Basel III – Pillar 3 disclosures for the period ended June 30, 2023

Table DF – 1: Scope of Application

The disclosures and analysis provided herein below are in respect of the Mumbai Branch ('the Bank') of Credit Suisse AG which is incorporated in Switzerland with limited liability and Credit Suisse Finance (India) Private Limited ('CS Finance') a Non- Banking Finance Company. The Bank and CS Finance together constitute "the Consolidated Bank" in line with the Reserve Bank of India ("RBI") guidelines on the preparation of consolidated prudential returns. Also, the disclosures herein below are solely in the context of local regulatory requirements and guidelines prescribed by the Reserve Bank of India (RBI) under Pillar 3 - Market Discipline of the Basel III guidelines. The Pillar 3 disclosures are designed to complement the minimum capital requirements in Pillar 1 and the Supervisory Review and Evaluation Process in Pillar 2. The aim of Pillar 3 is to promote market discipline by allowing market participants access to information of risk exposures and risk management policies and process adopted by the bank. This is based on unaudited financials of Credit Suisse AG Mumbai Bank Branch for 30th June 2023.

For the purpose of consolidated prudential regulatory reporting, the Consolidated Bank includes unaudited results as at June 30, 2023 of the above mentioned NBFC as required by RBI in its circular on "Financial Regulation of Systemically Important NBFC's and Bank's relationship with them" vide circular ref. DBOD.No.FSD.BC.46/24.01.028/2006-07 dated December 12, 2006 read with "Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision" vide circular ref. DBOD. No. BP.BC. 72 /21.04.018/2001-02 dated February 25, 2003.

Pursuant to the proposed merger announced on March 19, 2023 Credit Suisse Group AG merged with UBS Group AG on 12th June 2023, pursuant to the Swiss Merger Act, with UBS Group AG as the surviving entity. By operation of law, Credit Suisse Group AG's assets, liabilities and contracts has been transferred to UBS Group AG in their entirety. As a result, upon effectiveness of the merger, UBS Group AG has become the parent of Credit Suisse AG.

Presently, the Accounting Standard (AS) 21 on Consolidated Accounting is not applicable to the India operations of Credit Suisse AG since none of its Indian subsidiaries are owned by the Branch in Mumbai. The Bank does not have any interest in insurance entities.

References have been made in this submission to Global practices as the Bank in India is operating as branch of Credit Suisse AG.

(i) Qualitative Disclosure

a. List of entities considered for Consolidation

Name of the entity / Country of incorp-oration	Included under accounting scope of consolidation (yes / no)	Method of consoli-dation	Included under regulatory scope of consolid-ation (yes / no)	Method of consolid-ation	Reasons for difference in the method of consolidation	Reasons if consolidated under only one of the scopes of Consolidation
Credit Suisse Finance (India) Private Limited	No	NA	Yes	Line by line consolidation method as per AS-21	NA	As per the RBI circular number DBOD.No.FSD.BC.46/24.01.028/2006-07 dated December 12, 2006 the Branch need not prepare consolidated financial statements as per AS-21 for subsidiaries of Banks parent / group.

b. List of group entities not considered for Consolidation both under the accounting and regulatory scope of consolidation

(Rs. in '000)

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
**Credit Suisse Securities (India) Private Limited	Registered as a stock broker, merchant banker, underwriter and portfolio manager.	18,601,860	-	NA	22,515,891
*Credit Suisse Services India Private Limited	Information Technology / Information Technology Enabled Services to Group companies.	9,898,003	-	NA	15,938,874
*Credit Suisse Services AG Pune Branch	Information Technology / Services to Group companies.	Nil	-	NA	13,129,993
*Credit Suisse Business Management (India) Private Limited	Business support services to Credit Suisse Trust entities situated outside India	157,137	-	NA	198,405
**Credit Suisse Consulting (India) Private Limited	Consultancy services to Group companies	120,108	-	NA	121,077
*Credit Suisse Business Analytics (India) Private Limited	Information Technology / Information Technology Enabled Services Group	5,081,390	-	NA	7,364,530

	companies.				
**UBS Business Solutions (India) Private Limited	Information Technology/ Information Technology Enabled services to Group Companies	10,902,527	-	-	18,936,767
**UBS Securities India Private Limited	Stock Broking Company	6,508,908	-	-	11,847,921
**UBS (India) Private Limited	Investment Company	3,207,707	-	-	3,223,910

Note: *The balances in the table above are based on audited financials of 31 March 2023.
Note: **The balances in the table above are based on un-audited financials of 31 March 2023.

