CREDIT SUISSE (LUXEMBOURG) S.A.

CREDIT SUISSE

Annual Report 2019

Table of contents

Information on the Company

Board of Directors

During the business year 2019, the following persons were members of the Board of Directors:

Yves Maas
Chairman of the Board of Directors

Raffael Gasser
CEO since February 1, 2019 and
Board Member since February 8, 2019

Emma Crystal
Head Northern Europe
Swiss Universal Bank, since July 22, 2019

Benedict Wilkinson
CRO Swiss Universal Bank, since July 22, 2019

André Prüm
External board member

Hans-Jörg Turtschi
External board member

Theis Karlheinz Wenke
Deputy Treasurer,
CFO Switzerland

Andreas Oggier
Head External Asset Manager Europe, since June 21, 2018

Christian Schärer
Head Asset Servicing Swiss Universal Bank, since June 21, 2018

Authorized Management

Raffael Gasser*
CEO of the Bank since February 1, 2019

Christian Bender*
Director,
CFO since June 5, 2019

Matthias Münstermann*
Chief Operating Officer since April 1, 2019

Alain Weber*
Managing Director,
Chief Risk Officer

Philippe Bernard*
Director,
CFO until June 5, 2019
Deputy CFO and Treasurer since June 5, 2019

Yiping Li*
Managing Director,
Chief Operating Officer until April 1, 2019

Internal Audit

Wolfgang Allmer
Vice-President,
Head of Internal Audit, since September 2019 (add interim)

Catherine Weissenbacher
Director,
Head of Internal Audit until August 31, 2019

External Audit

KPMG Luxembourg Société Coopérative
Cabinet de révision agréé
Luxembourg

* Approved by the Commission de Surveillance du Secteur Financier.

Annual accounts for the year ended December 31, 2019 (with the report of the Réviseur d'Entreprises agréé thereon)

CREDIT SUISSE (LUXEMBOURG) S.A.
5, rue Jean Monnet
L-2010 Luxembourg
R.C.S.: Luxembourg B 11.756

Management Report of Credit Suisse (Luxembourg) S.A. for the financial year 2019

General Information

In 2019, the Bank delivered notably positive results. The relatively supportive overall economic context, despite continued historically low interest rates and geopolitical challenges, allowed the Bank to increase its revenues by building on an uptick in client activities and positive stock market developments in the United States and Europe. Crucially, the Bank finalized in 2019 its turn-around initiatives and, while maintaining cost discipline, launched the 2022 growth strategy following the onboarding of new management.

On February 8, 2019, R. Gasser was nominated as permanent CEO and Administrateur délégué, following his ad interim nomination end of 2018. The core management team of CSL was further enhanced with the nomination of C. Bender as the CFO and deputy CEO on April 1, 2019 (following the step-down of the previous CFO, Philippe Bernard) and M. Münstermann as the COO on April 01, 2019 (following the resignation of the previous COO, Y. Li). In line with Credit Suisse Group's International Wealth Management (IWM) divisional strategy, the new management was mandated to advance the execution of its commercial strategy with consistent focus on defined core business activities, and to set foundations for the Bank's evolution into a pan-European hub and Continental European Growth Engine by 2022.

In 2019, the first phase of strategy implementation focused on unlocking the full growth potential of existing capabilities by enhancing client focus and improving cross-functional collaboration, and was structured around four key streams:

- Facilitating growth mind-set and leveraging of existing capabilities, in particular Private Label Funds (PLF) offering, collaboration with Capabilities functions within Credit Suisse and strong top management attention on strategic Relationship Manager (RM) hires.
- Roll-out and enhancement of capabilities to expand Credit Suisse footprint in Luxembourg with focus on:
  - Systematic approach to positioning of PLFs with roadshows and enhanced coordination of sales;
  - Intensified collaboration with Asset Management and strengthening of Portfolio Management capabilities;
  - Increased collaboration with central specialist lending teams as well as enhanced risk appetite framework;
  - Expanded service level of trading desk.
- Definition and implementation of Private Banking Target Operating Model consisting of systematically segmented client coverage model.
- Comprehensive cultural transformation initiatives to foster client-centricity and enhance risk-awareness.

To expand the existing service offering within Credit Suisse's International Wealth Management (IWM) division, IWM established the Business Area "Private Banking International" (PBI) in October 2019. Raffael Gasser was nominated to head PBI in addition to his role as CEO of Credit Suisse (Luxembourg) S.A.

In January 2020, Patrick Schwyzer was nominated as his successor in the latter role (subject to CSSF approval), directly reporting to Raffael Gasser in his new CS Group role. Patrick Schwyzer adopted the CEO role as of March 16, 2020.

As a result of these governance adjustments, the strategic relevance of CS (Luxembourg) S.A. as a key pillar within International Wealth Management division as a whole and Private Banking International in particular has further increased, which will support the further implementation of its defined growth strategy.

Enhanced strategic focus and strong financial aspirations for the Bank guided the implementation of its growth strategy in 2019 and resulted in record-level asset inflows. For the financial year 2019, the Bank posted a profit after taxes of CHF 35.8mn (vs. a profit after taxes of CHF 33.2mn in 2018).

Business Review

Balance Sheet
The total balance sheet increased by 23% year on year and amounted to CHF 8,572mn at the end of the fiscal year 2019 (2018: CHF 6,968mn). The change on the asset side is mainly due to an increase of the placement with central banks (CHF 1,525mn).

In 2019, the Bank significantly increased the volume of withdrawable central bank reserves by swapping USD balance into EUR and placing the resulting EUR overnight excess with the Luxembourg Central Bank. This allowed the Bank to expand its liquidity buffer and to implement a process part of CSL Recovery Plan remediation actions.

As in previous years, the development of the “loans and advances to credit institutions”, “balances with central banks” and “loans and advances to customers” was closely correlated to the liability variation in the “amounts owed to customers” and in the “amounts owed to credit institutions”, which increased by CHF 1,493mn and CHF 99mn respectively, as a consequence of an increase in cash equivalent, held by our clients.

The evolution reported in “loans and advances to customers” mainly results from a decrease of corporate and institutional loans by CHF 244mn and to a lesser extent from a decrease of collateralized loans granted to private banking clients. Loan valuation allowances, including interest, decreased by CHF 8mn during the financial year to reach a 2019 year-end balance of CHF 3.8mn.

Profit & Loss
In 2019, the Bank posted a profit after taxes of CHF 35.8mn (vs. a profit after taxes of CHF 33.2mn in 2018). Main factors for the positive results were the combined impact of increased profits of the Luxembourg Head Office by CHF 5mn following the deflation of costs, and the increase in revenues of the France Branch, the Portugal Branch by by CHF 1mn, and the decrease in loss of Netherlands branch by by CHF 1.2mn which mitigated the decrease of the revenues of the Austrian Branch by CHF 4.6mn. The decrease of the brokerage activities and the decrease of the average loan book explained the decrease of the revenues of the Austrian Branch.

In 2019, the decrease of CHF 2.1mn of general administrative expenses is explained by the increase of staff costs by CHF 1.4mn and the decrease of other administrative expenses by CHF 3.5mn due to efficient cost management and a one-year rent-free period for the Luxembourg Head Office.

The overall net commission income of CHF 97.9mn in 2019 decreased by 4% compared to CHF 101.9mn in 2018, mainly due to a reduction in the level of transactions performed on behalf of clients.

The total net interest income[1] amounting to CHF 44.6mn for 2019 (2018: CHF 60.8mn) decreased by CHF 16.2mn compared to last year as a consequence of a shift of major revenue components into net profit on financial operations, which increased by CHF 18.2mn

1 Total net interest income combining positions “interest receivable and similar income”, “negative interest receivable”, “interest payable and similar charges” and “negative interest payable”.

to CHF 14.6mn in 2019 (2018: net losses of CHF 3.6mn). This resulted in a combined positive impact of CHF 2.0mn relative to 2018. The shift originated from currency swaps contracts with Credit Suisse AG to convert the Bank's USD balances into EUR balances. The placings of the EUR overnight excesses with the Luxembourg Central Bank resulted then into increased negative interest receivable, whereas the currency swaps generated increased foreign exchange revenues reported under net profit on financial operations. Net interest income were also impacted by lower average loans and advances to customers based on stable low levels of interest rates during the year.

Further contributions of CHF 3.6mn were paid in 2019 (2018: CHF 3.8mn) by the two client booking centers to the European stability mechanism, composed by CHF 3.4mn for the Luxembourg client platform and CHF 0.2mn for the Austrian booking center.

Other operating charges, decreased by CHF 2.6mn in 2019, mainly due to the decrease of restructuring provision by CHF 1.3mn and the decrease of the losses from securities processing by CHF 0.8mn.

Value adjustments have decreased during the year from CHF 1.6mn in 2018 to CHF 0.8mn in 2019. The value adjustments largely relate to overdue interests on loans.

