

**Credit Suisse AG**

**Hong Kong Branch**

**Key Financial Information Disclosure Statement**

**As at 31 December 2018**

**Credit Suisse AG  
Hong Kong Branch  
Key Financial Information Disclosure Statement  
As at 31 December 2018**

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Credit Suisse AG  
Hong Kong Branch  
Profit & Loss Account  
For The Year Ended 31 December 2018

		31 Dec 2018	31 Dec 2017
	Notes	HKD'000	HKD'000
Interest income		4,461,369	2,312,962
Interest expense		(3,035,997)	(1,092,395)
Net interest income		1,425,372	1,220,567
Other operating income	1	2,404,976	1,659,358
Total operating income		3,830,348	2,879,925
Total operating expenses	2	(2,641,240)	(2,008,724)
Impairment losses and provisions		(40,990)	(33,406)
Profit before taxation		1,148,118	837,795
Tax charge		(199,096)	(127,419)
Profit after taxation		949,022	710,376

**Credit Suisse AG**  
**Hong Kong Branch**  
**Balance Sheet**  
**As at 31 December 2018**

		31 Dec 2018	30 Jun 2018
	Notes	HKD'000	HKD'000
<b>Assets</b>			
Cash and balances with banks		3,603,992	1,349,414
Due from Exchange Fund		80,573	63,047
Amount due from overseas offices		81,227,443	78,948,922
Loans and receivables	4	73,449,156	91,261,255
Investment securities		34,798,722	30,932,098
Securities held for trading purposes		210,074	11,736
Property, plant and equipment		10,326	5,539
		<hr/>	<hr/>
Total assets		<u>193,380,286</u>	<u>202,572,011</u>
<b>Liabilities</b>			
Deposits from customers	5	125,964,587	120,209,189
Deposit and balances of banks and other financial institutions		6,111	42,608
Amount due to overseas offices		59,809,051	74,315,881
Other liabilities		7,600,537	8,004,333
		<hr/>	<hr/>
Total liabilities		<u>193,380,286</u>	<u>202,572,011</u>

Credit Suisse AG  
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Notes to the Financial Statements

		Year ended 31 Dec 2018	Year ended 31 Dec 2017
	Notes	HKD'000	HKD'000
<b>1 Other operating income</b>			
Gains less losses arising from trading in foreign currencies		(4,704)	1,472
Gains less losses arising from trading in other derivatives		(458,485)	(447,421)
Gains less losses on securities held for trading purposes		(632)	69
Net fees and commission income	3	2,837,654	2,082,006
Others		31,143	23,232
		<u>2,404,976</u>	<u>1,659,358</u>
<b>2 Total operating expenses</b>			
Staff and rental expenses		(1,240,131)	(1,418,366)
Other expenses		(1,396,315)	(563,652)
Charge for other provisions		(4,794)	(26,706)
		<u>(2,641,240)</u>	<u>(2,008,724)</u>
<b>3 Net fees and commission income</b>			
Fees and commission income		2,892,720	2,839,931
Less: Fees and commission expenses		(55,066)	(757,925)
		<u>2,837,654</u>	<u>2,082,006</u>
		31 Dec 2018	30 June 2018
		HKD'000	HKD'000
<b>4 Loans and receivables</b>			
Loans and advances to customers			
- Overdrafts and repayment on demand		1,437,278	1,319,485
- Other loans due within 1 month		56,074,213	70,120,092
- Between 1 and 3 months		6,600,059	9,238,620
- Between 3 months and 1 year		4,799,805	3,380,373
- Later than 1 year		1,942,886	3,406,818
		<u>70,854,241</u>	<u>87,465,388</u>
Total Loans and advances to customers	6	70,854,241	87,465,388
Other accounts		2,313,137	3,837,073
Accrued interest		541,098	355,755
Provisions for impaired loans and receivables (general provisions)		(9,994)	(13,675)
Provisions for impaired loans and receivables (specific provisions)		(249,326)	(383,286)
		<u>73,449,156</u>	<u>91,261,255</u>
<b>5 Deposits from customers</b>			
Demand deposits and current accounts		36,080,390	40,674,038
Savings deposits		-	-
Time, call and notice deposits		89,884,197	79,535,151
		<u>125,964,587</u>	<u>120,209,189</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 (HKMA).

