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Ratings

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Credit Suisse Group AG and Credit Suisse AG

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Table Of Contents

Table Of Contents (cont.)

Credit Suisse Group AG and Credit Suisse AG

SACP: bbb+ → **Support: +2** → **Additional factors: 0**

Anchor	a-	
Business position	Adequate	0
Capital and earnings	Strong	+1
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		-1

ALAC support	+2
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
A/Stable/A-1
Resolution counterparty rating
A+/A-1
Holding company ICR
BBB/Stable/

Credit Suisse Group AG (Holding Company). Credit Suisse AG (Lead Bank). ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Issuer Credit Rating
BBB/Stable/NR

Overview

Key strengths	Key risks
High levels of capital to absorb losses as a going concern and in a resolution scenario.	Repeated episodes of failures in risk management and governance, and high turnover of senior management.
Stable and low-risk earnings from leading global wealth management franchise and Swiss retail, private, and corporate banking.	Tail risks arising from outstanding litigations and regulatory investigations and material revenue sensitivity to market conditions.
Demonstrated sound asset quality in core lending business and a highly collateralized lending book.	Risk-return is likely to remain below that of its key competitors, at least over the medium term.

A global franchise and diversified business mix, together with strong capitalization, are Credit Suisse Group's key rating strengths. We acknowledge the group's high and increasing share of wealth management activities and strong market position in Switzerland, which together contribute on average about half of the group's pretax income. We continue to regard Switzerland as one of the most resilient economies worldwide. Credit Suisse shows strong capital ratios, underpinned by our projection of its risk-adjusted capital (RAC) ratio at 14.0%-14.5% by 2023, which is higher than most peers' and provides a sizable buffer for tail risks.

However, a series of recent risk events have shed light on the firm's risk appetite and culture, as well as on deficiencies in its risk control and compliance frameworks. Widespread changes to senior management amid a broader governance overhaul confirm the depth of the problem, although they also reflect a strong commitment to remediation. The group also needs to resolve material open litigations and regulatory investigations to clear it from pending tail risks. Until legacy issues are resolved, they bring material uncertainty to the financial forecast and weigh on the group's reputation and franchise. Beyond the financial implications of recent risk events for the bank's profits, we think enhancing the risk culture in such a complex global organization will consume a significant amount of management focus and time. The effectiveness of these remediating actions remains uncertain.

In our view, the group's risk-return is likely to remain below that of more highly rated peers, at least over the medium term. Following senior management changes in 2021 and first-quarter 2022, we expect a stronger focus on de-risking. We expect revenue from investment banking activities to decrease in line with the exposure reduction in selected segments including prime brokerage. The group aims to compensate for this reduction by improving revenue, primarily in the wealth and asset management business. In addition, the group's management expects efficiency benefits under the streamlined organizational setup will add to bottom-line profitability. We think that execution of this strategy to recover profitability may prove challenging in light of tough competition; a less supportive environment in core markets, particularly in Asia-Pacific; and inflationary pressure on the cost base.

Outlook

The stable outlook reflects our view that remediating actions taken will allow the group to prevent longer-lasting reputational damage and impairments of its franchise and business stability.

The stable outlook also reflects our expectations that, after the de-risking and proactive cleaning of larger legacy cases, the group will report less volatile returns over the cycle while keeping its strong capital buffer.

Downside scenario

We could lower the ratings on Credit Suisse Group AG, Credit Suisse AG, and operating subsidiaries over the next 12-24 months if recent events had a further material negative effect on the group's reputation and franchise, or if new litigation risks emerged that would materially dent the group's performance or capital.

Upside scenario

An upgrade is remote over the next 12-24 months. We could upgrade the group if it demonstrated a track record of sustainable risk-return on a par with higher-rated peers, while keeping its strong capital buffers. The group would also need to eliminate risks stemming from financial and reputational failures, with no new material cases emerging.

Key Metrics: S&P Global Ratings' Estimates

Credit Suisse Group AG--Key Ratios And Forecasts (S&P Global Ratings Forecast)

	--Fiscal year ended Dec. 31 --				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in operating revenue	0.8	0.5	(18.5)-(20.4)	2.3-2.5	2.3-2.6
Growth in customer loans	(1.7)	0.7	2.7-3.3	2.7-3.3	2.7-3.3
Cost to income ratio	72.8	70.0	84.7-89.0	81.9-86.1	79.1-83.2
Return on average common equity	6.2	(3.8)	2.0-2.2	2.8-3.1	3.6-4.0
Return on assets	0.3	(0.2)	0.1-0.1	0.2-0.2	0.2-0.2
New loan loss provisions/average customer loans	0.4	1.4	0.1-0.1	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans	0.8	0.8	0.8-0.9	0.7-0.8	0.7-0.8

Credit Suisse Group AG--Key Ratios And Forecasts (S&P Global Ratings Forecast) (cont.)

	--Fiscal year ended Dec. 31 --				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Risk-adjusted capital ratio	12.4	14.3	14.2-14.9	13.9-14.6	13.7-14.5

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

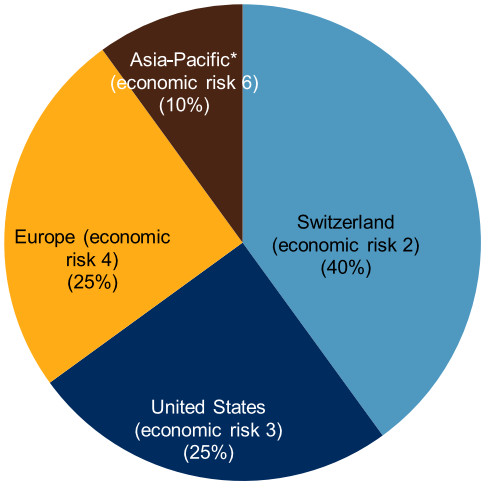
Anchor: 'a-' Reflecting The Swiss Home Market And A Global Blend Of Exposures

The 'a-' anchor (the starting point in assigning an issuer credit rating [ICR]) reflects Credit Suisse's regulatory domicile, Switzerland, which informs our view of the industry risk of the consolidated group's operations, and geographic mix of credit exposure, which leads to our assessment of the economic risk. Credit Suisse benefits from a high share of exposure to Switzerland, which we estimate to count for about 40% of the risk exposure. The group's second-largest market is the U.S., where we estimate a share of about 25%, with the remainder being a granular split among many countries.

We establish a weighted-average economic risk score of '3' for Credit Suisse's mix of exposures, on a scale of '1' to '10' ('1' being the lowest risk). The '3' score for Credit Suisse is weaker than the '2' we assign for banks operating only in Switzerland, but not to the extent that it would negatively affect the anchor.

