CREDIT SUISSE
Credit Suisse AG, Mumbai branch

Basel III – Pillar 3 disclosures for the period ended June 30, 2017

Table DF – 1: Scope of Application

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

For the purpose of consolidated prudential regulatory reporting, the consolidated Bank includes audited results as at 31 March 2017 of the above mentioned NBFC as required by RBI in its circular on "Financial Regulation of Systemically Important NBFC's and Bank's relationship with them" vide circular ref. DBOD.No.FSD.BC.46/24.01.028/2006-07 dated December 12, 2006 read with "Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision" vide circular ref. DBOD. No. BP.BC. 72 /21.04.018/2001-02 dated February 25, 2003.

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

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

(i) Qualitative Disclosure

a. List of entities considered for Consolidation

Name of the entity / Country of incorp-oration	Included under accounting scope of consolidation (yes / no)	Method of consoli-dation	Included under regulatory scope of consolid-ation (yes / no)	Method of consolid-ation	Reasons for difference in the method of consolidation	Reasons if consolidated under only one of the scopes of consolidation
Credit Suisse Finance (India) Private Limited	No	NA	Yes	Line by line consolidation method as per AS-21	NA	As per the RBI circular number DBOD.No.FSD.BC.46/24.01. 028/2006-07 dated December 12, 2006 the Branch is not required to publish consolidated financial statements as per AS-21

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

(Rs. in '000)

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Credit Suisse Securities (India) Private Limited	Registered as a stock broker, merchant banker, underwriter and portfolio manager.	6,978,925	-	NA	37,454,994
Credit Suisse Services (India) Private Limited	Information Technology / Information Technology Enabled Services Group companies.	4,720,974	-	NA	12,143,037
Credit Suisse Business Management (India) Private Limited	Business support services to Credit Suisse Trust entities situated outside India	65,663	-	NA	73,555
Credit Suisse Consulting (India) Private Limited	Consultancy services to Group companies	150,424	-	NA	266,377
Credit Suisse Business Analytics (India) Private Limited	Information Technology / Information Technology Enabled Services Group companies.	2,011,052	-	NA	2,557,054

Note: The balances in the table above are based on audited financials of 31 March 2016.

(ii) Quantitative Disclosure

c. List of entities considered for Consolidation

(Rs. in '000s)

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *(as stated in the accounting balance sheet of the legal entity)*	Total balance sheet assets *(as stated in the accounting balance sheet of the legal entity)*
Credit Suisse Finance (India) Private Ltd.	NBFC	17,550,980	19,412,494

Note: The balances in the table above are based on audited financials of 31 March 2017.

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

Not applicable as there are no subsidiaries of the Bank.

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

As of June 30, 2017, the Bank does not have investment in any insurance entity.

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

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

Table DF – 2: Capital adequacy

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

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

As at June 30, 2017, the capital of the Bank, both on a standalone and consolidated basis, is higher than the minimum capital requirement as per Basel-III guidelines.

A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on June 30, 2017 is presented below:

(Rs in '000)

Risk area	Standalone	Consolidated
	June 30, 2017	June 30, 2017
Capital requirements for Credit Risk (A)	**2,335,803**	**3,879,021**
- for portfolio subject to standardised approach	2,335,803	3,879,021
- for securitisation exposures	-	-
Capital requirements for Market risk (B)	**2,708,884**	**2,708,884**
- for interest rate risk	2,194,334	2,194,334
- for foreign exchange risk (including gold)	514,550	514,550
- Equity risk	-	-
Capital requirements for Operational risk (C)	**859,884**	**859,884**
- Basic indicator approach	859,884	859,884
Total capital requirement (A+B+C)	**5,904,571**	**7,447,789**
CET1 CRAR	29.61%	47.59%
Tier 1 CRAR	29.61%	47.59%
Tier 2 CRAR	0.31%	0.33%
Total Capital adequacy ratio	**29.93%**	**47.91%**

Table DF – 3: Credit Risk

Definition

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

Credit Risk Management / Structure

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

Risk identification, measurement and monitoring

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

Each credit facility is approved by the bank's CRM team. Each facility is covered by a legal agreement that is appropriate for the type of transaction. On a case-by-case basis, Credit Suisse mitigates its credit risk associated with lending and credit related activities. This may be accomplished by taking collateral or a security interest in assets and other means.

