

# Credit Suisse Supply Chain Finance Funds

(New questions are marked red; revised answers are highlighted in yellow).

## Key messages:

- On March 1, 2021, Credit Suisse Asset Management suspended redemptions and subscriptions in all of its four Supply Chain Finance Funds (SCFFs). The fund boards subsequently approved the commencement of the liquidation process of the SCFFs.
- Reason: Some of the funds' assets were and continue to be subject to considerable uncertainty with respect to their valuation. Moreover, the reduced availability of insurance coverage for new investments and the related substantial challenges to source suitable investments made it unachievable for the funds to remain invested in accordance with their investment policies. Credit Suisse Asset Management's fiduciary duty is to act in the best interests of investors in its funds. The liquidation will ensure equal treatment of all investors and safeguard their interests.
- The liquidation of the SCFFs is administered in compliance with the applicable laws and regulations. The liquidation proceedings and liquidation proceeds must be and will be made based on equal treatment of all the investors in the SCFFs. Consequently, all investors will get proportional payouts in relation to their investment and there is no possibility of preferential payments.
- The total amount returned to investors is approx. USD 6.75 bn.
- Together with the cash that has already been distributed and cash remaining in the funds as of June 30, 2022, the cash position is equivalent to approx. USD 7.3 bn or 73% of the funds' AuM at the time of their suspension.
- The recovery effort is focused on several SCFF programs with an aggregate amount of USD 2.3 bn as of February 26, 2021, which are essentially related to the following three groups of companies: "GFG Alliance", Kattera, and Bluestone.
  - In October 2021, CSAM reached an agreement with the "GFG Alliance" for the repayment in full of the portion of the "GFG Alliance" exposure relating to its Australian operations, with an initial payment of AUD 129 mn (approx. USD 96 mn) and an agreement to repay the remaining principal of AUD 240 mn (approx. USD 178 mn) with interest by mid-2023.
  - In June 2022, CSAM reached an agreement with Bluestone and its shareholders for the repayment of cash to noteholders. This agreement includes (inter alia) a two-year standstill period, recurring payments from Bluestone of up to USD 320mn to all noteholders, as well as the sharing by noteholders and the Justice family in the proceeds from any potential sale of the Bluestone entities.
- As of June 30, 2022, 16 insurance claims have been filed.

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## A. General Background

### 1. Why is Credit Suisse Asset Management winding down the Supply Chain Finance Funds (what was the trigger event)?

The decision to first close the SCFFs for subscriptions and redemptions, and then to liquidate them was taken due to valuation uncertainties that have arisen from aspects related to the financial infrastructure of the funds and certain exogenous factors. Moreover, the reduced availability of insurance coverage for new investments and the related substantial challenges to source suitable investments make it currently unachievable for the funds to remain invested in accordance with their investment policies. Credit Suisse Asset Management's fiduciary responsibility is to act in the best interests of investors in its funds.

All shares of the SCFFs will be compulsorily redeemed and will participate pro-rata to the funds' assets. Pending redemption requests will be cancelled.

Liquidation proceeds will be distributed as soon as feasible until the investors receive the funds' total net collected liquidation proceeds. Investors will receive notification of these payments. Management fees are waived with immediate effect.

### 2. What percentage of SCFFs assets are in cash and cash equivalents?

Cash and cash equivalents in % of fund volume as of **June 30, 2022**, of affected funds shown in the table below.

Fund volume defined as notional value of notes outstanding plus cash and cash equivalents. Cash equivalents are defined as treasuries, positions in Credit Suisse Money Market Funds, and Unrealized FX profit or loss.