The 2019 results of the branches after taxes before intercompany elimination contributed positively to the Bank's profit, in particular with positive developments achieved in France, Portugal and the Netherlands.

The branches' results can be broken down as follows:

Branches	**Establishment dates**	**Results after taxes 2019 (CHF mn)**	**Results after taxes 2018 (CHF mn)**
Austria	January 15, 2007	1.3	5.9
Portugal	March 19, 2013	1.1	0.5
France	February 6, 2015	5.0	4.6
The Netherlands	April 1, 2016	(0.1)	(1.4)
Ireland	September 8, 2017	(0.5)	(0.4)

Risk Management

The strong commitment to risk management, permanent assessment and on-going enhancement of the compliance and risk management framework of the Bank provide reasonable assurance that risks are effectively identified and mitigated, and in line with the requirements of the banking supervision authorities and applicable market practices. The Bank dedicates substantial efforts to the risk detection process and the continuous risk assessment in the decision-making process at all levels of the organization.

In accordance with CSSF 12/552, as subsequently amended, the Bank implemented the three lines of defense model:

- The first line consists in the business units that take or acquire risks under a predefined policy and limits, carry out controls, and implement mitigating measures to reduce risk exposure;
- The second line comprises in the first instance by the independent internal control functions (Chief Compliance Officer and Chief Risk Officer). In addition, Legal Entity Finance ("LEF"), the Information Technology ("IT") and the Information Security Officer ("ISO") are contributing to the overall risk control framework;
- The third line, the Internal Audit ("IA") function, provides an independent, objective and

critical review of the first two lines of defense.

Main objectives of the internal control functions are the anticipation, identification, measurement, monitoring, control and reporting of all the risks to which the Bank is or may be exposed. Moreover, the internal control functions shall verify and monitor compliance with internal policies and procedures, which fall within the area for which they are responsible. Internal control functions report directly to the Authorized Management ("AM") as well as the Board of Directors ("BoD") and advice independently on risk. The roles and responsibilities of the different internal control functions are formalized in the Compliance, Risk Control and Internal Audit charters and related policies.

The Bank maintains a comprehensive policy framework, which governs detailed organizational matters, business operations and ensures compliance with relevant laws and regulations. The risk management and internal control framework focuses on the protecting the Bank from failures resulting from potential non-compliance with applicable laws, internal and external regulations and the mitigation of risks arising from the business activities of the Bank.
The regulatory requirements of the CSSF Circular 07/301 pursuant to the Internal Capital Adequacy Assessment Process ("ICAAP") are assessed on a regular basis by the AM. The ICAAP is subject to BoD approval on an annual basis. The ICAAP framework outlines the Bank's internal capital adequacy assessment process in detail and in relation with its risk profile, strategy and risk capacity in terms of capital. The ICAAP report combines the assessment of the Banks' risks, how the Bank manages and mitigates risk and how much current and future capital are deemed necessary taking into consideration risk mitigating factors.

In addition, the Internal Liquidity Adequacy Assessment Process ("ILAAP") sets out, how the Bank identifies and manages its liquidity risks, and outlines in detail the Bank's levels of liquidity requirements. The ILAAP is performed annually as part of the business planning cycle and adapted to reflect significant changes to the business strategy or the Bank's risk profile. It is subject to approval by the BoD. The Bank is integrated in the risk management and internal control framework of Credit Suisse Group ("CSG" or "the Group") which includes a dedicated liquidity planning and implementation and it operates within the BoD approved Liquidity Management Framework ("LMF"). The LMF describes the principles guiding the management of liquidity and funding, roles and responsibilities (including governing bodies) and the monitoring tools used to track liquidity positions.

To enable appropriate decision making and steering on risks and controls-related matters, dedicated committees are in place, such as:

- The Audit and Risk Committee's ("ARC") primary function is to assist the BoD in fulfilling its oversight responsibilities in the areas of financial information, internal control, including internal and external audits. The ARC assists the BoD in its mission to assess the adequacy between the risks incurred, the Bank's ability to manage these risks and the internal and regulatory own funds and liquidity reserves.
- The Capital Allocation and Risk Management Committee ("CARMC") is the Management-driven governance/decision body of the Bank for risk, compliance, regulatory and internal control matters. Moreover, the CARMC assesses on changes in the risk profile of the organization and the impact on the internal capital adequacy.
- The Asset and Liability Committee ("ALCO") is responsible for the management of the Bank's balance sheet, asset/liability, liquidity, capital adequacy and profitability.

Credit risk
The Bank's lending solutions are only available to clients for whom a comprehensive risk assessment has been conducted on a qualitative and quantitative basis. The Bank mainly offers uncommitted Lombard loans as well as secured lending to investment funds, but it also offers Real Estate financing for properties in France, committed lending solutions to operating companies on a selective basis, with short- to long-term maturities.

The credit risk is managed through a detailed credit request, approval process and a credit quality review process. Prior to any approval, a credit assessment review, covering the analysis

and evaluation of the debtor's creditworthiness, pledged or mortgaged collateral and the type of the underlying lending business is completed by experienced credit officers.
The monitoring of credit exposure is mostly based on fully automated tools allowing credit officers to detect any risk of limit excess or collateral shortfall situation.

The credit risk assessment and credit approval are performed by the Bank and supported by the risk entities of CSG leveraging their expertise in particular markets or client groups. The final decision on the credit risk lies with the Bank. The risk assessment, based on fundamental analysis and loan documentation, is performed in line with market standards by credit officers with corporate and investment banking background.

The total credit exposure CSL as of December 31, 2019 was CHF 3.9bn, of which 90% of all transactions are ranked investment grade (BBB- or better), 44% are linked with CSL directly and 56% to the branches of CSL.

Market risk
The Bank and its branches do not enter into any proprietary trading activities and are only executing transactions with securities, foreign exchange and derivate financial instruments on behalf of clients. Trading transactions are generally entered into on either an agency or back-to-back basis with small market risk limits (foreign exchange) to facilitate the bulking of small client positions.

With regard to interest rate risks, customer deposits have been used as an increasing source of funding for the loan book. The Interest Rate Risk on the Banking Book is hedged through interest rate swaps since Q1 2018. Therefore, the interest rate risk exposure is relatively limited. In order to guarantee an efficient management of the balance sheet, a flag limit for money market mismatch of USD 570mn is allocated. This is referred to one year equivalent risk transaction covering the exposure in money market deposits/loans. This flag limit is reported daily by Market & Liquidity Risk Management of Credit Suisse Zurich.

Concerning foreign exchange ("FX") risks, the Bank's policy is to operate on the principle of currency matching. All foreign exchange deals are monitored by means of a computation program in real time. The majority of the commitments in currencies is made on behalf of clients and hence the foreign exchange risk exposure is very limited. FX flag limits are monitored and reported on a daily basis by Market & Liquidity Risk Management of Credit Suisse Zurich.

Liquidity risk
The Bank's Board of Directors and Authorized Management recognize that the maintenance of sufficient liquidity is fundamental to the prudent management of a bank. The process of managing liquidity within the Bank is fully integrated into the global liquidity management process within Credit Suisse. This process also recognizes the requirement to ensure that CSL maintains a liquidity position within the guidelines set by the Commission de Surveillance du Secteur Financier ("CSSF").

The Bank's liquidity strategy aims to meet all contractual, contingent and regulatory obligations both on an ongoing business as usual basis, and in a period of liquidity stress and to continue to pursue activities for a period of time without changing its business plans.

Therefore, the Bank adopts a prudent approach and defines its risk appetite for liquidity as minimal. The following liquidity management principles apply:

- A pool of high quality unencumbered assets is maintained allowing to meet all contractual and regulatory obligations under both normal and stressed market conditions;
- The Bank operates within Credit Suisse centralized funding model:
  - Excess liquidity is up streamed to Credit Suisse;
  - If required, emergency funding to be provided within Credit Suisse global liquidity management framework;
- The Bank operates within Credit Suisse fund transfer pricing system designed to allocate to businesses all funding costs in a way that incentivizes their efficient use of funding;
- FX & MM dealing is taking place with Credit Suisse entities only.

The following liquidity risk metrics are used by the Bank: regulatory liquidity metrics (Liquidity Coverage Ratio, “LCR”) and CS internal liquidity metrics (Barometer 2.0 30 Day and Barometer 2.0 365 Day). Throughout the year 2019, the Bank met the LCR requirement, ending with a ratio of 263% end of December.

Within Credit Suisse, the Barometer 2.0 is the primary tool used as a harmonized risk metric for the supervision of the liquidity risk within the Group. It provides a robust stress-testing framework, with a significant increase in data automation, reduction in latency and enhanced controls for data validation and reconciliation. More severe, the liquidity stress tests are aligned with peer benchmarks. The Barometer 2.0 includes a weekly reporting of the liquidity situation and hence contributes to strengthen the Bank’s liquidity governance framework. In December 2019, the Bank reported a liquidity excess of CHF 1.81bn for 30 Days and of CHF 3.07bn for 365 Days.

