S&P Global Ratings

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Credit Suisse Group AG and Credit Suisse AG

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Credit Suisse Group AG and Credit Suisse AG

Ratings Score Snapshot

Issuer Credit Rating
BBB-/Stable/NR

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

Anchor	a-	
Business position	Moderate	-1
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-2
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

Overview

Key strengths	Key risks
Comfortable capital levels backed by a capital raise providing a buffer against tail-risk amid the restructuring and large additional loss-absorbing capital (ALAC).	Material execution risks related to the deep, multi-year restructuring plan to address the persistently underperforming investment bank and elevated cost base.
Stable earnings from its solid franchise in Swiss retail, private, and corporate banking.	Persistent underperformance against peers with no rapid improvement in sight and evidence of a weakening franchise in wealth management as seen by sizable asset outflows.
Demonstrated sound asset quality in the core lending business and a highly collateralized lending book.	Repeated failures in risk management and governance, and high turnover of senior management, which impede customer confidence.

The group is undergoing a fundamental restructuring to address persistently underperforming investment bank and elevated cost base. Through its transformation plan, announced in October 2022, Credit Suisse intends to transition to a more resilient and capital-efficient business model that primarily focuses on wealth management, asset management, and Swiss banking by 2025. The group expects the restructuring of the investment bank will reduce the investment bank's capital allocation by about 40% by 2025, which will improve the quality and stability of total revenues over the longer run. In its investment bank, Credit Suisse will retain only areas with high connectivity to other integral businesses,, particularly Cross Asset Investor Products, equities, and foreign exchange. The group has entered into the agreements to sell a majority interest in its securitized products business and it plans to carve out capital markets and advisory businesses into a separate entity, CS First Boston. A noncore unit will manage down other assets that are not commensurate with the new strategy. Improved cost efficiency is one of management's further priorities, and the group targets Swiss franc (CHF) 2.5 billion of net savings by 2025 (excluding the impact of divestments).

We see material execution risks in the transformation plan. In our view, the restructuring measures are more decisive than previous attempts and could establish a simpler, more stable, and less risky bank. However, we see significant execution risks given the complexity of the multi-year program and the difficult economic and market environment, which could adversely affect the speed and costs of the run-down of noncore assets.

We think Credit Suisse's banking franchise has weakened compared with its peers active in capital markets and wealth management. Credit Suisse's operating performance so far in 2022 has been poor, with no quick recovery in sight, mainly reflecting upcoming restructuring costs and non-core unit run-down. While many global peers have also reported lower returns, in our view, the economic downturn has hit Credit Suisse harder. The wealth management business continues to underperform peers, impeded by the sector-wide reduction in asset values and client activity as well as its elevated, inflexible cost base and a less resilient, transaction-based, revenue mix. We expect Credit Suisse to underperform its peers for the medium term at least.

The continued net asset outflow highlights the business' sensitivity and puts pressure on management to quickly deliver the restructuring plan to recover market confidence. Client activity remains subdued in the wealth management and Swiss Bank divisions, and these market conditions will likely continue in the coming months. Credit Suisse began experiencing deposit and net asset outflows in the first two weeks of October 2022 at levels that substantially exceeded the rates incurred in the third quarter of 2022. At the group level, as of Nov. 11, 2022, net asset outflows were approximately 6% of assets under management at the end of the third quarter of 2022. In wealth management, these outflows have reduced substantially from the elevated levels of the first two weeks of October 2022 although they have not yet reversed, and were approximately 10% of assets under management at the end of the third quarter of 2022. In the Swiss Bank, client balances have stabilized and were approximately 1% of assets under management at the end of the third quarter of 2022.

A CHF4 billion capital raise partly mitigates our assessment of downside risks. In our view, maintaining a solid capital and liquidity position through the transformation is critical to the bank's wealth management franchise, increasing client confidence and reducing the risk of further franchise deterioration. The underwritten capital raise will add about 140 basis points to the reported 12.6% Common Equity Tier 1 (CET1; pre-Basel III) ratio as of Sept. 30, 2022, and Credit Suisse expects to maintain it above 13% as it executes the transformation plan through to 2025, targeting 13.5% by end-2025. This trajectory should maintain our risk-adjusted capital (RAC) ratio comfortably above 10% despite the poor earnings outlook.

Outlook

The stable outlooks reflect our expectation that Credit Suisse will maintain robust capital, funding, and liquidity positions to mitigate the risks inherent in the implementation of the new

strategy. We expect the bank will steadily execute its transformation plan, delivering on the targets that are fully within its control (such as cost cutting) and applying strong risk management and governance to the investment bank downsizing.

Downside scenario

We could lower the ratings on Credit Suisse Group AG and its operating subsidiaries over the next 12-24 months if:

- The bank fails to stabilize and rebuild confidence in its core businesses and its reshaped franchise is materially weaker than we currently anticipate. We will assess flows in assets under management and deposits relative to peers, liquidity buffers, and the maintenance of strong risk management and governance controls to mitigate further reputational damage;
- Our RAC ratio falls materially closer to the 10% threshold, potentially triggered by higher-than-expected losses during the early phase of restructuring or poor execution of the plan if the cost-cutting program and investment bank restructuring fail to achieve their early milestones.