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets. Credit Suisse's major operating divisions all assume country risk in a variety of ways. The setting of limits for this risk is the responsibility of CARMC based on recommendations of CRM team, Market and Liquidity Risk Management ('MLRM') and Credit Suisse's economists. Country limits for emerging markets are approved by the Chairman's Committee of the Board of Directors of Credit Suisse Group, a portion of which is delegated to CARMC. For trading positions, country risk is a function of the notional and mark-to-market exposure of the position, while for loans and related facilities country risk is a function of the amount that Credit Suisse has lent or committed to lend. The day-to-day management of country exposure is assigned to each of the core businesses in accordance with its business authorisations and limit allocations.

The Bank leverages the CRM team expertise and processes within Credit Suisse to manage credit exposures arising from business transactions. The Businesses would be responsible for managing transactions within specified counterparty credit limits like Single Borrower and Group Borrower limits as prescribed by RBI, in consultation with CRM team.

Credit risk management policy:

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

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

Definition of past due and impaired:

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

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

i) interest and/or installment of principal remain overdue for more than 90 days in respect of a term loan. Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank;
ii) if the interest due and charged during a quarter is not serviced fully within 90 days from the end of the quarter;
iii) the account remains 'out of order' in respect of an overdraft/cash credit facility continuously for 90 days.
iv) a bill purchased/discounted by the Bank remains overdue for a period of more than 90 days;

v) interest and/or installment of principal in respect of an agricultural loan remains overdue for two crop seasons for short duration crops and one crop season for long duration crops;
vi) In respect of a securitisation transaction undertaken in terms of the RBI guidelines on securitisation, the amount of liquidity facility remains outstanding for more than 90 days;
vii) In respect of derivative transactions, if the overdue receivables representing positive mark-to-market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained a NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully. In line with RBI directive, CS Finance is subject to 120 days overdue criteria for identification of NPAs.

Quantitative Disclosure

Gross Credit exposures:

Credit risk exposures include all exposures as per RBI guidelines on exposure norms. Bank's credit risk exposure as on June 30, 2017 primarily includes loans given to corporates, FX and derivative exposures and inventory positions held. The entire credit risk exposure of the Consolidated Bank as on June 30, 2017 is concentrated in India. This includes exposure to branches of Foreign banks in India.

The following table provides details of Bank's fund based and non-fund based exposures as on June 30, 2017

(Rs in '000)

Category	**Standalone**		**Consolidated**	
	Fund based[1,2]	**Non-fund based**	**Fund based[1,2]**	**Non-fund based**
Domestic	25,248,808	14,521,003	39,500,485	14,521,003
Overseas	-	-	-	-
Total	**25,248,808**	**14,521,003**	**39,500,485**	**14,521,003**

1. Represents loans, investment in non-SLR securities.
2. Excludes cash in hand, balance with RBI and investment in government securities and Bank CD's.

Industry-wise distribution of exposures as on June 30, 2017:

(Rs in ’000)

Industry	Standalone		Consolidated	
	Fund based	Non-fund based	Fund based	Non-fund based
Banks[1,2]	4,297,473	14,313,571	4,297,473	14,313,571
NBFC[3]	4,307,205	160,264	8,433,389	160,264
Telecom	-	-	-	-
Others[4]	16,644,130	47,168	26,769,623	47,168
Total	**25,248,808**	**14,521,003**	**39,500,485**	**14,521,003**

1. Fund based represents loans and investment in non-SLR securities. Non-fund based includes inter-bank fx and derivative transactions.
2. Excludes cash in hand, balance with RBI and investment in government securities and bank CD’s.
3. Includes loans and investment in non-SLR securities.
4. Non-fund based includes fx and derivative transactions.

Maturity pattern of assets of the bank as at June 30, 2017:

(Rs in ’000)

Maturity buckets	Cash & balances with RBI	Balances with banks & money at call and short notice	Investments	Loans & advances	Fixed assets	Other assets	Total
Day 1	305,515	10,295,034	8,759,092	-	-	1,671	19,361,312
2 to 7 days	6,789	-	15,898,198	-	-	9,176	15,914,163
8 to 14 days	350,993	-	2,065,859	-	-	23,690	2,440,542
15 to 30 days	5,300	-	31,192	-	-	23,094	59,586
31days and upto 2 months	52,606	-	309,624	2,403,158	-	272,677	3,038,065
More than 2 months and upto 3 months	356,902	-	2,100,638	1,200,000	-	- 55,253	3,602,287
3 to 6 months	212,869	-	1,252,897	4,320,760	-	181,645	5,968,171
6 months to 1 year	120,219	-	707,582	1,420,760	-	208,766	2,457,327
1 to 3 years	142,173	-	836,796	-	-	1,435,562	2,414,531
3 to 5 years	-	-	-	-	-	439,867	439,867
Above 5 years	1,320	-	7,766	-	8,610	1,412,454	1,430,150
Total	**1,554,686**	**10,295,034**	**31,969,644**	**9,344,678**	**8,610**	**3,953,349**	**57,126,001**

