MOODY'S
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CREDIT OPINION
23 August 2016

Update

Rate this Research

RATINGS

Credit Suisse Group AG

Domicile	Zurich, Switzerland
Long Term Debt	Not Available
Type	Not Available
Outlook	Not Available
Long Term Deposit	Not Available
Type	Not Available
Outlook	Not Available

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Credit Suisse Group AG

Quarterly Update

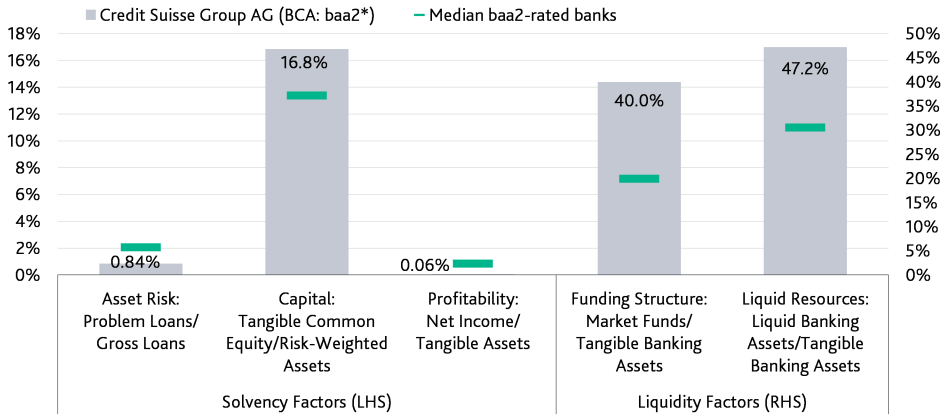
Summary Rating Rationale

Credit Suisse's ratings are supported by the stable earnings and lower risk profile of the bank's large global wealth management franchise and well-positioned domestic Swiss banking franchise, the bank's pro-active approach to risk management, its sound liquidity management and strengthened capital position which we expect the bank to maintain. These strengths help offset the risks posed to creditors by the bank's significant exposure to capital market activities, relatively weak overall profitability, and the execution risk associated with implementing its new strategic plan amidst a challenging market backdrop.

In October 2015, Credit Suisse announced a new strategic plan intended to boost the bank's profitability over the longer term and subsequently raised CHF6 billion in equity. In March 2016, the plan was accelerated. We expect Credit Suisse's profitability to remain weak over 2016 and 2017, reflecting profit challenges stemming from restructuring charges, costs from the wind-down or exit of businesses no longer considered strategic, and the costs of incremental investments for growth. The strategic plan establishes substantial growth ambitions for its Asia Pacific and International Wealth Management businesses.

Credit Suisse's baseline credit assessment of baa2 is in line with the baa2 median of its global investment bank peer group.

Exhibit 1
Rating Scorecard - Key Financial Ratios



*The baa2 BCA relates to Credit Suisse Group AG's operating bank, Credit Suisse AG.
Source: Moody's financial metrics

Credit Strengths

» Strong capital position, aided by significant component of high-trigger contingent capital instruments and recent issuance of additional common shares

» Large global wealth management franchise and well-positioned domestic banking franchise provide significant source of more stable earnings

» Good risk management, with a proactive approach to risk taking, risk limits and controls.

» Sound liquidity position and conservative liquidity management

Credit Challenges

» Weak profitability, and unlikely to improve significantly over the next two years

» Large global capital markets intermediary with a relatively volatile earnings profile and a confidence-sensitive customer base.

» Significant reliance on confidence-sensitive wholesale funding

Rating Outlook

The outlook for Credit Suisse's ratings is stable, reflecting the bank's strong capital position, good risk management, and improving liquidity position, as well as the rating agency's expectation that the implementation of the new strategic plan will be well-controlled and executed. If successful, achieving the new strategic plan will be credit positive for bondholders.