Credit Suisse (Lux) Supply Chain Finance Fund	Approx. 16%, USD 384 mn
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	Approx. 23%, USD 150 mn
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	Approx. 100%, USD 9 mn
Credit Suisse Supply Chain Finance Investment Grade Fund	Approx. 100%, USD 34 mn

### 3. Are there any other funds managed by Credit Suisse Asset Management that are directly invested in the SCFFs?

For the following funds managed by Credit Suisse Asset Management, the Board of Directors of the Umbrella "Credit Suisse Virtuoso SICAV – SIF" suspended the subscriptions and redemptions effective March 1, 2021, because a certain part of the funds' assets is invested in SCFFs:

- Credit Suisse (Lux) Multi Strategy Bond Fund
- Credit Suisse (Lux) Multi Strategy Alternative Fund
- Credit Suisse (Lux) Qatar Enhanced Short Duration Fund
- Credit Suisse (Lux) Institutional Target Volatility Fund EUR

The illiquid part of these funds' assets was subsequently separated into a separate share class to allow for subscriptions and redemptions of the original share classes, reflecting the liquid part of the funds' assets, to resume as of April 7, 2021. The separate share class reflecting the illiquid assets is in the process of being liquidated, and shareholders receive pro rata payments of the redemption proceeds.

### 4. Have there been any provisions made by the funds to cover liquidation expenses? If so, how much?

The recovery work that CSAM is doing on behalf of fund investors inevitably incurs external expenses, which are being provisioned. The majority of these external costs have not yet been passed on to investors. CSAM is fronting as much of this expense as possible and will seek to recoup the amount which has been incurred when appropriate. A substantial part of the recovery work is conducted by CSAM's internal teams, the cost of which will be

absorbed by Credit Suisse.

At this stage, approx. USD 291 mn have been provisioned by the funds for the estimated recovery costs from 2021 - 2026. These costs do not include internal costs absorbed by Credit Suisse and cover external support in form of:

- Operating expenses for the broader SCF Infrastructure (e.g., Greensill Capital UK, Citi/TMF): Fees for administration, recovery, insurance, trustee fees and expenses, fees for administration of SPVs
- Advisory fees: Fees for restructuring and recovery activities, valuation services, external counsel fees, project management, and recovery support
- Ongoing fund operational fees and expenses (not part of the provisions, billed directly to the funds): Administration, custodian bank, applicable taxes, audit expenses, regulatory fees, reporting fees, domiciliation, and registration fees

## 5. Can you provide a breakdown of the provisioned liquidation costs by fund?

With the 2021 financial accounts which have been approved in the July 2022 OGM, updated provisions for the liquidation costs have been established. USD 291 mn have been provisioned by the funds for the estimated liquidation costs for 2021 - 2026. The estimated breakdown of the provisions by fund are as shown in the following table:

Fund	Provisioned estimated costs CHF mn	Provisioned estimated costs USD mn
Credit Suisse (Lux) Supply Chain Finance Fund	227	233
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	53	54
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	1	1
Credit Suisse Supply Chain Finance Investment Grade Fund	3	3
<b>Total</b>	<b>284</b>	<b>291</b>

Values shown are rounded to the closest million, and CHF amounts were converted to USD using an exchange rate of 0.9763 USD/CHF (historic FX rate)

The revised provisions cover a term until 2026, a much longer term than the initial provisions which explains the increase versus the previously disclosed figures. This is due to accounting requirements. Since CSAM is still actively working on underlying recoveries, the above-mentioned figures do not yet reflect the final amounts that are expected to be charged to each fund.

## B. Liquidation of the Funds

### 6. Can we provide a structured timetable for payouts?

Further payouts on the SCFFs will depend on the progress of recovery efforts across the programs. A total of approx. USD 6.7 bn has been returned so far to investors in the SCFFs in six installments.

Further liquidation proceeds are expected to be paid out to investors as soon as practicable in future installments. Due to provisions (see question 5) and cash collateral requirements for FX hedging purposes, the entire cash amount in the funds is not available for distribution (as was the case with all six pay-outs). We continue to monitor the development of the cash levels in the funds and assess further payouts on an ongoing basis. Concrete timing on the next cash payouts cannot be provided at this moment.