	31 Dec 2018 HKD'000			30 Jun 2018 HKD'000		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Loans and advances for use in Hong Kong						
Industrial, commercial and financial						
Financial concerns	1,846,699	3,524,288	5,372,987	3,122,080	3,531,408	6,653,488
Others	894,978	-	894,978	225,495	-	225,495
Individuals						
Others	21,929,651	108	21,929,959	24,284,160	-	24,284,160
Loans and advances for use outside Hong Kong	42,655,934	388	42,656,317	56,300,295	1,950	56,302,245
	<u>67,329,462</u>	<u>3,524,779</u>	<u>70,854,241</u>	<u>83,932,030</u>	<u>3,533,358</u>	<u>87,465,388</u>

When collateral value are greater than gross loans and advances, only the amount of collateral up to gross amount is included.

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 HKMA.

	31 Dec 2018 HKD'000			30 Jun 2018 HKD'000		
	Total	Overdue/Impaired Loans & Advances	Specific Provision	Total	Overdue/Impaired Loans & Advances	Specific Provision
British Virgin Islands	27,718,694	26,790	26,790	40,635,613	25,266	25,266
Hong Kong	29,197,924	299,329	222,546	31,163,142	392,625	358,020
Others	14,937,323	-	-	15,666,633	-	-
	<u>70,854,241</u>	<u>266,109</u>	<u>249,326</u>	<u>87,465,388</u>	<u>417,891</u>	<u>383,286</u>
% of the total loans and advances to customers		<u>0.38%</u>			<u>0.48%</u>	
Fair value of security held against impaired advances to loans and advances		<u>21,132</u>			<u>38,364</u>	

7 Overdue and rescheduled loans and advances

a. Overdue advances

	31 Dec 2018		30 Jun 2018	
	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	-	-	-	-
- Over one year	266,109	0.38%	417,891	0.48%
	<u>266,109</u>	<u>0.38%</u>	<u>417,891</u>	<u>0.48%</u>
Fair value of the collaterals held in respect of the overdue loans and advances to customers	<u>21,132</u>		<u>38,364</u>	
Specific provision made	<u>249,326</u>		<u>383,286</u>	

All non-performing loans to customers were overdue for more than one year as at 31 Dec 2018 & 30 Jun 2018.

The collaterals held include property and listed shares.

b. Rescheduled advances

The branch does not have any rescheduled loans & advances to customers as at 31 Dec 2018 & 30 Jun 2018.

The branch does not have any overdue & rescheduled loans & advances to banks as at 31 Dec 2018 & 30 Jun 2018.

The branch does not have impaired loans and advances to banks as at 31 Dec 2018 & 30 Jun 2018.

8 Other Assets Overdue and Repossessed Assets

The branch does not have any overdue other assets and repossessed assets as at 31 Dec 2018 & 30 Jun 2018.

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 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 2018					
	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>Developed Countries</b>	<b>85,535</b>	<b>34,779</b>	<b>256</b>	<b>3,946</b>	-	<b>124,516</b>
of which Switzerland	83,970	-	193	3,657	-	87,830
of which United States	413	34,708	5	-	-	35,126
<b>Offshore Centres</b>	-	-	<b>122</b>	<b>44,029</b>	-	<b>44,151</b>
of which British Virgin Islands	-	-	-	28,881	-	28,881

	30 Jun 2018					
	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>Developed Countries</b>	<b>80,801</b>	<b>30,912</b>	<b>386</b>	<b>3,753</b>	-	<b>115,852</b>
of which Switzerland	79,914	-	328	3,587	-	83,829
of which United States	122	30,770	15	-	-	30,907
<b>Offshore Centres</b>	<b>225</b>	-	<b>538</b>	<b>57,077</b>	-	<b>57,840</b>
of which British Virgin Islands	-	-	293	41,131	-	41,424

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.