Upside scenario

We are unlikely to upgrade Credit Suisse over the next 12-24 months, but we could take this action if we saw swift, sustainable progress in the restructuring and a materially more stable franchise with resilient earnings and a better risk-return profile. This would also involve the group sustaining strong capital, ample liquidity buffers, and disciplined governance and risk management.

Key Metrics, S&P Estimates

Credit Suisse Group AG--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in operating revenue	0.8	0.5	(30.6)-(33.9)	4.1-4.5	1.7-1.9
Growth in customer loans	(1.7)	0.7	(2.7)-(3.3)	(6.3)-(7.7)	(6.3)-(7.7)
Cost to income ratio	72.8	70.0	107.7-113.3	96.0-101.0	87.8-92.3
Return on average common equity	6.2	(3.8)	(15.5)-(17.1)	(3.8)-(4.2)	0.5-0.6
Return on assets	0.3	(0.2)	(0.8)-(1.0)	(0.2)-(0.2)	0.0-0.0
New loan loss provisions/average customer loans	0.4	1.4	0.0-0.0	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans	0.8	0.8	0.8-0.9	0.9-1.0	0.9-1.0
Risk-adjusted capital ratio	12.4	14.3	10.0-15.0	10.0-15.0	10.0-15.0

All figures are S&P Global Ratings-adjusted. a--Actual. 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.

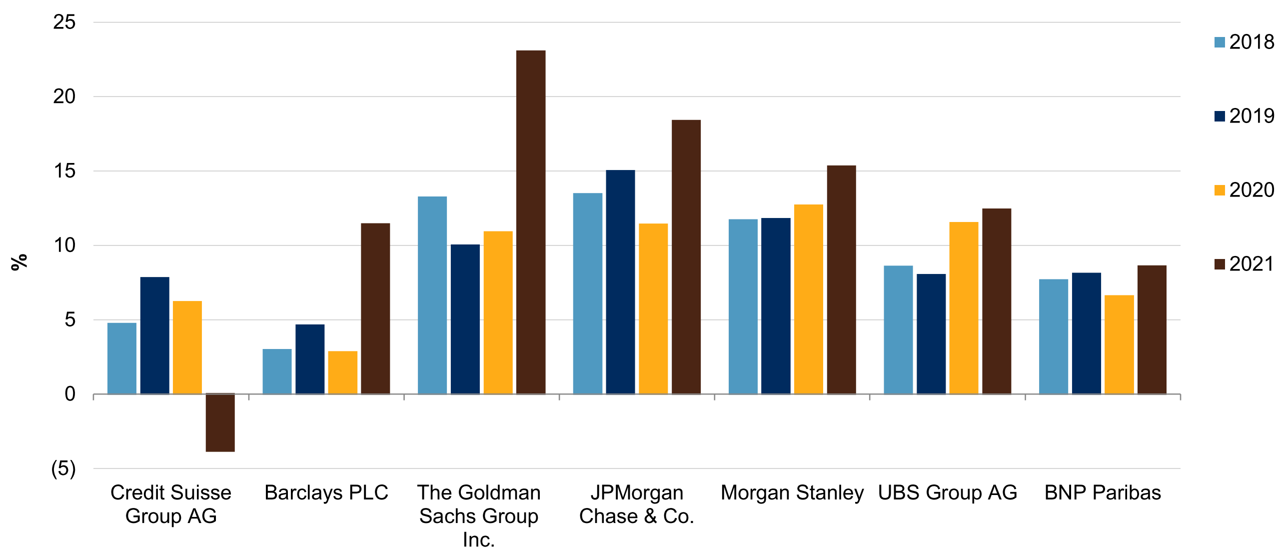
We establish a weighted-average economic risk score of '3' for Credit Suisse's mix of exposures, on a scale of '1' to '10' ('1' being the lowest risk). The '3' score for Credit Suisse is weaker than the '2' we assign for banks operating only in Switzerland, but not to the extent that it would negatively affect the anchor. We also do not anticipate any changes to the anchor from announced restructuring measures, which also include the wind-down of non-core assets.

Business Position: Poor Performance And Weakening Franchise Constrain The Assessment

For the medium term at least, we see Credit Suisse falling behind domestic and international peers in terms of the competitive position and risk-return. There are also tail risks to the financial forecast, if the management team does not succeed in reinforcing customers' and investors' trust, resulting in the continued erosion of the franchise. We think that ultimately the restructuring, if executed successfully, could improve the business stability and sustainably reduce tail-risk to earnings. In the transition phase, it remains essential to preserve high capital, funding and liquidity buffers to regain trust and to stabilize the group. The CHF4 billion capital raise in this context, is a crucial building block at the early stage of the restructuring.

Chart 1

Credit Suisse's Returns Likely To Remain Weakest In The Peer Group Medium Term
Return on average common equity