Investors will receive notification of such payments once more information is available. A certain percentage of cash needs to remain in the fund.

Payment of liquidation proceeds in % of NAV as of February 26, 2021:

Fund	Distribution as of Mar 10	Distribution as of Apr 15	Distribution as of Jul 7	Distribution as of Aug 6	Distribution as of Sep 29	Distribution as of Dec 15	Cumulative distribution
Credit Suisse (Lux) Supply Chain Finance Fund	30.8%	19.0%	1.4%	4.8%	4.8%	3.9%	Approx. 65%
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	14.6%	8.8%	27.8%	3.0%	2.7%	6.5%	Approx. 63%
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	44.2%	22.3%	28.8%	-	-	-	Approx. 95%
Credit Suisse Supply Chain Finance Investment Grade Fund	71.9%	14.3%	9.0%	-	-	-	Approx. 95%

### 7. Do investors need to take any action?

Investors do not need to take any action. The proceeds from the liquidation will be credited to their accounts in several installments. Payments will be made in the fund currency. Clients holding an account in the corresponding currency and who have issued appropriate instructions will have the liquidation proceeds credited to this account. Otherwise, the proceeds will be credited to the client's reference currency account.

### 8. Will the liquidation entail any costs or fees for clients?

Any costs and charges that are incurred in relation to the liquidation of all shares of the SCFFs will be borne by the SCFFs. Management fees were waived with immediate effect since March 4, 2021.

### 9. What are the tax implications?

Liquidations may have tax implications. As our clients have very different tax positions, Credit Suisse Asset Management is unable to make general statements. We therefore recommend that clients contact their tax advisors to find out what the tax implications of the fund closure will be in their native country, country of residence, or country of domicile.

### 10. Will the net asset value (NAV) per share of the SCFFs be adapted after the payment of the liquidation proceeds?

With every distribution to investors the published NAV will be adjusted accordingly. The adjusted NAV does not reflect any review of the actual NAV of the underlying assets and is not an implicit valuation.

### 11. In what currencies are the remaining notes denominated for both the Credit Suisse (Lux) Supply Chain Finance Fund as well as the Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund?

Due to valuation uncertainty surrounding some positions in the funds, the level of currency exposure of investors is also uncertain. We are able to indicate what proportion of the remaining notes are denominated in each currency when weighted by face value and do so in the table below. These proportions will fluctuate over time as when a currency strengthens versus others in the fund, it's proportion of face value rises, and vice versa when a currency weakens. Please note the figures below also ignore the impact of currency forwards that may be applied at the fund or shareclass level.

The currency composition of the remaining notes as of June 30, 2022, of these two funds are shown in the table below:

Credit Suisse (Lux) Supply Chain Finance Fund				
	Currency Exposure <sup>1</sup>			
As % of total fund notional note exposure	AUD	EUR	GBP	USD
Non-Focus Areas	0.0%	0.0%	4.5%	6.5%
Focus Areas (GFG, Katerra & Bluestone notes)	2.2%	9.2%	2.4%	75.2%
<b>Total currency exposure</b>	<b>2.2%</b>	<b>9.2%</b>	<b>6.9%</b>	<b>81.7%</b>

Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund				
	Currency Exposure <sup>1</sup>			
As % of total fund notional note exposure	AUD	EUR	GBP	USD
Non-Focus Areas	1.7%	2.8%	6.6%	12.5%
Focus Areas (GFG, Katerra & Bluestone notes)	9.7%	0.0%	47.5%	19.1%
<b>Total currency exposure</b>	<b>11.4%</b>	<b>2.8%</b>	<b>54.1%</b>	<b>31.6%</b>

<sup>1</sup> Face value & late payments, excluding cash, treasuries, and FX forwards (subject to rounding errors)

## 12. What is the funds' approach to hedging foreign exchange risks?

As of end of January, the Board of Directors of the Credit Suisse (Lux) Supply Chain Finance Fund and Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund have decided to modify the approach for FX hedging. Previously, the entire underlying book value of each instrument was used to determine the amount needed to be hedged. The new method will follow the below three steps:

