

**Credit Suisse AG**

**Hong Kong Branch**

**Key Financial Information Disclosure Statement**

**As at 31 December 2017**

**Credit Suisse AG  
Hong Kong Branch  
Key Financial Information Disclosure Statement  
As at 31 December 2017**

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**Credit Suisse AG**  
**Hong Kong Branch**  
**Profit & Loss Account**  
**For The Year Ended 31 December 2017**

		31 Dec 2017	31 Dec 2016
	Notes	HKD'000	HKD'000
Interest income		2,312,962	1,566,511
Interest expense		(1,092,395)	(562,108)
Net interest income		1,220,567	1,004,403
Other operating income	1	1,659,358	1,039,525
Total operating income		2,879,925	2,043,928
Total operating expenses	2	(2,008,724)	(1,702,789)
Impairment losses and provisions		(33,406)	(249,309)
Profit before taxation		837,795	91,830
Tax charge		(127,419)	(17,068)
Profit after taxation		710,376	74,762

**Credit Suisse AG  
Hong Kong Branch  
Balance Sheet  
As at 31 December 2017**

		31 Dec 2017	30 Jun 2017
	Notes	HKD'000	HKD'000
<b>Assets</b>			
Cash and balances with banks		990,269	1,447,982
Due from Exchange Fund		20,117	50,549
Amount due from overseas offices		47,738,557	34,574,734
Loans and receivables	4	91,090,866	81,819,353
Investment securities		31,942,119	23,566,761
Total assets		<u>171,781,928</u>	<u>141,459,379</u>
<b>Liabilities</b>			
Deposits from customers	5	128,321,505	91,768,988
Deposit and balances of banks and other financial institutions		12,954	59,191
Amount due to overseas offices		38,719,230	43,120,597
Other liabilities		4,728,239	6,510,603
Total liabilities		<u>171,781,928</u>	<u>141,459,379</u>

Credit Suisse AG  
Hong Kong Branch  
Notes to the Financial Statements

	Notes	Year ended 31 Dec 2017 HKD'000	Year ended 31 Dec 2016 HKD'000
<b>1 Other operating income</b>			
Gains less losses arising from trading in foreign currencies		1,472	(5,946)
Gains less losses arising from trading in other derivatives		(447,421)	(517,516)
Gains less losses on securities held for trading purposes		69	(243)
Net fees and commission income	3	2,082,006	1,537,871
Others		23,232	25,359
		<u>1,659,358</u>	<u>1,039,525</u>
<b>2 Total operating expenses</b>			
Staff and rental expenses		(1,418,366)	(1,192,414)
Other expenses		(563,652)	(502,164)
Charge for other provisions		(26,706)	(8,211)
		<u>(2,008,724)</u>	<u>(1,702,789)</u>
<b>3 Net fees and commission income</b>			
Fees and commission income		2,839,931	2,126,893
Less: Fees and commission expenses		(757,925)	(589,022)
		<u>2,082,006</u>	<u>1,537,871</u>
		31 Dec 2017	30 Jun 2017
		HKD'000	HKD'000
<b>4 Loans and receivables</b>			
Loans and advances to customers			
- Overdrafts		1,413,668	1,551,501
- Other loans due within 1 month		75,231,558	60,227,788
- Between 1 and 3 months		5,585,686	9,156,681
- Between 3 months and 1 year		3,756,614	2,329,909
- Later than 1 year		2,597,528	3,664,724
Total Loans and advances to customers	6	<u>88,585,054</u>	<u>76,930,603</u>
Other accounts		2,611,373	5,056,492
Accrued interest		246,352	150,881
Provisions for impaired loans and receivables (collective provisions)		(112)	(276)
Provisions for impaired loans and receivables (specific provisions)		<u>(351,801)</u>	<u>(318,347)</u>
		<u>91,090,866</u>	<u>81,819,353</u>
<b>5 Deposits from customers</b>			
Demand deposits and current accounts		60,657,335	49,062,356
Savings deposits		-	-
Time, call and notice deposits		67,664,170	42,706,632
		<u>128,321,505</u>	<u>91,768,988</u>

6 Analysis of gross amount of loans and advances to customers

a. Breakdown by industry sectors

The analysis of gross loans and advances to customers and secured loans and advances by industry sectors are based on the categories and definitions used by the Hong Kong Monetary Authority.