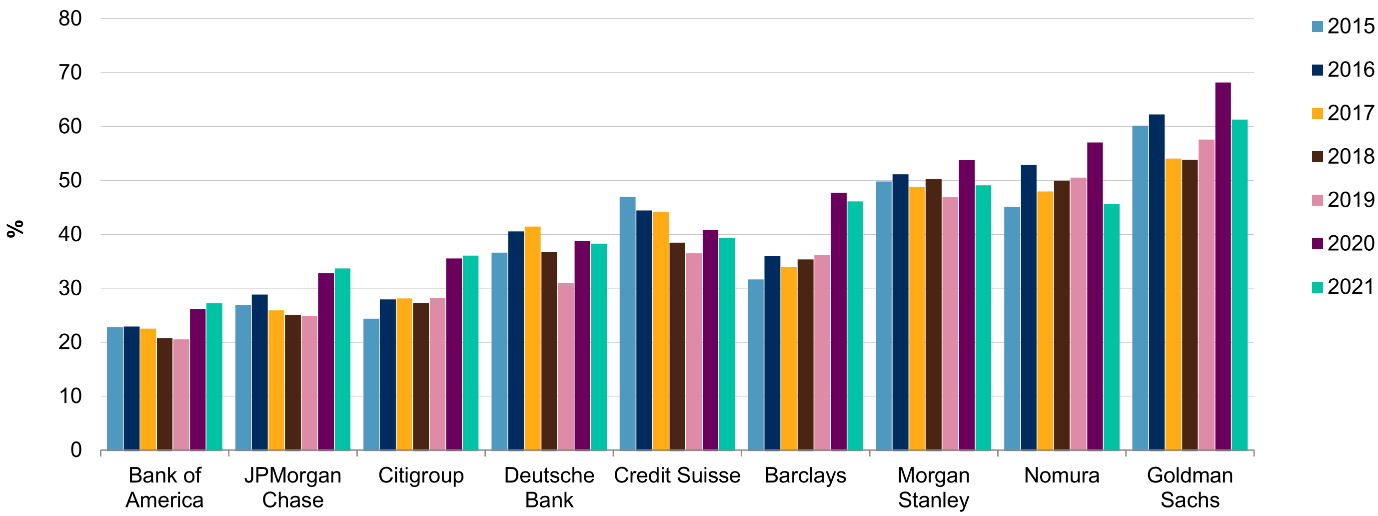
Source: S&P Global Ratings.

We consider that Credit Suisse's business position continues to be supported by its large franchise in Switzerland, while its position in wealth management has deteriorated. Over the past years, domestic business and wealth management activities contributed on average to about 60% of revenue and two-thirds of risk-weighted assets (RWAs). While all the group's segments have been hit by the recent confidence deterioration, Credit Suisse remains one of the leading retail, private, and corporate banks in Switzerland. Credit Suisse also ranks as one of the largest global wealth managers, however, 2022 financials up to date and the forecast of a net loss for fourth quarter (Q4) 2022 indicate a setback to the wealth management division from declined customer confidence, sensitivity to the operating environment, dependence on transactional fees, and an inflexible cost base.

Chart 2

Bottom Line Is Likely to Become More Stable As Restructuring Progresses, With Declining Share Of Investment Banking Revenues

Capital markets revenue to total revenue



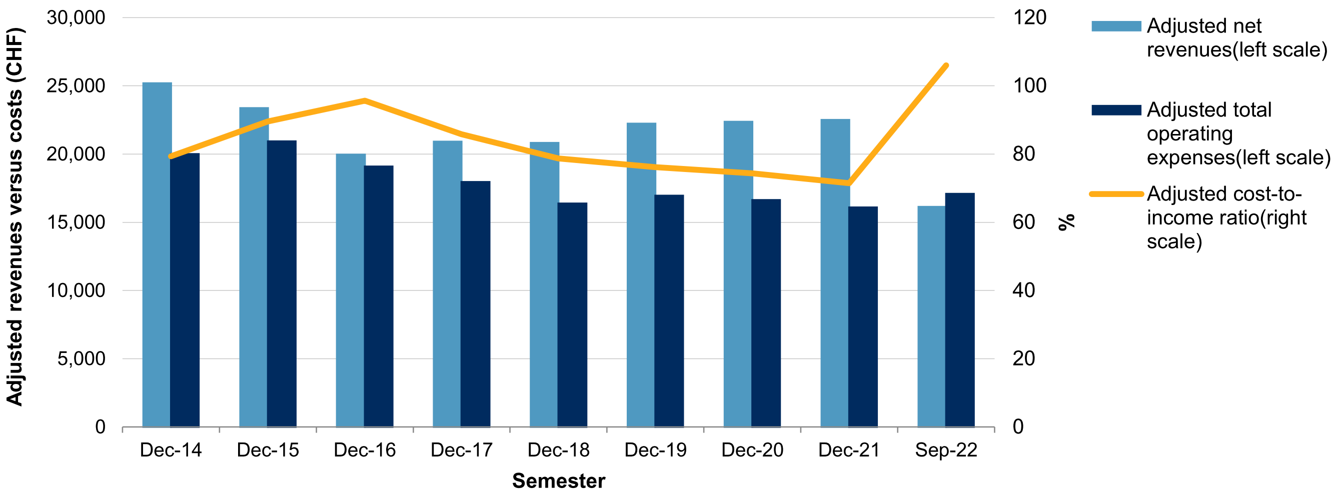
Note: Data for Credit Suisse based on new segment reporting from 2018. In 2019, Deutsche Bank exited equities sales and trading business. Nomura fiscal year ends in March. Data for Nomura for 2020 is as of six months ended September 2020. Source: Company disclosures and S&P Global Ratings.

We expect the group to report losses in 2022 and 2023, reaching break-even only in 2024. Our forecast reflects strong pressure on the revenue-generating asset base from sizable net outflows and weak markets, depressed 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 high restructuring costs. If management's strategy proves successful, from 2024, profitability should start recovering as the restructuring pays out, but the degree of success will depend on how supportive the markets are, in our view. Events in connection with the Supply Chain Finance Fund and losses related to the U.S. fund manager highlight that the group's business model is inherently exposed to tail risks. We expect the likelihood of such risks materializing to decrease in line with the restructuring progress, but that the group will remain exposed to strategic, legal, and reputational risks, as also relevant for many of its internal peers active in capital markets and wealth management.

