

Neuberger Berman International Equity Team

PORTFOLIO MANAGERS: Elias Cohen, CFA and Thomas Hogan, CFA

The Neuberger Berman International Equity team does not have any direct exposure to Credit Suisse in client accounts.

Credit Suisse has struggled to maintain investor confidence following multiple high-profile risk and compliance failures over the past few years. The company announced a restructuring plan and completed a common equity raise in 4Q22 with the goal of simplifying its business model. The uncertainty around the bank's strategic direction resulted in deposit outflows, share price underperformance, and upward pressure on its funding costs. Although Credit Suisse has capital and liquidity in excess of regulatory requirements, the issues surrounding Silicon Valley Bank ("SVB") and other US regional banks have accelerated concerns.

Credit Suisse has historically operated a large global investment bank. However, Credit Suisse has materially shrunk its exposure through a mix of business disposals, asset sales, and share losses, making the bank considerably less relevant than it has been historically. Credit Suisse's challenges have been well-known for some time; we believe counterparties have been adjusting their exposures accordingly. That said, contagion risk is difficult to quantify. We expect the situation to remain volatile, however the significant liquidity support for Credit Suisse announced by the Swiss National Bank may provide some respite in the short term.

The crisis of confidence sparked by SVB could result in additional volatility and potential distress, particularly in the most vulnerable areas of the market. We are focused on banks with robust capital, strong funding and liquidity, and resilient business models. Although we have not adjusted our holdings, we continue to closely monitor the situation and will make adjustments as needed.

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