

Credit Suisse AG

Hong Kong Branch

Key Financial Information Disclosure Statement

As at 31 December 2016

**Credit Suisse AG
Hong Kong Branch
Key Financial Information Disclosure Statement
As at 31 December 2016**

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Credit Suisse AG
Hong Kong Branch
Profit & Loss Account
For The Year Ended 31 December 2016

| | | 31 Dec 2016 | 31 Dec 2015 |
|--|-------|---------------|----------------|
| | Notes | HKD'000 | HKD'000 |
| Interest income | | 1,566,511 | 1,268,256 |
| Interest expense | | (562,108) | (479,121) |
| Net interest income | | 1,004,403 | 789,135 |
| Other operating income | 1 | 1,039,525 | 1,408,905 |
| Total operating income | | 2,043,928 | 2,198,040 |
| Total operating expenses | 2 | (1,702,789) | (1,553,047) |
| (Impairment losses and provisions)/Write-back for impaired loans and receivables | | (249,309) | (65,829) |
| Profit before taxation | | 91,830 | 579,164 |
| Tax charge | | (17,068) | (92,950) |
| Profit after taxation | | <u>74,762</u> | <u>486,214</u> |

Credit Suisse AG
Hong Kong Branch
Balance Sheet
As at 31 December 2016

| | | 31 Dec 2016 | 30 Jun 2016 |
|--|-------|--------------------|--------------------|
| | Notes | HKD'000 | HKD'000 |
| Assets | | | |
| Cash and balances with banks | | 803,788 | 967,532 |
| Due from Exchange Fund | | 3,475 | 119,140 |
| Amount due from overseas offices | | 36,858,611 | 37,818,205 |
| Loans and receivables | 4 | 62,409,420 | 62,031,379 |
| Investment securities | | 19,795,890 | 15,738,024 |
| Total assets | | <u>119,871,184</u> | <u>116,674,280</u> |
| Liabilities | | | |
| Deposits from customers | 5 | 76,343,890 | 66,920,172 |
| Deposit and balances of banks and other financial institutions | | 178,092 | 89,619 |
| Amount due to overseas offices | | 39,749,426 | 44,720,331 |
| Other liabilities | | 3,599,776 | 4,944,158 |
| Total liabilities | | <u>119,871,184</u> | <u>116,674,280</u> |

Credit Suisse AG
Hong Kong Branch
Notes to the Financial Statements

| | | 31 Dec 2016 | 31 Dec 2015 |
|---|-------|--------------------|--------------------|
| | Notes | HKD'000 | HKD'000 |
| 1 Other operating income | | | |
| Gains less losses arising from activities in foreign currencies | | (5,946) | 4,348 |
| Gains less losses arising from trading in other derivatives | | (517,516) | (228,918) |
| Gains less losses on securities held for trading purposes | | (243) | (1) |
| Net fees and commission income | 3 | 1,537,871 | 1,619,765 |
| Others | | 25,359 | 13,711 |
| | | <u>1,039,525</u> | <u>1,408,905</u> |
| 2 Total operating expenses | | | |
| Staff and rental expenses | | (1,192,414) | (1,035,389) |
| Other expenses | | (502,164) | (497,217) |
| Charge for other provisions | | (8,211) | (20,441) |
| | | <u>(1,702,789)</u> | <u>(1,553,047)</u> |
| 3 Net fees and commission income | | | |
| Fees and commission income | | 2,126,893 | 1,963,904 |
| Less: Fees and commission expenses | | (589,022) | (344,139) |
| | | <u>1,537,871</u> | <u>1,619,765</u> |
| | | 31 Dec 2016 | 30 Jun 2016 |
| | | HKD'000 | HKD'000 |
| 4 Loans and receivables | | | |
| Loans and advances to customers | | | |
| - Overdrafts | | 1,694,809 | 641,035 |
| - Other loans due within 1 month | | 47,545,787 | 41,888,311 |
| - Between 1 and 3 months | | 6,921,943 | 11,178,110 |
| - Between 3 months and 1 year | | 2,953,831 | 1,816,794 |
| - Later than 1 year | | 1,231,873 | 2,673,708 |
| Total Loans and advances to customers | 6 | <u>60,348,243</u> | <u>58,197,958</u> |
| Other accounts | | 2,252,350 | 3,745,927 |
| Accrued interest | | 124,851 | 93,409 |
| | | (305) | (525) |
| Provisions for impaired loans and receivables (collective provisions) | | (315,719) | (5,390) |
| Provisions for impaired loans and receivables (specific provisions) | | <u>(315,719)</u> | <u>(5,390)</u> |
| | | <u>62,409,420</u> | <u>62,031,379</u> |
| 5 Deposits from customers | | | |
| Demand deposits and current accounts | | 44,108,224 | 40,283,738 |
| Savings deposits | | - | - |
| Time, call and notice deposits | | 32,235,666 | 26,636,434 |
| | | <u>76,343,890</u> | <u>66,920,172</u> |