Operational risk
Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or external events. The Bank places utmost importance on the operating effectiveness of its control environment to mitigate operational risks.

One key element of the internal control and risk management framework is the Monitoring of Internal Control System (“MICOS”). This system is the major tool applied by all Credit Suisse entities for the monitoring of the timely execution and verification of supervisory controls. Additionally, it provides transparency to the Management on control-related issues within their area of responsibility. Thus, MICOS facilitates the implementation of necessary controls to mitigate and control identified risks. The results of the controls conducted by the control owners are documented in MICOS and forwarded to the superiors of the control owners for their assessment and acknowledgement.

Furthermore, the Bank has systematic procedures in place ensuring the reporting of all risk incidents, independently from the financial impact of the incident. All incidents are captured in the database “MyIncidents” on the local and Group level.

In order to limit the number of incidents and to run the business on a low level of operational failure, separation of powers has been established, rules are formalized in detailed procedures and a close tracking and follow-up of risk issues and incidents is given.

Additionally, to ensure the continuity of all key processes following business interruption, disaster recovery and business continuity plans are in place.

Compliance risk
The Compliance department supports the Bank’s Authorized Management in order to protect the Bank and its affiliated entities from a failure resulting from non-compliance with applicable CSSF circulars, laws and regulations as well as internal policies. The independent function covers monitoring compliance with applicable laws and regulations, codes of conduct and internal regulations, notably in the areas of due diligence, fight against money laundering and terrorist financing, insider trading, cross border, customers’ protection, new business, fraud prevention or banking confidentiality and data protection. Furthermore, the Compliance department contributes to the development of internal control systems, the identification and management of compliance risks, the establishment of preventive procedures, and organizes compliance trainings to ensure that all employees are periodically reminded of key compliance principles, that they understand their responsibilities and are kept up to date with the concerned regulatory environment. Finally, the Compliance department has an active role in the account opening process and reviews all new client relationships prior to opening the account with the Bank.

Legal risk
The Legal Department oversees and manages civil litigations involving the Bank and its branches and provides advice on litigation avoidance and in connection with threatening litigations and dispute resolution. The Legal Department is responsible for determining the required litigation reserves in accordance with applicable accounting standards and by regularly assessing the financial risks (liability risk and fee risk) in cooperation with outside counsel and

in consultation with the Authorized Management. It liaises with external counsel to manage efficiently the docket of legal proceedings pending against the Bank; external counsel is selected and appointed specific to each matter.

There are nine court proceedings (plus one compared to 2018 relating to Credit Suisse (Luxembourg) S.A. and its branches as of end of 2019.

Acquisition of own shares

During the financial year ending December 31, 2019, Credit Suisse (Luxembourg) S.A. did not acquire own shares.

Approval of the annual accounts and result allocation

The profit for the financial year 2019 amounts to CHF 35.8mn, which is to be allocated. We recommend to the Annual General Meeting of Shareholders to approve the annual accounts submitted for the financial year ending December 31, 2019 and to allocate the 2019 profit to the other reserves as follows:

To be approved by the Annual General Meeting of Shareholders

TCHF	31.12.2019	Profit 2019 Allocation	Post Allocation
Legal reserve	23,094	-	23,094
Net wealth tax special reserve	18,700	10,450	29,150
Other reserves	82,669	25,353	108,022
Total	124,463	35,803	160,266

No dividend distribution is proposed.

Activities in the field of research and development

Credit Suisse (Luxembourg) S.A. did not engage in research and development activities during the year ending December 31, 2019.

Important events since the end of the financial year

In Q1 2020, the Bank implemented a number of measures to address financial and operational risks stemming from the Coronavirus pandemic, including but not limited to enhanced monitoring of the loan book and Bank's liquidity profile, as well as activating Split Operations mode as part of the Business Continuity Plan (BCP).

In more detail, by the time of the signing of this report, the Bank issued margin calls for shortfalls on Lombard loans cumulatively amounting to < CHF 2mn, with no credit or other significant losses encountered. The Bank's liquidity profile stood above internal and regulatory limits and no liquidity stress, due to withdrawals of deposits or increase in credit lines, was foreseen. A credible assessment of the pandemic's holistic impact on the balance sheet, cash-flows and profitability of the Bank was however deemed premature at the time of signing due to the evolving nature of the crisis.

To ensure full continuity of key processes, the Bank activated in March, 2020 Split Operations mode, as defined in the BCP, by utilizing its Disaster Recovery Site and remote working solution. Alongside full-scale testing, a dedicated risk assessment was performed beforehand to ensure that all regulatory requirements defined by the local regulator CSSF for such teleworking scenario to address the Coronavirus were met, and that critical services may continue to be provided without negative impact on the robustness of the Bank's internal controls.

The Bank's response to the Coronavirus pandemic successfully prevented operational disruptions or significant financial losses by the time of the signing of this report.

Outlook

In 2020, the Bank will retain focus on implementing its growth strategy, roll-out segment-specific coverage models and focus on its defined key markets and continuously enhance its capabilities, while observing increasingly uncertain environment due to the ongoing Coronavirus pandemic.

We will carry on utilizing our wide-reaching strengths, which stem from our Bank's global offering, integrated business model, talent-promoting working environment and the industry-leading initiatives with regard to the products and services offered. We are committed to continue with our affirmed approach for a cost-efficient business environment and to maintain cost discipline while implementing an ambitious growth strategy.

By reaping the full benefits of our enhanced strategic focus and tailwinds created by the growth strategy defined in 2019, we aim to further strengthen Luxembourg's role as pan-European hub and Continental European Growth engine for Credit Suisse's International Wealth Management business. Leveraging our global network, strong investment management capabilities and lending abilities, we aim to continue to attract clients seeking the specificities of the Luxembourg offering – even more relevant in a post-Brexit environment – and fully leverage open access to European markets. We aim to proactively offer services to European high net worth and affluent clients as well as those with complex needs (UHNWI, Family offices, large entrepreneurial families).

Finally, our efforts to improve the customer experience on our platform by continuing to align processes to the requirements of our Front Office will be reinforced due to the Bank's increasing visibility within the Credit Suisse Group. By solidifying the platform and digitalizing supporting processes, we aim to establish the Bank as a trusted partner to internal stakeholders, enabling us to realize the Bank's full growth potential in Continental Europe.

Board of Directors

During the business year 2019, the following persons were members of the Board of Directors:

- Yves Maas, Chairman of the BoD;
- Raffael Gasser, CEO since February 1, 2019 and member of the Board member since February 8, 2019;
- Hans-Jürg Turtschi, external board member and Chairman of the ARC;
- Emma Crystal, IWM Head Northern Europe, since July 22, 2019;
- Benedict Wilkinson, IWM CRO, since July 22, 2019;
- Theis Karlheinz Wenke, Deputy Treasurer & Swiss Treasurer;
- Prof. Dr. André Prüm, professor in law at the University of Luxembourg (holder of a Chair in Financial and Business Law), external board member;
- Christian Schärer, Head of Asset Servicing Swiss Universal Bank;
- Andreas Oggier, Head of IWM EAM Europe.

Authorized Management

During the business year 2019 the Bank's Authorized Management recognized by the CSSF under the terms of Article 7(2) of the Law of April 5, 1993 (the "four-eyes" principle) was composed of:

- Raffael Gasser, CEO, Managing Director, since February 1, 2019[2];
- Christian Bender, CFO, Director, since June 5, 2019;
- Matthias Münstermann, COO, Director, since May 15, 2019;
- Philippe Bernard, Deputy CFO and Treasurer, Director; since June 5, 2019;
- Alain Weber, CRO, Managing Director;
- Yiping Li, COO, Managing Director, until April 1, 2019.

Until his application as member of the AM was approved by the CSSF, Raffael Gasser, COO of Credit Suisse IWM Northern Europe, supported the AM since December 3, 2019 as CEO on an ad interim basis.

2 Succeeded by Patrick Schwyzer, CEO, Member of the BoD and Luxembourg Country CEO, Managing Director, as of March 16, 2020

Personnel

As of year-end, the number of employees in Luxembourg, Austria, France, Portugal, the Netherlands and Ireland amounted to 371 (2018: 364). We thank our personnel for their commitment, professionalism and relentless passion for our clients.

Luxembourg, March 26, 2020
Credit Suisse (Luxembourg) S.A.

