

# Credit Suisse Group AG

## Key Rating Drivers

**Weak Profitability:** Credit Suisse Group AG's (Credit Suisse) and Credit Suisse AG's (CS AG) Viability Ratings (VRs) are below the 'bbb+' implied VRs as the group's weak operating profitability has a strong impact on Fitch Ratings' overall view of the bank's credit profile. The VRs also reflect the group's global wealth-management business, which has a strong franchise but also had significantly weakened earnings in 9M22, its sound domestic franchise, adequate target capital ratios, and the sound asset quality in its loan book.

**Rating Uplift to Opco:** CS AG, the group's main operating company (opco), has a Long-Term Issuer Default Rating (IDR) one notch above its VR. This is because of the protection offered to its external senior creditors by buffers of subordinated debt issued by the holding company (holdco), which we view as sustainable given resolution requirements for the group.

**Holdco Rating Equalised with Opco's:** Credit Suisse's VR is equalised with that of CS AG. Fitch expects Fitch-calculated common equity double leverage at Credit Suisse to have exceeded 120% at end-3Q22, but believes the group will aim to reduce double leverage, and that the holding company will continue to have access to liquidity from operating companies as needed. This should mitigate potential cash-flow mismatches.

**Business Model Stabilisation Important:** Credit Suisse's second strategic review in twelve months, with the latest plans announced in October, was driven by material pressure on the business model and the challenges for management to stabilise it. We believe a prolonged period of restructuring exposes the group to the risk of a weakening franchise and to significant execution risk in a weak operating environment. However, over time, a successful execution of the new strategy should result in a simpler group and less reliance on volatile earnings from the investment bank.

**Risk Improvement Will Take Time:** Risk exposures declined in 2021 and capital allocated to the investment bank will now be reduced by more than was announced in 2021. Credit Suisse has worked on strengthening its risk management and controls framework since 2Q21, and governance remains one of the key areas of focus of its strategic plan. Even so, we expect that fully embedding an improved risk culture will take some time and is likely to require further material investments.

**Strong Loan Quality:** We expect the quality of Credit Suisse's loan book to remain strong. Our assessment of asset quality includes the bank's sizeable non-loan exposures and its appetite for underwriting positions, including in its leveraged-finance business. Credit Suisse reviewed its counterparty exposure in 2021, and we expect it to maintain a moderate appetite for concentration risk.

**Weak Operating Profitability:** Following several quarterly losses, Credit Suisse announced a second strategic review to address weaknesses in its business model, particularly in its investment bank, and to improve efficiency in a continued challenging operating environment. We expect Credit Suisse to incur a sizeable loss in 4Q22 and for profitability to remain extremely weak in 2023. Over the medium term, a further reduction in the size of the investment bank should reduce earnings volatility.

**Weakened Internal Capital Generation:** Credit Suisse's CET1 ratio compares favourably with that of international peers', but the group's internal capital generation has weakened considerably given its weak earnings prospects and looming restructuring costs, increasing risks to the group's capitalisation targets. Fitch expects the bank to operate with a CET1 ratio no lower than 13%, and the bank is committed to maintaining the ratio at this level through its restructuring period, and reaching 13.5% by end-2025 (pre-Basel III end-game).

## Ratings

### Foreign Currency

Long-Term IDR	BBB
Short-Term IDR	F2

Viability Rating	bbb
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Government Support Rating	ns
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### Sovereign Risk (Switzerland)

Long-Term Foreign-Currency IDR	AAA
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Long-Term Local-Currency IDR	AAA
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Country Ceiling	AAA
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### Outlooks

Long-Term Foreign-Currency IDR	Negative
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Sovereign Long-Term Foreign-Currency IDR	Stable
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Sovereign Long-Term Local-Currency IDR	Stable
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## Applicable Criteria

[Bank Rating Criteria \(September 2022\)](#)

## Related Research

[Fitch Downgrades Credit Suisse Group to 'BBB'; Outlook Negative \(August 2022\)](#)