Factors that Could Lead to an Upgrade

» Upward pressure on the bank's ratings could arise if the bank were to successfully achieve a substantial and sustainable improvement in profitability. The ratings could also see upward pressure should the bank significantly reduce the risk profile and its reliance on earnings from its capital market businesses.

» In addition, a significant and permanent increase in the amount of holding company long-term debt outstanding, providing a significant buffer to absorb losses in resolution and reducing the loss-given-failure for both holding company and bank-level senior creditors, could put upward pressure on the senior debt ratings.

Factors that Could Lead to a Downgrade

» The rating could face downward pressure if the bank failed to successfully execute the planned changes to its business model, or were to suffer from a significant control or risk management failure, or materially increase its risk appetite.

» The ratings could also face further downward pressure in the event of a significant decline in the Swiss economy, or a deterioration in the bank's capital or liquidity profile.

Key Indicators

Exhibit 2
Credit Suisse Group AG (Consolidated Financials) [1]

	6-16[2]	12-15[2]	12-14[2]	12-13[2]	12-12[3]	Avg.
Total Assets (CHF billion)	815.0	813.8	912.9	862.8	916.4	-2.9[4]
Total Assets (EUR billion)	753.0	748.4	759.2	704.1	759.4	-0.2[4]
Total Assets (USD billion)	836.5	813.0	918.7	970.2	1001.1	-4.4[4]
Tangible Common Equity (CHF billion)	45.8	47.5	42.5	39.9	26.4	14.8[4]
Tangible Common Equity (EUR billion)	42.3	43.6	35.4	32.6	21.8	18.0[4]
Tangible Common Equity (USD billion)	47.0	47.4	42.8	44.9	28.8	13.1[4]
Problem Loans / Gross Loans (%)	0.8	0.7	0.5	0.6	0.7	0.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.8	16.3	14.9	15.0	11.0	15.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	4.9	4.1	3.2	3.6	6.3	4.4[5]
Net Interest Margin (%)	1.3	1.4	1.3	1.2	0.9	1.2[5]
PPI / Average RWA (%)	0.1	0.7	0.9	1.5	1.5	0.8[6]
Net Income / Tangible Assets (%)	0.1	0.2	0.3	0.4	0.4	0.3[5]
Cost / Income Ratio (%)	98.2	91.7	89.2	82.5	84.1	89.1[5]
Market Funds / Tangible Banking Assets (%)	40.0	40.0	42.3	40.1	45.4	41.6[5]
Liquid Banking Assets / Tangible Banking Assets (%)	47.9	47.2	49.7	50.4	52.2	49.5[5]
Gross loans / Due to customers (%)	89.8	89.8	86.4	83.6	85.2	87.0[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel III - fully-loaded or transitional phase-in; US GAAP [3] Basel II; US GAAP [4] Compound Annual Growth Rate based on US GAAP reporting periods [5] US GAAP reporting periods have been used for average calculation [6] Basel III - fully-loaded or transitional phase-in & US GAAP reporting periods have been used for average calculation
Source: Moody's Financial Metrics

Detailed Rating Considerations

LARGE GLOBAL INVESTMENT BANKING ACTIVITIES CONSTRAIN CREDITWORTHINESS; GROWTH AMBITIONS COULD POSE ADDITIONAL RISK IF NOT EXECUTED PRUDENTLY

As a part of its new strategic plan, Credit Suisse announced a restructuring of its Investment Bank (IB) operations with several components. These include: (1) the scaling back of several businesses, most notably in Macro; (2) the transfer of businesses to be exited/wound-down, including the legacy IB Non-Strategic Unit, to a separate Strategic Resolution Unit; (3) the combination of the Asia Pacific IB business with the bank's Asia Pacific Private Banking & Wealth Management business into a separate regionally focused Asia Pacific business segment; and (4) the division of the remaining global IB businesses into two separate business segments - Global Markets (GM) and Investment Banking and Capital Markets (IBCM).