1. CSAM, in consultation with the Alternative Investment Fund Manager, will assess for each investment instrument whether a narrow band of probable recovery values can be determined, and will from such band determine a conservatively estimated value (the "**Estimated Value**"). If a full recovery is expected the Estimated Value will generally equal the current book value. Insurance recoveries are only taken into account once certainty of payments under the insurance policies has been confirmed.
2. To hedge foreign exchange risks, CSAM will use the Estimated Value to determine the trades to effect portfolio, as well as share class FX hedges.
3. For investment instruments, in particular notes, for which an Estimated Value cannot be determined, CSAM will not apply any portfolio or share class FX hedges.

The Board of Directors of the Credit Suisse (Lux) Supply Chain Finance Fund and Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund considers this modification to be in the investors' best interest for the following reasons:

1. It reduces the maximum drawdown risk in a range of scenarios. This is because it reduces the likelihood of scenarios where losses on currency forwards are not offset by gains on corresponding positions. The risk of such situations is particularly elevated where positions have high degrees of valuation uncertainty.
2. It reduces the amount of cash collateral required by for currency hedging, increasing the amount of cash that can be distributed to Shareholders, and removing some of the tail-risks that collateral can be exposed to.
3. It continues to minimize the currency risk that Shareholders are exposed to where that relates to positions where valuations are more certain, and hence currency risk can be more reliably quantified.

## C. Insurance

### 13. What is the extent of insurance purchased by the funds, particularly within the focus areas?

Generally, insurance for the notes was purchased in line with the description given in the applicable prospectuses and other fund documentation for each fund (with the fund named as loss payee on applicable policies with Greensill entities such as Greensill Bank as the insured parties).

The purchased insurance was intended to cover financing arrangements of both the purchase of existing receivables and suppliers' undertakings related to future rendition of services or sale of goods.

The portion of insured versus not insured assets (information as of 26.02.2021):

- **The Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund:** As of 26.02.2021, insurance had been bought for more than 1/3 of the notes.
- **The Credit Suisse (Lux) Supply Chain Finance Fund (Virtuoso):** As of 26.02.2021, insurance had been bought for all obligors and their respective note programs.
- **The two Investment Grade Funds** (Credit Suisse Supply Chain Finance Investment Grade Fund and Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund): As of 26.02.2021, insurance had been bought for obligors rated A- or lower.

### 14. What is the impact of the termination by the insurance company of its insurance policy with Greensill Bank? Is there a risk that a potential loss to the insured funds is not covered by the insurance policy?

The termination by the insurance company of its insurance policy with Greensill Bank does not alter the insurance situation for the existing notes for the period before the termination. Three aspects are important with regard to insurance claims: 1) potential defaults of obligors and their non-payment of the debt need to first materialize, 2) the respective insurance claim (the claim being in respect of the unpaid debt) needs to be submitted to the respective insurance company by the policy holder, i.e., Greensill Bank, 3) the insurance company will assess the claim through its investigations (e.g., asking for additional information / documentation) and after what could amount to months, ultimately state its position in respect of coverage (meaning partially or fully covering or denying the loss). A number of conditions and criteria must be satisfied under the policy in order to have a covered loss.

### 15. How does the insurance process work? Why are there no visible outcomes for a longer time period?

CSAM (via Greensill Bank which is the Insured under the policies) is filing claims in accordance with the relevant policy terms. The following process must be followed where a claim is made under an insurance policy:

- Step (1): The Insured has to notify the Insurer within 10 days "of becoming aware of a Potential Loss" (i.e. the Customer is or looks likely to be unable to pay an Eligible Debt by Due Date or within 10 days thereafter).
- Step (2): The Insured must wait for a period of 45 or 90-days (depending on the applicable Backstop Date under the relevant policy) to expire before submitting a claim to Insurers.
- Step (3): A claim form must be submitted to the Insurer within 12 months of the due date of the underlying debt.
- Step (4): The Insurer reviews the claim form and has 14 days from the date of receipt of the claim form to request additional information from the Insured. This is an iterative process. Typically, Insurers will raise several requests for information over the course of time until such point as they are satisfied that they have sufficient information to make a decision on a claim. We anticipate that this step will take a number of months.