Chart 1

Credit Suisse Group's Weighted Average Economic Risk Benefits From Strength Of Switzerland



Data reflects gross credit exposure by geography as of Dec. 31, 2021 (rounded to nearest 5%).

*Includes also some countries outside the region, for which economic risk is similar to that of Asia-Pacific. Sources: Credit Suisse disclosure and S&P Global Ratings.

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Business Position: One Of The Largest Global Wealth Managers And One Of The Two Leading Banks In Switzerland

We consider that Credit Suisse's business position benefits from its strong franchise as one of the largest global wealth managers. Credit Suisse has a particular focus on ultra-high-net-worth individuals, and ranks among the top-10 banks globally in terms of total capital market revenue. The business model is to be a bank for entrepreneurs both on the wealth management and financing side. The business' share of wealth management and private banking has been growing for years, providing better quality risk-returns. The pace of this shift has now gathered speed in line with the material decrease in certain areas of investment banking. We think the wealth management business will remain a steady and relatively predictable contributor to group earnings.

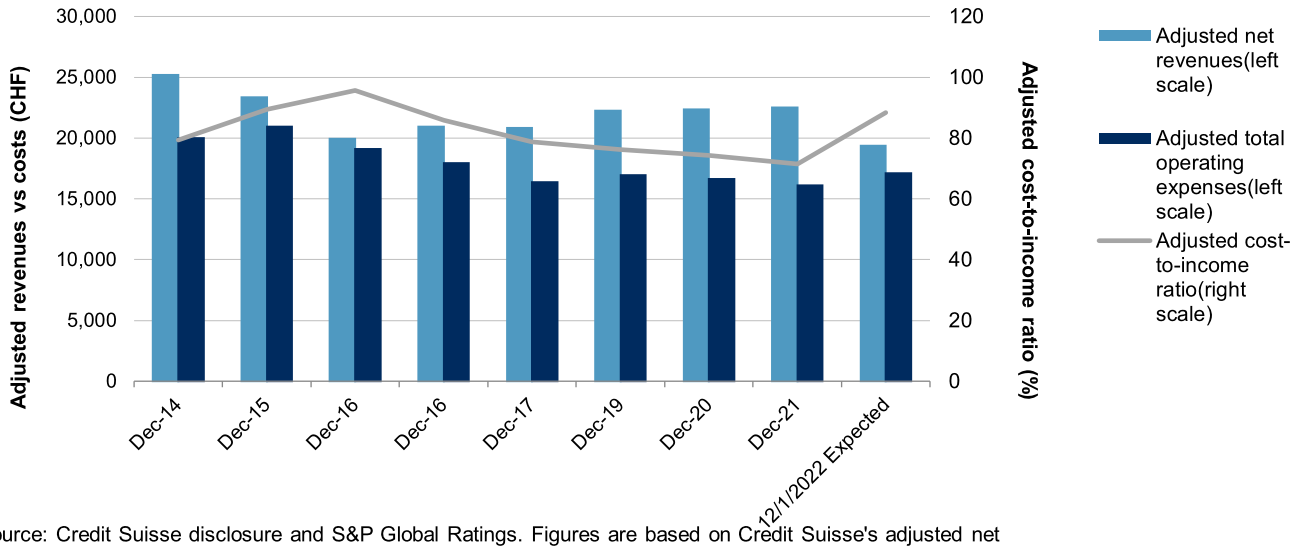
Next to UBS Group AG, Credit Suisse is the leading retail, private, and corporate bank in Switzerland. Domestic business and wealth management activities contribute on average to about 60% of revenue and two-thirds of risk-weighted assets (RWAs).

We expect operating profitability to deteriorate in 2022, dented by a likely net loss in the first six months of the year. This forecast reflects continued high market volatility, weak customer activity, and ongoing client deleveraging, notably in Asia-Pacific. This comes on top of reduced revenues from discontinued business in investment banking, as

well as restructuring costs. If management's strategy proves successful from 2023, profitability should start to improve as restructuring pays out, but the degree of success will depend on how supportive the markets are.

Chart 2

Improved Financial Perfomance Over The Last Years, But We Expect Deterioration Medium Term Amid Restructuring Measures
Credit Suisse group (consolidated)--RTM revenues and expenses



Source: Credit Suisse disclosure and S&P Global Ratings. Figures are based on Credit Suisse's adjusted net revenues and operating expenses. They exclude fair value impact from movements in their own credit spreads, real estate gains, and gains/losses on business sales, goodwill impairments, restructuring expenses, and major litigation provisions as reported by Credit Suisse. Cost-to-income ratio as adjusted total operating expenses divided by adjusted net revenues. CHF--Swiss franc. RTM--Rolling twelve months.
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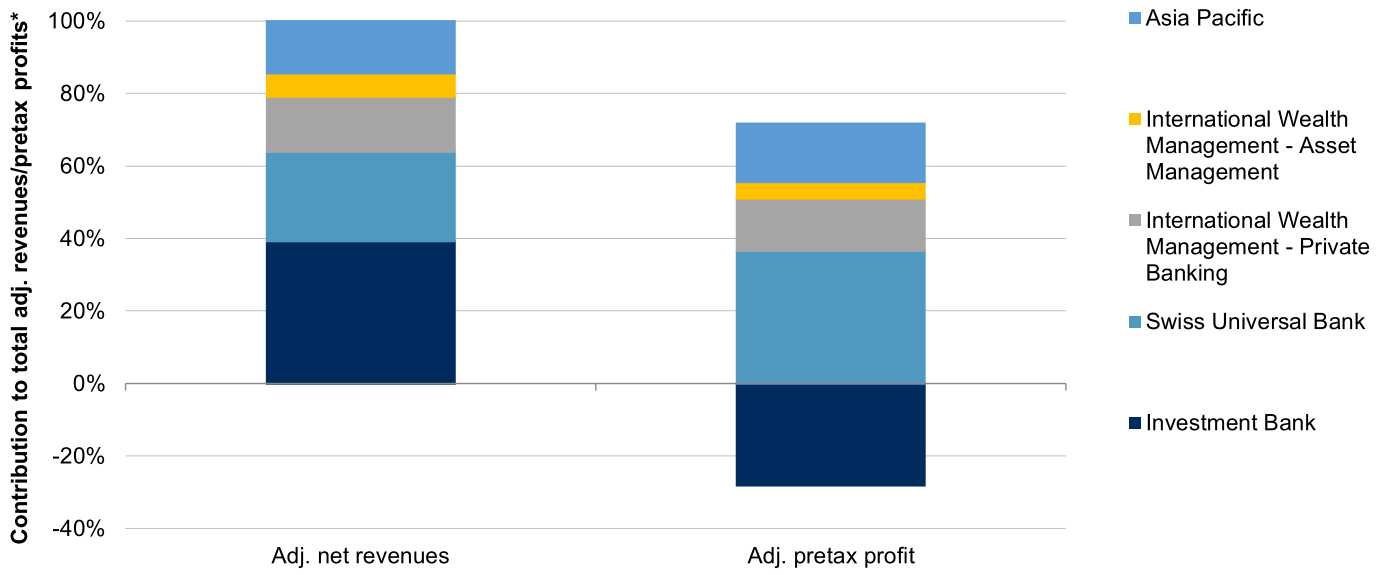
The group's material exposure to the capital markets and risks stemming from its investment banking and asset management activities result in high revenue volatility and carry strategic risks, which constrain our assessment of its business position. As recent events in connection with Supply Chain Finance Fund and losses related to the U.S. fund manager highlight that the group's business model is materially exposed to tail risks. Since the restructuring, the share of investment banking has been gradually falling, but remains relatively high at 40% of total operating revenues.