[Credit Suisse's Negative Outlook Reflects Challenges; CET1 Ratio Is a Key Rating Driver \(December 2022\)](#)

[Western European Banking Sector Outlooks Mixed for 2023 \(December 2022\)](#)

[Large European Banks Quarterly Credit Tracker - December 2022 \(December 2022\)](#)

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## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The ratings would come under pressure if Credit Suisse's CET1 ratio drops below 13% during the restructuring without a credible plan to restore the ratio swiftly, or if it becomes unlikely that it will meet its medium-term target CET1 ratio of more than 13.5% pre-Basel III Reform. We expect the bank to operate with sound capital ratio targets given its wealth-management operations, but a sharp reduction of the targets would put pressure on ratings.

The ratings would also come under pressure if the bank's management are unable to develop and demonstrate tangible progress towards the implementation of a new strategic plan and maintain reasonable operating performance in a challenging operating environment.

A downgrade in the funding and liquidity score to below 'a-' would lead to a downgrade of the Short-Term IDRs.

We expect that risk governance will continue to strengthen given the group's focus on risk culture. A material governance failure would put ratings under pressure if it indicates an inability to execute on this part of its strategy.

The ratings would come under further pressure if the group's wealth-management franchise suffers lasting damage, which could be the result of failing to execute its new strategy.

We would likely downgrade Credit Suisse's VR and Long-Term IDR by one notch if common equity double leverage at the holdco exceeds 120% without appropriate mitigation for potential cash-flow mismatches.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

A revision of Outlook to Stable is contingent on signs of successful implementation of the new strategic plan, a stabilisation of the bank's business model, and adequate earnings generation.

We could upgrade the ratings if the group establishes a clear path to achieving an operating return of close to 1% of risk-weighted assets, the CET1 ratio increases towards the target of 13.5%, and if there is tangible evidence that the bank's risk governance has been sufficiently strengthened.

## Other Debt and Issuer Ratings

### Debt Rating Classes

Rating level	Credit Suisse	CS AG	Credit Suisse International	Credit Suisse (Deutschland) AG
Deposits				BBB+/F2
Senior unsecured debt	BBB/F2 <sup>a</sup>	BBB+/F2	BBB+/F2	
Tier 2 subordinated debt		BB+		
Additional Tier 1 debt	BB-			

<sup>a</sup> Including debt issued by Credit Suisse Group Funding (Guernsey) Ltd  
 Source: Fitch Ratings

Senior unsecured debt is rated in line with the respective issuing entities' IDRs. Senior unsecured debt issued by Credit Suisse Group Funding (Guernsey) Limited and guaranteed by Credit Suisse is rated in line with the guarantor's IDR.

The Derivative Counterparty Rating (DCR) of CSAG is at the same level as its Long-Term IDR because derivative counterparties in Switzerland have no definitive preferential status over other senior obligations in a resolution.

CS AG's subordinated Tier 2 debt is rated two notches below its VR for poor recovery prospects, which is Fitch's baseline notching for this type of debt.

Credit Suisse's additional Tier 1 (AT1) debt with fully flexible coupons is rated four notches below the entity's VR. The notching comprises two notches for loss severity, reflecting the notes' deep subordination, and two notches for incremental non-performance risk relative to the VR, due to fully discretionary coupon omission.

## Significant Changes from Last Review

Credit Suisse is executing on plans to shrink its investment bank by streamlining its markets business to align with its wealth-management franchise, carve out its capital markets and advisory business, significantly reduce its exposure to securitised products, and establish a non-core unit to wind down non-strategic assets.