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Notes to the Financial Statements

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 2018			30 Jun 2018		
	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)	210	-	210	12	-	12
Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	12,950	88	13,038	15,023	154	15,177
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,435	11	1,446	1,531	6	1,537
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,011	3	2,014	2,224	6	2,230
<b>Total</b>	<b>16,606</b>	<b>102</b>	<b>16,708</b>	<b>18,790</b>	<b>166</b>	<b>18,956</b>
Total assets after provision	193,380			202,572		
On-balance sheet exposures as percentage of total assets	8.59%			9.28%		

As at 31 Dec 2018 & 30 Jun 2018, 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 2018		
	USD	CHF	Total
Spot assets	117,405	2,707	120,112
Spot liabilities	(117,396)	(2,686)	(120,082)
Forward purchases	11,818	2,633	14,451
Forward sales	(11,838)	(2,632)	(14,470)
Net options positions	-	-	-
<b>Net (short) long position</b>	<b>(11)</b>	<b>22</b>	<b>11</b>
<b>Net structural position</b>	<b>10</b>	<b>-</b>	<b>10</b>
	30 Jun 2018		
	USD	CHF	Total
Spot assets	111,670	1,764	113,434
Spot liabilities	(111,714)	(1,706)	(113,419)
Forward purchases	7,957	1,329	9,286
Forward sales	(7,907)	(1,380)	(9,287)
Net options positions	-	-	-
<b>Net long position</b>	<b>6</b>	<b>8</b>	<b>14</b>
<b>Net structural position</b>	<b>6</b>	<b>-</b>	<b>6</b>

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



Credit Suisse AG  
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 Off Balance Sheet Exposures

	31 Dec 2018	30 Jun 2018
	HKD'000	HKD'000
<b>12 Contingent liabilities and commitments</b> (contractual amounts)		
Direct credit substitutes	14,928	17,633
Other commitments	246,624,400	210,247,578

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

	31 Dec 2018			30 Jun 2018		
	Fair Value Positive	Negative	Total Notional Amount	Fair Value Positive	Negative	Total Notional Amount
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	329,593	329,333	57,131,665	462,911	465,785	58,054,031
Equity contracts	461,980	461,980	38,214,454	368,666	368,666	46,783,048
Precious metals other than gold contracts	26,721	26,726	1,329,999	1,063	1,063	1,534,476

**Credit Suisse AG  
Hong Kong Branch  
Liquidity Information**

**Liquidity management**

Credit Suisse Group AG (The Group)'s liquidity and funding strategy is approved at the Group level by the Capital Allocation & Risk Management Committee (CARMC) and overseen by the Board of Directors (Board). The implementation and execution of the liquidity and funding strategy is managed within the CFO division by Treasury and the global liquidity group. The global liquidity group was established in the second quarter of 2018 to centralize control of liability and collateral management with the aim of optimizing liquidity sourcing, funding costs and high-quality liquid assets (HQLA) portfolio on behalf of Treasury. Treasury ensures adherence to the funding policy and the global liquidity group is focused on the efficient coordination of the short-term unsecured and secured funding desks. This approach enhances the ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet stress situations. The liquidity and funding profile is regularly reported to CARMC and the Board, who define the risk tolerance, including liquidity risk, and set parameters for the balance sheet and funding usage of the businesses. The Board is responsible for defining the overall risk tolerance in the form of a risk appetite statement.

Credit Suisse AG Hong Kong Branch (The Branch)'s liquidity and funding profile reflects the strategy and risk appetite of the Branch and is driven by business activity levels and the overall operating environment.