Raffael Gasser
Chief Executive Officer
Managing Director

Christian Bender
Chief Financial Officer
Director

Matthias Münstermann
Chief Operating Officer
Director

Alain Weber
Chief Risk Officer
Managing Director

Philippe Bernard
Deputy Chief Financial Officer
and Treasurer
Director

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To the Board of Directors of
CREDIT SUISSE (LUXEMBOURG) S.A.
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L-2010 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of CREDIT SUISSE (LUXEMBOURG) S.A. (the "Bank"), which comprise the balance sheet as at December 31, 2019, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Bank as at December 31, 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Impairment of loans and advances to customers (CHF 3,499 million)

Description

Credit Suisse's portfolio of loans and advances to customers amounts to CHF 3,499 million as at December 31, 2019. These loans and advances are measured at cost, less a provision for loan losses. Loans and advances to customers are granted in form of overdrafts and Lombard loans (CHF 2,786 million) or mortgage loans to private clients (CHF 536 million) as well as corporate loans to institutional clients (CHF 177 million). Off-balance sheet items such as commitments and contingent liabilities amount to CHF 574 million.

Certain aspects of the accounting for loan losses require significant judgment of the authorized management, such as the identification of loans that are deteriorating, the assessment of objective evidence for impairment, the value of collateral and the estimation of the recoverable amount.

Due to the significance of loans and advances to customers and the related estimation uncertainty, we consider the valuation of mortgage and corporate loans value adjustments as a key audit matter. Loan valuation allowances on mortgage and corporate loans, including interest, decreased by CHF 8 million during the financial year and amount to CHF 3.8 million as at December 31, 2019.

Refer to Note 2.2 and related disclosures in note 3.2 'Risk Management disclosures relating to credit risk' paragraph of the annual accounts.

How our audit addressed the area of focus

Our audit approach included testing both the effectiveness of internal controls focussing on key controls around determining loan loss provisions as well as substantive audit procedures.

We tested the design, implementation and operating effectiveness of the key controls to determine which mortgage and corporate loans and advances are impaired and provisions against those assets. These included testing of controls related to

- the approval of new loans and guarantees and accuracy of loan data,
- the monitoring and reporting of credit exposures,
- the approval of loan risk ratings,
- the accuracy of collateral data and the collateral valuation,
- the approval of policies and methodologies for allowance calculations and
- timely identification of impairment and impairment calculation, write-offs, delinquency and watch list loans.

We tested a sample of loans and advances to ascertain whether the loss event (point of time at which impairment is recognised) had been identified in a timely manner including, where relevant, how forbearance had been considered.

Where impairment had been identified, we examined the business valuation prepared by authorized management to support the calculation of the impairment, challenging the assumptions by our own expectations based on our knowledge of the Bank and experience of the industry in which it operates and comparing estimates to external evidence where available.

We examined a sample of loans and advances which had not been identified by the authorized management as potentially impaired and formed our own judgement as to whether that was appropriate including using external evidence in respect of the relevant counterparties.

Commission income (CHF 109 million)

Description

The main activities of the Bank relate to the provision of services to private and institutional clients, mainly investment funds. Services provided to investment funds are essentially depository and central administration services, for which the fees collected by the Bank represent typically a percentage of the net asset value of these investment funds. The fees charged to the private clients are mainly linked to services such as discretionary asset management, advisory services and commissions on transactions.

Different underlying bases and rates are applicable depending on the underlying investments, agreed terms and services provided. Accordingly, the calculation of commission receivable are considered to be a key audit matter due to the significance of the amounts involved, combined with the complexity and operational risk associated with determining the calculation of the commission receivable.

How our audit addressed the area of focus

Our audit approach included testing the effectiveness of internal controls focusing on key controls around the recognition of the commission income, in particular the controls in relation to:

— The correct calculation of commissions on transactions and advisory services;

— For commissions based on net asset values, the process of determining these net asset values;

— For discretionary asset management fees, the process of determining assets under management;

— The approval of special conditions for the private banking activity;

— When calculation is automated, we used our IT specialists to test the controls over the IT systems relevant for the calculation of commissions. On a sample basis we agreed key inputs in the system back to contracts and re-performed calculations;

— In addition, we performed substantive procedures over the balances which include:

  - Substantive analytical procedures over the different commissions such as: trend analysis, analysis of variances, expectations using an estimated average rate.

We also analysed the customer complaints and claims relating to fees charged by the bank.

Other information

The Board of directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the annual accounts and our report of “Réviseur d’Entreprises agréé” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

— Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “Réviseur d’Entreprises agréé” by the General Meeting of the Board of Directors on March 27, 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 22 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014, on the audit profession were not provided and that we remain independent of the Bank in conducting the audit.

Luxembourg, March 26, 2020

KPMG Luxembourg,
Société coopérative
Cabinet de révision agréé

S. Chambourdon

Balance sheet as at December 31, 2019

	Notes	31.12.2019 CHF	31.12.2018 CHF
Assets			
Cash, balances with central banks and post office banks	3.1, 3.2	2,047,109,963	522,241,530
Loans and advances to credit institutions	3.1, 3.2		
a) repayable on demand		444,242,590	409,379,049
b) other loans and advances		2,464,353,558	2,252,279,890
		2,908,596,148	2,661,658,939
Loans and advances to customers	3.1, 3.2	3,498,500,868	3,717,932,593
Shares in affiliated undertakings	3.3, 3.9	57,008	57,008
Intangible assets	3.4, 3.9	66,488	157,414
Tangible assets	3.5, 3.9	6,620,416	8,268,005
Other assets	3.1, 3.6	89,656,807	34,157,589
Prepayments and accrued income	3.7	21,796,163	23,202,342
Total Assets		**8,572,403,861**	**6,967,675,420**
Liabilities			
Amounts owed to credit institutions	4.1		
a) repayable on demand		305,573,434	100,715,241
b) with agreed maturity dates or periods of notice		292,551,577	398,858,872
		598,125,011	499,574,113
Amounts owed to customers	4.1		
Other debts			
a) repayable on demand		6,744,943,743	5,493,491,438
b) with agreed maturity dates or periods of notice		698,546,458	456,823,540
		7,443,490,201	5,950,314,978
Other liabilities	4.1, 4.2	26,142,968	32,434,567
Accruals and deferred income	4.3	20,955,880	33,555,043
Provisions			
a) provisions for pensions and similar obligations	4.4	14,820,787	15,796,665
b) provisions for taxation		11,220,230	10,837,348
c) other provisions	4.5	6,319,158	8,357,873
		32,360,175	34,991,886
Subordinated liabilities	4.6	32,583,611	33,861,459
Subscribed capital	4.7	230,936,000	230,936,000
Share premium	4.7	27,543,954	27,543,954
Reserves	4.7	124,463,183	91,275,558
Profit for the financial year		35,802,878	33,187,862
Total Liabilities		**8,572,403,861**	**6,967,675,420**
Off-Balance Sheet Items			
Contingent liabilities	3.2, 5.1	56,002,602	113,882,673
of which: guarantees and assets pledged as collateral security		56,002 602	113,882,673
Commitments	3.2, 5.2	189,019,917	325,466,903
Fiduciary operations	5.3	329,658,496	196,540,646

The accompanying notes form an integral part of these annual accounts.

Profit and loss account for the financial year ended December 31, 2019

	Notes	2019 CHF	2018 CHF
Interest receivable and similar income	6.1	99,424,853	100,116,683
Negative Interest receivable	6.1	(12,606,926)	(7,293,215)
Interest payable and similar charges	6.2	(54,367,115)	(41,945,158)
Negative interest payable	6.2	12,151,556	9,892,010
Commission receivable	6.3	109,173,203	112,026,967
Commission payable	6.4	(11,238,484)	(10,166,409)
Net loss/profit on financial operations	6.5	14,624,859	(3,550,292)
Other operating income	6.6	11,242,023	10,707,842
General administrative expenses		(112,259,027)	(114,356,207)
a) staff costs		(69,631,579)	(68,201,484)
of which:			
– wages and salaries		(55,420,901)	(52,976,748)
– social security costs		(8,661,457)	(9,157,772)
of which: social security costs relating to pensions		(4,006,053)	(4,133,858)
b) other administrative expenses		(42,627,448)	(46,154,723)
Value adjustments in respect of tangible and intangible assets	3.9	(2,292,205)	(2,637,259)
Other operating charges	6.7	(6,128,371)	(8,753,128)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	6.8	(792,989)	(1,575,700)
Tax on profit on ordinary activities		(10,805,056)	(8,686,180)
Profit on ordinary activities after tax		36,126,321	33,779,954
Other taxes not shown under the preceding items		(323,443)	(592,092)
Profit for the financial year		**35,802,878**	**33,187,862**

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts for the year ended December 31, 2019

1. General

CREDIT SUISSE (LUXEMBOURG) S.A. ("the Bank") was incorporated on January 28, 1974 as a limited liability company in accordance with Luxembourg law. Effective January 1, 2002, the Bank merged with Banque Leu (Luxembourg) S.A. ("Banque Leu"). The Bank is authorised under Luxembourg law to conduct all banking operations, and since December 17, 2014, to operate the business of an insurance broker through natural persons licensed for that purpose. Its principal activities are private banking services, custody services for investment funds administered by Credit Suisse Fund Services (Luxembourg) S.A. ("CSFS") and corporate financing.