The group was again loss-making in 3Q22, due to weak revenue in investment banking and wealth management. The 3Q22 net loss of CHF4 billion included a CHF3.7 billion tax charge as deferred tax assets were reassessed. Assets under management (AuM) declined to CHF1.4 trillion at end-3Q22 (end-2021: CHF1.6 trillion), with further outflows of 6% of AuM in 4Q22 to 11 November. Credit Suisse expects a substantial net loss of up to about CHF1.5 billion in 4Q22 due to the weak operating environment, lower interest and fee income due to asset outflows, and the wind-down of non-core assets. The group has budgeted CHF2.9 billion of restructuring charges and expects cost savings of CHF2.5 billion by 2025, although revenue will be much lower (but less volatile) with a smaller business footprint.

The group's CET1 ratio of 12.6% at end-September 2022 rose to about 14% following the completion of the CHF4 billion equity raise in early December. Credit Suisse plans to maintain a ratio of at least 13% through the restructuring and is targeting a CET1 ratio of at least 13.5% (pre-Basel III end-game) by end-2025. Credit Suisse AG (the parent bank) is currently using capital buffers, and has flexibility from FINMA to temporarily use buffers until end-2025.

Large deposit outflows in October following market rumours led to Credit Suisse falling below certain entity-level regulatory liquidity requirements, but the group has remained compliant with core requirements. The average daily liquidity coverage ratio (LCR) declined to 140% in 4Q22 (to 18 November) from 192% in 3Q22 and the group had to raise additional liquidity at significantly wider spreads. Liquidity appears to have marginally improved as Credit Suisse announced that its average daily LCR had increased (to above 140% in 4Q22 to 7 December).

The restructuring plan has resulted in material impairments of the book value of Credit Suisse AG's (the parent bank) investments in subsidiaries, which led to the parent bank's Swiss CET1 ratio to decline by 170bp qoq, to 9.7%, at end-3Q22. The capital increase will result in a 130bp–140bp increase in the ratio, but the parent bank is currently using capital buffers, which it is likely to continue to do until 2025.

Lower valuations of investments in subsidiaries will also have affected Credit Suisse's Fitch-calculated holding company double leverage, which we expect to have exceeded 120% (end-2021: 117%). Under our Bank Rating Criteria, we can notch the holding company's Viability Rating and Long-Term IDR if double leverage exceeds 120% unless this is mitigated by measures that reduce the risk of cash flow mismatches affecting holding company creditors, such as access to liquidity from the operating company. We believe that the group will aim to reduce holding company double leverage and that potential cash flow mismatches at Credit Suisse Group are manageable as we expect the holding company to continue to have access to liquidity from the operating companies as needed. We therefore do not notch the holding company below its main operating subsidiary, Credit Suisse AG.

**Ratings Navigator**

Credit Suisse Group AG							ESG Relevance:	Banks Ratings Navigator		
Operating Environment	Business Profile	Risk Profile	Financial Profile			Implied Viability Rating	Viability Rating	Government Support Rating	Issuer Default Rating	
			Asset Quality	Earnings & Profitability	Capitalisation & Leverage					Funding & Liquidity
	20%	10%	20%	15%	25%	10%				
aaa							aaa	aaa	AAA	
aa+							aa+	aa+	AA+	
aa							aa	aa	AA	
aa-							aa-	aa-	AA-	
a+							a+	a+	A+	
a							a	a	A	
a-							a-	a-	A-	
bbb+							bbb+	bbb+	BBB+	
bbb							bbb	bbb	BBB Neg	
bbb-							bbb-	bbb-	BBB-	
bb+							bb+	bb+	BB+	
bb							bb	bb	BB	
bb-							bb-	bb-	BB-	
b+							b+	b+	B+	
b							b	b	B	
b-							b-	b-	B-	
ccc+							ccc+	ccc+	CCC+	
ccc							ccc	ccc	CCC	
ccc-							ccc-	ccc-	CCC-	
cc							cc	cc	CC	
c							c	c	C	
f							f	ns	D or RD	

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

**VR - Adjustments to Key Rating Drivers**

The 'bbb' VRs of Credit Suisse and CS AG are below their 'bbb+' implied VRs due to the following adjustment reasons: 'weakest link' earnings and profitability (negative).