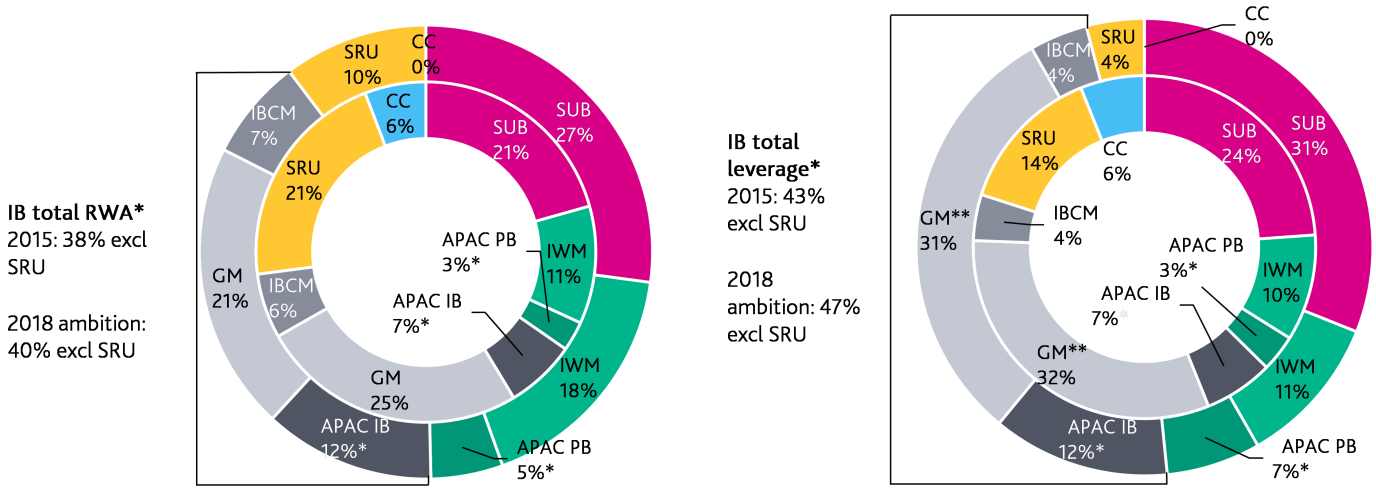
In March 2016, Credit Suisse accelerated its strategic plan and announced deeper cuts to the Global Markets business on the back of a more challenging operating environment than when the plan was originally announced in October 2015. Management's update identified further cost takeout and reductions in its outsized and illiquid credit positions in its GM business. This strategy update did not affect our assessment of CS' broader restructuring exercise, as we expected the unwinding of non-core assets and reduction of the capital markets activities outlined with the October 2015 strategy update to weigh on earnings, especially in 2016.

By exiting activities where returns do not exceed the cost of capital, the new strategic plan is expected to modestly reduce Credit Suisse's reliance on earnings from capital markets activities. However, the bank will still remain more reliant on earnings from its capital markets activities than many of its large universal bank peers. We estimate that post-restructuring, the capital markets business segments (spread across the GM, IBCM, APAC IB (Asia Pacific Investment Bank) and SUB IB (Swiss Universal Bank Investment Bank) will account for around 40% of total risk-weighted assets and 50% of leverage exposure (see Exhibit 3). We believe the bank's exposure to global investment banking activities will continue to pose risks for creditors due to the volatile revenue profile, the inherent risk-management and risk-governance challenges, opacity of risk taking, and the confidence-sensitivity of their customer and funding franchises.

Exhibit 3

Post-Restructuring, Capital Markets Still Expected to Command a High Share of RWA (left hand side) and Leverage Exposure (right hand side)

Inner circles show end-2015 and outer circles show Credit Suisse's end-2018 ambition



SUB: Swiss Universal Bank, IWM: International Wealth Management, APAC PB: Asia PacificPrivate Banking, APAC IB: Asia Pacific Investment Banking, GM: Global Markets; IBCM: Investment Banking and Capital Markets, SRU: Strategic Resolution Unit, CC: Corporate Center *Split of APAC is Moody's estimate based on Q3 2015 pro-forma disclosure. Source: Credit Suisse Q4 2015 results presentation and 2011- Q32015 Restatement document, Moody's estimates. **GM values and total RWA and leverage exposure denominator reflect Moody's estimates including the end-2016 targets as an estimate for the end-2018 ambition