Chart 3

Investment Bank And Swiss Business Are Biggest Revenue Sources
Credit Suisse group operating revenues by division for 2021. Note: Divisional structure has changed as of Jan.1, 2022



Sources: Credit Suisse disclosure and S&P Global Ratings. *Based on adjusted revenues and adjusted pretax profits for each division (excludes Corporate Center).
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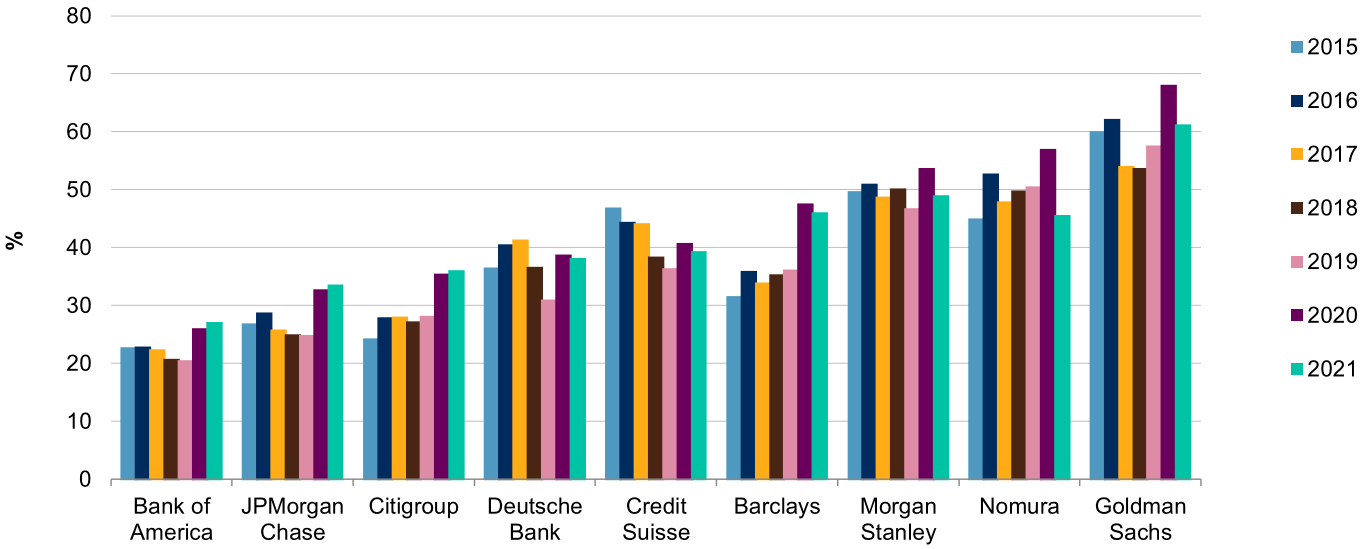
Chart 4

Credit Suisse Operates A Reduced But Still Material Investment Banking
Capital markets revenue to total revenue. Note: Division structure has changed as of Jan. 1, 2022.



Note: Data for Credit Suisse based on new segment reporting from 2018. In 2019, Deutsche Bank exited equities sales and trading business. Nomura fiscal year ends in March. Data for Nomura for 2020 is as of six months ended September 2020. Source: Company disclosures and S&P Global Ratings.

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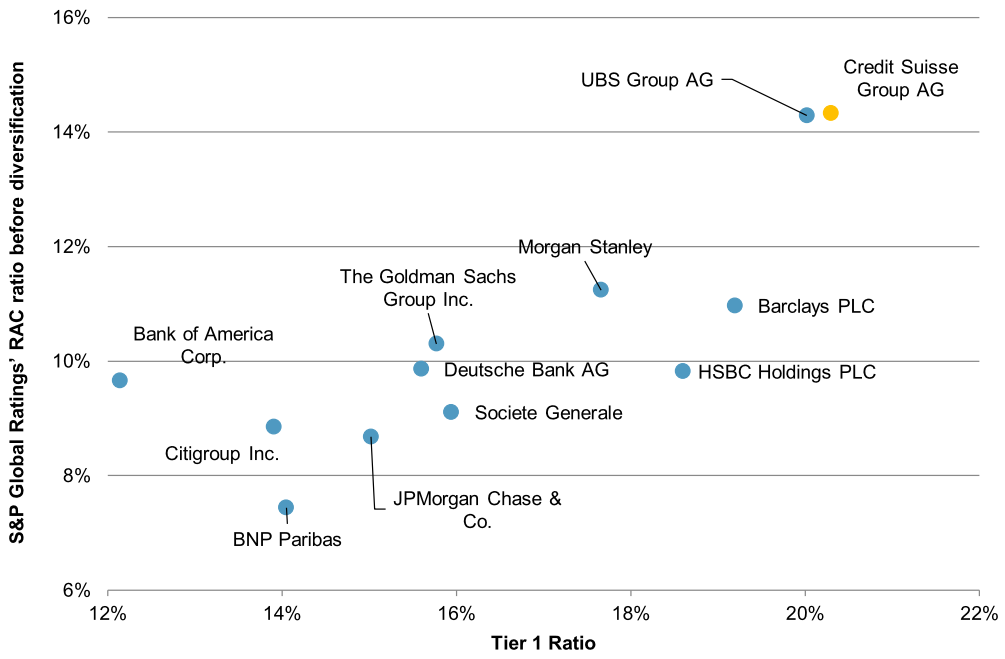
Credit Suisse's focus on tailored asset management products reduces the risk of disruption. We consider disruption risk by digital challengers to be less material for the group than for many other banks in light of Credit Suisse's focus on ultra-high-net-worth individuals and on alternative products in the asset management division. Credit Suisse is constantly updating its coverage and operating model to meet changing client expectations and we also think that the group benefits from advanced capabilities in the application of technology for data analysis, which is essential to combat the financial crime risk that is inherent to the business. We also view the group's offering of sustainable investment solutions to wealth management clients and its integration of environmental, social, and governance (ESG) factors into its investment processes through its proprietary sustainability framework as supporting its franchise development.

