MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades Credit Suisse Group AG's senior unsecured debt ratings to Baa2; outlook negative

01 Aug 2022

Credit Suisse AG's senior unsecured debt and deposit ratings downgraded to A2 and negative outlook maintained

London, August 01, 2022 -- Moody's Investors Service ("Moody's") today downgraded the senior unsecured debt ratings of Credit Suisse Group AG (CSG) by one notch to Baa2 from Baa1. At the same time, the rating agency downgraded the long-term senior unsecured debt and deposit ratings of Credit Suisse AG (CS) by one notch to A2 from A1.

The negative outlook on these ratings has been maintained.

The rating agency further downgraded CS's Baseline Credit Assessment (BCA) and Adjusted BCA to baa3 from baa2 and its long-term Counterparty Risk Assessment to A2(cr) from A1(cr). The long-term senior unsecured debt, issuer as well as deposit ratings of all of CS's subsidiaries - where applicable - have also been downgraded by one notch to A2 from A1. All short-term ratings were affirmed.

Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL468319 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

--- DOWNGRADE OF THE BCA AND LONG-TERM RATINGS OF CREDIT SUISSE AG

The downgrade of CS's BCA, as well as its long-term ratings, reflects Moody's updated view on CS's credit profile as well as unchanged support for creditors under Moody's Advanced Loss Given Failure (Advanced LGF) analysis, which is applied to banks operating in jurisdictions with Operational Resolution Regimes.

The downgrade of CS's ratings reflects (1) the challenges the group is facing in successfully executing on its previously announced repositioning of its investment bank in the more difficult macroeconomic and market environment as well as uncertainty as to the business and financial implications of the group's plans to take further steps to achieve a more stable, capital light and better aligned investment banking business ; (2) the crystallisation of large financial losses during H1 2022, resulting in stress on the bank's financial profile and potential delays in technology investments and in the transformation of the business and an expectation of continued weak performance in 2022; (3) evidence of market share erosion and franchise impairment in the Investment Bank division, following deleveraging in capital-intensive businesses, exit from the prime brokerage business; and (4) the lengthy and resource-consuming risk, compliance and cultural remediation efforts that have progressed but are still underway; and (5) stabilising the group under the leadership of a new board and senior executive team will require time. These factors are partially mitigated by the firm's solid - although decreasing - capitalisation and strong liquidity and funding profiles.

Moody's considers weaknesses in CS's strategy, risk frameworks and controls, and compliance as a governance factors under its environmental, social, and governance (ESG) framework. Moody's reflects such governance deficiencies, in CS's very highly negative Governance Issuer Profile Score (G-5), one notch lower than the previous G-4, driven by a Financial Strategy and Risk management category score of 5 (very highly negative), from the previous 4. Moody's changed CS's ESG Credit Impact Score to CIS-5 (very highly negative) from CIS-4 (highly negative), whereby its governance risks have a very highly negative impact on current ratings.

The uncertainties regarding the bank's ability to successfully execute on the previously announced as well as yet to be defined restructuring strategy, governance deficiencies and top management instability, are captured by a one-notch downward adjustment for Corporate Behavior in CS's scorecard. The BCA is now positioned middle of the range (from top of the range), recognising continuing challenges and downside pressures on the group's solvency metrics.

--- DOWNGRADE OF THE LONG TERM DEBT RATINGS of CREDIT SUISSE GROUP AG

The downgrade of Credit Suisse Group AG's ratings reflects the downgrade of the ratings of its major subsidiary, Credit Suisse AG, as well as unchanged support for creditors under Moody's Advanced LGF framework.

--- NEGATIVE OUTLOOK

The negative outlook on CS's senior unsecured debt, long-term issuer and deposit ratings and on CSG's senior unsecured debt, reflects Moody's view of: (1) the challenge the group is facing in successfully executing on the previously announced organizational and cultural remediation efforts in the more difficult macroeconomic and market environment and the business and financial uncertainties in relation to the implications of further repositioning of the investment bank; (2) the potential for a deterioration of the capital position below the company guidance of a Common Equity Tier 1 ratio of 13-14%; (3) the risk that further large litigation charges may materialise in the medium term, further delaying a return to profitability; (4) a potential for a further deterioration of the asset risk profile of the group, driven by increased operational and execution risk; and (5) the potential for a substantial franchise impairment in the Investment Bank division, following aggressive deleveraging.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Although unlikely at present, given the negative outlook, the long-term ratings could be upgraded if CS: (1) maintains its solid capital position and liquidity and overall franchise during the restructuring period; (2) successfully executes on the restructuring plan, in particular the transition to a capital-light, advisory-led investment banking business and more focused markets business as evidenced by a sustainable improvement in its profitability by successfully increasing the share of revenue generated from the Wealth Management and Swiss Bank businesses, while returning to profits in its Investment Bank; (3) demonstrates that it has fully addressed and remediated the significant corporate governance, risk, audit or compliance control shortcomings; and (4) stabilizes the top management team.

The ratings could be downgraded if: (1) the capital position consistently remains below the Common Equity Tier 1 guidance of around 13-14%; (2) CS suffers sustained client or franchise impairment in its Investment Bank or Wealth Management divisions leading to the group being loss making beyond 2023; (3) definition and implementation of the revised and as yet undefined strategic plan is further delayed or deemed creditor unfriendly; (4) existing legacy litigations crystallise into large unexpected losses further negatively impacting profitability; (and (5) enhancements of the bank's risk appetite, frameworks and controls fail to be successfully implemented.

The ratings could further be downgraded should there be a significant and larger-than-anticipated decrease in the bank's existing stock of loss-absorbing liabilities. Although regarded highly unlikely at present, this may lead to fewer notches of rating uplift as a result of Moody's Advanced LGF analysis.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at https://ratings.moodys.com/api/rmc-documents/71997 . Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL468319 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

• EU Endorsement Status

• UK Endorsement Status

• Rating Solicitation

• Issuer Participation

• Participation: Access to Management

• Participation: Access to Internal Documents

• Lead Analyst

• Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on https://ratings.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

At least one ESG consideration was material to the credit rating action(s) announced and described above.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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