**Liquidity risk management**

**Our approach to liquidity risk management**

The Branch's liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to the Group. This is achieved through a conservative asset/liability management strategy aimed at maintaining long-term funding, including stable deposits, in excess of illiquid assets. To address short-term liquidity stress, the Branch maintains a liquidity pool, described below, that covers unexpected outflows in the event of severe market and idiosyncratic stress. The liquidity risk parameters of the Group reflect various liquidity stress assumptions that are believed to be conservative. The Branch's liquidity profile is managed at a sufficient level such that, in the event that the Branch is unable to access unsecured funding, it would be expected to have sufficient liquidity to sustain operations for a period of time in excess of the limit. The risk control framework aims to ensure the appropriate amount of liquidity is set aside locally whilst ensuring a sufficient amount of liquidity is held at Group level to support and meet its obligations in times of stress, whether caused by market or issues specific to the Branch and/or Group.

The Liquidity Coverage Ratio (LCR) aims to ensure that banks have unencumbered HQLA available to meet short-term liquidity needs under a severe stress scenario. The LCR is comprised of two components, the value of HQLA in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The Net Stable Funding Ratio (NSFR) establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's on- and off-balance sheet activities over a one-year horizon. The NSFR is a complementary measure to the LCR and is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds.

The Branch adopted LCR and NSFR as primary tools, in parallel with the internal liquidity barometer, to monitor our structural liquidity position and plan for funding. The Branch uses the internal liquidity barometer to manage liquidity to internal targets and to a desired profile under the Group specific and market-wide stress scenarios that permits the Branch to continue business activities for a period of time (also known as a liquidity horizon) without changing business plans. Under this framework, the Branch also has short-term targets based on additional stress scenarios to ensure uninterrupted liquidity for short time frames. The internal barometer framework also supports the management of the funding structure. It allows the Branch to manage the time horizon over which the stressed market value of unencumbered assets (including cash) exceeds the aggregate value of contractual outflows of unsecured liabilities plus a conservative forecast of anticipated contingent commitments.

The Branch's overall liquidity management framework allows the Branch to run stress analyses on its balance sheet and off-balance sheet positions, which include significant withdrawals from private banking client deposits, reduction in funding value of unencumbered assets and other scenarios as deemed necessary from time to time.

**Governance**

Funding and liquidity in the Branch are managed centrally by Treasury. Oversight of these activities is provided by the Hong Kong Branch Governance Committee (HK BGC), the main governance body of the Branch, a committee that includes the HK Branch Chief Executive (CE), HK Branch Alternate Chief Executive (ACE), HKMA Managers (in accordance with section 72B of the Banking Ordinance), which includes HK Branch Chief Risk Officer (CRO), and Treasurer. The Branch's liquidity and funding profile is regularly reported to the HK BGC. HK BGC has HK Finance Committee (HKB FC) and HK Risk Committee (HKB RMC) as its sub-committees who have powers delegated to them to manage all finance and risk issues respectively.

It is the Hong Kong Branch Finance Committee's (HKB FC) responsibility to review the Liquidity Risk Management Strategy to allow for effective execution, planning, monitoring and management of liquidity at the Branch and to define and monitor adherence to internal risk limits.

The HKB RMC is responsible for defining the overall risk tolerance in the form of a risk appetite, regularly reviewing the risk appetite within the liquidity risk management framework define by CARMC. Locally, the Branch's risk appetite is aligned to the Group risk appetite and shares the core strategic risk objectives. All liquidity stress tests are coordinated and overseen by the Branch CRO to ensure a consistent and coordinated approach across all risk disciplines.

**Contingency funding planning**

In the event of a liquidity crisis, the Branch has implemented a standalone Contingency Funding Plan (CFP) which provides for specific actions to be taken depending on the nature of the crisis. The plan is designed to address ever-increasing liquidity and funding stresses and has pre-defined escalation levels aimed at maximizing the likelihood that the Branch can take certain measures to address liquidity or funding shortfalls. In order to identify a deteriorating liquidity situation, the Branch monitors a set of regulatory and economic liquidity metrics while also seeking the views of subject matter experts as well as senior management, who retain at all times the authority to take remedial actions promptly. In all cases, the plan's primary objectives are to strengthen liquidity (immediate), reduce funding needs (medium term) and assess recovery options (longer term).