The 'bbb+' VR of Credit Suisse (Schweiz) AG (CS Schweiz) is below its 'a-' implied VR due to the following adjustment reason: business profile (negative).

The 'bbb' business profile scores of Credit Suisse and CS AG are below their 'a' implied category scores due to the following reason: strategy and execution (negative).

The 'bbb' business profile score of CS Schweiz is below its 'a' implied category score due to the following reason: group benefits and risks (negative).

The 'a' asset quality scores of Credit Suisse, CS AG and CS Schweiz are below their 'aa' implied category scores due to the following reason: non-loan exposures (negative).

The 'bbb+' capitalisation and leverage scores of Credit Suisse, CS AG and CS Schweiz are below their 'a' implied category scores due to the following reason: internal capital generation and growth (negative).

## Financials

### Summary Financials

	30 Sep 22		31 Dec 21	31 Dec 20	31 Dec 19	31 Dec 18
	9 months - 3rd quarter (USDm)	9 months - 3rd quarter (CHFm)	Year end (CHFm)	Year end (CHFm)	Year end (CHFm)	Year end (CHFm)
	Reviewed - unqualified	Reviewed - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
<b>Summary income statement</b>						
Net interest and dividend income	3,938	3,857	5,811	5,948	7,017	7,009
Net fees and commissions	6,287	6,158	11,922	10,597	9,882	10,631
Other operating income	1,421	1,392	3,049	4,315	3,235	1,922
Total operating income	11,646	11,407	20,782	20,860	20,134	19,562
Operating costs	13,276	13,004	16,225	16,519	16,056	15,993
Pre-impairment operating profit	-1,630	-1,597	4,557	4,341	4,078	3,569
Loan and other impairment charges	-26	-25	4,205	1,096	324	245
Operating profit	-1,605	-1,572	352	3,245	3,754	3,324
Other non-operating items (net)	-379	-371	-952	222	966	48
Tax	4,049	3,966	1,026	801	1,295	1,361
Net income	-6,033	-5,909	-1,626	2,666	3,425	2,011
Other comprehensive income	5,156	5,050	1,830	-2,887	-2,222	776
Fitch comprehensive income	-877	-859	204	-221	1,203	2,787
<b>Summary balance sheet</b>						
<b>Assets</b>						
Gross loans	289,084	283,158	292,983	293,444	297,725	288,483
- Of which impaired	3,383	3,314	2,767	3,197	2,126	2,192
Loan loss allowances	1,395	1,366	1,297	1,536	946	902
Net loans	287,690	281,792	291,686	291,908	296,779	287,581
Interbank	695	681	1,323	1,298	741	1,142
Derivatives	18,583	18,202	17,771	25,662	17,914	18,345
Other securities and earning assets	198,413	194,346	219,327	267,716	298,892	287,211
Total earning assets	505,381	495,021	530,107	586,584	614,326	594,279
Cash and due from banks	152,313	149,191	164,818	139,112	101,879	100,047
Other assets	57,321	56,146	60,908	80,126	71,090	74,590
Total assets	715,016	700,358	755,833	805,822	787,295	768,916
<b>Liabilities</b>						
Customer deposits	379,040	371,270	392,819	390,921	383,783	363,925
Interbank and other short-term funding	65,692	64,345	88,649	111,915	112,881	103,465
Other long-term funding	149,993	146,918	151,052	145,246	138,988	144,092
Trading liabilities and derivatives	27,854	27,283	27,545	45,916	38,234	42,177
Total funding and derivatives	622,579	609,816	660,065	693,998	673,886	653,659
Other liabilities	32,002	31,346	35,694	53,042	56,678	61,022
Preference shares and hybrid capital	16,015	15,687	15,844	15,841	13,017	10,216
Total equity	44,420	43,509	44,230	42,941	43,714	44,019
Total liabilities and equity	715,016	700,358	755,833	805,822	787,295	768,916
Exchange rate		USD1 = CHF0.9795	USD1 = CHF0.9202	USD1 = CHF0.88985	USD1 = CHF0.97165	USD1 = CHF0.9811

