

Credit Suisse AG

Hong Kong Branch

Quarterly Liquidity Information Disclosure Statement

As at 30 September 2020

**Credit Suisse AG
Hong Kong Branch**

Liquidity Information

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 (%) | |
|--------------------|-------------------|-------------|
| | 30 Sep 2020 | 30 Jun 2020 |
| Average LCR | 169.06% | 168.42% |

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 (%) | |
|-------------|-------------------|-------------|
| | 30 Sep 2020 | 30 Jun 2020 |
| NSFR | 138.67% | 142.47% |

| | Quarter ended (HKD million) | |
|------------|-----------------------------|-------------|
| | 30 Sep 2020 | 30 Jun 2020 |
| ASF | 78,206 | 76,501 |
| RSF | 56,398 | 53,697 |

Accompanying narrative

The liquidity position of the Branch remained stable and healthy. The average LCR were 169.06% and 168.42% at end of 3Q2020 and 2Q2020 respectively. The NSFR were 138.67% and 142.47% for the quarters ended 30 Sep 2020 and 30 Jun 2020 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 average LCR increased from 168.42% for the quarter ended 30 Jun 2020 to 169.06% for the quarter ended 30 Sep 2020 mainly driven by an increase in the pool of HQLA. NSFR decreased from 142.47% for the quarter ended 30 Jun 2020 to 138.67% for the quarter ended 30 Sep 2020 mainly driven by an increase in required stable funding arising from loans and funds provided to customers and other financial institutions increase.

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 average value of the LCR and its related components for the quarters ending 30 Sept 2020 and 30 June 2020 are 65 and 60 data points respectively. 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 30th Sept 2020 (65 data points) | | Quarter ended 30th June 2020 (60 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) | | | 27,717,390 |
| B. CASH OUTFLOWS | | | | |
| 2 | Retail deposits and small business funding, of which: | | 40,784,910 | 4,078,491 |
| 3 | Stable retail deposits and stable small business funding | | - | - |
| 4 | Less stable retail deposits and less stable small business funding | | 40,784,910 | 4,078,491 |
| 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: | | 79,355,577 | 52,037,107 |
| 6 | Operational deposits | | - | - |
| 7 | Unsecured wholesale funding (other than small business funding) not covered in Row 6 | | 79,355,577 | 52,037,107 |
| 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: | | 5,190,087 | 5,094,866 |
| 11 | Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements | | 2,438,451 | 2,438,451 |
| 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) | | 2,751,636 | 2,656,415 |
| 14 | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows | | 4,499,959 | 4,499,959 |
| 15 | Other contingent funding obligations (whether contractual or non-contractual) | | 249,450,393 | 1,283 |
| 16 | TOTAL CASH OUTFLOWS | | | 65,711,706 |
| C. CASH INFLOWS | | | | |
| 17 | Secured lending transactions (including securities swap transactions) | | 7,340,100 | - |
| 18 | Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions | | 96,722,183 | 68,795,529 |
| 19 | Other cash inflows | | 7,221,747 | 5,503,908 |
| 20 | TOTAL CASH INFLOWS | | 111,284,030 | 74,299,437 |
| D. LIQUIDITY COVERAGE RATIO | | | | |
| 21 | TOTAL HQLA | | | Adjusted value 27,717,390 |
| 22 | TOTAL NET CASH OUTFLOWS | | | Adjusted value 16,427,926 |
| 23 | LCR (%) | | | Adjusted value 169.06% |

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Chief Executive's Declaration of Compliance

It is certified by the Chief Executive of Credit Suisse AG Hong Kong Branch that the information disclosed above is in compliance with the Banking (Disclosure) rules and the disclosure standards of the Supervisory Policy Manual – "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority.

Francois Monnet
Chief Executive, Credit Suisse AG Hong Kong Branch

Credit Suisse AG is incorporated in Switzerland with limited liability.