Capital And Earnings: Strong Capitalization Is Buffer For Tail Risk And A Key Rating Strength

Our assessment primarily reflects the group's strong capital ratios. In our base-case scenario, we project that our main capital indicator, our RAC ratio, for Credit Suisse will remain 14.0%-14.5% in the next 18-24 months, from 14.3% at end-2021, which is higher than that of most peers. We expect peer relativities with regard to capitalization to persist.

Chart 5

Credit Suisse's Capitalization Compares Positively To That Of Peers
As of end-2021



Source: S&P Global Ratings. S&P Global Ratings' RAC ratio before diversification for Barclays PLC, Societe Generale, BNP Paribas and HSBC Holdings PLC are as of end-2020.
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The future path of our RAC ratio remains sensitive to the economic forecast and second round effects of the Russian invasion of Ukraine on the world economy, as well as how China's slowdown will affect growth in Asia-Pacific. Our forecast also remains sensitive to the outcome of outstanding litigation cases and regulatory investigations. In any event, we expect the RAC ratio to stay comfortably above our 10% threshold and remain a rating strength. Additional Tier 1 capital comprised 25% of the RAC ratio's denominator at year-end 2021, which is the maximum permitted under our methodology.

The group has revised its regulatory capital ratio target upward to over 14% common equity tier 1 (CET1, pre Basel III reforms) by 2024, which we see as a positive, limiting downside to our RAC projection. Under its current strategic plan, Credit Suisse has given guidance for a CET1 ratio of about 14% and a CET1 leverage ratio of about 4.5% by end-2024. The CET1 ratio stood at 13.8% as of March 31, 2022, and the CET1 leverage ratio at 4.3%. The CET1 ratio will experience pressure because of ongoing distributions and the phase-in of final rules under Basel III, which will lead to substantial but manageable inflation of regulatory RWAs. However, we understand that management's counterbalancing actions (such as a run-down of RWAs in investment banking) will largely offset the impact. We expect that Credit Suisse's capital and leverage metrics will both comfortably exceed the minimum regulatory requirements. Its minimum CET1 ratio requirement is currently 10.7% (calculated including all add-ons, such as the Pillar 2 add-on relating to the supply chain funds matter).

We project the return on tangible equity will be marginal in 2022, improving only slowly in the following years. Events in 2021 presented a material setback to management, which had been working on closing the gap after years of restructuring. Our main assumptions are:

- We forecast net income of approximately Swiss franc (CHF) 0.8 billion-CHF1.2 billion for 2022, reflecting the unfavorable operating environment, weak customer activity, and customers' deleveraging on top of reducing revenues from discontinued business in investment banking and restructuring costs. We forecast profitability will recover gradually in 2023-2024 on the realization of the new strategy, including cost savings and the improving interest-rate environment, but our forecast is highly sensitive to the operating environment.
- We forecast the cost base to remain flat in 2022 amid inflationary pressure on salaries and restructuring costs, which will be at best offset by the bank's efforts to reap efficiency benefits from restructuring. Medium term, we expect a marginal reduction in costs as restructuring efforts start to bear fruit.
- The group will, in our view, benefit from contained risk provisions for the lending business, which should somewhat limit downside. We forecast between one-fifth and one-sixth of the pre-provisioning operating income to be booked for provisions (averaging around CHF400 million medium term).
- In our projection, we assume that about one-quarter of the 2022 results will be paid out as dividends; we expect the proportion of pay-outs to increase to about half annual results in the following years after profitability recovers.
- Our projection does not assume any material costs arising from outstanding litigations or fines from regulatory investigations. The projection is sensitive to those, but we would expect the group to adjust the dividend policy in case of unforeseen material impacts on the profitability. In our base case, we think that the tail risks of such costs leading to capital consumption is contained; in this case we would expect the group to take counterbalancing measures to safeguard its management targets for capitalization--that is, 13.5% CET1 as a minimum short-term target.

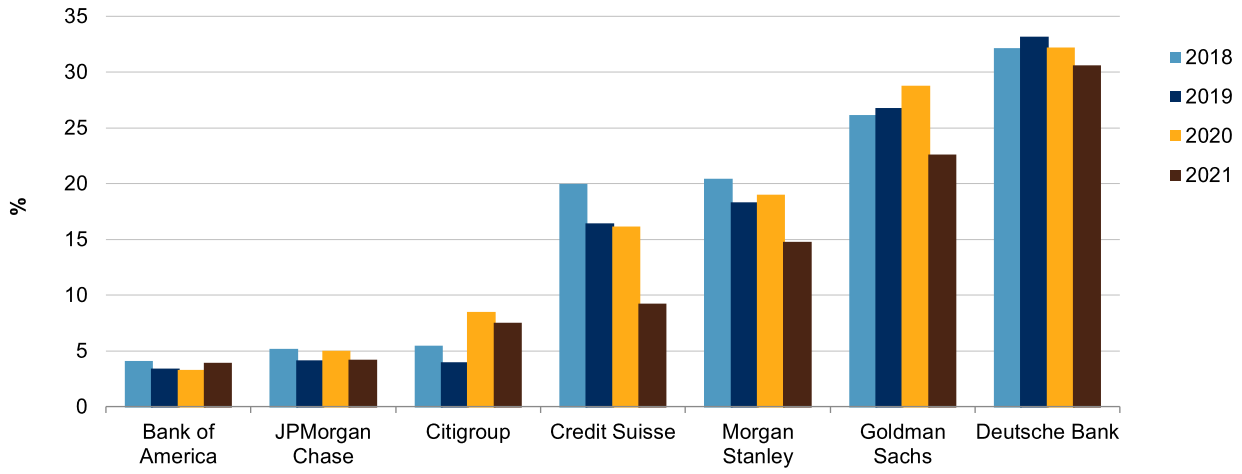
Risk Position: Complex, With Tail Risks In Investment Banking, Asset Management, And Structured And Leveraged Products

Credit Suisse's risk profile entails market, operational, and nonfinancial risks that our RAC ratio might not fully capture. The group's investment banking operations in particular entail elevated exposure to litigation risk, but its wealth management also exposes the group to operational and reputational risks. Events in 2021 highlighted the group's sensitivity to such risks. Credit Suisse is subject to a wide range of pending legal matters and could face elevated litigation risk over the medium term because of recent events. Also, it is one of the leading banks in leveraged finance, which we generally regard as carrying elevated risks particularly if rates increase again. Combined, our strong capital and earnings and moderate risk position assessments are neutral to the ratings, in line those of main peers. This reflects our view that Credit Suisse is appropriately capitalized for the risks it faces.