Source: Credit Suisse Q4 2015 results presentation and Q3 2015-2011 Restatement document, March 2016 Strategy Update Accelerating the Restructuring, Moody's estimates

Following the acceleration of the strategy announced in March 2016, the SRU took on a further USD 7 billion in RWAs and USD 36 billion in leverage exposures from GM in the second quarter of 2016. Including this top-up and on a restated basis, look-through risk-weighted assets reduced by CHF7.6 billion in the second quarter to CHF56.5 billion.

Historically the bank has had a low level of asset risk within its wealth management and Swiss banking businesses, as reflected in the low problem loans ratio reported by the bank. However, the bank's new growth targets could expose the bank to greater asset risks in the non-investment banking units.

Historically, we have considered Credit Suisse's pro-active approach to risk management as a critical strength supporting the bank's ratings. In the context of the bank's major restructuring and following an incident in early 2016 in which certain illiquid risk positions were not apparent to senior management we have reduced the notching for Asset Risk by one notch to baa2, a score in-line with many of the bank's peers. We continue to view the bank's risk management as good. We incorporate within the Asset Risk score the low problem loans ratio and also the market, counterparty and operational risks intrinsic to the investment banking business.

Moody's considers capital markets activities to be both opaque and potentially volatile, posing significant challenges for the management of such firms. This structural weakness results in a one-notch negative qualitative adjustment to the BCA in respect of opacity and complexity, an adjustment shared with all large global investment banks.

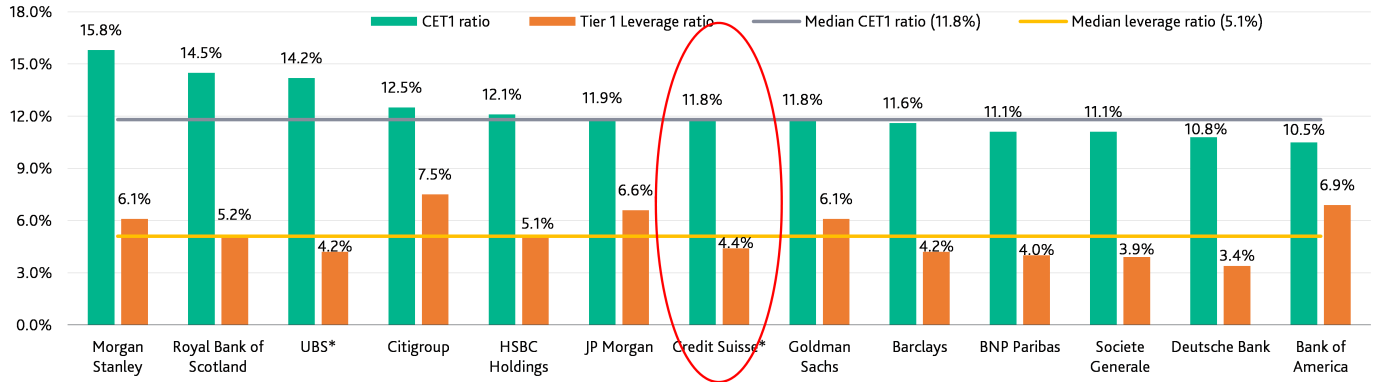
RISK-BASED CAPITAL A STRENGTH AND LEVERAGE NO LONGER A RATINGS CONSTRAINT

Over the past three years Credit Suisse's Basel III risk-based capital ratios have improved significantly, aided by substantial reductions in risk-weighted assets as well as the issuance of a large amount of high-trigger contingent capital instruments. Nonetheless, the bank's Basel III CET1 ratio of 10.1% at end-September 2015 (on a look-through basis based on Swiss capital rules) was at the lower-end of its peers, as was the bank's leverage ratio. However, as part of the new strategic plan, Credit Suisse issued CHF 6.0 billion in additional common equity at the end of 2015. At end-June 2016 Credit Suisse reported an 11.7% CET1 ratio under look-through Swiss rules (up 40 basis points from end-2015), a 3.3% CET1 Leverage ratio, and a Tier 1 leverage ratio of 4.4%[1], levels more consistent with its global peers following the capital raise and losses taken in the fourth quarter of 2015 and the first quarter of 2016.

