



RCS

REGISTRE DE COMMERCE  
ET DES SOCIÉTÉS

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LE GOUVERNEMENT  
DU GRAND-DUCHÉ DE LUXEMBOURG  
Ministère des Affaires étrangères  
et européennes

### APOSTILLE

(Convention de la Haye du 5 octobre 1961)

1. Pays: Grand-Duché de Luxembourg

Le présent acte public

2. a été signé par

3. agissant en qualité de

4. est revêtu du sceau/timbre de  
Attesté

5. à Luxembourg

7. par Ministère des Affaires étrangères et européennes

8. sous no.

9. Sceau / timbre

KILL, Michel  
Conseiller

RCS

6 le MARDI 20 JUIN 2023

V-20230620-472041

10. Signature



Mario Wiesen, Préposé du Bureau des  
Passaports, Visas et Légalisations

Registre de Commerce et des Sociétés

Numéro RCS : B11756

Référence de dépôt : L230100222

Déposé et enregistré le 08/06/2023

CREDIT SUISSE (LUXEMBOURG)  
Société Anonyme



# Annual accounts 2022



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# Information on the Bank

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## Board of Directors

During the business year 2022, the following persons were members of the Board of Directors:

**Yves Maas**

Chairman and independent member of the Board of Directors

**Patrick Schwyzer**

Chief Executive Officer

**André Prüm**

Independent member of the Board of Directors

**Hans-Jörg Turttschi**

Independent member of the Board of Directors and Chairman of the Audit and Risk Committee

**Andreas Oggier**

Head Wealth Management Global External Asset Managers

**Christian Schärer**

Head Asset Servicing, Credit Suisse (Schweiz) AG  
until November 2, 2022

**Emma Crystal**

Head Wealth Management Market Area Northern & Western Europe  
until February 16, 2022

**Theis Karlheinz Wenke**

Deputy Treasurer, Credit Suisse Services AG  
until April 13, 2022

## Authorized Management

**Patrick Schwyzer**  
Managing Director  
Chief Executive Officer

**Lucia Mc Monagle**  
Managing Director  
Chief Risk Officer

**Matthias Münstermann**  
Managing Director  
Chief Operating Officer until September 30, 2022

**Edwige Leroy**  
Director  
Chief Operating Officer since October 1, 2022

**Christoph Wälti**  
Director  
Chief Financial Officer since June 1, 2022

## Internal Audit

**Thierry Godart**  
Director  
Head of Internal Audit

## External Audit

**PricewaterhouseCoopers, Société coopérative**  
2, rue Gerhard Mercator  
B.P. 1443  
L-1014 Luxembourg

# Annual accounts for the year ended December 31, 2022 (with the Audit report thereon)

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**CREDIT SUISSE  
(LUXEMBOURG) S.A.**  
5, rue Jean Monnet  
L-2180 Luxembourg  
R.C.S.: Luxembourg B 11.756

# Management report of Credit Suisse (Luxembourg) S.A. for the financial year 2022

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## General Information

In 2022, Credit Suisse (Luxembourg) S.A. ("the Bank" or "CSL") was impacted by a difficult environment due to financial market volatility and overall global conditions.

On October 27, 2022 Credit Suisse Group AG ("Credit Suisse") announced a series of decisive actions to create a simpler, more focused and more stable bank centred around Wealth Management Division ("WM") and the Swiss domestic market.

CSL remains a central part of Credit Suisse's wider Wealth Management Division, at the core of Credit Suisse's revised strategy and priorities defined in late 2022. This continues to provide CSL with a unique opportunity to leverage Credit Suisse's global reach and strengths, to become better at bringing the best of what Credit Suisse has to offer to its clients.

CSL strategy remains to become the leader in serving the wealthiest European private clients by combining a distinctive Private Banking ("PB") approach with an industry-leading institutional offering. Cornerstones of CSL value proposition include the positioning as European hub with full market access to all EU markets, a one-stop-shop private label fund offering covering all value-chain elements in house, an industry-leading PB lending offering as well as privileged access to world-class asset management and investment banking capabilities.

CSL is pursuing key growth levers that have been defined across client segments that the platform is targeting: Private Banking Clients, External Asset Managers and Corporate & Institutional Clients. The identified growth levers fall into two categories:

- Front activation and Ultra High Net Worth ("UHNW") focus (e.g., capturing of business opportunities through improved client segmentation, support model and sales culture);
- Capability enhancement (e.g., extend the platform capabilities within Lending offering, Cross-Asset Execution and Investment Management).