The group's lending is dominated by well-collateralized exposures that should help maintain adequate asset quality compared with that of global peers, especially those with a larger share of unsecured consumer lending. The asset quality of Credit Suisse's large and predominantly domestic lending book remains very strong, highlighting the exceptional resilience of Swiss customers to downturns. S&P Global Ratings' calculation of nonperforming assets was 0.9% of customer loans as of first-quarter 2022. Provisions cover about half of the risks. Also, in relation to capital, Credit Suisse stands out positively with a relatively low share of Level 3 assets to S&P Global Ratings-adjusted capital.

Chart 6

Total Level 3 Assets To Total Adjusted Capital



Note: Level 3 assets include Level 3 derivative receivables and Level 3 trading securities. Total Level 3 financial assets for GS. Sources: Company disclosures and S&P Global Ratings.

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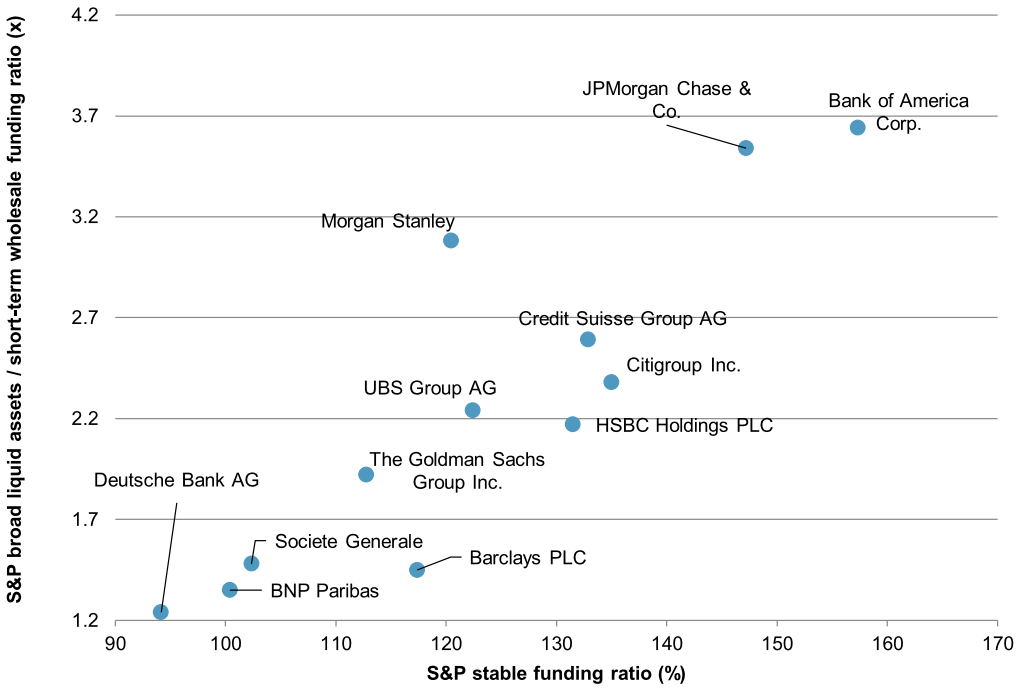
Funding And Liquidity: Adequate Liquidity Buffer And Funding In Line With Domestic Peers' Average

We view Credit Suisse's funding as average compared with Swiss peers and the bank's liquidity position as adequate, indicating a sound capacity to withstand extended market or idiosyncratic stress. In our assessment, we consider both the bank's active management of asset and liability mismatches and the inherent funding risk, which we generally associate with a high share of wealth management and corporate deposits.

Chart 7

Credit Suisse Funding and Liquidity Metrics In Line With Major Peers
As of end-2021



Source: S&P Global Ratings.
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In our view, the group has navigated well the recent economic shocks and financial market volatility, which led to higher drawdowns on liquidity facilities by its corporate customers and higher margin requirements for derivatives transactions. Credit Suisse tapped the term funding market early in the pandemic, demonstrating its access to investors, albeit at higher costs, similar to that of peers. Furthermore, there have been no material customer deposits outflows, which indicates stickiness of customer deposits and highlights that there has so far been no material damage to the group's reputation following the sequence of negative events in 2021.

In our view, Credit Suisse prudently manages its asset and liability mismatches, including through extensive stress testing and forward-looking modeling of its liquidity position, both at the group and subsidiary levels. Its ratio of S&P Global Ratings-adjusted broad liquid assets to short-term wholesale funding was a comfortable 3.5x on March 31, 2022, and its adjusted stable funding ratio was 136%. We anticipate that Credit Suisse's liquidity and funding metrics will remain at similar levels over the foreseeable future.

Although the amount of customer deposits exceeds the size of the group's loan book, we understand that many of Credit Suisse's depositors are high- and ultra-high-net-worth individuals, and corporate accounts. We generally consider wealth management and corporate deposits to be more sensitive to bank-specific risk than those in mass-market retail banking. For example, wealth management deposits tend to exceed the maximum amount covered by deposit guarantee schemes. We also view investment banking clients as reliant on the effective functioning of wholesale funding markets, so we see sensitivity to variations in investor confidence and refinancing risk.

Comparable Ratings Analysis

We deduct one notch from the group's stand-alone credit profile (SACP) under our comparable ratings analysis. This reflects tail risks from the final remediation of recent events, the time needed to sustainably improve the risk culture, and uncertainty regarding the future success of management's strategy to improve and stabilize profitability. We consider that peers with an 'a-' SACP, such as Morgan Stanley, Goldman Sachs Group Inc., and Citigroup Inc., generally exhibit better track records of profitability and risk management. We see Credit Suisse as more in line with other European peers at the 'bbb+' level such as Barclays or Societe Generale, as well as partly with Deutsche Bank AG and UniCredit SpA at the 'bbb' level.

Support: Two Notches Of Uplift For Operating Entities Due To Strong Buffers Of Subordinated Capital In The Bail-In Resolution

We add two notches of uplift to the group SACP to arrive at the long-term ICRs on Credit Suisse and its operating bank subsidiaries. This reflects the group's substantial buffers of subordinated bail-inable capital (additional loss absorbing capacity [ALAC]), which resides at the holding company. We believe that these ALAC buffers would enable FINMA, the Swiss financial services regulator, to absorb losses and recapitalize Credit Suisse should it ever approach a point of nonviability. In our view, the group is subject to a well-defined resolution plan by FINMA due to its status as a global highly systemic financial institution and as Switzerland's second-largest banking group.