Credit Suisse AG  
Hong Kong Branch  
Liquidity Information

Liquidity metrics

Liquidity pool

The Branch holds a pool of HOLA as defined under Schedule 2 of the BLR with a majority of HOLA consisting of Level 1 assets, predominantly in government debt securities.

Pursuant to the Banking (Liquidity) Rules (BLR), the Branch is required to maintain a LCR of not less than 90% increasing in steps of 10% to not less than 100% by January 2019. The comparatives to the Liquidity Maintenance Ratio (LMR) for the year ended 31 Dec 2017 are not directly comparable due to the adoption of LCR in the beginning of 2018.

The average LCR for the period is as follows:

	Quarter ended (%) 31 Dec 2018
Average LCR	195.57%

Average LCR is the simple average value of all working days in the quarter.

	Year ended (%) 31 Dec 2017
Average LMR	41.47%

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

The average LCR has remained stable from last quarter and continues to be healthy in 2018.

The following table sets out the required disclosure items under Liquidity Coverage Ratio Standard Disclosure Template as specified by the HKMA. The number of data points used in calculating the average value of the LCR and related components for quarter ended 31 December 2018 was 62. The number of data points equates to the number of working days in the quarter.

L1Q1 - Liquidity Coverage Ratio for category 1 institution

Amount in HKD\$ '000	Quarter ended 31 Dec 2018 (62 data points)	
	Unweighted amount (average)	Weighted amount (average)
Basis of disclosure: Hong Kong office basis		
<b>A. HIGH QUALITY LIQUID ASSETS</b>		
1 Total high quality liquid assets (HOLA)		33,092,862
<b>B. CASH OUTFLOWS</b>		
2 Retail deposits and small business funding, of which:		
3 Stable retail deposits and stable small business funding	53,866,652	5,383,317
4 Less stable retail deposits and less stable small business funding	-	-
4a Retail term deposits and small business term funding	53,799,678	5,379,968
5 Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the FI, of which:	66,974	3,349
6 Operational deposits	81,306,433	50,586,124
7 Unsecured wholesale funding (other than small business funding) not covered in Row 6	-	-
8 Debt securities and prescribed instruments issued by the FI and redeemable within the LCR period	81,306,433	50,586,124
9 Secured funding transactions (including securities swap transactions)	-	-
10 Additional requirements, of which:	8,260,703	7,748,911
11 Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	2,012,185	2,012,185
12 Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	-	-
13 Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	6,248,518	5,736,726
14 Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,037,314	4,037,314
15 Other contingent funding obligations (whether contractual or non-contractual)	240,242,182	3,086
16 TOTAL CASH OUTFLOWS		67,758,752
<b>C. CASH INFLOWS</b>		
17 Secured lending transactions (including securities swap transactions)	-	-
18 Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	85,908,812	57,526,283
19 Other cash inflows	5,752,366	4,372,598
20 TOTAL CASH INFLOWS	91,661,178	61,898,881
<b>D. LIQUIDITY COVERAGE RATIO</b>		<b>Adjusted value</b>
21 TOTAL HOLA		33,092,862
22 TOTAL NET CASH OUTFLOWS		16,939,688
23 LCR (%)		195.57%

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Liquidity Information

Liquidity metrics (Continued)

Net Stable Funding Ratio

Following on the implementation of NSFR in Hong Kong, with effect 1 January 2018, the Branch is required to maintain a NSFR of not less than 100%.

The NSFR for the period is as follow:

Quarter ended (%)
31 Dec 2018
158.88%

NSFR

The NSFR has remained well above the regulatory limit in 2018.

The following table sets out the required disclosure items under NSFR Standard Disclosure Template as specified by the HKMA.