In 2019, the Bank was operating the following branches:

Countries	Offices	Dates of establishment
Austria	Vienna, Salzburg	January 15, 2007
Portugal	Lisbon	March 19, 2013
France	Paris	February 6, 2015
Netherlands	Amsterdam	April 1, 2016
Ireland	Dublin	September 8, 2017

In accordance with article 83 (1) of the modified law of June 17, 1992, the Bank is exempted from the requirement to prepare consolidated accounts and a consolidated management report.

Credit Suisse AG, Zürich is the sole shareholder of Credit Suisse (Luxembourg) S.A.

The consolidated accounts of Credit Suisse AG, Zürich, which forms the smallest body of undertakings in which the Bank is included, are available at the following address: Credit Suisse, CIDM 23, Postfach 100, CH-8070 Zürich.

The Bank, as a subsidiary, is also included in the consolidated accounts of Credit Suisse Group AG, Zürich. The consolidated accounts of Credit Suisse Group AG, Zürich, which forms the largest body of undertakings in which the Bank is included as a subsidiary undertaking, are also available at the above mentioned address.

2. Accounting policies

The Bank's accounting policies are in accordance with regulations in force in the Grand Duchy of Luxembourg and, in particular, the modified law of June 17, 1992, relating to the annual accounts and consolidated accounts of credit institutions.

2.1 Loans and advances

Loans and advances are disclosed at their nominal value. Accrued interest not due is recorded under the heading "Prepayments and accrued income" on the asset side of the balance sheet.

The policy of the Bank is to establish specific provisions to cover the risk of loss and of the non-recovery of debtors.

2. Accounting policies (continued)

2.2 **Value adjustments in respect of loans and advances**

Specific adjustments to the value of individual loans for which the Bank considers the recovery to be uncertain are recorded as a deduction from the asset items to which they relate and shall not be maintained if the reasons for which they were recorded no longer exist. These are recorded in the same currency as the asset items to which they relate.

2.3 **Shares in affiliated undertakings**

Transferable securities included in "Shares in affiliated undertakings" are all non-quoted securities.

Shares in affiliated undertakings held as fixed assets are valued at purchase price. Value adjustments for shares in affiliated undertakings are made where there is considered to be a permanent diminution in value.

2.4 **Intangible and tangible assets**

Intangible and tangible assets are included at purchase price, less accumulated depreciation. These assets are depreciated over their expected useful life. The rates and methods of depreciation are as follows:

	Depreciation rate	Method
Intangible assets		
Software	20%, 25%, 33%	straight-line
Tangible assets		
Buildings	1.5%, 2.5%	straight-line
Fixtures and fittings	10%, 20%	straight-line
PCs	33%	straight-line
Office equipment	25%	straight-line
Other tangible assets, EDP equipment	20%, 25%	straight-line

Fixtures and fittings costing less than CHF 945 (EUR 870) or whose expected useful life does not exceed one year are charged directly to profit and loss account for the year.

2.5 **Foreign currency translation**

The share capital of the Bank is expressed in Swiss Francs (CHF).

The following fixed assets are converted at the historic rate: participating interests, shares in affiliated undertakings included in fixed assets as well as tangible and intangible assets not hedged by a spot or forward transaction.

All other assets and liabilities expressed in a currency other than CHF are recorded in the respective currency and are converted into CHF at the rate of exchange quoted at the balance sheet date.

Income and charges in foreign currencies are converted into CHF daily at the prevailing exchange rate. Foreign currency losses arising from these valuation principles are taken to the profit and loss account.

Spot positions hedged by forward transactions as well as forward positions hedged by spot deals are considered to be neutral in relation to currency fluctuations. Any valuation difference, which may arise is neutralised so that the results for the year are not affected.

2.5 **Foreign currency translation (continued)**

Uncovered forward transactions are valued individually on the basis of forward exchange rates applicable at the balance sheet date. Unrealised revaluation profits are not recognised until maturity of the related transaction, whereas a provision is set up in respect of any unrealised revaluation losses. This provision is included on the liability side of the balance sheet under "Provisions: other provisions".

The financial information of the branches that have a functional and presentation currency different from CHF are converted into CHF for the annual accounts of the Bank, using the following principles:

- Balance sheet and income statement are converted into CHF using the exchange rate prevailing at the balance sheet date.
- The reserves at the beginning of the year are converted into CHF using historical exchange rates. The difference between conversion at the balance sheet date and historical exchange rates are accounted for in the profit and loss account.

2.6 **Provisions**

Provisions are recognised in order to cover any losses or liabilities that are clearly defined in terms of their nature but which at the balance sheet date are either likely to be incurred or certain to be incurred but their amount or the date on which they will arise are uncertain.

2.7 **Derivative financial instruments**

The Bank's commitments deriving from financial instrument derivatives are recorded on the transaction date as off-balance sheet items.

No individual evaluation is performed in those cases where a financial instrument specifically covers an asset or a liability and an economic unity is established and where a financial instrument is hedged by a reverse transaction so that no open position exists.

Interest rate and currency swaps are only concluded for non-trading purposes and therefore recorded at their nominal value in the off-balance sheet.

Premiums from purchased or sold options are booked under other assets and other liabilities, respectively. Options (on equities, indexes, interest rates and foreign exchange rates) are mainly concluded for non-trading purposes on behalf of clients, hedged by matching transactions. Therefore, premiums are initially recorded at cost and subsequently valued at market value without impact on the profit and loss account when they relate to back to back transactions only.

Foreign exchange derivative contracts (swaps, outrights, financial futures and options) are generally entered into on behalf of clients and hedged by matching transactions.

At the year end, where necessary, a provision is set up in respect of individual unrealised losses resulting from the revaluation of the Bank's commitments at market value. This provision is included on the liability side of the balance sheet under "Provisions: other provisions". Unrealised gains arising from the revaluation thereof are not recognised.

3. Detailed disclosures relating to asset headings

3.1 **Primary financial instruments of non-trading activities**

The following table provides an analysis of the carrying amount of non-trading financial assets of the Bank into relevant maturity groupings based on the remaining periods to repayment.

December 31, 2019 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
Financial assets					
Cash, balances with central banks and post office banks	2,047,110	–	–	–	2,047,110
Loans and advances to credit institutions	2,883,951	20,844	–	3,801	2,908,596
Loans and advances to customers	2,898,891	358,982	179,452	61,176	3,498,501
Other assets	89,657	–	–	–	89,657
	7,919,609	**379,826**	**179,452**	**64,977**	**8,543,864**

- Loans and advances to credit institutions include TCHF 2,805,148 (2018: TCHF 1,518,201) owed by affiliated undertakings.
- Loans and advances to customers owed by affiliated undertakings amount to TCHF 9,608 (2018: TCHF 4,165).
- Other assets include purchased option premiums with a fair value of TCHF 238 (2018: TCHF 248) and four (2018: three) put options purchased from one affiliated entity (2018: one affiliated entity) for total premiums of TCHF 402 (2018: TCHF 352); which are valued at TCHF 238 as at December 31, 2019 (2018: TCHF 248) (refer also to notes 3.6 and 4.2).

December 31, 2018 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
Financial assets					
Cash, balances with central banks and post office banks	522,242	–	–	–	522,242
Loans and advances to credit institutions	2,621,226	22,893	13,881	3,659	2,661,659
Loans and advances to customers	2,914,436	231,712	244,818	326,967	3,717,933
Other assets	34,158	–	–	–	34,158
	6,092,062	**254,605**	**258,699**	**330,626**	**6,935,992**

3.2 Risk management disclosure relating to credit risk

The credit risk exposure can be analysed as follows:

December 31, 2019 TCHF	**Risk exposure**	**Collateral**	**Net risk exposure**
Primary financial assets			
■ Cash, balances with central banks and post office banks	2,047,110	–	2,047,110
■ Loans and advances to credit institutions	2,908,596	–	2,908,596
■ Loans and advances to customers	3,498,501	2,604,961	893,540
Guarantees	56,003	–	56,003
Commitments	189,020	–	189,020
Derivative financial instruments	22,278	–	22,278
Total	**8,721,508**	**2,604,961**	**6,116,547**

December 31, 2018 TCHF	**Risk exposure**	**Collateral**	**Net risk exposure**
Primary financial assets			
■ Cash, balances with central banks and post office banks	522,242	–	522,242
■ Loans and advances to credit institutions	2,661,659	–	2,661,659
■ Loans and advances to customers	3,717,933	3,478,814	239,119
Guarantees	113,883	–	113,883
Commitments	325,467	–	325,467
Derivative financial instruments	48,565	–	48,565
Total	**7,389,749**	**3,478,814**	**3,910,935**

The collateral covering loans and advances to customers is calculated according to the method for large exposure requirements.

The maximum exposure for the derivative instruments equals the positive fair values.