Source: Fitch Ratings, Fitch Solutions, Credit Suisse Group AG

**Key Ratios**

	30 Sep 22	31 Dec 21	31 Dec 20	31 Dec 19	31 Dec 18
<b>Ratios (annualised as appropriate)</b>					
<b>Profitability</b>					
Operating profit/risk-weighted assets	-0.8	0.1	1.2	1.3	1.2
Net interest income/average earning assets	1.0	1.0	1.0	1.1	1.2
Non-interest expense/gross revenue	115.4	78.3	78.3	80.7	82.7
Net income/average equity	-17.7	-3.7	5.8	7.8	4.7
<b>Asset quality</b>					
Impaired loans ratio	1.2	0.9	1.1	0.7	0.8
Growth in gross loans	-3.4	-0.2	-1.4	3.2	3.0
Loan loss allowances/impaired loans	41.2	46.9	48.1	44.5	41.2
Loan impairment charges/average gross loans	0.1	0.0	0.3	0.1	0.1
<b>Capitalisation</b>					
Common equity Tier 1 ratio	12.6	14.4	12.9	12.7	12.6
Fully loaded common equity Tier 1 ratio	n.a.	n.a.	12.9	12.7	12.6
Tangible common equity/tangible assets	5.7	4.6	4.1	4.8	4.9
Basel leverage ratio	6.0	6.1	6.4	5.5	5.2
Net impaired loans/common equity Tier 1	5.7	3.8	4.7	3.2	3.6
<b>Funding and liquidity</b>					
Gross loans/customer deposits	76.3	74.6	75.1	77.6	79.3
Liquidity coverage ratio	192.0	203.0	190.0	198.0	184.0
Customer deposits/total non-equity funding	60.8	59.1	56.5	57.0	56.1
Net stable funding ratio	136.0	127.0	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, Credit Suisse Group AG

## Support Assessment

### Commercial Banks: Government Support

Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a+ to a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns

#### Government ability to support D-SIBs

Sovereign Rating	AAA/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Neutral

#### Government propensity to support D-SIBs

Resolution legislation	Negative
Support stance	Negative

#### Government propensity to support bank

Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

The colours indicate the weighting of each KRD in the assessment.

■ Higher influence 
 ■ Moderate influence 
 ■ Lower influence

CSG's and CS AG's GSRs of 'ns' reflect our view that senior creditors of both the holding company and the operating bank can no longer rely on receiving full extraordinary support from the sovereign if the group becomes non-viable. CSG has issued material amounts of loss-absorbing capital, including senior debt issued by the holding company, and Swiss legislation and regulation includes provisions to bail in senior creditors in case of bank failure.

## Subsidiaries and Affiliates

### Ratings of Main Legal Entities

Rating level	Credit Suisse	CS AG	CS Schweiz	CSI	CSBE	CSD
Long-Term IDR	BBB/ Negative	BBB+/ Negative	A-/ Negative	BBB+/ Negative	BBB+/ Negative	BBB+/ Negative
Short-Term IDR	F2	F2	F1	F2	F2	F2
Viability Rating	bbb	bbb	bbb+	-	-	-
Government Support	ns	ns	-	-	-	-
Shareholder Support	-	-	bbb+	bbb+	bbb+	bbb+
Derivative Counterparty Rating	-	BBB+(dcr)	A-(dcr)	BBB+(dcr)	BBB+(dcr)	-

Source: Fitch Ratings

### Credit Suisse (Schweiz) AG (CS Schweiz)

This subsidiary of CS AG houses the group's domestic retail- and commercial-banking and wealth-management activities. CS Schweiz's VR (bbb+) is below its 'a-' implied VR as we believe that the group's business profile (scored at bbb), which is closely integrated with its parent's in strategy and risk governance, has a strong impact on our overall view of CS Schweiz's credit profile.