The group's ALAC buffer stood at 12.79% of S&P Global Ratings' RWAs as of Dec. 31, 2021, well above the 6.5% threshold we set for Credit Suisse for two notches of uplift. We consider this level of ALAC sustainable. We use 3.25% and 6.50% thresholds for one or two notches of uplift for ALAC support, respectively, for the bank, because we consider that a material part of the group's loss-absorbing capacity will be prepositioned in its main subsidiaries in Switzerland, the U.K., and the U.S. Prepositioning could make it more challenging for Credit Suisse to deploy ALAC flexibly in a stress scenario than for banking groups without such requirements.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	G-2	G-3	**G-4**	G-5
- N/A					- N/A					- Governance structure - Risk management, culture, and oversight				

N/A—Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications," published Oct. 13, 2021.

We now see governance factors as a negative consideration in our credit rating analysis of Credit Suisse. The group's size, complexity, and large operations in investment banking and wealth management services make good management of governance factors crucial. Structural governance risk remains an issue in large complex organizations

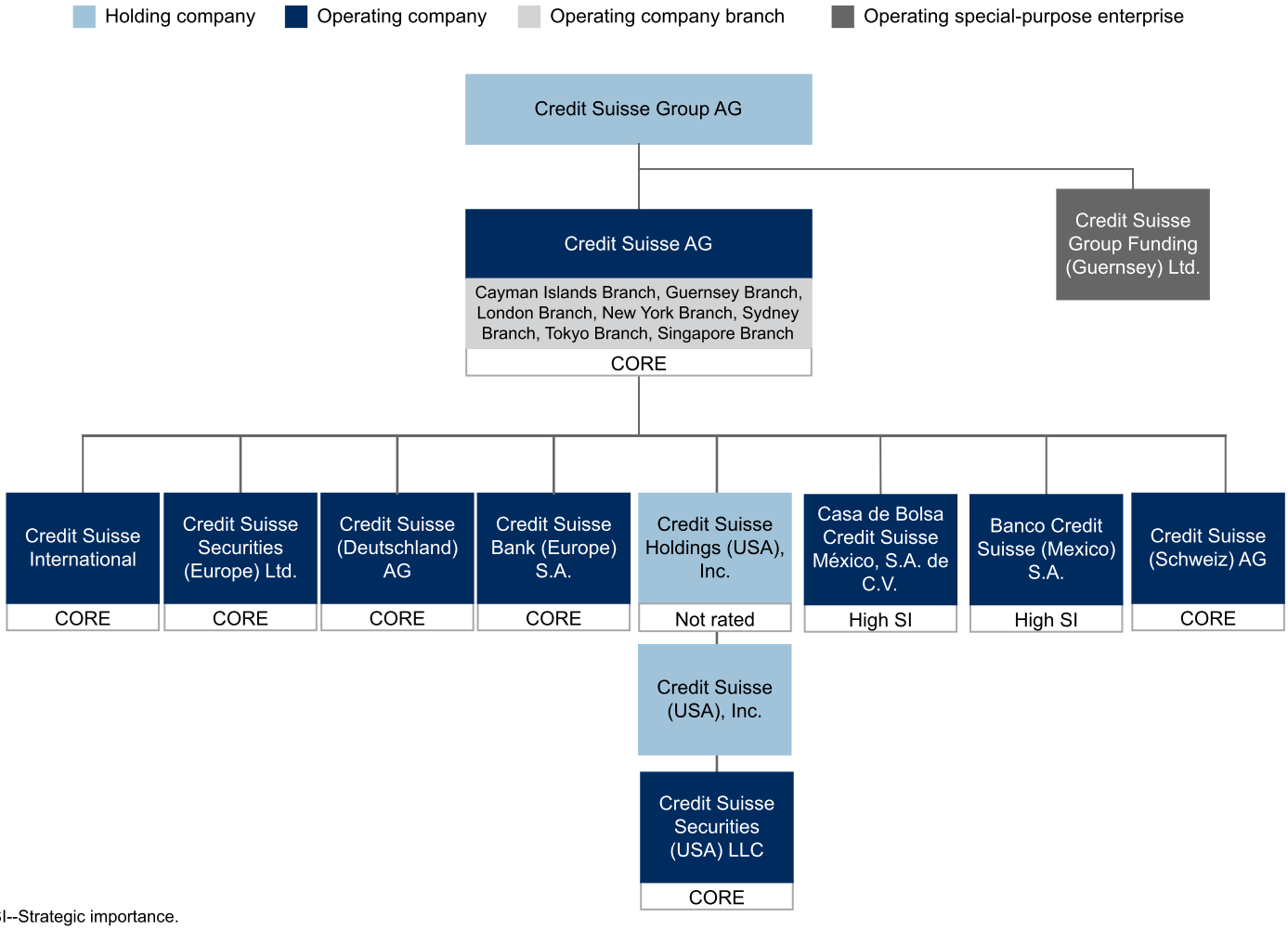
and could cause reputational damage. Risk events in 2020 and 2021 and frequent changes in Credit Suisse's top management make the group a negative outlier in terms of governance.

Overall, we see environmental and social credit factors for Credit Suisse as broadly in line with industry and country peers. Social factors are important due to increased regulatory focus on banks' business conduct. In our view, conduct and compliance risks are particularly relevant for Credit Suisse, given its large international asset-gathering and investment bank businesses. Know-your-customer checks, anti-money-laundering controls, product design, and sales processes are important safeguards. Failings in these areas can lead to material adverse financial and reputational consequences. Credit Suisse has invested materially in strengthening its compliance function over the past five years. We think the bank is well advanced in its compliance tools and policies, particularly concerning data intelligence.

With regard to environmental risks, the main risk for the bank is transition risk in its lending portfolio because--like any large corporate and investment bank--it is exposed to sectors or industries that will have to adjust to the transition to a low-carbon economy. The group incorporates climate change and environmental factors in its risk management practices and has tightened its respective policies on some sensitive industries in recent years.

Group Structure, Rated Subsidiaries, Resolution Counterparty Ratings (RCRs) And Hybrids

Highly Simplified Overview Of Credit Suisse's Organizational Structure, Focusing On Rated Entities



SI--Strategic importance.

