



NEWS RELEASE

Mar 21, 2023

R&I Places on the Rating Monitor With View to Downgrading: Credit Suisse Group AG

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Credit Suisse Group AG
Issuer Rating: (A+), With View to Downgrading, Previously A+

RATIONALE:

Credit Suisse Group AG (Credit Suisse) and UBS Group AG (UBS) announced on March 19 that UBS will take over Credit Suisse in an all-share transaction worth approximately CHF 3 billion (around 426 billion yen). The transaction is expected to be consummated by end-2023. Pursuant to the Swiss Federal Council's emergency ordinance on this transaction, their combination can be implemented without approval of the shareholders.

The Swiss Federal Department of Finance, the Swiss Financial Market Supervisory Authority (FINMA) and the Swiss National Bank (SNB) will support the combination. FINMA has determined that Credit Suisse's Additional Tier 1 Capital will be written off to zero, while the SNB will allow Credit Suisse and UBS to obtain a liquidity assistance loan for a total amount of up to CHF 100 billion in addition to unrestricted access to the SNB's existing facilities, and can also grant Credit Suisse a liquidity assistance loan backed by a federal default guarantee. The authorities will offer support to ensure that both banks have access to the necessary liquidity for their combination.

UBS and Credit Suisse are the top two financial groups in Switzerland that had total assets of approximately US\$1.1 trillion (around 146 trillion yen) and approximately CHF 530 billion (around 76 trillion yen), respectively, as of end-December 2022. The transaction is a combination of businesses between Global Systemically Important Banks identified by the Financial Stability Board.

UBS is a leading wealth manager in the world with a robust franchise. Its earnings are highly stable and there are no problems with risk resilience and liquidity. Credit Suisse, on the other hand, reported net losses in 2021 and 2022 due partly to a loss from a comprehensive strategic review, outflows of assets under management (AUM) in Wealth Management and deterioration in the business environment for Investment Bank.

Continued AUM outflows have been heightening market concerns about Credit Suisse's financial soundness. R&I has placed Credit Suisse on the Rating Monitor with a view to downgrading because it is difficult to predict the impact of the combination on Credit Suisse's business strategies and financial and earnings bases. R&I will examine Credit Suisse's post-combination business strategies and risk profile, as well as the impact on the earnings and financial bases, and update the rating.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Depository Financial Institutions", "R&I's Analytical Approach to Holding Companies" and "R&I's Analytical Approach to Group Companies". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Credit Suisse Group AG
Issuer Rating
RATING: (A+), With View to Downgrading, Previously A+

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ISSUER:	Credit Suisse International
SUPPORT:	Debt Issuance Prog. (MTN Prog.)
RATING:	Unsecured (AA-), With View to Downgrading, Previously AA-
SUPPORT:	Joint Unlisted Securities Prog. (MTN Prog.)
RATING:	Unsecured (AA-), With View to Downgrading, Previously AA-

A credit rating for a medium-term note (MTN) program is assigned to the program and not to individual notes issued under the program. The credit rating of individual notes is generally the same as that of the program. As regards credit-linked notes, index-linked notes or other notes, however, there are some cases where the rating on each note will not be on par with the program or no rating will be assigned, depending on the details of the individual note contract. Upon the issuer's request, R&I may assign a credit rating to individual notes issued under the program.

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