Chart 3

Deterioration Of Metrics Medium Term Amid Restructuring Measures And Difficult Operating Environment

Credit Suisse group (consolidated)--RTM revenues and expenses



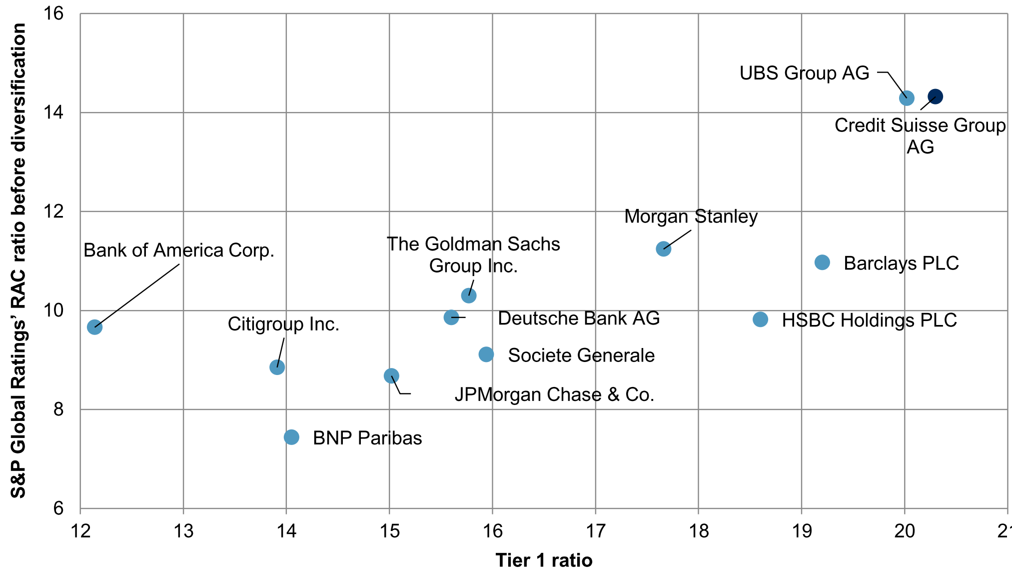
Source: Credit Suisse disclosure and S&P Global Ratings. Figures are based on Credit Suisse's adjusted net revenues and operating expenses. They exclude fair value impact from movements in their own credit spreads, real estate gains, and gains/losses on business sales, goodwill impairments, restructuring 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.

Capital And Earnings: Strong Capitalization Protects Against Tail Risks And Is A Key Rating Strength

Our assessment primarily reflects the group's strong capital ratios, which we expect to persist throughout the restructuring. In our view, maintaining a solid capital position through the transformation is critical, particularly to the bank's wealth management franchise, increasing client confidence and reducing the risk of further franchise deterioration. In our base-case scenario, we project that our main capital indicator, our RAC ratio, for Credit Suisse will remain between 10% and 15% in the next 18-24 months, from 14.3% at end-2021. High uncertainties around the pace of the decrease of the RWA amid the restructuring, including wind-down of assets and sale of participations and on the profitability projection, detain us from projecting a more narrow range for the RAC ratio.

Chart 4

Credit Suisse's Capitalization Compares Well To Peers And We Expect This Strength To Persist Throughout Restructuring
As of end-2021



RAC--Risk-adjusted capital. 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.

Our main assumption behind the forecast includes losses until 2024. Credit Suisse's 2023-2024 performance will be weakened by restructuring charges and losses in the noncore unit. We forecast a net loss of at least CHF7 billion in 2022, compared with CHF5.9 billion for the first nine months of the year, of which CHF3.7 billion relates to a deferred tax asset impairment linked to the restructuring. We assume a loss of CHF1.0 billion-CHF1.5 billion in 2023 and a marginal profit of about CHF0.5 billion in 2024. The bank anticipates a mediocre 6% return on tangible equity in 2025, or 8% for the core businesses, which we see as ambitious. Tail risks to the future path of our RAC ratio remain sensitivities to the economic forecast and the outcome of outstanding litigation cases and regulatory investigations.

A CHF4 billion capital raise partly mitigates our assessment of downside risks, leaving a sufficient buffer to our 10% threshold to a weaker assessment. The underwritten capital raise will add about 140 basis points to the reported 12.6% CET1 ratio as of Sept. 30, 2022, and Credit Suisse expects to maintain it above 13% as it executes the transformation plan. The group aims for its regulatory capital ratio to improve to over 13.5% CET1) pre Basel III reforms) by 2025. This trajectory should maintain our RAC ratio comfortably above 10% despite the poor earnings outlook. 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 10.2% (calculated including add-ons).

Single subsidiaries within the group report different levels of buffer above the minimum regulatory requirements.

However, as we assume sufficient fungibility of the capital within the group (as witnessed by the track record of the past years) and understand the regulator to be relatively tolerant on the buffer above the minimum requirements on single subsidiary levels, we remain comfortable with the group's overall strong capital assessment.