(ii) Quantitative Disclosure

c. List of entities considered for Consolidation

(Rs. in '000s)

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity *(as stated in the accounting balance sheet of the legal entity)*	Total balance sheet assets *(as stated in the accounting balance sheet of the legal entity)*
Credit Suisse Finance (India) Private Ltd.	NBFC	23,738,080	23,865,988

Note: The balances in the table above are based on INDAS framework audited financials of 31 March 2023.

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted

Not applicable as there are no subsidiaries of the Bank.

e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

As of June 30, 2023, the Bank does not have investment in any insurance entity.

f. Restrictions or impediments on transfer of funds or regulatory capital within the banking group

There are no restrictions or impediments on transfer of funds within the banking group.

Table DF – 2: Capital adequacy

The Bank needs to maintain sufficient capital to support business activities, in accordance with the regulatory requirements on a standalone and consolidated basis. Currently the main source of the Bank's supply side of its capital is capital infusion by its Head Office and reserves. The Bank currently follows Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational risk capital charge computation. CS Finance follows capital adequacy guidelines applicable to NBFCs. The Bank also assesses the capital adequacy using Internal Capital Adequacy Assessment Process (ICAAP) approach, as required by local regulation.

The Bank is supervised by the Local Management Committee ("LMC") comprising of key senior management in the Bank. The LMC is supported by other committees for specific areas like the Asset Liability Management and Investment committee ("ALCO"), Risk Management Committee, Credit Committee, etc. The Branch management is supported by the Regional & Country Management of Credit Suisse on all governance and franchise issues. There are processes and policies in place to support activities planned in the Bank. Apart from local policies, the Bank also adheres to Global Credit Suisse policies and best practices.

As at June 30, 2023, the capital of the Bank, both on a standalone and consolidated basis, is higher than the minimum capital requirement as per Basel-III guidelines.

A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on June 30, 2023 is presented below:

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(Rs in '000)

Risk area	**Standalone**	**Consolidated**
	June 30, 2023	**June 30, 2023**
Capital requirements for Credit Risk (A)	**3,450,462**	**5,488,152**
- for portfolio subject to standardised approach	3,450,462	5,488,152
- for securitisation exposures	-	-
Capital requirements for Market risk (B)	**6,967,010**	**6,967,010**
- for interest rate risk	5,304,472	5,304,472
- for foreign exchange risk (including gold)	1,662,538	1,662,538
- Equity risk	-	-
Capital requirements for Operational risk (C)	**1,696,255**	**1,696,255**
- Basic indicator approach	1,696,255	1,696,255
Total capital requirement (A+B+C)	**12,113,727**	**14,151,417**
CET1 CRAR	48.04%	59.00%
Tier 1 CRAR	48.04%	59.00%
Tier 2 CRAR	3.41%	2.94%
Total Capital adequacy ratio	**51.45%**	**61.94%**

Table DF – 3: Credit Risk

Definition

Credit risk can be defined as the risk to earnings or capital arising from an obligor's failure to meet the terms of any contract with the lender or otherwise fail to perform as agreed.

Credit Risk Management / Structure

Within Credit Suisse, the Credit Risk Management ('CRM team') is responsible for managing Credit Suisse's portfolio of credit risk and establishes broad policies and guidelines governing Credit Suisse's credit risk appetite. The Bank has a dedicated Credit Risk team reporting functionally to the Global CRM group. CRM team is headed globally by the Chief Credit Officer ('CCO') who reports directly to the Chief Risk Officer ('CRO') of Credit Suisse. Credit authority is delegated by the CCO to specific senior CRM team personnel based on each person's knowledge, experience and capability. These delegations of credit authority are reviewed periodically. Credit Risk function along with other risk functions is segregated from the line / business functions. At Headquarters in Zurich, the Capital Allocation and Risk Management Committee ('CARMC'), in addition to its responsibilities for market risk described below, is also responsible for maintaining credit policies and processes, evaluating country, counterparty and transaction risk issues, applying senior level oversight for the credit review process and ensuring global consistency and quality of the credit portfolio. CARMC annually reviews credit limits measuring country, geographic region and product concentrations, as well as impaired assets and recommended loan loss provisions. All limits are applicable to the bank to the extent they are in conformity with Reserve Bank of India regulations.