- Step (5): The Insurer must advise the Insured of its coverage position by the later of either (i) 30 days of receipt of the claim form; or (ii) 14 days after receipt of any additional requested information (as noted in Step (4) above, addressing the Insurer requests for additional information is likely to be a lengthy process).

At this time the Insurer will either issue a Claim Offer Letter in which it offers to settle a claim or, if the Insurer has determined that it is not obliged to meet the claim, set out in writing its grounds for refusing the claim.

- Step 6: The Insurer is then obliged to pay the Insured for the non-disputed part of the claim no later than 15 days after delivery of the Claim Offer Letter (subject to receipt from the Insured of all of the relevant supporting documentation).
- Step 7: If the Insurer declines a claim the Insured has a period of 24 months from the last date of the Policy Period to initiate court proceedings against the Insurer to recover sums owed under a policy. Such coverage disputes may last several years.

CSAM intends to pursue litigation through Greensill Bank (and as a party in its own right where appropriate) in the event that Insurers do not pay claims. The process and approach to recovering under the insurance policies may also vary depending on the position taken by the Insurer, including if the Insurer challenges the validity of the relevant insurance policies.

## 16. How many insurance claims have been filed to date?

CSAM intends to protect the rights of the Funds in claiming for all insurable losses within the 12 months limitation period (Step (3) of question 15). To that end, the following tables summarize the progress of the insurance claim filed by the Fund as of **June 30, 2022**.

<b>Credit Suisse (Lux) Supply Chain Finance Fund</b>	Number of insurance claims filed <sup>1,2</sup>	Corresponding CSAM exposure of claims filed <sup>3</sup> in USD mn
Focus areas (for GFG and Bluestone related entities)	8	1,328
Non-focus areas	7	303
Total	15	1,631

<b>Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund</b>	Number of insurance claims filed <sup>1,2</sup>	Corresponding CSAM exposure of claims filed <sup>3</sup> in USD
Focus areas (for GFG and Bluestone related entities)	3	466
Non-focus areas	1	3
Total	4	469

<sup>1</sup> Across the two funds a total of 16 insurance claims with a corresponding CSAM exposure of approx. USD 2.1bn have been filed (a submitted claim can be for both funds)

<sup>2</sup> Insurance claims under notes that included future receivables

<sup>3</sup> Figures are subject to currency variations and loss mitigations due to asset recoveries. Exposure of claims filed may exceed the remaining exposure in the funds as there may have been recoveries subsequent to filing the insurance claim

CSAM is currently preparing to file additional claims through Greensill Bank and with the assistance of Greensill Capital UK. The claims filing process requires certain deadlines to have expired (see Step (2) of question 15) and also requires significant documentation and the assistance of Greensill Capital UK. CSAM expects to complete the claims filing process in the coming weeks for remaining exposures in respect of which it will be pursuing insurance claims.

#### **17. Update on Litigation:**

In order to protect the rights of investors we commenced litigation in respect of the Catfoss Renewables exposure on February 22, 2022. Based on the Insurer's defense in the Catfoss Renewables Claim and its defenses in similar proceedings in Australia involving other parties but the same/similar insurance arrangements, we anticipate that the Insurer will seek to challenge the validity of the relevant insurance policies across most (and perhaps all) of CSAM's insurance claims. CSAM still needs to provide some of the additional information requested by the Insurer. CSAM also continues to pursue vigorously the Catfoss Renewables Claim and, in light of the Insurer's defense regarding the validity of the insurance policies, the insurer has been joined by additional relevant parties as respondents to the proceedings.

