



Takeover of Credit Suisse by UBS: financial implications for the Confederation

On 16 and 19 March 2023, the Federal Council decided on various measures to prevent the imminent failure of the globally active and systemically important Credit Suisse, and thereby avert a financial crisis and extremely severe damage to the Swiss financial centre and the entire Swiss economy. In the Federal Council's view, the package of measures around the takeover of Credit Suisse by UBS enabled this goal to be achieved under the prevailing circumstances, while keeping the cost for the state and taxpayers as low as possible. On 11 August 2023, UBS announced the termination of the federal loss protection guarantee without replacement. At the same time, it also ended, without replacement, the agreement between Credit Suisse and the SNB on liquidity assistance loans with a federal default guarantee, following full repayment of these loans. The Confederation did not have to assume any losses arising from these guarantees. With the termination of these guarantees, the associated risks also ceased to apply for the Confederation and taxpayers. Overall, the Confederation earned receipts of around CHF 200 million on the loss protection guarantee and liquidity assistance loans with a default guarantee.

Overview of receipts

Federal receipts and risk exposure with regard to liquidity assistance loans and the loss protection guarantee

Definitive status as of 31 December 2023

State-guaranteed liquidity assistance loan provided to Credit Suisse (public liquidity backstop, PLB)

Commitment premium of 0.25% p.a. for CHF 100 billion public liquidity backstop:

- Accrued premium (cumulative 19 March 2023 to 11 August 2023):
CHF 100.7 million

Risk premium of 1.5% p.a. for effectively utilised public liquidity backstop

- Accrued premium payments (cumulative 20 March 2023 to 30 May 2023):
CHF 60.6 million

In addition to the commitment and risk premia payable to the Confederation, Credit Suisse paid the SNB interest and a risk premium.

The other liquidity assistance provided by the SNB (without a state guarantee) is not mentioned here.

UBS loss protection guarantee: guarantee fee

Initial set-up fee:

- CHF 40 million (in two instalments of CHF 20 million each)

The federal government's expenses for the UBS loss protection guarantee (external consultancy) totalled CHF 3.3 million.

The following did not apply due to the termination of the agreement on 11 August 2023:

- Annual maintenance fee of 0.4% on CHF 9 billion, i.e. CHF 36 million p.a. (from October 2023)

Annual drawn portion fee of between 0% and 4% on CHF 9 billion, contingent on the losses already realised and those still to be expected