Risk identification, measurement and monitoring

Globally, Credit Suisse utilises an internal counterparty rating scale (ranging from AAA as the best to D as the worst for IB (Investment Banking) counterparties and rating scale of CR01-CR18, with CR18 being the worst for PB (Private Banking) counterparties) and applies this grading measure against all counterparties. Credit Suisse takes a proactive approach to rating each of its counterparties and obligors and, as a result, internal ratings may deviate from those assigned by public rating agencies. All counterparties are assigned a credit rating as noted above. The intensity and depth of analysis is related to the amount, duration and level of risk being proposed together with the perceived credit quality of the counterparty/issuer/obligor in question. Analysis consists of a quantitative and qualitative portion and strives to be forward looking, concentrating on economic trends and financial fundamentals. In addition, analysts make use of peer analysis, industry comparisons and other quantitative tools, including a quantitative model based rating system. All final ratings also require the consideration of qualitative factors relating to the company, its industry and management. In addition to the aforementioned analysis, all counterparty ratings are subject to the rating of the country in which they are domiciled. Analysis of key sovereign an economic issues for all jurisdictions is undertaken and these are considered when assigning the rating and risk appetite for individual counterparties. While this is the approach for IB counterparties, the credit rating is largely driven by (financial) collaterals pledged for PB counterparties.

Each credit facility is approved by the bank's Credit Approval Committee and CRM is a standing member of this committee (all members have veto power). Each facility is covered by a legal agreement that is appropriate for the type of transaction. On a case-by-case basis, Credit Suisse mitigates its credit risk associated with lending and credit related activities. This may be accomplished by taking collateral or a security interest in assets and other means.

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets. Credit Suisse's major operating divisions all assume country risk in a variety of ways. The setting of limits for this risk is the responsibility of CARMC based on recommendations of CRM team, Market Risk management & Liquidity risk management and Credit Suisse's economists. Country limits for emerging markets are approved by the Chairman's Committee of the Board of Directors of Credit Suisse Group, a portion of which is delegated to CARMC. For trading positions, country risk is a function of the notional and mark-to-market exposure of the position, while for loans and related facilities country risk is a function of the amount that Credit Suisse has lent or committed to lend. The day-to-day management of country exposure is assigned to each of the core businesses in accordance with its business authorisations and limit allocations.
The Bank leverages the CRM team expertise and processes within Credit Suisse to manage credit exposures arising from business transactions. The Businesses would be responsible for managing transactions within specified counterparty credit limits like Single Borrower and Group Borrower limits as prescribed by RBI, in consultation with CRM team.

Credit risk management policy:

The credit risk management policies of the bank address the following:

- Credit risk management framework, organisation, mandate & fundamental credit risk taking principles
- Counterparty / borrower/ issuer ratings
- Credit analysis & review frequency
- Credit exposure limits
- Credit limits for trading debt inventory in the secondary market
- Credit limit excess monitoring
- Management of problem assets
- Managing counterparty/borrower/issuer and country events
- Reporting of credit exposures of the bank
- Exposure norms to avoid credit risk concentrations: industry, sector, product and single/group borrower limits
- Loans and advances
- External commercial borrowings & trade credits

- Sale of financial assets to securitisation companies/reconstruction companies
- Purchase/sale of non-performing financial assets
- CS Mumbai Branch Credit Committee and Credit Approval Committee
- Roles and responsibilities

The branch also complies with RBI's directives to ensure early recognition of financial distress in borrowers and taking prompt steps for resolution and fair recovery.

Definition of past due and impaired:

The Bank classifies its advances into performing and non-performing loans for accounting purposes in accordance with the extant RBI guidelines given below

A non-performing asset (NPA) is defined as a loan or an advance where:

i) interest and/or installment of principal remain overdue for more than 90 days in respect of a term loan. Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank;
ii) if the interest due and charged during a quarter is not serviced fully within 90 days from the end of the quarter;
iii) the account remains 'out of order' in respect of an overdraft/cash credit facility continuously for 90 days.
iv) a bill purchased/discounted by the Bank remains overdue for a period of more than 90 days;
v) interest and/or installment of principal in respect of an agricultural loan remains overdue for two crop seasons for short duration crops and one crop season for long duration crops;
vi) In respect of a securitisation transaction undertaken in terms of the RBI guidelines on securitisation, the amount of liquidity facility remains outstanding for more than 90 days;
vii) In respect of derivative transactions, if the overdue receivables representing positive mark-to-market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained a NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully. In line with RBI directive, CS Finance is subject to 90 days overdue criteria for identification of NPAs.

Quantitative Disclosure

Gross Credit exposures:
Credit risk exposures include all exposures as per RBI guidelines on exposure norms. Bank's credit risk exposure as on June 30, 2023 primarily includes loans given to

corporates, guarantees, FX and derivative exposures and inventory positions held. The entire credit risk exposure of the Consolidated Bank as on June 30, 2023 is concentrated in India. This includes exposure to branches of foreign banks in India.
The following table provides details of Bank's fund based and non-fund based exposures as on June 30, 2023.