It is CSAM's firm position that all relevant insurance policies are valid and that the insurers' claims are unfounded.

As reported by various international media, litigation has been commenced in the New South Wales (Australia) Federal Court on the Catfoss Renewables claim in order to be joined to the insurance cases currently before the court. This important action was taken to protect the rights of investors as the judge will be hearing claims brought by other parties under the same insurance policy as the Catfoss Renewables claim.

### **D. Project Governance & Organizational Set-up**

#### **18. How is the Credit Suisse Asset Management investment management team organized?**

On May 3, 2021, Credit Suisse Asset Management established a dedicated investment committee for key decisions regarding the liquidation of the portfolios. Day-to-day decisions on portfolio management are made by the portfolio management team led by Andreas Asche and Christopher Davis. Furthermore, the unwinding and liquidation process is supported by internal and external legal counsel, insurance, and credit valuation specialist teams.

#### **19. Have the funds held their annual general meeting of shareholders in 2022?**

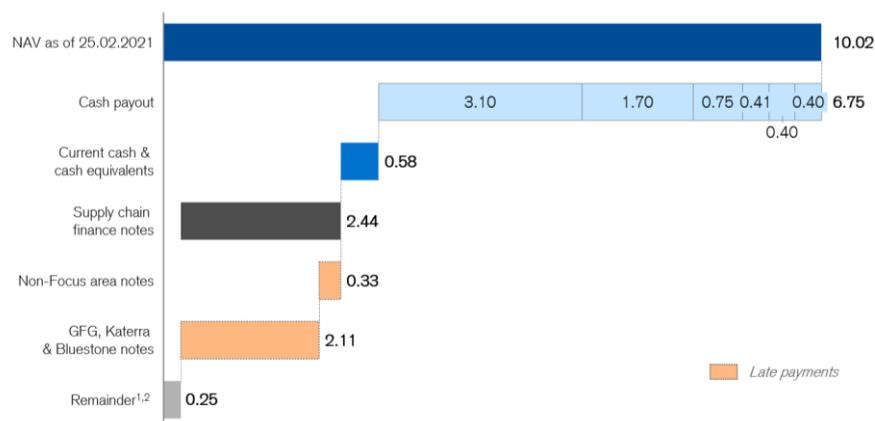
The annual general meetings of shareholders for Credit Suisse Nova (Lux) and Credit Suisse Virtuoso SICAV-SIF were held in person on July 7, 2022 in Luxembourg. All resolutions tabled at the meeting were passed.

## E. Recent Updates and Progress

### 20. What is the volume of payments that have not been made to the SCFFs when due? What is the recovery rate you are expecting?

As of **June 30, 2022**, all original notes have become due.

Fund volume break-down (in USD bn), as of **June 30, 2022** (a detailed breakdown per fund is provided in the Portfolio Details, which are updated regularly):



<sup>1</sup> Including < USD 10 mn exposure to other SCFFs

<sup>2</sup> Remainder is due to a combination of factors including, but not limited to: profits & losses from FX hedging, ongoing costs charged to the fund (e.g., custody, fund administration), changes in FX rates, settlements at values different to the book value on Feb 25, 2021 and different cut-off times/data sources

Please note:

**Non-Focus area notes:** Relates to a program where issued notes are backed by obligations from a single paying party (single obligor).

Within the focus areas we are making the efforts described in the answer to question 21 to collect the amounts outstanding. Given the complexity of the situation and negotiations, any predictions on recovery rates for the focus areas would be premature.

Within the non-focus areas, substantially all remaining exposures relate to obligors that are late in making payments, and / or obligors where we expect an element of restructuring. We are applying individual restructuring strategies for each debtor with the goal to maximize recovery. However, we expect an overall recovery for non-focus areas of >90% (Note: recovery rate is relative to approx. USD 2.8 bn book value of non-focus areas exposure as of March 31, 2021).