Our capital assessment incorporates lower quality of capital compared to many peers, as 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 large buffer of Additional Tier 1 (AT1) instruments reflects the demanding "too-big to fail" regime in Switzerland, which implies a larger minimum buffer of AT1 instruments compared with most globally systemically important banks. We generally regard hybrid instruments to be lower-quality loss absorbing instruments compared to core equity. However, as we remain comfortable on the capital buffer above the 10% threshold, this weakness does not weigh on the assessment. Should the RAC drop closer to this edge, we may give this more negative weight in the overall analyses.

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 operational risk, particularly through a complex investment bank downsizing. Additionally, its wealth management exposes the group to reputational risks. Events in 2021-2022 highlighted the group's sensitivity. Credit Suisse is significantly exposed to the leveraged finance market, which also led to sizable markdowns and which we generally regard as carrying elevated risks particularly as rates and credit spreads increase. At the same time, we acknowledge that the group has materially decreased its exposure to leveraged finance, from USD6.7 billion at end-2021 to USD3.6bn at end-September 2022. 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 we expect it to face.

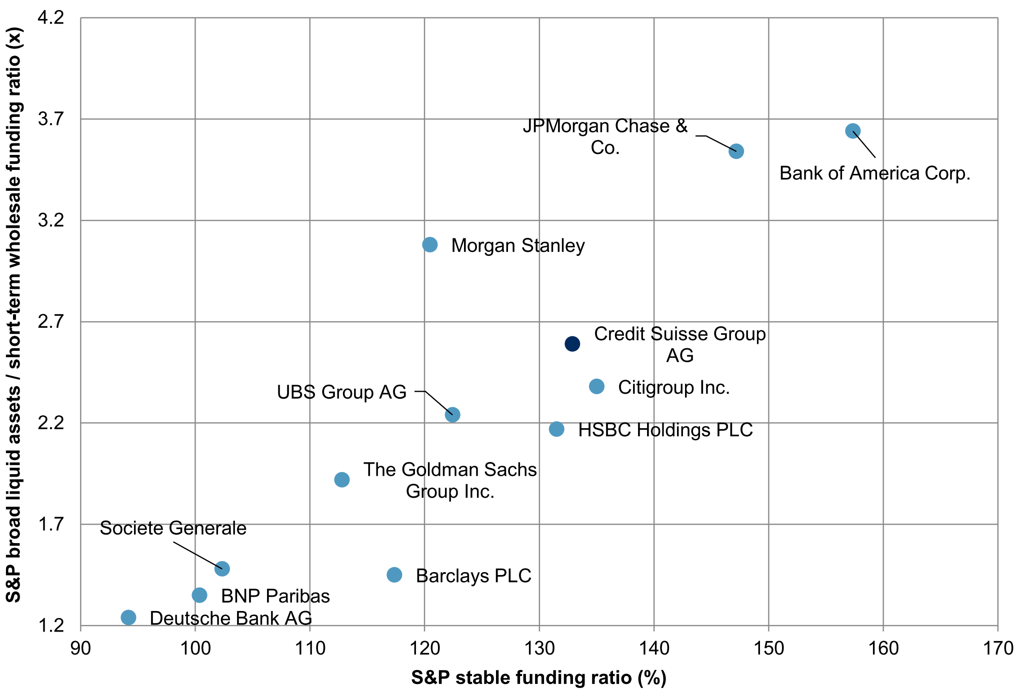
The group's lending is dominated by well-collateralized exposures that should help maintain adequate asset quality compared with that of global peers, especially those with a bigger share of unsecured lending. The asset quality of Credit Suisse's is supported by the large domestic lending book that remains very strong, supported by the exceptional resilience of Swiss customers to downturns. Overall, we view positively the very high share of collateralized lending, including Lombard loans to international wealthy clients with adequate underwriting standards and loan to values. S&P Global Ratings' calculation of nonperforming assets was 0.9% of customer loans as of third-quarter 2022. Provisions cover about half of the risks; including the level of posted collateral, we consider this level as comfortable.

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. While recent outflows of customer deposits highlight sensitivity of the business model to reputational and strategic risks, we think that the group's funding and liquidity management is appropriate, safeguarding sufficient buffers. Credit Suisse tapped the term funding market throughout economic uncertainty and idiosyncratic issues in 2022, demonstrating its access to investors, albeit at materially higher costs, higher than that of peers.

Chart 5

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



Source: S&P Global Ratings.

In our view, Credit Suisse prudently manages its asset and liability mismatches. Its ratio of S&P Global Ratings-adjusted broad liquid assets to short-term wholesale funding was a comfortable 3.8x on Sept. 30, 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. We also see liquidity as sufficiently fungible across the group, allowing for efficient management of liquidity at the group level. As such, we think that consolidated ratios are reflective of the funding and liquidity adequacy throughout the group. In line with other large banks, Credit Suisse established stress-testing well beyond the standard regulatory assumption to simulate market stress and to allow appropriate timely offsetting-actions.

The risk of continued deposit outflow remains, making decisive measures by management to restore customer confidence essential to protect funding and liquidity buffers from further erosion. As a result of the market turbulence in early October 2022, the group reported a significant outflow of assets under management and deposits. Although the group fell below certain legal entity-level regulatory requirements, the core requirements of the liquidity coverage ratio and the net stable funding ratio at the group level have been maintained at all times. In the weeks thereafter, Credit Suisse Group AG completed debt issuances, which together with the capital raise, progress on the Securitized Products transaction and other measures have strengthened Credit Suisse Group AG's regulatory spot liquidity coverage ratio (LCR). The average daily LCR for the fourth quarter to Dec. 7, 2022, was above 140%.