Credit Suisse' CET1 ratio of 11.8% (BIS definition) is in-line with the Global Investment Banks (GIBS) median (11.8%), and its Tier 1 leverage ratio (BIS definition) is slightly above the European GIBS median (4.2%) but below the GIBS median (5.1%)(see Exhibit 4). Including high and low-trigger Tier 2 securities which are being grandfathered under the new Swiss capital regime, Credit Suisse' leverage ratio (Swiss rules)[2] was 5.1% at end-June 2016.

Exhibit 4

Common Equity Tier 1 (CET1) ratio and Tier 1 Leverage Ratio for Global Investment Banks, End-June 2016



*BIS definition. CET1 ratio and Leverage ratio on a look-through/fully-loaded basis. Medians include Credit Suisse.
Source: Company results presentations and financials, Moody's

As a part of its new strategic plan Credit Suisse has outlined a number of steps, including further reductions in leverage, the possible IPO of a minority stake (20-30%) in its Swiss legal entity[3], and additional capital retention, to further boost its capital ratios in order to exceed new Swiss capital requirements[4] and to position the bank for further risk-weighted assets inflation due to regulatory and methodology changes.

Moody's includes high-trigger capital instruments in our calculation of tangible common equity (TCE) but excludes all other hybrid instruments[5]. Credit Suisse's TCE / risk-weighted assets (RWA) ratio increased to 16.8% at end-June 2016 relative to 16.3% at end-2015, significantly up from 14.9% at end-2014.

We expect the bank's stronger capital position to be sustained or increased in light of the higher capital requirements recently announced by the Swiss government, and the need to accrete capital in light of anticipated RWA inflation from proposed Basel III changes, and may be further bolstered by other capital actions over 2016 to 2017. We see the stronger capital buffers as an important protection for creditors during the implementation of the group's new strategic plan.

Our assigned Capital score of aa2 reflects the strengthened capital position and leverage ratio and our expectation that a more conservative approach to capital management will help to sustain this strength, reducing risks for the bank's creditors.

WE EXPECT PROFITABILITY TO REMAIN WEAK DURING 2016 AND 2017

Credit Suisse's earnings have been under pressure for several years stemming from the combined effect of the low interest rate environment, restructuring charges, litigation and regulatory charges, losses in non-strategic units, and low levels of client activity. Although the bank has realized significant cost savings from the efficiency initiatives undertaken following the financial crisis, increased compliance and regulatory costs have at least temporarily offset much of the benefit of those savings.

While the new strategic plan is intended to boost the bank's profitability over the longer term, the plan's costs make any near-term improvements less likely. We expect that Credit Suisse's profitability will remain weak over the next two years, stemming from restructuring charges and other "costs to achieve"[6]. Based on Moody's standard adjustments, we expect the bank's return on tangible assets will likely average 0.3% during 2016, relative to 0.4% for the first nine months of 2015.

If Credit Suisse achieves its strategic plan's 2018 earnings targets on a sustainable basis, the improved profitability would be positive for creditors. Nonetheless, environmental factors beyond management's control could still derail or delay success. One such consideration is the risk of additional litigation charges, most notably related to the bank's US residential mortgage-backed securities (RMBS)

activities prior to the financial crisis. While difficult to estimate, we believe such charges could be sizeable given the bank's significant market share in US RMBS underwriting during that period. At end-2015 the bank had reserved CHF 1.6 billion for future litigation expense, and it added CHF159 million of net litigation provisions during the first six months of 2016. However, at end-June 2016 the bank estimated a range of zero to CHF 2.1 billion for possible future litigation expense not yet accrued.