### 21. What has been the progress on the three focus areas lately?

We continue to invest substantial efforts to maximize and expedite recovery. Dedicated teams of internal and external financial, legal, and restructuring experts have been put in place to progress each of the focus areas. To maximize recovery, we generally pursue concepts of consensual restructuring but also seek the legal enforcement of the funds' claims where needed. Progress has been made on defining the consensual restructuring and enforcement plans. For instance:

**GFG:** In October 2021, CSAM reached an agreement with the "GFG Alliance" for the repayment in full of the portion of the "GFG Alliance" exposure relating to its Australian operations (more details in question 22). Overall, together with the monthly payments in November, December, January, February, March, April, May and June, the total cash amount returned (including principal repayments and interests) from the Australian entities is approx. AUD 247 mn. Discussions regarding the refinancing and restructuring of assets in the US, and the UK are ongoing. In June 2022, the outstanding exposure was allocated in the amount of USD 651 mn to Credit Suisse (Lux) Supply Chain Finance Fund and was allocated in the amount of USD 236 mn to Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund in accordance with the pro rata exposure to non Australia related GFG entities.

**Bluestone:** In June 2022, CSAM reached an agreement with Bluestone and its shareholders for the repayment of cash to noteholders. This agreement includes (inter alia)

a two-year standstill period, recurring payments from Bluestone of up to USD 320 mn to all noteholders, as well as the sharing by noteholders and the Justice family in the proceeds from any potential sale of the Bluestone entities. Payments have already started accruing and proceeds are expected to be paid to noteholders monthly from Q3. The Calculation of the recurring payment amounts is tied to Bluestone's operating performance. EBITDA shall be assessed on a monthly basis and payments will be calculated accordingly. Insurance claims are unaffected by the Standstill Agreement and insurance claims extend to any non-payment under the Standstill Agreement. The total Bluestone related exposure is USD 850 mn out of which USD 690 mn relates to the SCFFs (in terms of original nominal exposure). In June 2022, the outstanding Bluestone exposure was allocated in the amount of USD 595 mn to Credit Suisse (Lux) Supply Chain Finance Fund and was allocated in the amount of USD 95 mn to Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund in accordance with the pro rata exposure to Bluestone entities.

Katerra: On December 23, 2021, Credit Suisse filed two applications for document discovery in the United States in connection with planned litigation in the United Kingdom against various entities affiliated with Softbank Group Corp. This is in connection with the recovery of amounts backed by outstanding receivables sold by Katerra Inc., a now bankrupt US construction company, and its affiliates. The two US discovery applications have been filed in the California and Arizona federal courts, and are publicly available online.

Further, we continue to follow the insurance process as outlined in question 15. At this point we cannot further comment on any specific negotiations due to their underlying confidentiality. After further proceeds from negotiations on focus areas materialize, we will provide an update accordingly.

## **22. What is the agreement regarding the GFG Australia restructuring?**

In October, CSAM reached an agreement with the "GFG Alliance" for the repayment in full of the portion of the "GFG Alliance" exposure relating to its Australian operations. This agreement does not include any haircut in terms of principal or accrued interests. It consists of an initial payment of AUD 129 mn (approx. USD 96 mn) which was received in October and reflects both a substantial principal payment and additional payments for default interest and legal costs. "GFG Alliance" agreed to repay the remaining principal of AUD 240 mn (approx. USD 178 mn) with interest by mid-2023.

Overall, together with the monthly payments in November, December, January, February, March, April, May and June the total cash amount returned (including principal repayments and interests) from the Australian entities is approx. AUD 247 mn:

While there is still much work to do with regard to the larger sum owed by GFG's UK businesses, it provides encouragement that even within the focus areas there are at least some prospects for recovery.

The agreement with "GFG Alliance" on the repayment of the portion relating to its Australian operations affects the Credit Suisse (Lux) Supply Chain Finance Fund and Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund. Outside of this agreement there is no other outstanding debt relating to the Australian operations of GFG.