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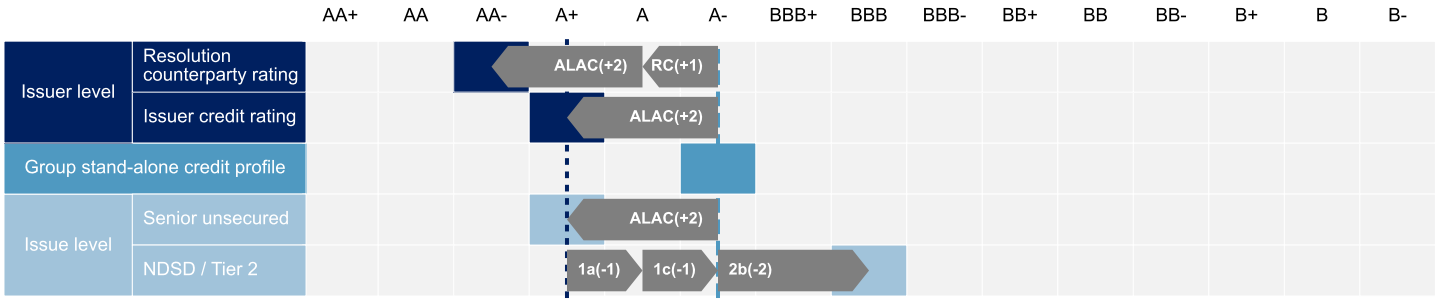
Credit Suisse AG: Notching



Key to notching

- - - Group stand-alone credit profile
- - - - Issuer credit rating

RC	Resolution counterpartyliabilities (senior secured debt)
ALAC	Additional loss-absorbing capacity buffer
1a	Contractual subordination
1c	Mandatory contingent capital clause or equivalent
2b	Other nonpayment or default risk not captured already

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 3 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on July 1, 2019.
NDSD--Non-deferrable subordinated debt.

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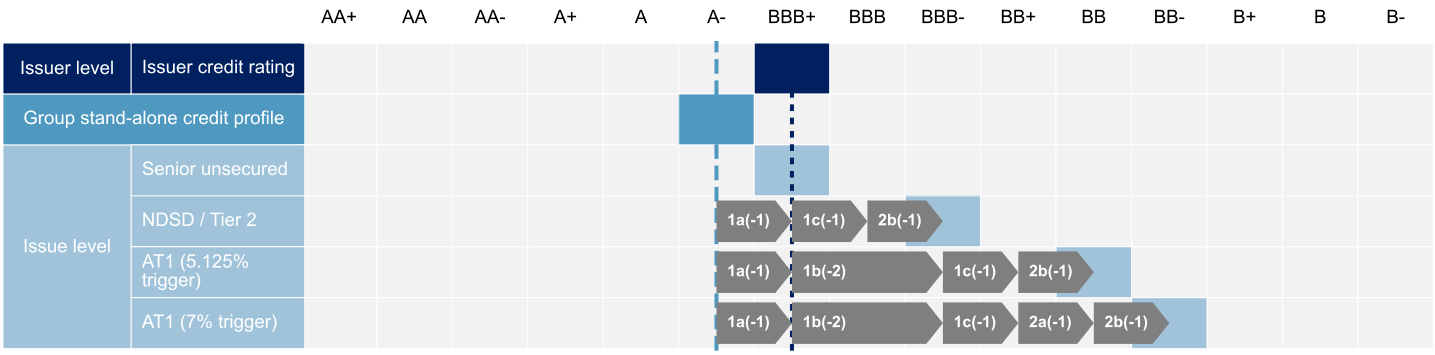
Credit Suisse Group AG: NOHC Notching



Key to notching

- ----- Group stand-alone credit profile
- ------ Issuer credit rating
- 1a Contractual subordination
- 1b Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
- 1c Mandatory contingent capital clause or equivalent
- 2a Mandatory going-concern, regulatory capital-based trigger (either statutory or contractual)
- 2b Other nonpayment or default risk not captured already

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 3 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on July 1, 2019.
The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.
AT1--Additional Tier 1. NDSD--Non-deferrable subordinated debt.

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Key Statistics

Table 1

Credit Suisse Group AG--Key Figures

	--Year-ended Dec. 31--				
(Mil. CHF)	**2022***	**2021**	**2020**	**2019**	**2018**
Adjusted assets	735,597.0	752,640.0	801,159.0	782,341.0	763,931.0
Customer loans (gross)	289,012.0	292,983.0	290,905.0	295,884.0	287,887.0
Adjusted common equity	36,677.0	37,042.0	35,312.4	36,216.0	35,295.0
Operating revenues	4,114.0	21,221.0	21,118.0	20,959.0	19,590.0
Noninterest expenses	3,939.0	14,845.0	15,374.0	15,657.0	15,114.0
Core earnings	N/A	N/A	3,574.1	3,615.0	3,191.0

*Data as of March 31. CHF--Swiss Franc.

Table 2

Credit Suisse Group AG--Business Position

	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Total revenues from business line (currency in millions)	4,412.0	22,696.0	22,389.0	22,484.0	20,920.0
Commercial banking/total revenues from business line	N/A	12.0	11.4	12.1	12.1
Retail banking/total revenues from business line	N/A	28.8	30.4	32.8	32.0
Commercial & retail banking/total revenues from business line	25.1	40.8	41.8	44.9	44.1
Trading and sales income/total revenues from business line	43.9	36.2	41.5	38.8	36.2
Corporate finance/total revenues from business line	N/A	17.2	13.2	10.9	15.2
Asset management/total revenues from business line	34.9	6.4	4.9	7.3	7.4
Other revenues/total revenues from business line	(3.9)	(0.7)	(1.4)	(1.9)	(2.9)
Investment banking/total revenues from business line	43.9	53.4	54.7	49.8	51.4
Return on average common equity	(2.5)	(3.8)	6.2	7.8	4.7

*Data as of March 31. N/A--Not applicable.

Table 3

Credit Suisse Group AG--Risk-Adjusted Capital Framework Data

(Mil. CHF)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government & central banks	165,093.0	1,734.0	1.1	10.0	0.0
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	54,466.0	9,777.0	18.0	12,228.1	22.5
Corporate	155,345.0	81,110.0	52.2	117,675.4	75.8
Retail	203,091.0	34,543.0	17.0	55,302.3	27.2
Of which mortgage	115,229.0	19,812.0	17.2	39,702.0	34.5
Securitization§	62,991.0	13,400.0	21.3	21,472.6	34.1
Other assets†	16,520.0	28,798.3	174.3	27,753.6	168.0
Total credit risk	657,506.0	169,362.3	25.8	234,441.9	35.7
Credit valuation adjustment					
Total credit valuation adjustment	--	5,050.0	--	6,565.0	--
Market Risk					
Equity in the banking book	2,784.0	10,025.0	360.1	19,845.0	712.8
Trading book market risk	--	16,355.0	--	19,401.7	--
Total market risk	--	26,380.0	--	39,246.7	--
Operational risk					
Total operational risk	--	67,625.0	--	63,772.4	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	268,417.3	--	344,026.0	100.0

Table 3

Credit Suisse Group AG--Risk-Adjusted Capital Framework Data (cont.)