Our assigned Profitability score of ba2 reflects our expectation of continued weakness in profitability over 2016 to 2017. Any Brexit-related revenue impacts or costs associated with reconfiguring the business are not expected to materially affect our scoring of Credit Suisse's profitability nor the overall rating level.

LIQUIDITY POSITION IS SOUND, ALTHOUGH WHOLESALE FUNDING RELIANCE REMAINS SIGNIFICANT

Credit Suisse maintains a sound liquidity position and has recently taken steps to strengthen it further by terming out more of its short-term funding in response to heightened regulatory requirements. This is reflected in the bank's Basel III Liquidity Coverage Ratio (LCR) which has strengthened considerably over the course of 2015. The bank reported an average LCR of 172% for the three months ending June 2016, up from 151% the previous quarter and relative to the bank-specific regulatory minimum requirement of 110% at all times. The bank does not disclose its estimated Basel III Net Stable Funding Ratio (NSFR). This added liquidity helps support the firm's establishing a US intermediate holding company (IHC) with adequate liquidity.

Liquid banking assets at end-2015 were 47% of tangible banking assets, down slightly from 50% at end-2014. The bank's liquidity pool of highly liquid assets (HQLA) net of stress level haircuts amounted to CHF175 billion at end-2015 and rose to CHF195 billion at end-June 2016. We assign a Liquid Resources score of aa3 to reflect these factors.

Market funding reliance has declined over the past several years, from 51% at end-2011 to 40% at end-2015, as the bank has worked to de-lever its balance sheet, and we expect this trend to continue in light of management's leverage targets. Nonetheless, the bank's overall volume of secured and unsecured wholesale funding is substantial, which results in an unadjusted Funding Structure score of ba2.

CREDIT SUISSE'S BCA IS SUPPORTED BY ITS STRONG+ MACRO PROFILE

Whilst nearly three-quarters of Credit Suisse's revenues are derived from activities in Switzerland and North America, operating environments to which we assigned Very Strong- macro profiles, this is partly offset by the bank's sizeable operations in other European countries (Strong) and in the Asia Pacific region (Strong-), which have weaker macro profiles. This results in a Strong+ weighted macro profile for Credit Suisse. Although Credit Suisse's new strategic plan will likely result in some reduction in the contribution from North America and the rest of Europe, and an increase in the contribution from Switzerland and Asia Pacific, we do not expect these changes to be of such a magnitude to change the weighted macro profile. Within Europe, the UK (Very Strong-) accounts for a large portion of Credit Suisse's European revenues and pre-tax profit.

Notching Considerations

Loss Given Failure

Credit Suisse and Credit Suisse Group AG are subject to the Swiss bank resolution framework, which we consider to be an Operational Resolution Regime. Under our Banks rating methodology we apply Advanced LGF analysis to the liability structures of banks subject to operational resolution regimes.

Under the Swiss resolution regime, junior deposits are preferred to senior unsecured debt. As a result of our LGF analysis, we believe that Credit Suisse AG's junior deposits are likely to face extremely low loss-given-failure due to the loss absorption provided by senior unsecured and subordinated debt at the bank and holding company level, as well as the substantial volume of junior deposits themselves. As a result, the bank's A1 long-term deposit ratings receive three notches of uplift from the bank's baa2 BCA, plus one additional notch due to a moderate likelihood of government support (see Government Support section below).

Credit Suisse AG's senior unsecured debt is rated at A2, reflecting two notches of uplift from the baa2 BCA due to a very low loss-given-failure and one notch due to moderate government support. Although less well protected than bank depositors, we believe the significant amount of bank-level senior unsecured debt outstanding nonetheless would allow for losses in resolution to be spread across a larger volume of creditors, lowering the severity of loss for individual senior bank creditors.