## **23. What has been the progress on the non-focus areas in the past months?**

The remaining exposure of approx. USD 0.33 bn is increasingly comprised of cases where there is valuation uncertainty. This includes cases where payment is expected in full, but repayment may be late, and cases where full repayment by the obligor is no longer likely. All of these cases are being addressed on an ongoing basis to ensure the best possible outcome for investors.

## **24. How does the assumption on outstanding maturities look (taking into considerations renegotiated timelines with obligors)?**

The remaining portfolio is increasingly comprised of situations where negotiation with obligors is necessary, and restructuring and litigation may be required to maximize investor recoveries. Typically, these sorts of situations can take in excess of a year to be resolved, and as a result it would be reasonable to expect the rate of payment into the funds to slow

down. Due to the high level of uncertainty around when the majority of our remaining exposures will be repaid, we no longer report portfolio level maturity profiles in our investor communications. In addition, CSAM is focused on ensuring that, where restructurings are required, obligors are making payments as soon as they are able to do so.

**25. Are there any assumptions as to how long it will take to estimate the net losses?**

At this point it is difficult to estimate the extent of any net losses, as the work covering direct recoveries, litigation and insurance is ongoing. Given the complexity of the situation and negotiations, predictions on the timing would be premature.

**26. When will the investment grade funds be closed?**

The investment grade funds will be closed later in the year once the financial accounts have been finalized and all respective approvals necessary to close the funds have been obtained.

**27. Does CSAM plan to publish an updated valuation for the SCFFs?**

Given some of the funds' assets continue to be subject to considerable uncertainty with respect to their valuation, publication of an updated valuation for the SCFFs is not planned. CSAM will continue to monitor the situation and assess options.

**28. In light of the recent developments in Ukraine, do the SCFFs have any direct exposure to entities in Russia or Ukraine?**

The SCFFs do not have any direct exposure to entities in Russia or Ukraine.

## SCFFs payout of liquidation proceeds

In USD mn	Value as of	Credit Suisse (Lux) Supply Chain Finance Fund	Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	Credit Suisse Supply Chain Finance Investment Grade Fund	SCFFs in total
Net Asset Value (NAV)	26.02.2021	7,253	1,834	260	669	<b>10,016</b>
First payout of liquidation proceeds	10.03.2021	2,232	267	115	481	<b>3,095</b>
Second payout of liquidation proceeds	15.04.2021	1,381	161	58	96	<b>1,696</b>
Third payout of liquidation proceeds	07.07.2021	105	510	75	60	<b>750</b>
Fourth payout of liquidation proceeds	06.08.2021	350	55	-	-	<b>405</b>
Fifth payout of liquidation proceeds	29.09.2021	350	50	-	-	<b>400</b>
Sixth payout of liquidation proceeds	15.12.2021	280	120	-	-	<b>400</b>

First payout of liquidation proceeds in % of NAV	10.03.2021	30.8%	14.6%	44.2%	71.9%	<b>30.9%</b>
Second payout of liquidation proceeds in % of NAV	15.04.2021	19.0%	8.8%	22.3%	14.3%	<b>16.9%</b>
Third payout of liquidation proceeds in % of NAV	07.07.2021	1.4%	27.8%	28.8%	9.0%	<b>7.5%</b>
Fourth payout of liquidation proceeds in % of NAV	06.08.2021	4.8%	3.0%	-	-	<b>4.0%</b>
Fifth payout of liquidation proceeds in % of NAV	29.09.2021	4.8%	2.7%	-	-	<b>4.0%</b>
Sixth payout of liquidation proceeds in % of NAV	15.12.2021	3.9%	6.5%	-	-	<b>4.0%</b>
Cumulative distribution in % of NAV	15.12.2021	64.8%	63.4%	95.4%	95.2%	<b>67.4%</b>

### Legal Notes:

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