(Rs in '000)

Category	Standalone		Consolidated	
	Fund based[1,2]	Non-fund based[3]	Fund based[1,2]	Non-fund based[3]
Domestic	11,744,632	20,908,403	27,563,075	20,908,403
Overseas	-	-	-	-
Total	**11,744,632**	**20,908,403**	**27,563,075**	**20,908,403**

1. Represents loans (netoff collaterals), investment in non-SLR securities.
2. Excludes cash in hand, Nostro balances, balance with RBI and investment in government securities, Bank CD's and Other Assets.
3. Non Fund Based includes guarantees, fx and derivative transactions.

Industry-wise distribution of exposures as on June 30, 2023:

(Rs in '000)

Industry	Standalone		Consolidated	
	Fund based[1,2]	Non-fund based[3]	Fund based[1,2]	Non-fund based[3]
Banks	-	17,398,852	-	17,398,852
Electricity Generation - Private Sector	2,440,751	1,299,325	2,440,751	1,299,325
Electricity Distribution - Private Sector	-	1,283,108	-	1,283,108
Other Industries	9,242,071	927,118	25,060,514	927,118
Electricity Distribution Public Sector	-	-	-	-
Healthcare/ Diagnostics	24,502	-	24,502	-
Real Estate	37,308		37,308	-
Mining and Quarrying - Others	-	-	-	-
Total	**11,744,632**	**20,908,403**	**27,563,075**	**20,908,403**

1. Represents loans (netoff collaterals), investment in non-SLR securities.
2. Excludes cash in hand, Nostro balances, balance with RBI and investment in government securities, Bank CD's and Other Assets.
3. Non Fund Based includes guarantees, fx and derivative transactions.

Maturity pattern of assets of the bank as at June 30, 2023: **(Rs in '000)**

Maturity buckets	Cash & balances with RBI	Balances with banks & money at call and short notice	Investments	Loans & advances	Fixed assets #	Other assets	Total
Day 1	1,294,985	355,044	113,962,194	697	-	399,002	116,011,922
2 to 7 days	-	18,561,999	-	3,836	-	102,054	18,667,889
8 to 14 days	-	1,002,089	-	4.010	-	62,925	1,069,024
15 to 30 days	458.803	-	3,358,271	6,799	-	206,347	4,030,220
31days and upto 2 months	314,849	-	1,578,901	311,768	-	260,543	2,466,061
More than 2 months and upto 3 months	93,988	-	688,076	16,768	-	698,066	1,496,898
3 to 6 months	237,853	-	1,541,998	336,730	-	687,148	2,803,729
6 months to 1 year	103,169	-	1,152,069	4,317,004	-	141,347	5,713,589
1 to 3 years	413,849	-	2,642,026	1,263,784	-	2,611,701	6,931,360
3 to 5 years	-	-	-	-	-	1,159,195	1,159,195
Above 5 years	5,361	-	1,019,951	-	74,749	7,775,186	8,875,247
Total	**2,922,857**	**19,919,132**	**125,943,486**	**6,261,397**	**74,749**	**14,103,514**	**169,225,134**

Consolidated maturity pattern of assets as at June 30, 2023*: **(Rs in '000)**

Maturity buckets	Cash & balances with RBI	Balances with banks & money at call and short notice	Investments	Loans & advances	Fixed assets #	Other assets	Total
Day 1	1,294,985	2,337,356	113,962,194	631,597	-	453,982	118,680,114
2 to 7 days	-	18,561,999	-	3,836	-	102,054	18,667,889
8 to 14 days	-	1,002,089	-	1,049,510	-	80,882	2,132,481
15 to 30 days	458,803	-	3,358,271	800,959	-	229,359	4,847,392
31days and upto 2 months	314,849	4,000,000	1,578,911	4,982,322	-	379,669	11,255,741
More than 2 months and upto 3 months	93,988	1,750,000	688,076	5,867,808	-	722,240	9,122,112
3 to 6 months	237,853	-	1,541,998	2,052,105	-	746,433	4,578,389
6 months to 1 year	103,169	-	1,152,069	4,677,804	-	199,835	6,132,877
1 to 3 years	413,849	-	2,642,026	2,013,898	-	2,767,066	7,836,839
3 to 5 years	-	-	-	-	-	1,160,147	1,160,147
Above 5 years	5,361	-	1,019,951	-	74,749	7,854,954	8,955,015
Total	**2,922,857**	**27,651,444**	**125,943,486**	**22,079,839**	**74,749**	**14,696,621**	**193,368,996**

* Consolidated Maturity Pattern includes assets of Credit Suisse Finance India Private Limited based on INDAS framework gross of ECL provision of INR 22,964K which is classified under Other liabilities and provision and hence does not form part of Assets.

