MOODY'S

Rating_Action: Moody's places Credit Suisse Group ratings on review for upgrade

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London, March 20, 2023 -- Moody's Investors Service (Moody's) placed on review for upgrade all long-term ratings and assessments of Credit Suisse Group AG (CSG; senior unsecured debt at Baa2), Credit Suisse AG (AG; senior unsecured debt and deposits at A3), Credit Suisse International (CSi, issuer and backed deposits at A3) and AG's rated branches and subsidiaries other than the B1(hyb) preferred stock ratings on CSG's Additional Tier 1 (AT1) instruments. The Prime-2 short-term ratings of AG, its rated branches, and CSi, were also placed on review for upgrade. The AT1 instruments issued by CSG were downgraded to C(hyb) from B1(hyb) to reflect the write-down of those instruments to zero on the order of the Swiss Financial Market Supervisory Authority (FINMA). The outlook for CSG and its rated subsidiaries was changed to ratings under review from negative.

Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL475009 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

The rating action follows the announcement that CSG will be acquired by UBS Group AG (UBSG) (senior unsecured debt at A3 stable) in an all-stock transaction valued at around $3 billion. The transaction is expected to close in the second quarter of 2023.

In addition to benefitting from being owned by UBSG, a stronger financial group, CSG's creditors will also benefit from enhanced liquidity and downside protection. The Swiss National Bank (SNB) announced a CHF100 billion unsecured facility for CSG and UBSG and a CHF100 billion new public backstop facility for CSG. FINMA will trigger the write-off of all CHF16 billion of Credit Suisse AT1 instruments, bolstering CSG's Common Equity Tier 1 (CET1) ratio by around 600 basis points to around 20%, pro-forma end-2022. Following the completion of the acquisition, the Swiss authorities will also cover up to CHF 9 billion of potential losses on CSG non-core assets beyond the first CHF5 billion, which will be borne by UBSG.

The review will focus on the ultimate legal and regulatory structure for UBSG following the completion of the acquisition and the likelihood of affiliate support from UBSG for each rated CSG entity. The review will also focus on the anticipated fundamental credit profile of the combined UBSG-CSG entity, which is expected to be stronger than the current credit profile of CSG.

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

Factors that could lead to an upgrade

The ratings could be upgraded if the merger between CSG and UBSG is completed and Moody's concludes that CSG creditors are likely to benefit from the stronger fundamental credit profile of the combined group.

Factors that could lead to a downgrade

Considering that the ratings have been placed on review for upgrade, there is unlikely to be downward rating pressure in the near term. The ratings could be downgraded if the acquisition by UBSG does not materialize.

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at https://ratings.moodys.com/api/rmc-documents/71997. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL475009 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

• EU Endorsement Status

• UK Endorsement Status

• Rating Solicitation

• Issuer Participation

• Participation: Access to Management

• Participation: Access to Internal Documents

• Lead Analyst

• Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on https://ratings.moodys.com.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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