

HOUSE VIEW

Prime Partners' take on the global economy and financial markets

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CS press release of this night : measures to strengthen liquidity

We were waiting for a release of the CS about its current liquidity situation BEFORE a possible press release of the Swiss National Bank.

Finally it was the opposite, but in both case it goes in the positive direction with actions coming from the CS and a firm message from the SNB.

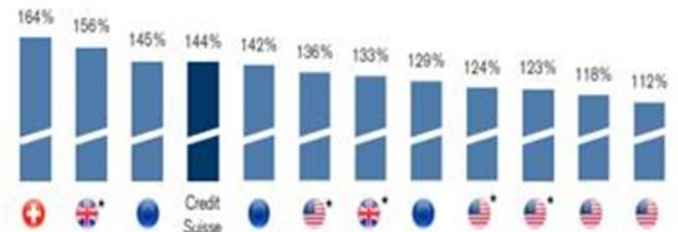
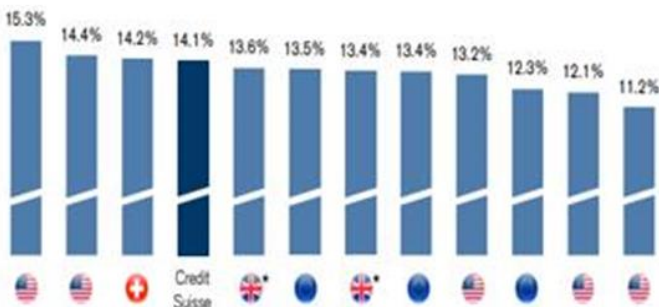
to reduce financial expense and to take advantage to repurchase debt at attractive prices

The Management also updated some key figures : CET1 ratio of 14.1% and average liquidity coverage ratio of 144% at the end of December. With this slide you can compare the CS situation with peers :

decisive actions to radically restructure the Investment Bank, including the substantial exit from the Securitized Products Group where the bank has already achieved more than 70% of the targeted asset reduction. The bank has also accelerated its cost transformation and is well on track to deliver CHF

4Q22 CET1 ratio – Peers¹

4Q22 Liquidity coverage ratio – Peers²



Early this morning, the Credit Suisse indicated :

1) To take action to pre-emptively strengthen liquidity : Positive

The bank will borrow from the SNB up to CHF 50 bn under a Covered Loan Facility as well as short-term liquidity facility, which are fully collateralized

2) A public tender offer for debt securities : Positive

The bank wants to repurchase Opcp senior debt securities for cash up to CHF 3 bn (up to USD 2.5 bn concerning 10 USD denominated senior debt securities and EUR 0.5 bn concerning 4 EUR denominated senior debt securities). This action is

As of March 14, the liquidity ratio improved to about 150%. The use of the Covered Loan Facility of CHF 39 bn will further strengthen immediately the Covered Loan Facility

The management confirms that the bank is conservatively positioned against interest rate risks

3) An update on its restructuring program : Positive

“Following the Group’s strategy announcement on October 27, 2022, Credit Suisse has made significant progress toward this transformation and on an accelerated schedule to build the foundation for the new Credit Suisse. Its strategy includes

~2.5 billion of cost base reductions by 2025, including CHF ~1.2 billion in 2023”.

Good reaction of the SNB and the CS in order to reassure markets with pro-active strong and positive decisions

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