Credit risk

The Bank is subject to credit risk through its lending and hedging activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

The risk that counterparties to both derivative and other instruments might default on their obligations is monitored on a continuous basis. To manage the level of credit risk, the Bank deals only with specialised affiliated institutions or counterparties of good credit standing.

The Bank's primary exposure to credit risk arises through its loans and advances. Loans and advances to credit institutions are primarily granted to affiliated undertakings, loans and advances to customers are primarily collateralised loans.

Collateralised loans are granted to clients mainly based on liquid assets and also on mortgages. These assets are valued according to the requirements of Credit Suisse Group.

3.2 Risk management disclosure relating to credit risk (continued)

The Bank grants loans to large corporate clients serving their European activities. As at December 31, 2019, these loans amounted to TCHF 176,929 (2018: TCHF 420,764).

Since 2015 and the creation of the France Branch, the Bank is also granting mortgage loans amounting to TCHF 536,186 as at December 31, 2019 (2018: TCHF 465,618).

Total geographic sector risk concentrations, both on and off balance sheet, are presented in the table below.

TCHF	31.12.2019 Carrying amount	%	31.12.2018 Carrying amount	%
Luxembourg	2,710,041	31.07	1,538,749	20.82
Zone A	5,979,457	68.56	5,818,017	78.73
Zone B	32,010	0.37	32,983	0.45
	8,721,508	**100.00**	**7,389,749**	**100.00**

The amounts reflected in the tables represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. The amounts, therefore, greatly exceed expected losses, which are included in the allowance for un-collectability.

The Bank's policy is to require suitable collateral to be provided by certain clients prior to the disbursement of approved loans. Guarantees and letters of credit are also subject to strict credit assessments before being provided.

Collateral for loans, guarantees, and letters of credit is usually in the form of cash, listed investments, or other property. The Bank has experienced no difficulty in accessing collateral when required.

At the request of the Bank, the CSSF approved the full exemption of risks taken on the Credit Suisse Group in relation to the large exposure limits, in accordance with Part XVI, point 24 of the circular 06/273 as subsequently modified and then replaced by the Article 400.2 of the EU Regulation 575/2013 on prudential requirements for Credit Institutions ("CRR").

3.3 Shares in affiliated undertakings

At the year end the Bank owned the following non-quoted shares in affiliated undertakings:

Name	%	Carrying amount TCHF	Net equity as at December 31, 2019 (Unaudited) TEUR	Result 2019 (Unaudited) TEUR	Dividend paid in 2019 TEUR
CREDIT SUISSE COURTAGE S.A.	100	50	1,388	459	–
Credit Suisse Global Services (France) G.I.E	50	7	12	–	–

3.4 Intangible assets

This heading consists of software for an amount of TCHF 66 (2018: TCHF 157).

3.5 Tangible assets

Tangible assets comprise assets used for the Bank's own activities, mainly leasehold improvements and furniture & equipment for an amount of TCHF 6,620 (2018: TCHF 8,268).

3.6 Other assets

Other assets are analysed as follows:

	31.12.2019 TCHF	31.12.2018 TCHF
Option premium purchased on behalf of or from clients	132	13,032
Other short term receivables	13,803	11,049
Coupons receivable	68,886	6,102
Option premium purchased	164	103
Tax advances	6,672	1,581
Real estate asset available for sale resulting from the foreclosure process of a mortgage loan	–	2,291
	89,657	**34,158**

Option premium purchased includes TCHF 164 (2018: TCHF 103) unamortized premiums related to four (2018: three) put options purchased from one affiliated entity (2018: one affiliated entity) for total premiums of TCHF 402 (2018: TCHF 352) which are valued at TCHF 238 as at December 31, 2019 (2018: TCHF 248).

The coupon receivable includes dividend, interest, redemption received on behalf of clients. This transitory account has been settled within a few business days.

Options purchased on behalf of clients or from clients are covered by equivalent premiums received from options sold to clients or on behalf of clients and disclosed under the heading "Other liabilities" (refer to notes 4.1 and 4.2).

Other short term receivables contain TCHF 6,831 (2018: TCHF 7,099) receivable from Credit Suisse Global Services G.I.E., Paris.

3.7 Prepayments and accrued income

Prepayments and accrued income are analysed as follows:

	31.12.2019 TCHF	31.12.2018 TCHF
Commission receivable	13,050	11,216
Accrued interest	6,626	10,294
Other	2,120	1,692
	21,796	**23,202**

Other prepayments and accrued income include TCHF 793 (2018: TCHF 915) receivable from intercompany related to administrative services sub-lease and the building and maintenance recharges.

3.8 Assets denominated in foreign currencies

As at December 31, 2019 assets denominated in foreign currencies have a total value of TCHF 7,718,000 (2018: TCHF 6,228,432).

3.9 Fixed assets movements

The following movements have occurred in the Bank's fixed assets during the financial year:

TCHF	Total value at the beginning of the financial year	FX opening balance	Acquisitions	Disposals	Reclassification and translation differences	Total gross value at the end of the financial year	Cumulative value adjustments at the beginning of the financial year	FX opening balance	Ordinary value adjustments for the financial year	Reversals following disposals	Reclassifications and transaction differences	Cumulative value adjustment for the financial year	Total net value at the end of the financial year
Shares in affiliated undertakings	57	–	–	–	–	57	–	–	–	–	–	–	57
Intangible assets	**5,358**	**(121)**	–	–	–	**5,237**	**5,201**	**(121)**	**91**	–	–	**5,170**	**66**
Software	5,286	(118)	–	–	–	5,168	5,129	(118)	91	–	–	5,102	66
Formation expenses	72	(3)	–	–	–	69	72	(3)	–	–	–	69	–
Tangible assets	**20,572**	**(89)**	**560**	–	–	**21,043**	**12,304**	**(83)**	**2,202**	–	–	**14,423**	**6,620**
Land and buildings	13,980	(26)	–	–	–	13,954	7,090	(26)	1,526	–	–	8,590	5,364
Other tangible assets, EDP-equipment and PC's	1,906	(2)	379	–	–	2,283	1,366	(3)	244	–	–	1,607	676
Office equipment	4,686	(61)	181	–	–	4,806	3,848	(54)	432	–	–	4,226	580

4. Detailed disclosures relating to liability headings

4.1 Primary financial instruments of non-trading activities

The following table provides an analysis of the carrying amount of non-trading financial liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment.

December 31, 2019 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
Financial liabilities					
Amounts owed to credit institutions	373,107	79,445	132,657	12,916	598,125
Of which with agreed maturity dates or periods of notice	*57,072*	*76,729*	*145,835*	*12,916*	*292,552*
Amounts owed to customers	7,405,285	38,153	52	–	7,443,490
Of which with agreed maturity dates or periods of notice	*549,209*	*149,285*	*52*	–	*698,546*
Other liabilities	24,420	646	1,077	–	26,143
	7,802,812	**118,244**	**133,786**	**12,916**	**8,067,758**

4.1 Primary financial instruments of non-trading activities (continued)

December 31, 2018 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
Financial liabilities					
Amounts owed to credit institutions	208,065	47,186	204,818	39,505	499,574
Of which with agreed maturity dates or periods of notice	*107,350*	*47,186*	*204,818*	*39,505*	*398,859*
Amounts owed to customers	5,922,983	26,543	789	–	5,950,315
Of which with agreed maturity dates or periods of notice	*429,491*	*26,543*	*789*	–	*456,823*
Other liabilities	32,435	–	–	–	32,435
	6,163,483	**73,729**	**205,607**	**39,505**	**6,482,324**

- Amounts owed to credit institutions include TCHF 314,529 (2018: TCHF 458,657) due to affiliated undertakings.
- Amounts owed to customers include TCHF 229,094 (2018: TCHF 174,529) due to affiliated undertakings.
- Other liabilities include premiums on options written with a fair value of TCHF 238 (2018: TCHF 248) and four (2018: three) put options purchased from one affiliated entity (2018: one affiliated entity) (refer also to notes 3.6 and 4.2).

4.2 Other liabilities

This heading is analysed as follows:

	31.12.2019 TCHF	31.12.2018 TCHF
Preferential creditors	2,459	1,863
Sundry creditors	8,937	5,954
Option premiums written on behalf of or to clients	132	13,032
Short-term payables	10,445	11,586
Foreign exchange swap	4,170	-
	26,143	**32,435**

Sundry creditors include premium liabilities of TCHF 402 (2018: TCHF 352) for four put options (2018: three put options) purchased from one affiliated entity and valued at TCHF 238 as at December 31, 2019 (2018: TCHF 248) (refer also to note 3.6). Short-term payables contain mainly amounts related to the incentive plan bonus of TCHF 10.066 (2018: TCHF 11,586).

On December 27, 2019, the Bank entered into a foreign exchange swap transaction with Credit Suisse AG selling USD 1.5bn and receiving EUR 1.4bn with maturity date of January 3, 2020.
As at December 31,2019 the replacement value of this swap was TCHF 4,170 (for further details, please refer to note 6.5).