We generally consider wealth management and corporate deposits to be more sensitive to bank-specific risk than those in mass-market retail banking. Recent episodes highlights this risk. 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 higher SACP generally exhibit better track records of profitability and risk management. We see Credit Suisse group credit profile as more in line with other European peers at the 'bbb' level such as Deutsche Bank AG and UniCredit SpA.

We acknowledge the bank's more proactive approach to legacy issues and progress in strengthening its risk management framework, but we are cautious about its ability to deliver the lengthy transformation plan at this point in the economic and credit cycle. European investment bank peers were fortunate in implementing similarly complex plans over the past decade when investors actively sought higher-yielding assets.

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, the single point of entry in a resolution event. 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 given the requirement to keep a management buffer above the regulatory minimum. 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

Environmental	Social	Governance
- 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 Indicators: Definition And Applications," published Oct. 13, 2021.

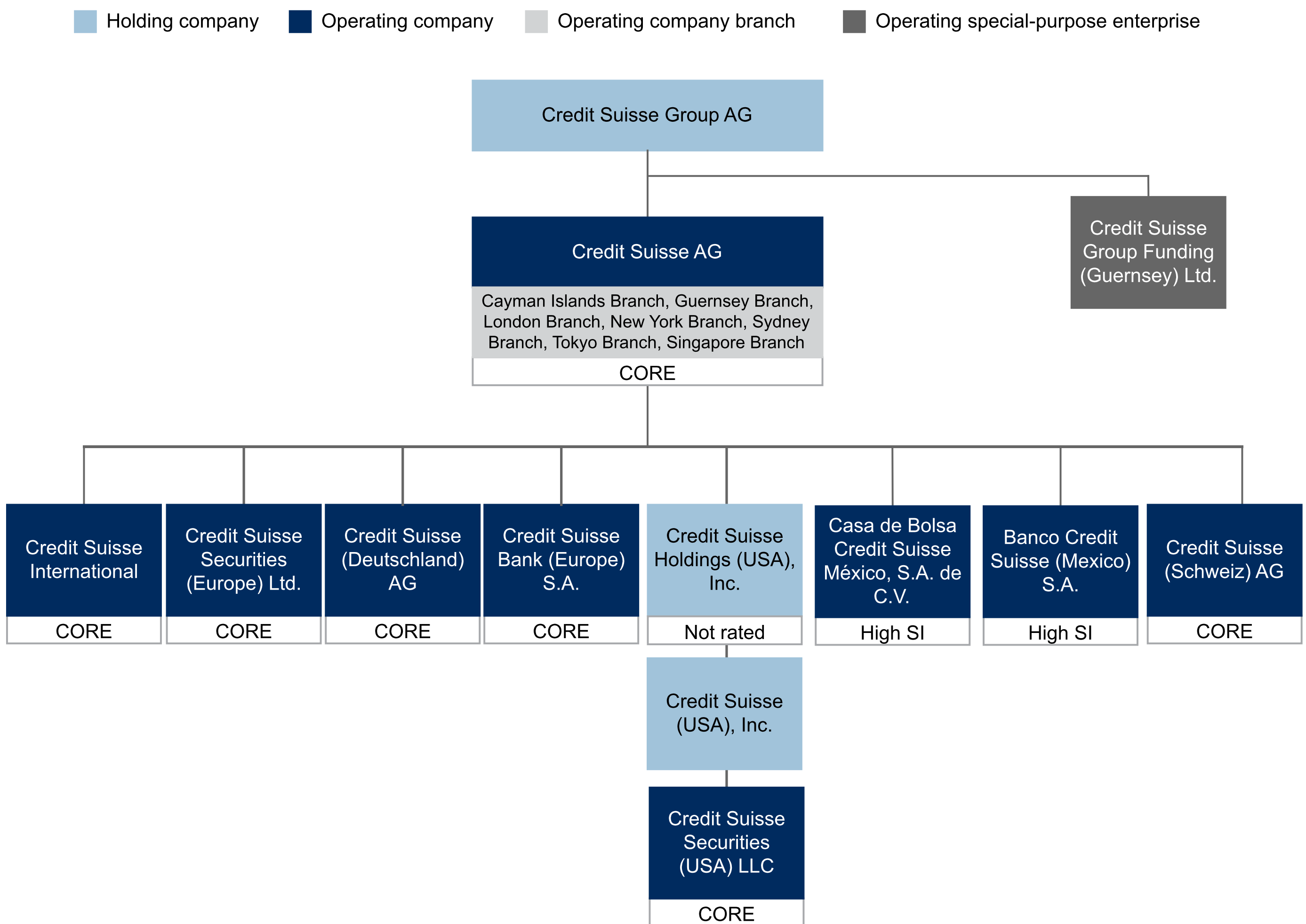
We see governance factors as a negative consideration in our credit rating analysis of Credit Suisse. The group's size, complexity, and large operations in investment banking and wealth management services make good management of governance factors crucial. Structural governance risk remains an issue in large complex organizations and could cause reputational damage. Risk events in 2020-2021, frequent changes in Credit Suisse's top management, and repeated strategic changes and costly rounds of restructuring, 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.

