

Credit Suisse AG

Hong Kong Branch

Quarterly Liquidity Information Disclosure Statement

As at 31 March 2020

**Credit Suisse AG
Hong Kong Branch**

Liquidity Information Disclosure Statement

The Liquidity Disclosure Statement complies with the Banking (Disclosure) Rules (BDR) made under section 60A of the Banking Ordinance.

Basis of preparation

The approaches used in calculating the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are in accordance with the Banking Liquidity Rules (BLR).

During 2020, Credit Suisse AG Hong Kong Branch (the Branch) is required to maintain LCR of not less than 100%.

The average LCR for the periods are as follow:

	Quarter ended (%)	
	31 Mar 2020	31 Dec 2019
Average LCR	160.57%	193.48%

Average LCR is the simple average value of all working days in the quarter.

The NSFR, Available Stable Funding (ASF) and Required Stable Funding (RSF) for the periods are as follow:

	Quarter ended (%)	
	31 Mar 2020	31 Dec 2019
NSFR	143.88%	141.20%

	Quarter ended (HKD million)	
	31 Mar 2020	31 Dec 2019
ASF	81,317	76,666
RSF	56,518	54,296

Accompanying narrative

The liquidity position of the Branch remained stable and healthy. The average LCR were 160.57% and 193.48% at end of 1Q2020 and 4Q2019 respectively. The NSFR were 143.88% and 141.20% for the quarters ended 31 March 2020 and 31 December 2019 respectively.

The Branch holds a pool of high quality liquid assets (HQLA) as defined under Schedule 2 of the BLR. The majority of the HQLA held by the Branch are Level 1 assets, predominantly in government debt securities.

Private banking customers' deposit remains as one of the major funding sources for the Branch. In addition, the Branch is able to source additional funding, in the appropriate currency, from affiliates of Credit Suisse Group AG (the Group) to meet its requirement.

The decrease in average LCR in the first quarter of 2020 primarily reflected an increase in net cash outflow, while the level of HQLA was stable compared to the prior quarter. The increase in net cash outflow was primarily driven by an increase in unsecured funding from wholesale deposits.

The Branch, being one of the branches of the Group monitors and manages liquidity risk on a standalone basis. The risk control framework aims to ensure the appropriate amount of liquidity is set aside locally whilst ensuring a sufficient amount of liquidity is held at Group level to support and meet its obligations.

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The following table sets out the required disclosure items under Standard Disclosure Templates as specified by the HKMA. The number of data points used in calculating the average value of the LCR and related components for quarters ended 31 Mar 2020 and 31 Dec 2019 are both 62. The number of data points equates to the number of working days in the quarter.

LIQ1 - Liquidity Coverage Ratio for category 1 institution

Amount in HKD\$ '000	Quarter ended 31 Mar 2020 (62 data points)		Quarter ended 31 Dec 2019 (62 data points)	
	Unweighted value (average)	Weighted value (average)	Unweighted amount (average)	Weighted amount (average)
Basis of disclosure: Hong Kong office basis				
A. HIGH QUALITY LIQUID ASSETS				
1 Total high quality liquid assets (HQLA)		27,280,170		27,145,245
B. CASH OUTFLOWS				
2 Retail deposits and small business funding, of which:	46,624,246	4,662,425	48,500,390	4,850,039
3 Stable retail deposits and stable small business funding	-	-	-	-
4 Less stable retail deposits and less stable small business funding	46,624,246	4,662,425	48,500,390	4,850,039
4a Retail term deposits and small business term funding	-	-	-	-
5 Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the FI, of which:	81,600,036	54,676,740	69,985,787	43,397,253
6 Operational deposits	-	-	-	-
7 Unsecured wholesale funding (other than small business funding) not covered in Row 6	81,600,036	54,676,740	69,985,787	43,397,253
8 Debt securities and prescribed instruments issued by the FI and redeemable within the LCR period	-	-	-	-
9 Secured funding transactions (including securities swap transactions)		-		-
10 Additional requirements, of which:	4,865,740	4,641,836	5,001,031	4,526,953
11 Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	2,337,170	2,337,170	2,128,401	2,128,401
12 Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	-	-	-	-
13 Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	2,528,570	2,304,666	2,872,630	2,398,552
14 Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,481,515	4,481,515	3,572,560	3,572,560
15 Other contingent funding obligations (whether contractual or non-contractual)	245,131,380	1,803	246,948,174	3,242
16 TOTAL CASH OUTFLOWS		68,464,319		56,350,047
C. CASH INFLOWS				
17 Secured lending transactions (including securities swap transactions)	1,841,827	-	9,859,318	-
18 Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	101,383,531	69,147,373	90,094,068	56,587,855
19 Other cash inflows	7,177,703	5,597,255	6,086,810	4,709,687
20 TOTAL CASH INFLOWS	110,403,061	74,744,628	106,040,196	61,297,542
D. LIQUIDITY COVERAGE RATIO				
21 TOTAL HQLA		Adjusted value 27,280,170		Adjusted value 27,145,245
22 TOTAL NET CASH OUTFLOWS		Adjusted value 17,116,079		Adjusted value 14,087,512
23 LCR (%)		160.57%		193.48%