4.3 Accruals and deferred income

Accruals and deferred income are analysed as follows:

	31.12.2019 TCHF	31.12.2018 TCHF
Accrued administrative expenses	13,520	19,110
Deferred upfront fees	3,876	11,263
Accrued commission expenses	1,077	1,419
Accrued interest	1,786	1,313
Other	697	450
	20,956	**33,555**

4.4 Provisions for pensions and similar obligations

The pension plan of the Bank based on an agreement with AXA Assurances Vie Luxembourg S.A. effective since January 1, 2002 and according to the pension law dated June 8, 1999 has been approved by the Ministry of Social Security of Luxembourg.

The provisions for pensions in respect of 2019 amount to TCHF 14,821 (2018: TCHF 15,797).

4.5 Other provisions

Other provisions are analysed as follows:

	31.12.2019 TCHF	31.12.2018 TCHF
Restructuring provision France	368	2,386
Restructuring provision Luxembourg	1,451	1,999
Provisions for litigation	886	197
Other provisions	3,614	3,776
	6,319	**8,358**

On February 6, 2015 the Bank merged with Credit Suisse (France) S.A. and created a Branch in Paris. In this context, as at December 31, 2019 a remaining provision of TCHF 368 (2018: TCHF 2,386) has been accounted for in recognition of the costs in relation to the restructuring of the activities of the France Branch.

At the end of 2018, with the strategic business review, a restructuring cost provision has been established for an amount of TCHF 1,999, and amounted TCHF 1.451 at the end of 2019.

The other provisions include as at December 31, 2019 provisions for operational banking risks of TCHF 125 (2018: TCHF 616) for Luxembourg and of CHF 556 (2018: TCHF 578) for the Austria Branch.

Additionally, other provisions includes TCHF 1,345 (2018: TCHF 1,667) social security provision, TCHF 935 provision for Portuguese stamp tax and Corporate Income tax and no staff compensation expected payments for 2019 (2018: TCHF 903).

4.6 Subordinated liabilities

On June 22, 2011, the Bank received a subordinated loan of TCHF 36,000 from Credit Suisse AG. The initial period of this loan was ten years with interest payable monthly based on the CHF-LIBOR-1 month rate plus 233 basis points. The loan was subordinated as to principal and interest, to all other present and future debts of the Bank. After five years, the Bank had the option to repay the loan with a 30-day notice period. The loan was fully repaid by early termination in July 2018.

4.6 Subordinated liabilities (continued)

Interest charges of this subordinated loan as at December 31, 2018 (until the repayment date) amounted to TCHF 543 (2017: TCHF 850) and are included in the heading "Interest payable and similar charges" in the profit and loss account.

On July 20, 2018, the Bank received a subordinated loan of TEUR 30,000 (TCHF 32,584) from Credit Suisse AG. The initial period of this loan is ten years with interest payable monthly based on the EURIBOR-1 month rate plus 191 basis points. The loan is subordinated as to principal and interest, to all other present and future debts of the Bank.

Interest charges of this subordinated loan as at December 31, 2019 amounted to TCHF 522 (2018: TCHF 223) and are included in the heading "Interest payable and similar charges" in the profit and loss account.

4.7 Subscribed capital and reserves

The authorised and fully paid subscribed share capital comprises 230,936 shares (2018: 230,936 shares) each with a nominal value of CHF 1,000.

Shareholders' equity includes:

	31.12.2019 TCHF	31.12.2018 TCHF
Subscribed capital	230,936	230,936
Share premium	27,544	27,544
Legal reserve	23,094	23,094
Special reserve in relation to net wealth tax	18,700	8,600
Other reserves	82,669	59,582
	382,943	**349,756**

As at December 31, 2019, the Bank has a share capital of CHF 230,936,000, divided into 230,936 shares (2018: 230,936 shares) with a par value of CHF 1,000 per share, entirely paid-in and having all the same rights and obligations.

According to Luxembourg law, companies are required to appropriate to legal reserve a minimum of 5% of the annual net profit until this reserve equals 10% of the subscribed share capital. Legal reserve may not be distributed during the life of the Bank.

According to the resolution of the Ordinary General Meeting of the Shareholders held on May 16, 2019, the profit for the financial year 2018 of TCHF 33,188 has been allocated to the special reserve in relation to net wealth tax for TCHF 10,100 and to other reserves for TCHF 23,088. No dividend was distributed in 2019 (2018: TCHF nil).

In accordance with paragraph 8a of the net wealth tax law and the resolution of the Annual General Meeting of Shareholders held on May 16, 2019, an amount equal to five times the net wealth tax, amounting to a total of TCHF 10,100 (2018: TCHF 8,600) has been allocated to the special reserve in relation to net wealth tax which may not be distributed during a minimum of five years.

4.7 **Subscribed capital and reserves (continued)**

The net wealth tax reserve is analysed as follows:

Special reserve in relation to the net

Wealth tax of the year:	31.12.2019 TCHF	31.12.2018 TCHF
2017	8,600	8,600
2018	10,100	–
	18,700	**8,600**

4.8 **Liabilities denominated in foreign currencies**

As at December 31, 2019 liabilities denominated in foreign currencies have a total value of TCHF 7,610,306 (2018: TCHF 6,381,868).

5. Information relating to off-balance sheet items

5.1 **Contingent liabilities**

Contingent liabilities consist of guarantees issued for private banking clients for business purposes. The total value amounts to TCHF 56,003 (2018: TCHF 113,883).

5.2 **Commitments**

Credit lines

Commitments consist of undrawn credit lines granted to private banking clients as well as corporate clients amounting to TCHF 182,805 as at December 31, 2019 (December 31, 2018: TCHF 313,041).

In June 2016, the Bank entered in a Global Master Repurchase Agreement with Credit Suisse AG. During the year, the Bank has lent money to its counterparty and the related operations are fully secured by high quality bonds.

Non-cancellable operating leases

The Bank is committed in respect of fixed rental payment for premises under a leasing contract. As at December 31, 2019, the future minimum lease payment under non-cancellable operating leases were payable as follows:

	2019 TCHF	2018 TCHF
Within one year	6,215	3,822
In two to five year	–	8,604
Over five year	–	–
Total	**6,215**	**12,426**

Starting April 2019, the Bank received a one year rent free incentive. This incentive amounts to TCHF 3,720 and will be deducted linearly from the monthly rent charge until March 31, 2022, the end of the leasing agreement.

5.3 **Fiduciary operations**

This heading comprises mainly fiduciary operations of TCHF 329,658 (2018: TCHF 196,541) with investment funds administered by Credit Suisse Fund Sevicce (Luxembourg) S.A.

5.4 Risk management disclosures relating to derivative financial instruments

Except for:

- Four (2018: three) put options purchased from one affiliated entity (2018: one affiliated entity) for premiums of TCHF 402 (2018: TCHF 352) which are valued at TCHF 238 as at December 31, 2019 (2018: TCHF 248), and;
- In 2019, the Bank significantly increased the volume of withdrawable central bank reserves by swapping USD balance into EUR and placing the resulting excess EUR overnight with the Central Bank. This allow the Bank to expand its liquidity buffer and implement a process part of CSL Recovery Plan remediation actions.

The Bank is mainly entering into transactions with derivative financial instruments on behalf of clients (refer to notes 3.1, 3.6 and 4.2).

(1) Transactions linked to exchange rates

At the balance sheet date, the Bank has outstanding forward foreign exchange contracts (swaps, outrights) and options. These transactions are mainly entered on behalf of clients and hedged by matching transactions. Transactions linked to exchange rates and excluding spot transactions represent a total nominal value of TCHF 4,773,370 (2018: TCHF 3,975,934) of which TCHF 3,122,861 (2018 TCHF 1,989,309) are concluded with affiliated undertakings.

(2) Transactions linked to other market rates

At the balance sheet date, the Bank has outstanding interest, equity and precious metal options. These transactions are mainly entered into on behalf of clients and hedged by matching transactions. Transactions linked to other market rates represent TCHF nil nominal value (2018: TCHF nil). As mentioned above, at the balance sheet date the Bank has also four (2018: three) outstanding put options with one affiliated entity (2018: one affiliated entity) for a total nominal value of TCHF 538,772 (2018: TCHF 460,659).

As at December 31, 2019, the net negative fair value of derivative financial instruments, including transactions concluded with clients and matching transactions, amounted to TCHF (3,962) (2018: TCHF (1,101)), as a result of positive fair values of TCHF 22,278 (2018: TCHF 48,565) and negative fair values of TCHF 26,240 (2018: TCHF 49,666).