As part of CSL platform simplification, CSL Austria Branch wind-down was completed and the branch was removed from Austrian commercial register on April 15, 2022. The Bank concluded the transfer of UHNW and High Net Worth ("HNW") clients served in the branch to the Luxembourg Head-Office. Some other clients have been transferred and sold to the Liechtensteinische Landesbank.

Changes to the composition of the Authorized Management ("AM") and the Board of Directors ("BoD") are outlined under "Information on the Bank" on pages 3 and 4 of the Annual Accounts 2022.

For the financial year 2022, the Bank posted a profit after taxes of CHF 28.4mn (vs. a profit after taxes of CHF 52.3mn in 2021).

## Business Review

The total balance sheet decreased by 42% year on year and amounted to CHF 5,210mn at the end of the fiscal year 2022 (2021: CHF 9,020mn).

The change on the asset side is mainly due to the decrease by CHF 1,282mn (-51%) of "cash balances with central banks", the decrease by CHF 1,456mn (-54%) of "loans and advances to credit institutions" and the decrease of "loans and advances to customers" by CHF 1,072mn (-29%).

The variation of the "loans and advances to credit institutions" and "loans and advances to customers", was closely correlated to the liability variation mainly from the "amounts owed to customers" which decreased by CHF 3,870mn (-48%) and from the "amounts owed to credit institutions" which decreased by CHF 1mn (-1%), which is also explaining the above decrease of central bank placings by CHF 1,282mn (-51%).

The other assets decreased by CHF 5.9mn (-11%) mainly driven by the decrease of coupon receivables and the decrease of other short-term receivables, which are offset by the increase of the tax advances.

In 2022 the Bank posted a profit after taxes of CHF 28.4mn compared to CHF 52.3mn in 2021.

The 2021 result included CHF 14.9mn of non-recurring Other operating income driven by the sale of assets of the Austria Branch (CHF 13.4mn) and the proceeds from the liquidation in 2021 of Credit Suisse Courtage S.A. (CHF 1.5mn).

Overall, the net commission income decreased by CHF 23.8mn (-20%) and the net interest income decreased by CHF 9.3mn (-25%). The combined decrease of CHF 33.1mn (-21%) was partially off-set by the increase in net profit on financial operations of CHF 15.1mn (160%).

The commission income of CHF 102.5mn in 2022 decreased by 20% compared to CHF 128.6mn in 2021, mainly due to the decrease of custody fees received following the decrease of volume of Assets Under Management.

The interest income amounting to CHF 79.7mn for 2022 (2021: CHF 57.1mn) increased by CHF 22.5mn (39%) compared to last year, mainly due to the increase of money market interest income together with the increase of interest rates during the year 2022.

The interest payable amounting to CHF 51.4mn for 2022 (2021: CHF 19.5mn) increased by CHF 31.9mn (164%) also due to changes in interest rates.

Key positive factors for the result 2022 were also the increase in net profit on financial operations by CHF 15.1mn (160%) and the decrease of general administrative expenses by CHF 7.2mn (-6%).

In 2022, the decrease of CHF 7.2mn of general administrative expenses is mainly explained by the closure of the Austria Branch in 2021, as well as by the decrease of the average EUR/CHF exchange rate by 8% applied to EUR denominated charges.

Other operating charges increased by CHF 0.3mn (4%) in 2022, mainly due to the increase by CHF 0.9mn (17%) of the contribution to the European stability mechanism for the Luxembourg client platform (CHF 6.1mn in 2022 compared to CHF 5.2mn in 2021).

Value adjustments in respect of loans and advances have increased during the year from CHF 1mn in 2021 up to CHF 3.5mn in 2022 due to an increase of overdue interest on loans amounting to CHF 3.4mn.



The 2022 results of the branches after taxes before intercompany elimination contributed positively to the Bank's profit and can be broken down as follows:

Branches	Establishment dates	Results after taxes 2022 (CHF mn)	Results after taxes 2021 (CHF mn)
Portugal	March 19, 2013	1.0	1.2
France	February 6, 2015	3.0	7.0
The Netherlands	April 1, 2016	1.9	0.5
Ireland	September 8, 2017	(0.2)	(0.1)

## Risk Management

The strong commitment to risk management, permanent assessment and ongoing enhancement of the compliance and risk management framework of the Bank provides 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 the CSSF Circular 12/552, as amended, issued by the Commission de Surveillance du Secteur Financier ("CSSF"), as subsequently amended, the Bank maintained the three lines of defense model:

- The first line consists of 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 of the independent internal control functions (Chief Compliance Officer and Chief Risk Officer);
- 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 of their respective responsibility. Internal control functions report directly to the Authorized Management as well as the Board of Directors 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 the related internal policies.