Credit Suisse AG
Hong Kong Branch
Notes to the Financial Statements

6 Analysis of gross amount of loans and advances to customers

a. Breakdown by industry sectors

| | 31 Dec 2016 HKD'000 | | | 30 Jun 2016 HKD'000 | | |
|--|------------------------|------------------|-------------------|------------------------|------------------|-------------------|
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| Loans and advances for use in Hong Kong | | | | | | |
| Industrial, commercial and financial | | | | | | |
| Civil Engineering Works | 6,227 | - | 6,227 | 8,363 | - | 8,363 |
| Financial concerns | 2,194,747 | 3,489,889 | 5,684,636 | 2,041,250 | 3,491,454 | 5,532,704 |
| Others | 131,601 | - | 131,601 | 40,009 | - | 40,009 |
| Individuals | | | | | | |
| Others | 13,605,153 | 65 | 13,605,218 | 11,209,072 | 85 | 11,209,157 |
| Loans and advances for use outside Hong Kong | 40,919,267 | 1,294 | 40,920,561 | 41,387,236 | 20,500 | 41,407,736 |
| | <u>56,856,995</u> | <u>3,491,248</u> | <u>60,348,243</u> | <u>54,685,920</u> | <u>3,512,039</u> | <u>58,197,958</u> |

b. Breakdown by geographical areas

Loans and Advances to customers by geographical areas that are classified according to the location of the counterparties after taking into account the transfer of risk.

| | 31 Dec 2016 HKD'000 | | | 30 Jun 2016 HKD'000 | | |
|---|------------------------|------------------------------|-----------------------|------------------------|------------------------------|-----------------------|
| | Total | Impaired Loans & Advances | Specific Provision | Total | Impaired Loans & Advances | Specific Provision |
| British Virgin Islands | 28,265,204 | 22,713 | 11,606 | 27,497,291 | - | - |
| Hong Kong | 12,467,509 | 296,199 | 191,374 | 10,033,340 | - | - |
| China | 6,523,427 | 15,359 | 14,639 | 5,757,737 | - | - |
| Others | 13,092,103 | 194,358 | 98,100 | 14,909,590 | 85,258 | 5,390 |
| | <u>60,348,243</u> | <u>528,628</u> | <u>315,719</u> | <u>58,197,958</u> | <u>85,258</u> | <u>5,390</u> |
| % of the total loans and advances to customers | | <u>0.88%</u> | | | <u>0.15%</u> | |
| Market value of security held against impaired advances to loans and advances | | <u>175,412</u> | | | <u>85,258</u> | |

7 Overdue and rescheduled loans and advances

a. Overdue advances

| | 31 Dec 2016 | | 30 Jun 2016 | |
|--|----------------|--|---------------|--|
| | HKD'000 | % of total Loans & Advances to customers | HKD'000 | % of total Loans & Advances to customers |
| Gross amount of advances which have been overdue for: | | | | |
| - Six months or less but over three months | 445,032 | 0.74% | - | - |
| - One year or less but over six months | - | - | 85,258 | 0.15% |
| - Over one year | 83,596 | 0.14% | - | - |
| | <u>528,628</u> | <u>0.88%</u> | <u>85,258</u> | <u>0.15%</u> |
| Fair value of the collaterals held in respect of the overdue loans and advances to customers | <u>175,412</u> | | <u>85,258</u> | |
| Specific provision made | <u>315,719</u> | | <u>5,390</u> | |

b. Rescheduled advances

| | 31 Dec 2016 | | 30 Jun 2016 | |
|--|----------------|--|-------------|--|
| | HKD'000 | % of total Loans & Advances to customers | HKD'000 | % of total Loans & Advances to customers |
| Amount of rescheduled loans and advances to customers excluding those which have been overdue for more than 3 months | <u>367,294</u> | <u>0.61%</u> | - | - |

All non-performing loans to customers were overdue for more than three months as at 31 Dec 2016 & 30 Jun 2016.