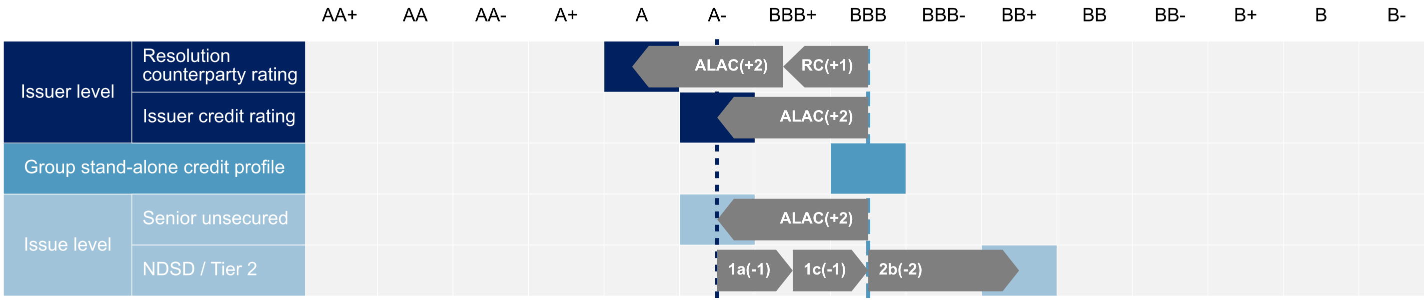
Group Structure, Rated Subsidiaries, Resolution Counterparty

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



SI--Strategic importance.

Credit Suisse AG: Notching



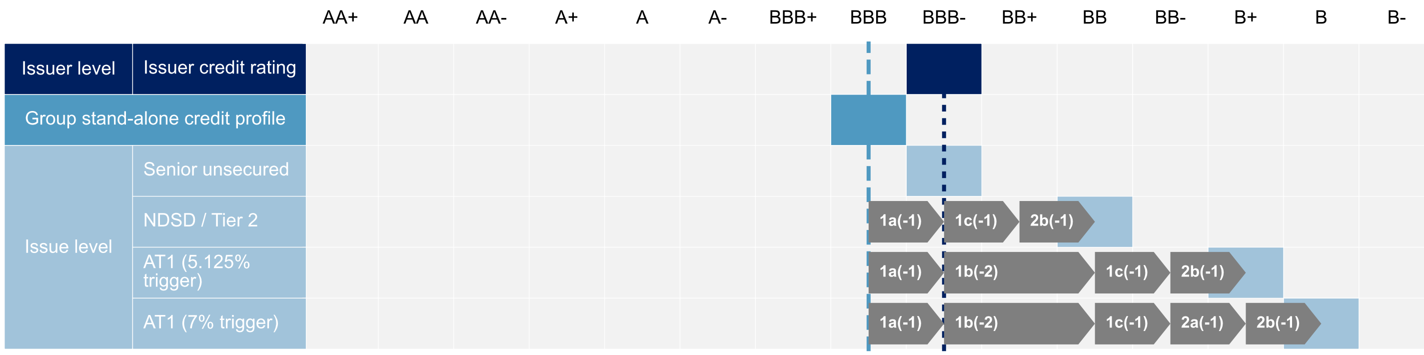
Key to notching

- - - 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 2 of our “Hybrid Capital: Methodology And Assumptions” criteria, published on March 2, 2022.
NDSD--Non-deferrable subordinated debt.

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 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.
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.

Key Statistics

Table 1

Credit Suisse Group AG--Key Figures

	--Year-ended Dec. 31--			
(Mil. CHF)	**2022***	**2021**	**2020**	**2019**
Adjusted assets	696,270.0	752,640.0	801,159.0	782,341.0
Customer loans (gross)	283,158.0	292,983.0	290,905.0	295,884.0
Adjusted common equity	33,200.0	37,042.0	35,312.4	36,216.0
Operating revenues	11,059.0	21,221.0	21,118.0	20,959.0
Noninterest expenses	11,534.0	14,845.0	15,374.0	15,657.0

*Data as of Sept. 30. CHF--Swiss franc. N/A--Not applicable.

Table 2

Credit Suisse Group AG--Business Position

	--Year-ended Dec. 31--			
(%)	**2022***	**2021**	**2020**	**2019**
Total revenues from business line (currency in millions)	11,861.0	22,696.0	22,389.0	22,484.0

Table 2

Credit Suisse Group AG--Business Position (cont.)

	--Year-ended Dec. 31--			
(%)	**2022***	**2021**	**2020**	**2019**
Commercial banking/total revenues from business line	N/A	12.0	11.4	12.1
Retail banking/total revenues from business line	N/A	28.8	30.4	32.8
Commercial and retail banking/total revenues from business line	26.3	40.8	41.8	44.9
Trading and sales income/total revenues from business line	35.0	36.2	41.5	38.8
Corporate finance/total revenues from business line	N/A	17.2	13.2	10.9
Asset management/total revenues from business line	40.6	6.4	4.9	7.3
Other revenues/total revenues from business line	(1.9)	(0.7)	(1.4)	(1.9)
Investment banking/total revenues from business line	35.0	53.4	54.7	49.8
Return on average common equity	(18.0)	(3.8)	6.2	7.8

*Data as of Sept. 30. N/A--Not applicable.

