dec 18
Ratios (annualised as appropriate)					
Profitability					
Operating profit/risk-weighted assets	-0.4	0.1	1.2	1.3	1.2
Net interest income/average earning assets	1.1	1.0	1.0	1.1	1.2
Non-interest expense/gross revenue	108.2	78.3	78.3	80.7	82.7
Net income/average equity	-2.5	-3.7	5.8	7.8	4.7
Asset quality					
Impaired loans ratio	1.1	0.9	1.1	0.7	0.8
Growth in gross loans	-1.8	-0.2	-1.4	3.2	3.0
Loan loss allowances/impaired loans	n.a.	46.9	48.1	44.5	41.2
Loan impairment charges/average gross loans	-0.2	0.0	0.3	0.1	0.1
Capitalisation					
Common equity Tier 1 ratio	13.8	14.4	12.9	12.7	12.6
Fully loaded common equity Tier 1 ratio	n.a.	n.a.	12.9	12.7	12.6
Fitch Core Capital ratio	n.a.	n.a.	n.a.	12.8	13.1
Tangible common equity/tangible assets	5.6	4.6	4.1	4.8	4.9
Basel leverage ratio	6.1	6.1	6.4	5.5	5.2
Net impaired loans/common equity Tier 1	n.a.	3.8	4.7	3.2	3.6
Net impaired loans/Fitch Core Capital	n.a.	n.a.	n.a.	3.2	3.5
Funding and liquidity					
Gross loans/customer deposits	72.2	74.6	75.1	77.6	79.3
Liquidity coverage ratio	196.0	203.0	190.0	198.0	184.0
Customer deposits/total non-equity funding	60.5	59.1	56.5	57.0	56.1
Net stable funding ratio	128.0	127.0	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, Credit Suisse

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	A+ to A-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	**ns**
Government ability to support D-SIBs	
Sovereign Rating	AAA/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Neutral
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

The colours indicate the weighting of each KRD in the assessment.

Higher influence Moderate influence Lower influence

CSG's and CS AG's GSRs of 'ns' reflect our view that senior creditors of both the holding company and the operating bank can no longer rely on receiving full extraordinary support from the sovereign if the group becomes non-viable. CSG has issued material amounts of loss-absorbing capital, including senior debt issued by the holding company, and Swiss legislation and regulation includes provisions to bail in senior creditors in case of bank failure.

Subsidiaries and Affiliates

Ratings of Main Legal Entities

Rating level	Credit Suisse Group AG	Credit Suisse AG	Credit Suisse (Schweiz) AG	Credit Suisse International	Credit Suisse Bank (Europe) S.A.	Credit Suisse (Deutschland) AG
Long-Term IDR	BBB+/Stable	A-/Stable	A/Stable	A-/Stable	A-/Stable	A-/Stable
Short-Term IDR	F2	F1	F1	F1	F1	F1
Viability Rating	bbb+	bbb+	a-	-	-	-
Government Support Rating	ns	ns	-	-	-	-
Shareholder Support Rating	-		a-	a-	a-	a-
Derivative Counterparty Rating	-	A-(dcr)	A(dcr)	A-(dcr)	A-(dcr)	-

Source: Fitch Ratings

Credit Suisse (Schweiz) AG (CS Schweiz): This subsidiary of CS AG houses the group's domestic retail- and commercial-banking and wealth-management activities. CS Schweiz's VR is below the 'a' implied VR as we believe that the group's business profile (scored at 'a-'), which we deem closely integrated with its parent's in strategy and risk governance, has a strong impact on our overall view of CS Schweiz's credit profile.

The VR also reflects its low-risk domestic loan book, solid profitability with reported profit set to benefit from lower amortisation of intangibles, sound capitalisation and a strong deposit franchise. The VR also factors in the high fungibility of liquidity and capital between the two entities in the normal course of business. These can result in material exposures to CS AG, making it unlikely that CS Schweiz's VR would be rated above CS AG's Long-Term IDR.

IDR Above VR: CS Schweiz's Long-Term IDR of 'A' is one notch above its VR because of significant buffers of junior and internal bail-in debt that offer protection to senior creditors of CS Schweiz in case of its failure. The DCR is at the same level as the Long-Term IDR because derivative counterparties in Switzerland have no definitive preferential status over other senior obligations in a resolution.

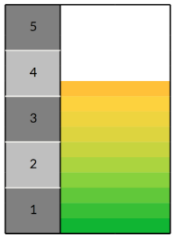
Strong Support from Parent: CS Schweiz's SSR is equalised with CS AG's Long-Term IDR and primarily reflects our view that the entity is an integral part of CS AG.

Other Subsidiaries: Credit Suisse International (CSI; based in the UK), Credit Suisse (Deutschland) AG (CSD; based in Germany) and Credit Suisse Bank (Europe) S.A. (CSBE; based in Spain) are wholly-owned subsidiaries of CS AG. Credit Suisse (USA), Inc. (CSUSA) is a US holding company directly held by Credit Suisse Holdings (USA), Inc., the group's US intermediate holding company, which is in turn owned by CS AG. Their SSRs and Long-Term IDRs are equalised with the Long-Term IDR of CS AG and reflect our view that these entities are extremely likely to be supported by the parent, in case of need. We view these entities as integral to the group's business and core to CS AG's strategy, and we expect the parent to pre-place resolution debt buffers into these entities where required.

New York Branch: The Credit Suisse AG New York branch's (CSAG NY) IDRs are at the same level as those of CS AG because the branch is part of the same legal entity and, in our view, there are no country risk restrictions. The alignment of IDRs reflects our view that senior creditors of the branch would be treated identically to senior creditors of CS AG.

Environmental, Social and Governance Considerations

Overall ESG



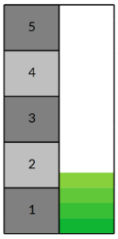
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Environmental (E)

General Issues	Score	Impact	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1		n.a.	n.a.
Energy Management	1		n.a.	n.a.
Water & Wastewater Management	1		n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1		n.a.	n.a.
Exposure to Environmental Impacts	2		Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality

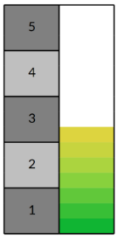
E Scale



Social (S)

General Issues	Score	Impact	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2		Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile
Customer Welfare - Fair Messaging, Privacy & Data Security	3		Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile
Labor Relations & Practices	2		Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)
Employee Wellbeing	1		n.a.	n.a.
Exposure to Social Impacts	2		Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile

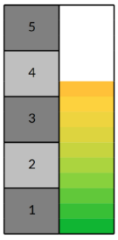
S Scale



Governance (G)

General Issues	Score	Impact	Sector-Specific Issues	Reference
Management Strategy	3		Operational implementation of strategy	Business Profile (incl. Management & governance)
Governance Structure	4		Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage
Group Structure	3		Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)
Financial Transparency	3		Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)

G Scale



Credit Suisse and its subsidiaries have ESG Relevance Scores of '4' for Governance Structure due to the group's governance issues, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.