Total Diversification/ Concentration Adjustments	--	--	--	(32,437.8)	(9.4)
RWA after diversification	--	268,417.3	--	311,588.3	90.6

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	54,372.0	20.3	49,265.9	14.3
Capital ratio after adjustments‡	54,372.0	20.3	49,265.9	15.8

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital.CHF -- Swiss Franc. Sources: Company data as of 'Dec. 31 2021', S&P Global Ratings.

Table 4

Credit Suisse Group AG--Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Tier 1 capital ratio	19.5	20.3	18.6	17.1	16.2
S&P Global Ratings' RAC ratio before diversification	N/A	14.3	12.4	13.0	11.5
S&P Global Ratings' RAC ratio after diversification	N/A	15.8	13.7	14.3	12.9
Adjusted common equity/total adjusted capital	75.2	75.2	75.2	75.2	78.1
Net interest income/operating revenues	35.5	27.4	28.2	33.5	35.8
Fee income/operating revenues	56.0	56.2	50.2	47.1	54.3
Market-sensitive income/operating revenues	(0.5)	12.6	19.2	13.7	4.9
Cost to income ratio	95.7	70.0	72.8	74.7	77.2
Preprovision operating income/average assets	0.1	0.8	0.7	0.7	0.6
Core earnings/average managed assets	N/A	N/A	0.4	0.5	0.4

*Data as of March 31. N/A--Not applicable.

Table 5

Credit Suisse Group AG--Risk Position

	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Growth in customer loans	(5.4)	0.7	(1.7)	2.8	3.6
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(9.4)	(9.7)	(9.3)	(11.1)
Total managed assets/adjusted common equity (x)	20.2	20.4	22.8	21.7	21.8
New loan loss provisions/average customer loans	(0.2)	1.4	0.4	0.1	0.1
Net charge-offs/average customer loans	0.0	0.1	0.1	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.9	0.8	0.8	0.6	0.6
Loan loss reserves/gross nonperforming assets	50.7	55.6	65.3	50.9	50.1

*Data as of March 31. N/A--Not applicable.

Table 6

Credit Suisse Group AG--Funding And Liquidity

	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Core deposits/funding base	61.4	60.0	52.4	48.8	53.4
Customer loans (net)/customer deposits	74.0	74.6	81.3	91.0	84.2
Long-term funding ratio	88.4	83.3	79.7	74.7	80.0
Stable funding ratio	135.8	132.9	114.9	105.3	112.6
Short-term wholesale funding/funding base	12.6	18.2	22.0	27.3	21.6
Regulatory net stable funding ratio	128.0	127.0	N/A	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	3.5	2.6	1.9	1.5	2.0
Broad liquid assets/total assets	38.3	40.7	34.9	34.5	35.2
Broad liquid assets/customer deposits	72.7	78.6	79.0	83.9	79.3
Net broad liquid assets/short-term customer deposits	52.4	48.5	37.3	28.1	39.1
Regulatory liquidity coverage ratio (LCR) (x)	196.0	203.0	N/A	N/A	N/A
Short-term wholesale funding/total wholesale funding	30.6	42.9	44.0	51.3	44.8
Narrow liquid assets/3-month wholesale funding (x)	5.9	4.3	2.3	1.8	2.4

*Data as of March 31. N/A--Not applicable.

Related Criteria

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 20, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Credit Suisse AG Downgraded To 'A' As Management Reshapes Risk And Return Profile; Outlook Stable, May 16 2022

- Credit Suisse's Supply Chain Funds Collect Further Cash But Valuation Remains Uncertain, April 13, 2021
- After A Big Year, Banks' Capital Markets Revenue Will Likely Fall In 2022, April 12, 2022
- Outsized Hedge Fund Exposure Pushes Credit Suisse To A First-Quarter Loss, April 6, 2021
- Credit Suisse Outlook Revised To Negative On Concerns About The Group's Risk Management, March 30, 2021

Ratings Detail (As Of June 23, 2022)*		
Credit Suisse Group AG		
Issuer Credit Rating		BBB/Stable/NR
Junior Subordinated		B+
Junior Subordinated		BB-
Senior Unsecured		BBB
Issuer Credit Ratings History		
16-May-2022	*Foreign Currency*	BBB/Stable/NR
30-Mar-2021		BBB+/Negative/NR
03-Feb-2015		BBB+/Stable/NR
16-May-2022	*Local Currency*	BBB/Stable/NR
30-Mar-2021		BBB+/Negative/NR
03-Feb-2015		BBB+/Stable/NR
Sovereign Rating		
Switzerland		AAA/Stable/A-1+
Related Entities		
Banco Credit Suisse Mexico S.A.		
Issuer Credit Rating		
CaVal (Mexico) National Scale		mxAAA/Stable/mxA-1+
Casa de Bolsa Credit Suisse Mexico S. A. de C. V.		
Issuer Credit Rating		
CaVal (Mexico) National Scale		mxAAA/Stable/mxA-1+
Credit Suisse AG		
Issuer Credit Rating		A/Stable/A-1
Resolution Counterparty Rating		A+/--/A-1
Senior Unsecured		A
Subordinated		BBB-
Credit Suisse AG (Cayman Islands Branch)		
Issuer Credit Rating		A/Stable/A-1
Resolution Counterparty Rating		A+/--/A-1
Credit Suisse AG (Guernsey Branch)		
Senior Unsecured		A
Credit Suisse AG (London Branch)		
Senior Unsecured		A
Subordinated		BBB-
Credit Suisse AG (New York Branch)		
Issuer Credit Rating		A/Stable/A-1
Resolution Counterparty Rating		A+/--/A-1

Ratings Detail (As Of June 23, 2022)*(cont.)	
Commercial Paper	
Local Currency	A-1
Senior Unsecured	A
Credit Suisse AG (Sydney Branch)	
Senior Unsecured	A
Credit Suisse AG (Tokyo Branch)	
Senior Unsecured	A
Credit Suisse Bank (Europe) S.A.	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Credit Suisse (Deutschland) AG	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Credit Suisse International	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Senior Unsecured	A
Credit Suisse (Schweiz) AG	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Credit Suisse Securities (Europe) Ltd.	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Credit Suisse Securities (USA) LLC	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A/--/A-1
Credit Suisse (Singapore Branch)	
Senior Unsecured	A
Credit Suisse (USA) Inc.	
Issuer Credit Rating	A/Stable/A-1
Senior Unsecured	A

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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