Table 3

Credit Suisse Group AG--Capital And Earnings

	--Year-ended Dec. 31--			
(%)	**2022***	**2021**	**2020**	**2019**
Tier 1 capital ratio	18.3	20.3	18.6	17.1
S&P Global Ratings' RAC ratio before diversification	N/A	14.3	12.4	13.0
S&P Global Ratings' RAC ratio after diversification	N/A	15.8	13.7	14.3
Adjusted common equity/total adjusted capital	75.2	75.2	75.2	75.2
Net interest income/operating revenues	34.9	27.4	28.2	33.5
Fee income/operating revenues	55.7	56.2	50.2	47.1
Market-sensitive income/operating revenues	1.3	12.6	19.2	13.7
Cost to income ratio	104.3	70.0	72.8	74.7
Preprovision operating income/average assets	(0.1)	0.8	0.7	0.7

*Data as of Sept. 30. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

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 and 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

Table 4

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

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
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 5

Credit Suisse Group AG--Risk Position

	--Year-ended Dec. 31--			
(%)	**2022***	**2021**	**2020**	**2019**
Growth in customer loans	(4.5)	0.7	(1.7)	2.8
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(9.4)	(9.7)	(9.3)
Total managed assets/adjusted common equity (x)	21.1	20.4	22.8	21.7
New loan loss provisions/average customer loans	(0.0)	1.4	0.4	0.1
Net charge-offs/average customer loans	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
Loan loss reserves/gross nonperforming assets	50.9	55.6	65.3	50.9

*Data as of Sept. 30. N/A--Not applicable. RWA--Risk-weighted assets

Table 6

Credit Suisse Group AG--Funding And Liquidity

	--Year-ended Dec. 31--			
(%)	**2022***	**2021**	**2020**	**2019**
Core deposits/funding base	61.8	60.0	52.4	48.8

Table 6

Credit Suisse Group AG--Funding And Liquidity (cont.)

	--Year-ended Dec. 31--			
(%)	2022*	2021	2020	2019
Customer loans (net)/customer deposits	76.4	74.6	81.3	91.0
Long-term funding ratio	89.3	83.3	79.7	74.7
Stable funding ratio	136.1	132.9	114.9	105.3
Short-term wholesale funding/funding base	11.7	18.2	22.0	27.3
Regulatory net stable funding ratio	136.0	127.0	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	3.8	2.6	1.9	1.5
Broad liquid assets/total assets	37.6	40.7	34.9	34.5
Broad liquid assets/customer deposits	71.5	78.6	79.0	83.9
Net broad liquid assets/short-term customer deposits	52.8	48.5	37.3	28.1
Regulatory liquidity coverage ratio (LCR) (x)	192.0	203.0	N/A	N/A
Short-term wholesale funding/total wholesale funding	28.6	42.9	44.0	51.3
Narrow liquid assets/3-month wholesale funding (x)	6.2	4.3	2.3	1.8

*Data as of Sept. 30. N/A--Not applicable.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- 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
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Credit Suisse AG Downgraded To 'A-/A-2' On Execution And Franchise Risks Under Restructuring Plan; Outlook Stable, Nov. 1, 2022
- Credit Suisse AG Affirmed At 'A/A-1' Amid Weaker Economic Forecasts And Pending Strategic Review; Outlook Remains Neg, Oct. 6, 2022

- Credit Suisse Outlook Revised To Negative On Leadership Changes, Strategic Review, Market Headwinds; Ratings Affirmed, Aug. 1, 2022
- Banking Industry Country Risk Assessment: Switzerland, May 30, 2022
- Credit Suisse AG Downgraded To 'A' As Management Reshapes Risk And Return Profile; Outlook Stable, May 16 2022
- European G-SIBs Monitor Q2 2022, May 12, 2022
- After A Big Year, Banks' Capital Markets Revenue Will Likely Fall In 2022, April 12, 2022
- Credit Suisse Outlook Revised To Negative On Concerns About The Group's Risk Management, March 30, 2021

Ratings Detail (As Of December 15, 2022)*	
Credit Suisse Group AG	
Issuer Credit Rating	BBB-/Stable/NR
Junior Subordinated	B
Junior Subordinated	B+
Senior Unsecured	BBB-
Issuer Credit Ratings History	
01-Nov-2022	BBB-/Stable/NR
01-Aug-2022	BBB/Negative/NR
16-May-2022	BBB/Stable/NR
30-Mar-2021	BBB+/Negative/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-2
Resolution Counterparty Rating	A/--/A-1
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BB+
Credit Suisse AG (Cayman Islands Branch)	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Credit Suisse AG (Guernsey Branch)	
Senior Unsecured	A-
Credit Suisse AG (London Branch)	
Senior Unsecured	A-

Ratings Detail (As Of December 15, 2022)*(cont.)	
Short-Term Debt	A-2
Subordinated	BB+
Credit Suisse AG (New York Branch)	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Commercial Paper	
Local Currency	A-2
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-2
Resolution Counterparty Rating	A/--/A-1
Credit Suisse (Deutschland) AG	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Credit Suisse International	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Senior Unsecured	A-
Credit Suisse (Schweiz) AG	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Credit Suisse Securities (Europe) Ltd.	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Credit Suisse Securities (USA) LLC	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A-/--/A-2
Credit Suisse (Singapore Branch)	
Senior Unsecured	A-
Credit Suisse (USA) Inc.	
Issuer Credit Rating	A-/Stable/A-2
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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