5.4.1 OTC derivative non-trading instruments

The following table provides an analysis of the OTC derivative non-trading instruments of the Bank into relevant maturity groupings based on the remaining periods to repayment (notional amounts):

December 31, 2019 TCHF	**Less than three months**	**Between three months and one year**	**Between one year and five years**	**Total**
Linked to forward exchange rates	4,154,859	609,340	9,171	4,773,370
Linked to other market rates	–	338,364	200,408	538,772

December 31, 2018 TCHF	**Less than three months**	**Between three months and one year**	**Between one year and five years**	**Total**
Linked to forward exchange rates	3,447,458	514,694	13,796	3,975,948
Linked to other market rates	–	273,010	187,649	460,659

5.4.2 Derivative non-trading instruments quoted on a regulated market

The Bank had no derivative non-trading instruments, quoted on a regulated market as at December 31, 2019 and as at December 31, 2018.

5.5 **Management and representative services supplied by the Bank**

The Bank's services to third parties consist of:

- Portfolio management and advice on asset management;
- Custody and administration of transferable securities;
- Custody for investment funds with domiciliation in Luxembourg and the British Virgin Islands, and sub-custody for investment funds with domiciliation in Switzerland;
- Collateralised loans, loans to large corporates and export financing guaranteed by governmental agencies and mortgage loans;
- Renting of vault space;
- Fiduciary representations;
- Agency functions;
- Corporate finance services;
- Domiciliation and/or administrative services and/or IT services for Credit Suisse AG Luxembourg Branch, Credit Suisse Courtage S.A., Credit Suisse Fund Services (Luxembourg) S.A., Credit Suisse Fund Management S.A., MultiConcept Fund Management S.A..

6. Detailed information on the profit and loss account

6.1 **Interest receivable and similar income and negative interest receivable**

Interest receivable and similar income have decreased in 2019 compared to 2018 as a result of the lower average loans and advances to customers based on stable levels of interest rates during the year. In addition, the Bank entered into a Swap transaction from USD balance into EUR through execution of an FX swap and placing the resulting excess EUR cash in overnight; which explain the P&L shift from interest revenues to FX related revenues.

Negative interest receivable have been increased in 2019 due to an increase of the placing to Central Bank. In 2019, the Bank significantly increased the volume of withdrawable central bank reserves by swapping USD balance into EUR and placing the resulting excess EUR overnight with the Central Bank.

6.2 **Interest payable and similar charges and negative interest payable**

Interest payable and similar charges have mainly increased due to the increase of the average deposits from credit institutions within the Credit Suisse Group over the year 2019. As a result, the amount increased to TCHF 54,367 (2018: TCHF 41,945).

Negative interest payable have increased in 2019 due to an increase of the average amounts owed to credit institutions during the year 2019. The impact of negative interest amount to TCHF 12,152 (2018: TCHF 9,892).

6.3 **Commission receivable**

The decrease in commission receivable is mainly related to the decrease of brokerage fees received in Austria.

6.4 **Commission payable**

The commission payable have increased during the year 2019 compared to 2018 mainly due to the increase of the safekeeping and transaction cost paid.

The contractual commission payable to the Credit Suisse group amounts this year to TCHF 11,238 (2018: TCHF 10,166).

6.5 Net profit/loss on financial operations

In 2019, the Bank significantly increased the volume of withdrawable central bank reserves by swapping USD balance into EUR and placing the resulting excess EUR overnight with the Central Bank. This allowed the Bank to expand its liquidity buffer and implement a process part of CSL Recovery Plan remediation actions.

The shift originated from currency swaps contracts with Credit Suisse AG to convert the Bank's USD balances into EUR balances. The placings of the EUR overnight excesses with the Luxembourg Central Bank resulted then into increased negative interest receivable, whereas the currency swaps generated increased foreign exchange revenues reported under net profit on financial operations. That new product led to foreign exchange gain amounting to TCHF 21,512 (2018 gain: 1,872).

That gain was partially offset by the trading loss on interest options entered into by the Bank amounting to TCHF 6,909 (2018: TCHF 5,422).

6.6 Other operating income

Other operating charges are analysed as follows:

	2019 TCHF	2018 TCHF
Recharges to other Credit Suisse Group entities	9,427	9,201
Release of provision	64	562
Subside received from State for training costs	100	–
Recoverable of VAT	5	–
Other	1,646	945
	11,242	**10,708**

6.7 Other operating charges

Other operating charges are analysed as follows:

	2019 TCHF	2018 TCHF
Single Resolution Fund (SRF) and FGDL	3,440	3,644
Losses from securities processing	427	1,262
Other operating charges and losses	833	1,014
Non recoverable VAT	355	965
Risks other banking business	138	565
Risk Portuguese stamp tax and Corporate Income tax	935	–
Restructuring charges for France (refer to note 4.5)	–	358
Restructuring charges for Luxembourg (refer to note 4.5)	–	945
	6,128	**8,753**

The deposit guarantee and investor compensation scheme in place in the past through the "Association pour la Garantie des Dépôts Luxembourg" (AGDL) was replaced by a new contribution based system of deposit guarantee and investor compensation scheme. This new system covers eligible deposits of each depositor up to an amount of EUR 100,000 and investments up to an amount of EUR 20,000. The Law also provides that deposits resulting from specific transactions or fulfilling a specific social or other purpose are covered for an amount above EUR 100,000 for a period of 12 months.

6.7 Other operating charges (continued)

The funded amount of the "Fonds de résolution Luxembourg" (FRL) shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount will be collected from the credit institutions through annual contributions during the years 2015 to 2024.

The target level of funding of the "Fonds de Garantie des Dépôts Luxembourg" (FGDL) is set at 0.8% of covered deposits, as defined in article 163 number 8 of the Law, of the relevant credit institutions and is to be reached by the end of 2018 through annual contributions. The contributions are to be made in the form of annual payments during the years 2016 to 2018.

When the level of 0.8% is reached, the Luxembourgish credit institutions are to continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in article 163 number 8 of the Law. As at December 31, 2019 and 2018, the Bank did not record respectively any provision for the FGDL and any AGDL's provision.

6.8 Value adjustments in respect of loans and advances and provision for contingent liabilities and for commitments

The value adjustments have decreased compared to prior year. They are mainly related to overdue interests on loans for a total value adjustment of TCHF 793 (2018: TCHF 1,576).

6.9 Return on assets

The Bank's return on assets is as follows:

	31.12.2019 CHF	31.12.2018 CHF
Net profit for the year	35,802,878	33,187,862
Total Assets	8,572,403,861	6,967,675,420
Return on assets	**0.42%**	**0.48%**

7. Other information

7.1 Personnel

The average number of persons employed during the financial year was as follows:

	2019	2018
Management	10	10
Other executives	161	150
Employees	197	205
	368	**365**

7.2 Administrative, managerial and supervisory bodies

Remuneration paid to management of the Bank during the financial year represents a total value of TCHF 5,851 (TEUR 5,262) (2018: TCHF 5,090 (TEUR 4,423)).

In 2019 the Bank paid an amount of TCHF 418 (TEUR 376) (2018: TCHF 296 (TEUR 258)) to the members of the Board of Directors. As at the balance sheet date the Bank has not entered into commitments in respect of retirement pensions for members of the Board of Directors.

7.3 Loans, advances and other commitments

The Bank has not granted any loans and advances to members of management or to members of the Board of Directors.

The Bank has not entered into any guarantee on behalf of members of management or members of the Board of Directors.

7.4 Auditor's fees

The amounts invoiced (excluding VAT) and accrued for services provided to the Bank by KPMG Luxembourg, Société coopérative and other member firms of the KPMG network during the year are as follows:

Services in CHF (excluding VAT)	**2019**	**2018**
Audit services	325,982	336,513
Audit-related services	92,320	151,812
Tax services	14,337	14,335
Other	10,861	–
	443,500	**502,660**

8. Subsequent Events

In Q1 2020, the Bank implemented a number of measures to address financial and operational risks stemming from the Coronavirus pandemic, including but not limited to enhanced monitoring of the loan book and Bank's liquidity profile, as well as activating Split Operations mode as part of the Business Continuity Plan (BCP).

In more detail, by the time of the signing of this report, the Bank issued margin calls for shortfalls on Lombard loans cumulatively amounting to CHF 2mn, with no credit or other significant losses encountered. The Bank's liquidity profile stood above internal and regulatory limits and no liquidity stress, due to withdrawals of deposits or increase in credit lines, was foreseen. A credible assessment of the pandemic's holistic impact on the balance sheet, cash-flows and profitability of the Bank was however deemed premature at the time of signing due to the evolving nature of the crisis.

To ensure full continuity of key processes, the Bank activated in March, 2020 Split Operations mode, as defined in the BCP, by utilizing its Disaster Recovery Site and remote working solution. Alongside full-scale testing, a dedicated risk assessment was performed beforehand to ensure that all regulatory requirements defined by the local regulator CSSF for such teleworking scenario to address the Coronavirus were met, and that critical services may continue to be provided without negative impact on the robustness of the Bank's internal controls.

The Bank's response to the Coronavirus pandemic successfully prevented operational disruptions or significant financial losses by the time of the signing of this report.

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