The branch does not have any overdue & rescheduled loans & advances to banks as at 31 Dec 2016 & 30 Jun 2016.

The branch does not have impaired loans and advances to banks as at 31 Dec 2016 & 30 Jun 2016.

8 Other Assets Overdue

The branch does not have any overdue other assets as at 31 Dec 2016 & 30 Jun 2016.

9 Repossessed Assets

The branch does not have any repossessed assets as at 31 Dec 2016 & 30 Jun 2016.

Credit Suisse AG
Hong Kong Branch
Off Balance Sheet and Liquidity Information

| | 31 Dec 2016 | 30 Jun 2016 |
|---|-------------|-------------|
| | HKD'000 | HKD'000 |
| 10 Contingent liabilities and commitments (contractual amounts) | | |
| Direct credit substitutes | 2,482 | 3,104 |
| Other commitments | 162,549,977 | 151,645,911 |

11 Derivatives instruments
(HKD '000)

| | 31 Dec 2016 | | | 30 Jun 2016 | | |
|--|-------------|----------|-----------------------------|-------------|----------|-----------------------------|
| | Fair Value | | Total Notional Amount | Fair Value | | Total Notional Amount |
| | Positive | Negative | | Positive | Negative | |
| Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements) | 730,072 | 732,928 | 62,274,767 | 957,344 | 960,199 | 69,104,836 |
| Equity contracts | 126,732 | 150,878 | 18,416,185 | 153,638 | 189,467 | 22,731,498 |
| Others | 48,144 | 48,144 | 1,481,987 | 88,614 | 88,614 | 1,924,787 |

12 Liquidity ratio

| | 31 Dec 2016 | 31 Dec 2015 |
|--|-------------|-------------|
| Average liquidity ratio for the financial period | 43.77% | 43.25% |

The liquidity maintenance ratio (LMR) is calculated in accordance with the Banking (Liquidity) Rules effective from 1 January 2015.

The average liquidity maintenance ratio is the arithmetic mean of each Wednesday of a calendar month's average LMR as reported in the Return of "Liquidity Position of an Authorized Institution".

Liquidity Risk Management

Credit Suisse will ensure Credit Suisse AG, Hong Kong Branch ("CSHKB") has adequate liquidity at all time to meet the financial obligations and cash-outflow as they fall due under both a) normal business condition and b) systematic and firm specific crisis based on assumption as per Credit Suisse's Global Liquidity Policy.

The Liquidity Risk Management Policy Statement for CSHKB is the primary internal policy document that provides direction to the branch's business and functions on the management of liquidity and sets clear governance process which is updated by the Treasury. The branch also has a liquidity contingency plan.

Besides the Treasury, CSHKB finance committee also share management oversight on liquidity management.

Credit Suisse AG
Hong Kong Branch
Notes to the Financial Statements

13 International claims
(HKD million)

International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk and by types of counterparties. Geographical segments and individual countries constituting 10% or more of the aggregate international claims are summarized as follows:

| | 31 Dec 2016 | | | | |
|---------------------------------|---------------|-----------------|-------------------------|--------|---------------|
| | Banks | Official Sector | Non-bank private sector | Others | Total |
| Developed Countries | 2,133 | 19,765 | 208 | - | 22,106 |
| of which Switzerland | 1,711 | - | 35 | - | 1,746 |
| of which United States | 248 | 19,765 | - | - | 20,013 |
| Offshore Centres | 36,507 | 4 | 45,524 | - | 82,035 |
| of which Bahamas | - | - | 1,563 | - | 1,563 |
| of which British Virgin Islands | - | - | 28,459 | - | 28,459 |
| of which Cayman Islands | - | - | 1,025 | - | 1,025 |
| of which Hong Kong | 379 | 4 | 11,637 | - | 12,020 |
| of which Singapore | 36,128 | - | 1,965 | - | 38,093 |
| | 30 Jun 2016 | | | | |
| | Banks | Official Sector | Non-bank private sector | Others | Total |
| Developed Countries | 2,794 | 15,706 | 270 | - | 18,770 |
| of which Switzerland | 2,101 | - | 1 | - | 2,102 |
| of which United States | 242 | 15,706 | 29 | - | 15,977 |
| Offshore Centres | 36,934 | 3 | 47,300 | - | 84,237 |
| of which Bahamas | - | - | 1,522 | - | 1,522 |
| of which British Virgin Islands | - | - | 28,000 | - | 28,000 |
| of which Cayman Islands | - | - | 1,801 | - | 1,801 |
| of which Hong Kong | 463 | 3 | 12,457 | - | 12,923 |
| of which Singapore | 36,471 | - | 2,716 | - | 39,187 |

The above country/geographical segment classification is based on the head office location of the counterparties and is derived according to the location of the counterparties after taking into account of any risk transfer.