The Baa3 rating for senior unsecured debt guaranteed by Credit Suisse Group AG is rated one notch below the baa2 BCA, reflecting our view that such obligations are likely to face a high loss-given-failure due to the relatively modest amount of senior holding company debt outstanding, as well as the limited protection from subordinated instruments. As noted below, in a Swiss bank resolution we expect the probability of government support for holding company obligations is low.

In response to recent regulatory changes, including most notably, the Swiss "gone concern" Too Big To Fail (TBTF) capital requirements and the Financial Stability Board's Total Loss Absorbing Capital (TLAC) rules, Credit Suisse has already begun to, and is expected to continue to issue a significant volume of long-term holding company debt over the next several years which will provide a larger buffer to absorb losses in resolution. We expect it will take within a year before this buffer is of sufficient magnitude to significantly further reduce the likely loss-given-failure for bank and holding company senior creditors. We therefore have not increased the amount of ratings uplift incorporated into the bank's senior debt ratings to reflect a lower loss-given-failure due to future issuance, although additional uplift may be possible in the future once issuance approaches levels consistent with this added loss absorbency.

For junior securities issued or guaranteed by Credit Suisse AG or Credit Suisse Group AG, our LGF analysis indicates a high loss-given-failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity. We incorporate additional notching for junior subordinated and preference share instruments reflecting the risk of coupon suspension and distressed exchange prior to a potential resolution.

Government Support

Swiss authorities have made significant progress[7] in implementing a credible and flexible bank resolution framework that includes provisions for burden-sharing with senior creditors. With most of the legal framework now in place, we believe there is a low likelihood of government support for parent holding company debt issued (or guaranteed) by Credit Suisse Group AG. This reflects the resolution objectives of Swiss authorities, who have espoused single point of entry (SPE) resolution as their preferred strategy, exposing holding company creditors to loss in order to shield the bank's own senior creditors and depositors.

The deposit and senior debt ratings for Credit Suisse AG and its branches benefit from one notch of government support uplift, reflecting our view that there remains a moderate probability of government support for those ratings classes at the operating company level. For junior securities issued or guaranteed by Credit Suisse AG or Credit Suisse Group AG, the potential for government support is low and the ratings on those securities do not include any related uplift.

Counterparty Risk Assessment[8]

Credit Suisse AG's CR Assessment is A1(cr)/P-1(cr). The CR Assessment, prior to government support, is positioned three notches above the bank's BCA of baa2, based on the substantial cushion against default provided to the senior counterparty obligations by more junior instruments. In a Swiss bank resolution, we expect that operational liabilities will rank above senior unsecured debt, but below junior deposits. Since the CR Assessment captures the probability of default on certain senior operational obligations, rather than expected loss, we focus purely on subordination and take no account of the volume of the instrument class. Credit Suisse AG's CR Assessment also benefits from one notch of government support, in line with our moderate support assumption for long-term deposits and senior unsecured debt at the bank.

Rating Methodology and Scorecard Factors

Exhibit 5

Credit Suisse Group AG						
Macro Factors						
Weighted Macro Profile	**Strong +**					
Financial Profile						
Factor	**Historic Ratio**	**Macro Adjusted Score**	**Credit Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.80%	aa2	←→	baa2	Market risk	Operational risk
Capital						
TCE / RWA	16.80%	aa2	←→	aa2	Expected trend	
Profitability						
Net Income / Tangible Assets	0.10%	b3	↑ ↑	ba2	Expected trend	Earnings quality
Combined Solvency Score		a2		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	40.00%	ba2	←→	ba2	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	47.20%	aa3	←→	aa3	Stock of liquid assets	
Combined Liquidity Score		baa2		baa2		
Financial Profile				**baa1**		
Qualitative Adjustments				**Adjustment**		
Business Diversification				0		
Opacity and Complexity				-1		
Corporate Behavior				0		
Total Qualitative Adjustments				**-1**		
Sovereign or Affiliate constraint				Aaa		
Scorecard Calculated BCA range				**baa1 - baa3**		
Assigned BCA				**baa2**		
Affiliate Support notching				**0**		
Adjusted BCA				**baa2**		
Instrument Class	**Loss Given Failure notching**	**Additional notching**	**Preliminary Rating Assessment**	**Government Support notching**	**Local Currency rating**	**Foreign Currency rating**
Deposits	3	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a3	1	A2	A2
Senior unsecured holding company debt	-1	0	baa3	0		(P)Baa3
Dated subordinated bank debt	-1	0	baa3	0	Baa3	(P)Baa3
Dated subordinated holding company debt	-1	0	baa3	0		(P)Baa3