The VR also reflects its low-risk domestic loan book, solid profitability with reported profit set to benefit from lower amortisation of intangibles, sound capitalisation and a strong deposit franchise. The VR also factors in the high fungibility of liquidity and capital between the two entities in the normal course of business. These can result in material exposures to CS AG, making it unlikely that CS Schweiz's VR would be rated above CS AG's Long-Term IDR.

### IDR Above VR

CS Schweiz's Long-Term IDR of 'A-' is one notch above its VR because of significant buffers of junior and internal bail-in debt that offer protection to senior creditors of CS Schweiz in case of its failure. The DCR is at the same level as the Long-Term IDR because derivative counterparties in Switzerland have no definitive preferential status over other senior obligations in a resolution.

### Strong Support from Parent

CS Schweiz's SSR is equalised with CS AG's Long-Term IDR and primarily reflects our view of support from the parent based on the entity being an integral part of CS AG.

### Other Subsidiaries

Credit Suisse International (CSI; based in the UK), Credit Suisse (Deutschland) AG (CSD; based in Germany) and Credit Suisse Bank (Europe) S.A. (CSBE; based in Spain) are wholly owned subsidiaries of CSAG. Credit Suisse (USA), Inc. (CSUSA) is a US holding company directly held by Credit Suisse Holdings (USA), Inc., the group's US intermediate holding company, which is in turn owned by CS AG. Their SSRs and Long-Term IDRs are equalised with CS AG's Long-Term IDR and reflect our view that these entities are extremely likely to be supported by the parent, in case of need. We view these entities as integral to the group's business and core to CS AG's strategy, and we expect the parent to pre-place resolution debt buffers into these entities where required.

### Credit Suisse NY (New York Branch)

The IDRs are at the same level as those of CS AG because the branch is part of the same legal entity and, in our view, there are no country risk restrictions. The alignment of IDRs reflects our view that senior creditors of the branch would be treated identically to senior creditors of CS AG.



## Environmental, Social and Governance Considerations

### FitchRatings Credit Suisse Group AG

Banks  
Ratings Navigator

#### Credit-Relevant ESG Derivation

Credit Suisse Group AG has 2 ESG rating drivers and 3 ESG potential rating drivers			Overall ESG Scale		
➤	Credit Suisse Group AG has exposure to operational implementation of strategy which, in combination with other factors, impacts the rating.	key driver	0	issues	5
➤	Credit Suisse Group AG has exposure to board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions which, in combination with other factors, impacts the rating.	driver	2	issues	4
➤	Credit Suisse Group AG has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.	potential driver	3	issues	3
➤	Credit Suisse Group AG has exposure to organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership but this has very low impact on the rating.	not a rating driver	4	issues	2
➤	Credit Suisse Group AG has exposure to quality and frequency of financial reporting and auditing processes but this has very low impact on the rating.		5	issues	1

#### Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale	How to Read This Page
GHG Emissions & Air Quality	1	n.a.	n.a.	5	<p>ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.</p> <p>The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.</p> <p>The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.</p>
Energy Management	1	n.a.	n.a.	4	
Water & Wastewater Management	1	n.a.	n.a.	3	
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2	
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1	

#### Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale	Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5	<p>Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.</p>
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4	
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3	
Employee Wellbeing	1	n.a.	n.a.	2	
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1	

#### Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale	CREDIT-RELEVANT ESG SCALE
Management Strategy	4	Operational implementation of strategy	Business Profile (incl. Management & governance)	5	How relevant are E, S and G issues to the overall credit rating?
Governance Structure	4	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4	5 Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3	4 Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2	3 Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
				1	2 Irrelevant to the entity rating but relevant to the sector.
					1 Irrelevant to the entity rating and irrelevant to the sector.

Credit Suisse and its subsidiaries have ESG Relevance Scores of '4' for governance structure and for management strategy due to the group's governance issues and challenges to the implementation of its strategy, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

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