

**Rating Action: Moody's affirms Credit Suisse AG's Aa3 senior unsecured debt and deposit ratings; outlook changed to negative**

---

31 Mar 2021

**Baseline Credit Assessment affirmed at baa1**

Frankfurt am Main, March 31, 2021 -- Moody's Investors Service ("Moody's") today affirmed the Baa1 senior unsecured debt ratings of Credit Suisse Group AG (CSG) and the Aa3 long-term senior unsecured debt and deposit ratings of its principal bank subsidiary, Credit Suisse AG (CS). The outlook on these ratings has been changed to negative from stable.

The rating agency further affirmed Credit Suisse AG's baa1 Baseline Credit Assessment (BCA), its baa1 Adjusted BCA and its Aa3(cr)/P-1(cr) Counterparty Risk Assessments as well as all of its other long- and short-term ratings. The senior unsecured debt, issuer and deposit ratings of all of CS's subsidiaries - where applicable - have also been affirmed, with outlooks changed to negative from stable.

Please click on this link [https://www.moodys.com/viewresearchdoc.aspx?docid=PBC\\_ARFTL443561](https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL443561) for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

**RATINGS RATIONALE**

**--- Negative outlook**

The negative outlooks on the senior unsecured debt, long-term issuer and deposit ratings - where applicable - of CS and CSG reflect Moody's view on (1) emerging signs of a higher-than-anticipated risk appetite or potential deficiencies in its risk management, audit, compliance or governance control processes and frameworks, as highlighted by a likely material loss from unwinding concentrated leveraged equity and derivatives' exposures following the failure of a US hedge fund client, in addition to the aggregate risk the group assumed in relation to Greensill's founder and his companies culminating in the wind-down of CS's supply chain finance funds; (2) potential strain on the bank's financial profile and, in particular, its capital position stemming from possible losses in relation to the wind-down of the hedge-fund-related positions and its now suspended supply chain funds either as a result of litigation or regulatory or other efforts to mitigate franchise and reputational impairment; and (3) the potential for client defections and franchise impairment from the possible reputational effects these events might have on the bank's integrated businesses and, ultimately the bank's profitability and, thereby, its ability to generate capital internally.

The potential deficiencies in cross-divisional governance and risk control or awareness revealed by the aforementioned matters have led the rating agency to incorporate a one-notch downward adjustment for Corporate Behavior in CS's scorecard, which is reflected in the negative outlook.

Although Moody's anticipates that CS may enhance its governance and risk management practices, including from implementing the results of internal and external investigations, the extent and effectiveness of these measures is uncertain. In addition, the final financial and reputational implications of the aforementioned events for CS are also unclear. Further, as indicated by similar cases in the past, the investigation and 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 vulnerable to potential franchise and reputational impairment.

**--- Affirmation**

The affirmation of the bank's baa1 BCA and its ratings and rating assessments takes account of CS's improved profitability potential and meaningfully lowered operating cost base post its 2015-18 restructuring exercise, providing strong shock absorbers against adverse developments or unexpected events such as recently experienced. The affirmation also considers the bank's strong liquidity and funding profile, as displayed through a peer-leading liquidity coverage ratio and a longer-than-average maturity profile of its more confidence-sensitive market funding, both of which the rating agency expects to be maintained.

Nonetheless, losses potentially resulting from the wind-down of positions in relation to its US hedge fund client as well as its now suspended supply chain funds have the potential to cumulatively exert strain on the bank's financial profile.

Aside from these fundamental considerations, Moody's assessment of the volume of loss-absorbing debt under its Advanced Loss Given Failure (LGF) analysis and of the probability of government support have not changed.

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

There is little prospect of higher ratings, as indicated by the negative outlook. The outlook could return to stable if CS demonstrates that any findings of significant corporate governance, risk, audit or compliance control shortcomings relating to its failed hedge fund client and the supply chain funds and Greensill exposures have been fully remediated and are less likely to be repeated. A return to a stable outlook would also be conditional upon losses stemming from the exiting of its US hedge fund positions as well as the wind-down of the supply chain funds not resulting in a sustained negative impact on its financial profile, in particular its capital position, and overall franchise.

The ratings could be downgraded if (1) Moody's determines in part based on investigation findings or regulatory probes that CS maintains a higher-than-anticipated risk appetite or that any identified shortcomings in the bank's risk control, audit, compliance or governance frameworks are not fully addressed in a timely manner; (2) CS suffers from additional financial and reputational repercussions such as large unexpected losses, fines and meaningful client attrition, eroding its solvency metrics; (3) CS fails to deliver on the proposed refinements to its business model, in particular if it fails to contain the resources allocated to its capital markets businesses or to constrain costs while growing revenue; or (4) the bank does not manage to meaningfully and sustainably curtail its risk appetite in its capital-markets oriented segments or products.

The ratings may also be downgraded in the event of a significant slowdown or reversal in the Swiss or global economies, or an unexpected and meaningful deterioration in the group's capital or its liquidity and funding profile.

The ratings could further be downgraded should there be a significant and larger-than-anticipated decrease in the bank's existing stock of bail-in-able 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.

Although highly unlikely at present, CS's ratings could be upgraded if the group (1) achieves a sustainable improvement in its profitability to well above its communicated targets; (2) significantly curtails its risk appetite in its investment bank and adjacent segments, in particular with regard to leveraged lending and other non-investment-grade exposures; (3) successfully implements meaningful further, visible improvements to its risk control, audit, compliance and governance frameworks, allowing for better oversight on aggregate risks taken within the bank's integrated business model across segments; and (4) extends the share of revenue, profits and resources generated from and allocated to its more stable wealth management and Swiss universal banking businesses while maintaining a strong performance in its investment bank.

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in March 2021 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1261354](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1261354). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.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. 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\\_ARFTL443561](https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL443561) 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
- Disclosure to Rated Entity
- 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 at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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 ratings tab on the issuer/entity page for the respective issuer on [www.moodys.com](http://www.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.

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://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1243406](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1243406).

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

Please see [www.moodys.com](http://www.moodys.com) for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for additional regulatory disclosures for each credit rating.

Michael Rohr  
Senior Vice President  
Financial Institutions Group  
Moody's Deutschland GmbH  
An der Welle 5  
Frankfurt am Main 60322  
Germany  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

Ana Arsov  
MD - Financial Institutions  
Financial Institutions Group

JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Releasing Office:  
Moody's Deutschland GmbH  
An der Welle 5  
Frankfurt am Main 60322  
Germany  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454



© 2021 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR

REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moodys.com](http://www.moodys.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an

entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.