	31 Dec 2017 HKD'000			30 Jun 2017 HKD'000		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Loans and advances for use in Hong Kong						
Industrial, commercial and financial						
Financial concerns	2,185,510	3,517,172	5,702,682	2,137,588	3,512,455	5,650,043
Others	180,835	-	180,835	106,542	-	106,542
Individuals						
Others	22,489,862	-	22,489,862	19,769,538	5	19,769,543
Loans and advances for use outside Hong Kong	60,144,834	66,841	60,211,675	51,357,169	47,306	51,404,475
	<u>85,001,041</u>	<u>3,584,013</u>	<u>88,585,054</u>	<u>73,370,837</u>	<u>3,559,766</u>	<u>76,930,603</u>

b. Breakdown by geographical areas

Loans and Advances to customers by geographical areas to which not less than 10% of the institution's total amount of loans and advances to customers are classified according to the location of the counterparties after taking into account the transfer of risk. The basis of the country classification is in accordance with the guidance notes from the Hong Kong Monetary Authority.

	31 Dec 2017 HKD'000			30 Jun 2017 HKD'000		
	Total	Overdue/Impaired Loans & Advances	Specific Provision	Total	Overdue/Impaired Loans & Advances	Specific Provision
British Virgin Islands	40,559,024	25,243	13,955	35,967,488	23,935	13,229
Hong Kong	20,362,312	295,866	247,209	17,836,158	291,152	207,795
Others	27,663,718	115,456	90,637	23,126,957	123,537	97,323
	<u>88,585,054</u>	<u>436,565</u>	<u>351,801</u>	<u>76,930,603</u>	<u>438,623</u>	<u>318,347</u>
% of the total loans and advances to customers		<u>0.49%</u>			<u>0.57%</u>	
Market value of security held against impaired advances to loans and advances		<u>84,764</u>			<u>120,239</u>	

7 Overdue and rescheduled loans and advances

a. Overdue advances

	31 Dec 2017		30 Jun 2017	
	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	-	-	-	-
- One year or less but over six months	-	-	438,623	0.57%
- Over one year	436,565	0.49%	-	-
	<u>436,565</u>	<u>0.49%</u>	<u>438,623</u>	<u>0.57%</u>
Fair value of the collaterals held in respect of the overdue loans and advances to customers	<u>84,764</u>		<u>120,239</u>	
Specific provision made	<u>351,801</u>		<u>318,347</u>	

b. Rescheduled advances

All non-performing loans to customers were overdue for more than six months as at 31 Dec 2017 & 30 Jun 2017.

The branch does not have any overdue & rescheduled loans & advances to banks as at 31 Dec 2017 & 30 Jun 2017.

The branch does not have impaired loans and advances to banks as at 31 Dec 2017 & 30 Jun 2017.

8 Other Assets Overdue and Repossessed Assets

The branch does not have any overdue other assets and repossessed assets as at 31 Dec 2017 & 30 Jun 2017.

Credit Suisse AG  
Hong Kong Branch  
Notes to the Financial Statements

9 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. The basis of geographical segments and individual countries is in accordance with the definitions set out in the banking return of "Return of International Banking Statistics" issued by the HKMA. Geographical segments and individual countries constituting 10% or more of the aggregate international claims are summarized as follows:

	31 Dec 2017					Total
	Banks	Official Sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
<b>Developed Countries</b>	<b>48,703</b>	<b>31,910</b>	<b>175</b>	<b>3,831</b>	-	<b>84,619</b>
of which Switzerland	47,821	-	-	3,616	-	51,437
of which United States	304	31,841	157	-	-	32,302
<b>Offshore Centres</b>	<b>1,106</b>	-	<b>443</b>	<b>59,047</b>	-	<b>60,596</b>
of which Bahamas	-	-	-	1,770	-	1,770
of which British Virgin Islands	-	-	2	41,224	-	41,226
of which Cayman Islands	-	-	96	1,840	-	1,936
of which Hong Kong	9	-	326	7,848	-	8,183
of which Singapore	1,097	-	1	5,355	-	6,453

	30 Jun 2017					Total
	Banks	Official Sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
<b>Developed Countries</b>	<b>37,380</b>	<b>23,536</b>	<b>104</b>	<b>3,699</b>	-	<b>64,719</b>
of which Switzerland	36,330	-	60	3,546	-	39,936
of which United States	753	23,466	-	-	-	24,219
<b>Offshore Centres</b>	<b>5</b>	-	<b>415</b>	<b>51,732</b>	-	<b>52,152</b>
of which Bahamas	-	-	-	1,723	-	1,723
of which British Virgin Islands	-	-	2	36,845	-	36,847
of which Cayman Islands	-	-	101	1,247	-	1,348
of which Hong Kong	3	-	277	8,252	-	8,532
of which Singapore	2	-	19	2,579	-	2,600

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.