L102 - Net stable funding ratio for category 1 institution

Amount in HKD\$ '000		Quarter ended 31 Dec 2018				Weighted amount
		Unweighted value by residual maturity				
Basis of disclosure: Hong Kong office		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding ("ASF") item</b>						
1	Capital:	-	-	-	-	-
2	Regulatory capital	-	-	-	-	-
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	56,730,639	-	-	51,057,575
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	56,730,639	-	-	51,057,575
7	Wholesale funding:	-	126,106,676	5,854,842	2,163,412	38,896,035
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	126,106,676	5,854,842	2,163,412	38,896,035
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	2,334,875	3,971,322	-	9,994	9,994
12	Net derivative liabilities	45,559	-	-	-	-
13	All other funding and liabilities not included in the above categories	2,289,316	3,971,322	-	9,994	9,994
14	<b>Total ASF</b>					<b>89,963,604</b>
<b>B. Required stable funding ("RSF") item</b>						
15	Total HQLA for NSFR purposes	-	-	-	35,094,041	1,757,743
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	1,171,170	143,872,609	11,928,049	2,123,694	54,210,797
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,188	75,759,688	10,109,344	170,309	16,590,122
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	1,169,982	67,922,070	1,808,759	1,953,385	37,520,276
21	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
22	Performing residential mortgages, of which:	-	190,851	9,946	-	100,399
23	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	1,046,151	1,339,590	-	-	349,003
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before deduction of variation margin posted	864,358	-	-	-	NA
31	All other assets not included in the above categories	181,793	1,339,590	-	-	349,003
32	Off-balance sheet items	-	-	-	252,331,082	307,203
33	<b>Total RSF</b>					<b>56,624,746</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>158.88%</b>

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Liquidity Information

Liquidity metrics (Continued)

LIQ2 - Net stable funding ratio for category 1 institution - continued

HK\$'000		Quarter ended 30 Sept 2018				Weighted amount
		Unweighted value by residual maturity				
Basis of disclosure: Hong Kong office		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding (*ASF*) item</b>						
1	Capital:	-	-	-	-	-
2	Regulatory capital	-	-	-	-	-
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	53,668,056	-	-	48,301,251
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	53,668,056	-	-	48,301,251
7	Wholesale funding:	-	132,030,573	8,068,797	915,090	38,334,432
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	132,030,573	8,068,797	915,090	38,334,432
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	2,558,719	2,229,781	-	9,874	9,874
12	Net derivative liabilities	58,437	-	-	-	-
13	All other funding and liabilities not included in the above categories	2,500,282	2,229,781	-	9,874	9,874
14	<b>Total ASF</b>					<b>86,645,557</b>
<b>B. Required stable funding (*RSF*) item</b>						
15	Total HQLA for NSFR purposes				30,142,175	1,512,217
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	4,267,643	147,317,940	12,473,081	1,941,271	58,056,946
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	77,482,416	9,804,166	18,031	16,542,476
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	4,267,643	69,552,811	2,659,678	1,923,240	41,368,494
21	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
22	Performing residential mortgages, of which:	-	282,713	9,237	-	145,976
23	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	1,132,037	2,224,818	-	-	431,241
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before deduction of variation margin posted	1,051,822	-	-	-	NA
31	All other assets not included in the above categories	80,215	2,224,818	-	-	431,241
32	Off-balance sheet items	-	-	-	233,624,461	311,234
33	<b>Total RSF</b>					<b>60,311,638</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>143.66%</b>

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### Funding management

Treasury is responsible for the development, execution and regular updating of the funding plan. The plan reflects projected business growth, development of the balance sheet, future funding needs and maturity profiles as well as the effects of changing market and regulatory conditions.

The Branch funds its balance sheet primarily through core customer deposits and affiliate borrowings. The Branch monitors the funding sources, including their concentrations against certain limits, according to their counterparty, currency and tenor.

### Funding sources

Private banking customers' deposit remains as one of the major funding sources for the Branch. In addition, the Branch is able to source additional funding, in the appropriate currency, from affiliates of the Group to meet its requirement.

The Branch holds a pool of HQLA as defined under Schedule 2 of the BLR with a majority of HQLA consisting of Level 1 assets, predominantly in government debt securities. The risk control framework aims to ensure the appropriate amount of liquidity is set aside locally whilst ensuring a sufficient amount of liquidity is held at Group level to support and meet its obligations.