14 Mainland Activities Disclosures
(HKD million)

Non-bank counterparties are identified in accordance with the definitions set out in the banking return of 'Return of Mainland Activities' issued by the HKMA. Exposures in Mainland China arising from non-bank counterparties are summarized as follows:

| | 31 Dec 2016 | | | 30 Jun 2016 | | |
|---|---------------------------|----------------------------|---------------|---------------------------|----------------------------|---------------|
| | On-balance sheet exposure | Off-balance sheet exposure | Total | On-balance sheet exposure | Off-balance sheet exposure | Total |
| Central government, central government-owned entities and their subsidiaries and joint ventures (JVs) | 11 | - | 11 | 12 | - | 12 |
| Local governments, local government-owned entities and their subsidiaries and JVs | 53 | - | 53 | - | - | - |
| PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 4,937 | 30 | 4,967 | 4,786 | 91 | 4,877 |
| PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 961 | 2 | 963 | 973 | 2 | 975 |
| Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | 4,196 | 43 | 4,239 | 5,564 | 30 | 5,594 |
| Total | 10,158 | 75 | 10,233 | 11,335 | 123 | 11,458 |
| Total assets after provision | 119,871 | | | 116,674 | | |
| On-balance sheet exposures as percentage of total | 8.47% | | | 9.72% | | |

As at 30 Jun 2016 & 31 Dec 2016, no specific provision has been made on the exposures.

15 Foreign currency exposures
(HKD million)

| | 31 Dec 2016 | |
|----------------------------------|-------------|-----------|
| | USD | Total |
| Spot assets | 67,117 | 67,117 |
| Spot liabilities | (67,154) | (67,154) |
| Forward purchases | 15,946 | 15,946 |
| Forward sales | (15,886) | (15,886) |
| Net options positions | - | - |
| Net long (short) position | 23 | 23 |
| Net structural position | - | - |
| | 30 Jun 2016 | |
| | USD | Total |
| Spot assets | 65,477 | 65,477 |
| Spot liabilities | (65,495) | (65,495) |
| Forward purchases | 19,297 | 19,297 |
| Forward sales | (19,259) | (19,259) |
| Net options positions | - | - |
| Net long (short) position | 20 | 20 |
| Net structural position | - | - |

Internal reporting method is adopted as basis of calculating the net options positions.

Credit Suisse Group AG
Consolidated Financial Information

| | 31 Dec 2016 | 30 Jun 2016 |
|---|---------------|---------------|
| Capital adequacy ratio (Note 1) | | |
| Common Equity Tier 1 ratio | 13.6% | 14.2% |
| Tier 1 ratio | 18.1% | 18.1% |
| Total ratio | 20.6% | 21.4% |
| | CHF million | CHF million |
| Total shareholders' equity | 42,169 | 44,962 |
| Other financial information | | |
| Balance sheet : | | |
| Total assets | 819,833 | 821,164 |
| Total liabilities | 777,664 | 776,202 |
| Loans net of allowance for loan losses | 275,976 | 273,835 |
| Total customer deposits | 355,833 | 347,559 |
| | 31 Dec 2016 | 31 Dec 2015 |
| | CHF million | CHF million |
| Profit and Loss : | | |
| Pre-tax (loss)/profit from continuing operations for the financial period | (1,969) | (2,421) |

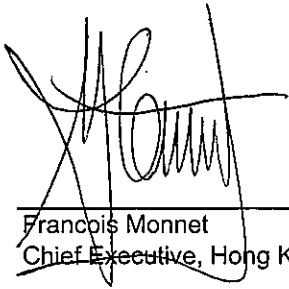
Note :

- (1) The capital adequacy ratio is computed in accordance with the Basel Capital Accord.
- (2) For further details on Credit Suisse Group AG financial information, please refer to the Credit Suisse Group AG 2016 Annual Report at www.credit-suisse.com

Credit Suisse AG
Hong Kong Branch

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, Hong Kong Branch

Date: 30 March 2017