Consolidated maturity pattern of assets as at June 30, 2017:

(Rs in '000)

Maturity buckets	Cash & balances with RBI	Balances with banks & money at call and short notice	Investments	Loans & advances	Fixed assets	Other assets	Total
Day 1	305,515	10,904,229	10,632,844	-	-	1,671	21,844,259
2 to 7 days	6,789	500,000	15,898,198	233,219	-	13,180	16,651,386
8 to 14 days	350,993	1,000,000	2,065,859	368,200	-	35,048	3,820,100
15 to 30 days	5,300	-	31,192	750,300	-	63,299	850,091
31days and upto 2 months	52,606	-	427,024	4,185,542	-	381,326	5,046,498
More than 2 months and upto 3 months	356,902	-	2,100,638	1,465,100	-	- 29,099	3,893,541
3 to 6 months	212,869	-	1,252,897	9,030,360	-	340,020	10,836,146
6 months to 1 year	120,219	-	1,207,582	5,492,747	-	351,786	7,172,334
1 to 3 years	142,173	-	1,311,896	180,000	-	1,648,734	3,282,803
3 to 5 years	-	-	-	-	-	439,867	439,867
Above 5 years	1,320	-	7,766	-	8,933	1,446,300	1,464,319
Total	**1,554,686**	**12,404,229**	**34,935,896**	**21,705,468**	**8,933**	**4,692,132**	**75,301,344**

The Bank has no non-performing advances as on June 30, 2017 and hence the disclosures pertaining to non-performing advances are not applicable to the Bank.

For consolidated Bank, the disclosures pertaining to non-performing advances as at June 30, 2017 are as below:

Non-performing Advances (Gross)

(Rs in '000)

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

Non-performing Advances (Net)

(Rs in '000)

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

NPA ratios

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

Movement of NPAs (Gross)

(Rs in '000)

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

Movement of provisions for NPAs

(Rs in '000)

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

Movement of provisions for Standard Asset Provision

(Rs in '000)

Particulars	Standalone	Consolidated
Opening balance	206,103	258,068
Provisions made during the period	-	-
Write-off	-	-
Write-back of excess provisions	34,223	29,174
Closing balance	171,880	228,894

The Bank (both standalone and consolidated) has no non-performing investments as on June 30, 2017 and hence the disclosures pertaining to non-performing investments and provisions for depreciation on investments are not applicable.

Table DF – 4: Credit Risk Standardised Approach

Credit risk: Portfolios subject to the Standardised Approach

The exposures requiring measurement of credit risk as on June 30, 2017 are primarily loans, inventory exposures and FX and derivative transaction and balance with banks.

The exposure of the bank as on June 30, 2017 subject to the standardised approach by risk weights were as follows

(Rs in '000)

Category	Exposures	
	Standalone	Consolidated
Less than 100% risk weight[1,2]	29,618,497	29,618,497
100% risk weight[2]	-	14,251,677
More than 100% risk weight[2]	9,552,110	9,552,110
Deducted from capital	-	-
Total	**39,170,607**	**53,422,283**

1. Excludes cash in hand, balance with RBI and investment in government securities and bank CD's.
2. Represents loans and investment in non-SLR securities. Also includes inter-bank and merchant FX and derivative transactions on which credit RWA is applicable.

Table DF 17 - Summary comparison of accounting assets vs. leverage ratio exposure measure.

	Item	(Rs. in '000)
1	Total consolidated assets as per published financial statements	75,347,241
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	12,324,302
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	- (9,839,719)
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	741,652
7	Other adjustments	(189,110)
8	Leverage ratio exposure	78,384,364

Table DF 18 – Leverage ratio common disclosure template **(Rs. in '000)**

	Item	Leverage ratio framework
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	62,749,652
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(189,110)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	62,560,541
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2,196,702
5	Add-on amounts for PFE associated with all derivatives transactions	12,776,362
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	14,973,063
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	109,108
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	741,652
18	(Adjustments for conversion to credit equivalent amounts)	-
19	Off-balance sheet items (sum of lines 17 and 18)	741,652
Capital and total exposures		
20	Tier 1 capital	34,576,620
21	Total exposures (sum of lines 3, 11, 16 and 19)	78,384,364
Leverage ratio		
22	Basel III leverage ratio	44.11%

Leverage Ratio disclosure as per Para 16.6.5.3 of Basel III Circular.

Tier 1 capital	34,576,620
Leverage ratio exposure	78,384,364
Basel III leverage ratio	44.11%