Source: Moody's Financial Metrics

Ratings

Exhibit 6

Category	Moody's Rating
CREDIT SUISSE GROUP AG	
Outlook	Stable
Senior Unsecured MTN	(P)Baa3
Subordinate Shelf	(P)Baa3
CREDIT SUISSE AG	
Outlook	Stable
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2
Senior Unsecured	A2
Subordinate -Dom Curr	Baa3
Commercial Paper	P-1
Other Short Term	(P)P-1
CREDIT SUISSE AG (LONDON) BRANCH	
Outlook	Stable
Bank Deposits	A1/--
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured	A2
Subordinate	Baa3
Other Short Term	(P)P-1
CREDIT SUISSE GROUP FUNDING (GUERNSEY) LTD	
Outlook	Stable
Bkd Senior Unsecured	Baa3
CREDIT SUISSE AG (GUERNSEY) BRANCH	
Outlook	Stable
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured	A2
Jr Subordinate	Baa3 (hyb)
Pref. Stock Non-cumulative	Ba2 (hyb)
Other Short Term	(P)P-1
CREDIT SUISSE AG (SYDNEY) BRANCH	
Outlook	Stable
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured -Dom Curr	A2
Commercial Paper	P-1
CREDIT SUISSE INTERNATIONAL	
Outlook	Stable
Bkd Bank Deposits	A1/P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2
Senior Unsecured	A2
CREDIT SUISSE AG (NASSAU) BRANCH	
Outlook	Stable
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured	A2
Subordinate MTN	(P)Baa3
Other Short Term	(P)P-1
CREDIT SUISSE AG (TOKYO) BRANCH	
Outlook	Stable
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured -Dom Curr	A2
CREDIT SUISSE GROUP FINANCE (GUERNSEY) LTD.	
Outlook	Stable
Bkd Senior Unsecured	Baa3

Bkd Jr Subordinate -Dom Curr	Ba1 (hyb)
CREDIT SUISSE (USA) INC.	
Outlook	Stable
Bkd Senior Unsecured	A2
CREDIT SUISSE GROUP FINANCE (US) INC.	
Bkd Subordinate	Baa3
DLJ CAYMAN ISLANDS LDC	
Bkd Senior Unsecured	A2

Source: Moody's Investors Service

Endnotes

1 Leverage ratios under look-through BIS definition

2 Look-through Swiss rules

3 Credit Suisse (Schweiz) AG

4 The Swiss Federal Council approved final rules in May 2016 revising the capital requirements for both Credit Suisse and UBS. The required CET1 risk-based ratio is unchanged at 10.0%, but the required Tier 1 leverage ratio will increase to 5.0% with the portion attributed to CET1 increasing to 3.5% from 2.4%, while the rest will have to be met with high-trigger AT1 instruments. The new requirements will phase in through 2019. The stronger leverage requirement is positive for Credit Suisse's creditors.

5 This reflects our view that high-trigger instruments are available to absorb losses on a going concern basis, while low-trigger instruments and other hybrids are likely to be available to absorb losses only in a bank resolution, i.e. at the point of non-viability.

6 Such as costs from the wind-down or exit of businesses no longer considered strategic, and the costs of incremental investments for growth.

7 This progress, including the ongoing efforts towards making the largest Swiss banks, including Credit Suisse, resolvable by establishing holding company structures and creating a Swiss banking subsidiary, are important steps in overcoming the main obstacles to their resolvability; namely their global reach and high interconnection with other parts of the financial system.

8 CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

REPORT NUMBER 1034526

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