Fixed Assets comprises of Tangible and Intangible Fixed Assets.

For consolidated Bank, the disclosures pertaining to non-performing advances as at June 30, 2023 are as below:

Non-performing Advances (Gross)

(Rs in '000)

Category	Amount
Substandard	-
Doubtful 1	-
Doubtful 2	-
Doubtful 3	-

Non-performing Advances (Net)

(Rs in '000)

Category	Amount
Substandard	-
Doubtful 1	-
Doubtful 2	-
Doubtful 3	-

NPA ratios

Particulars	Ratio
Gross NPAs to gross advances	-
Net NPAs to net advances	-

Movement of NPAs (Gross)

(Rs in '000)

Particulars	Amount
Opening balance	-
Additions	-
Reductions	-
Closing balance	-

Major Industry-wise NPAs, provisions and write-off as of June 30, 2023

(Rs in '000)

Particulars	Gross NPA	Specific Provisions [1]	General Provision	Specific Provision during the year	Write-Off during the year
Other Industries	-	-	-	-	-

1. Specific provision relating to NPAs.

Geography-wise breakup of gross NPAs, specific provisions and general provision as of June 30, 2023

(Rs in '000)

Particulars	Gross NPA	Specific Provisions[1]	General Provision
Domestic	-	-	-

Overseas	-	-	-

1. Specific provision relating to NPAs

Movement of provisions

(Rs in '000)

	Standalone[1]		Consolidated[1,2]	
Particulars	**General Provision**	**Specific Provision for NPA**	**General Provision**	**Specific Provision for NPA**
Opening balance	168,719	-	173,001	-
Provisions made during the period	-	-	18,682	-
Write-off / Write-back of excess provisions	(71,581)	-	(71,581)	-
Any other adjustments, including transfers between provisions	-	-	-	-
Closing balance	**97,138**	-	**120,102**	-

[1] General Provision includes provision on standard assets, unhedged foreign currency exposure, country risk provision.
[2] Includes ECL provision.

Movement of provision for depreciation / appreciation on investments (excluding NPI)

(Rs in '000)

	Standalone	**Consolidated**
Particulars	**Amount**	**Amount**
Opening balance	6,278,077	6,278,077
Depreciation / (Appreciation) booked during the year	1,474,456	1,474,456
Write off	**-**	**-**
Write back of excess provision	**-**	**-**
Closing Depreciation / (Appreciation)	**4,803,621**	**4,803,621**

The Bank (both standalone and consolidated) does not have non-performing investments as on June 30, 2023.

NPIs and movement of provision for depreciation on NPI investments

(Rs in '000)

Particulars	**Amount**
Amount of Non Performing Investments (Gross)	-
Amount of provision held for non performing investments	-
Amount of Non Performing Investments (Net)	-
Movement of provision for non performing investments	
- Opening balance	-

- Provisions made during the period	-
- Write-off	-
- Write-back of excess provisions	-
- Closing balance	-

Table DF – 4: Credit Risk Standardised Approach

Credit risk: Portfolios subject to the Standardised Approach

The exposures requiring measurement of credit risk as on June 30, 2023 are primarily loans, inventory exposures and FX and derivative transaction and balance with banks.

The exposure of the bank as on June 30, 2023 subject to the standardised approach by risk weights were as follows

(Rs in '000)

Category	Exposures	
	Standalone	Consolidated
Less than 100% risk weight	53,172,685	61,221,017
100% risk weight	150,787	16,375,468
More than 100% risk weight	8,520,759	8,520,759
Deducted from capital	-	-
Total	**61,844,231**	**86,117,244**

- Excludes cash in hand and investments in AFS and HFT portfolio.

Leverage Ratio

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk based capital framework) divided by the exposure measure. As per RBI guidelines, disclosures required for leverage ratio for the Bank at the consolidated level at June 30, 2023 is as follows:

				(Rs in '000)
Particulars	**30-Jun-23**	**31-Mar-23**	**31-Dec-22**	**30-Sep-22**
Tier I Capital	66,794,297	69,499,763	66,020,244	64,005,188
Exposure Measure	213,178,930	229,519,190	256,561,523	280,866,567
Leverage Ratio	**31.33%**	**30.28%**	**25.73%**	**22.79%**