**10 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 2017			30 Jun 2017		
	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)	12	-	12	11	-	11
Local governments, local government-owned entities and their subsidiaries and JVs	30	-	30	53	-	53
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,255	123	11,378	6,434	39	6,473
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,271	4	1,275	1,464	8	1,472
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,552	7	3,559	4,070	16	4,086
<b>Total</b>	<b>16,120</b>	<b>134</b>	<b>16,254</b>	<b>12,032</b>	<b>63</b>	<b>12,095</b>
Total assets after provision	<u>171,782</u>			<u>141,459</u>		
On-balance sheet exposures as percentage of total	<u>9.38%</u>			<u>8.51%</u>		

As at 30 Jun 2017 & 31 Dec 2017, no specific provision has been made on the exposures.

**11 Foreign currency exposures**

(HKD million)

Foreign currency constituting 10% or more of the total net position in all foreign currencies are summarized as follows:

	31 Dec 2017	
	USD	Total
Spot assets	81,992	81,992
Spot liabilities	(81,988)	(81,988)
Forward purchases	11,858	11,858
Forward sales	(11,811)	(11,811)
Net options positions	-	-
<b>Net long (short) position</b>	<b>51</b>	<b>51</b>
<b>Net structural position</b>	<b>3</b>	<b>3</b>
	30 Jun 2017	
	USD	Total
Spot assets	69,450	69,450
Spot liabilities	(69,500)	(69,500)
Forward purchases	15,073	15,073
Forward sales	(14,984)	(14,984)
Net options positions	-	-
<b>Net long (short) position</b>	<b>39</b>	<b>39</b>
<b>Net structural position</b>	<b>-</b>	<b>-</b>

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



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

31 Dec 2017    30 Jun 2017  
HKD'000        HKD'000

**12 Contingent liabilities and commitments**  
(contractual amounts)

Direct credit substitutes		6,409	6,400
Other commitments		175,859,733	162,866,842

**13 Derivatives instruments**  
(HKD '000)

	31 Dec 2017			30 Jun 2017		
	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)	283,075	320,162	59,438,135	497,488	497,458	79,240,917
Equity contracts	391,561	391,561	26,714,332	191,917	220,888	29,849,691
Precious metals other than gold contracts	12,944	12,946	1,003,367	33,639	33,639	1,749,905

**14 Liquidity ratio**

Year ended    Year ended  
31 Dec 2017    31 Dec 2016

Average liquidity ratio for the financial period	41.47%	43.77%
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The liquidity maintenance ratio (LMR) is calculated in accordance with the Banking (Liquidity) Rules.

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 target to 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 Manual 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 maintained by Market and Liquidity Risk Management ("MLRM") which is part of the CRO organization. The branch also has a contingency funding plan which is maintained by Treasury.

Besides the Treasury and MLRM, CSHKB Risk Management Committee and CSHKB finance committee also share management oversight on liquidity management.

**Credit Suisse Group AG**  
**Consolidated Financial Information**

	31 Dec 2017	30 Jun 2017
<b>Capital adequacy ratio (Note 1)</b>		
Common Equity Tier 1 ratio	13.5%	14.2%
Tier 1 ratio	18.9%	19.6%
Total ratio	20.8%	21.7%
	CHF million	CHF million
<b>Total shareholders' equity</b>	41,902	43,493
<b>Other financial information</b>		
Balance sheet :		
Total assets	796,289	783,411
Total liabilities	754,100	783,068
Loans net of allowance for loan losses	279,149	273,865
Total customer deposits	361,162	356,674
	Year ended 31 Dec 2017	Year ended 31 Dec 2016
	CHF million	CHF million
Profit and Loss :		
Pre-tax (loss)/profit from continuing operations for the financial period	1,793	(2,266)

Note :

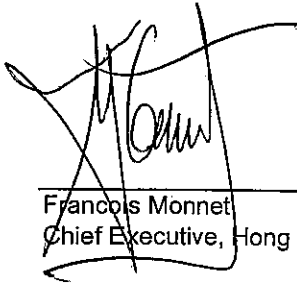
- (1) The capital adequacy ratio is computed in accordance with the Basel Capital Accord.
- (2) For further details on Credit Suisse Group AG financial information, please refer to the Credit Suisse Group AG 2017 Annual Report at [www.credit-suisse.com](http://www.credit-suisse.com)

Credit Suisse AG  
Hong Kong Branch

**Chief Executive's Declaration of Compliance**

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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.



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Francois Monnet  
Chief Executive, Hong Kong Branch

Date: 29 March 2018