### Funds transfer pricing

The Group maintains an internal funds transfer pricing system based on market rates. The funds transfer pricing system is designed to allocate to businesses all funding costs in a way that incentivizes their efficient use of funding. The funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet usages and off-balance sheet contingencies. The funds transfer pricing framework ensures full funding costs allocation under normal business conditions, but it is of even greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this framework, businesses are also credited to the extent they provide long-term stable funding.

### Contractual maturity banding of assets and liabilities

The following table provides contractual maturities of the assets and liabilities as at end of December 2018.

At 31 Dec 2018 (HKD million)	On demand	Less than 1 month	Between 1 to 3 months	Between 3 to 12 months	Between 1 to 5 years	Balancing amount	Total
<b>Assets</b>							
Amount receivable arising from derivative contracts	139	51	88	393	148	-	819
Due from MA for a/c of Exchange Fund	81	-	-	-	-	-	81
Due from overseas central banks	1	-	-	-	-	-	1
Due from banks	6,584	20,869	33,989	23,746	31	-	85,219
Readily monetizable debt securities held (net of short positions)	35,013	-	-	-	-	-	35,013
Loans and advances to non-bank customers	8,072	49,258	6,627	4,823	1,953	266	70,999
Other assets	53	971	403	67	-	10	1,504
<b>Total assets</b>	<b>49,943</b>	<b>71,149</b>	<b>41,107</b>	<b>29,029</b>	<b>2,132</b>	<b>276</b>	<b>193,636</b>
<b>Off Balance Sheet Claims</b>	<b>2,912</b>	<b>1,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,511</b>	<b>20,111</b>
<b>Liabilities</b>							
Deposits from non-bank customers	42,963	44,195	20,604	18,591	-	-	126,353
Amount payable arising from derivative contracts	141	65	113	395	150	-	864
Due to banks	25,978	6,655	24,388	738	1,999	141	59,899
Other liabilities	381	3,768	445	103	83	10	4,790
Capital and reserves	-	-	-	-	-	1,480	1,480
<b>Total liabilities including capital and reserves</b>	<b>69,463</b>	<b>54,683</b>	<b>45,550</b>	<b>19,827</b>	<b>2,232</b>	<b>1,631</b>	<b>193,386</b>
<b>Off Balance Sheet Obligations</b>	<b>2,000</b>	<b>6,831</b>	<b>219</b>	<b>98</b>	<b>150</b>	<b>15,511</b>	<b>24,809</b>
<b>Net liquidity gaps</b>	<b>(18,608)</b>	<b>11,323</b>	<b>(4,662)</b>	<b>9,104</b>	<b>(250)</b>	<b>(1,355)</b>	<b>(4,448)</b>

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

	31 Dec 2018	30 Jun 2018
<b>Capital adequacy ratio (Note 1)</b>		
Common Equity Tier 1 ratio	12.6%	12.8%
Tier 1 ratio	16.2%	18.4%
Total ratio	17.7%	20.2%
	CHF million	CHF million
<b>Total shareholders' equity</b>	<b>43,922</b>	<b>43,470</b>
<b>Other financial information</b>		
Balance sheet :		
Total assets	768,916	798,158
Total liabilities	724,897	754,549
Loans net of allowance for loan losses	287,581	287,660
Total customer deposits	363,925	367,408
	Year ended 31 Dec 2018	Year ended 31 Dec 2017
	CHF million	CHF million
Profit and Loss :		
Pre-tax profit from continuing operations for the financial period	3,372	1,793

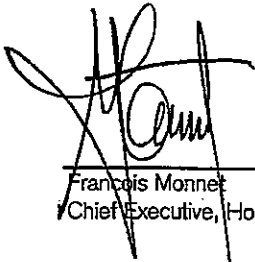
Note :

- (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 2018 Annual Report at [www.credit-suisse.com](http://www.credit-suisse.com).

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Chief Executive's Declaration of Compliance

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



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Francois Monnet  
Chief Executive, Hong Kong Branch

Date: 26 April 2019