The Bank maintains a comprehensive policy framework, which governs detailed organizational matters, business operations and ensures compliance with relevant laws and regulations. The last Risk Principles and Standards policy update was performed as of December 2022. The risk management and internal control framework focuses on 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 as amended pursuant to the Internal Capital Adequacy Assessment Process ("ICAAP") are assessed on a regular basis by the Authorized Management. The ICAAP is subject to Board of Directors ("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.

To enable appropriate decision making, steering on risks and control-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 Risk Committee ("RC") is the main decision-making body for the management of CSL risk strategy set by the BoD. The RC responsibility is amongst others to conduct an in-depth review of the key risk indicators and assess the Bank's situation in terms of liquidity, capital and funding situations. The Asset and Liability Committee ("ALCO") is responsible for the management of the Bank's balance sheet, asset/liability, liquidity, capital adequacy and profitability.

In 2022, the stress testing framework has been further enhanced, both for solvency and liquidity stress testing. This includes the approval of the local stress test policy and the set-up of the stress testing working group as a sub-committee of the RC.

### **Credit risk**

Credit risk is the risk of financial loss as a result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty.

The credit risk is managed through detailed credit requests, approval process and a credit quality review process. Prior to any approval, a credit risk assessment review, covering the analysis and evaluation of relevant aspects such as the debtor's/guarantor's creditworthiness, business model, pledged or mortgaged securities, credit and collateral structure, is completed in line with market standards by experienced credit officers with private and corporate banking background. The credit risk assessment and credit approval are performed by the Bank and supported by relevant credit risk teams of CSG leveraging their expertise in particular markets or client groups. The final decision on the credit risk lies with the Bank.

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 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 total client credit exposure of the Bank as of December 31, 2022 was CHF 3.3bn, of which 94% of all transactions are rated investment grade (BBB- or better). In the context of Russia's military attack on Ukraine, the Bank managed its credit exposure related to counterparties with a Russian background down to CHF 0.1bn compared to CHF 0.8bn as of the end of 2021.

### **Concentration risk**

Concentration risk results, in particular, from large, concentrated exposures to customers, counterparties or service providers, respectively group of customers, counterparties or related service providers, including related parties, to countries or sectors (industries) as well as to specific products or markets.

In 2022, CSL has introduced closer monitoring of CS intragroup credit risk exposure by completing its set of metrics to include CSG share price, CSG Credit Default Swap ("CDS"), in absolute terms and in relative terms against a peer group or index. This was instrumental in the monitoring of CSL excess liquidity upstreaming to the Parent company.

The Risk Appetite Statement ("RAS") of CSL has been updated accordingly which was approved by the BoD in 2022. The RAS is using rather flags than hard risk limits due to the internal assessment that this caters better for the double reality that: CSL is fully embedded into the central Treasury model of the CS Group and the indicators available suffer from technical drawbacks (CDS spreads are indeed not an optimal credit risk sensitivity measure but includes market risk limitations linked for example to depth of transactions at point in time).

The concentration risk resulting from intragroup credit exposures is closely monitored and supervised via flags, daily treasury calls and escalation mechanism to the Asset and Liability Committee and the Risk Committee. The risk situation is also reported in the fortnightly risk dashboard to Authorized Management and BoD.

### **Business and Strategy risk**

Business and Strategy risk represents the volatility in earnings due to potential changes in business, including the risk that the Bank may not be able to execute its business plan and its defined strategy due to internal or external changes in the business or inadequate initial assumptions, including unexpected project charges.

In October 2022, Credit Suisse Group AG announced a series of decisive actions to create a simpler, more focused and more stable bank, built around client needs, following a strategic review conducted by the Board of Directors and Executive Board of the Group.

### **Market risk**

Market risk is defined as the risk of losses arising from movements in market prices. The risks subject to market risk capital requirements include but are not limited to: (1) default risk, interest rate risk, credit spread risk, equity risk, foreign exchange ("FX") risk and commodities risk for trading book instruments; and (2) FX risk and commodities risk for banking book instruments.

The Bank and its branches do not enter any proprietary trading activities and are only executing transactions with securities, foreign exchange and derivative financial instruments on behalf of clients.

With regard to interest rate risks, customer deposits have been used as a source of funding for the loan book. The Interest Rate Risk on the Banking Book (IRRBB) is hedged through interest rate swaps.

Concerning foreign exchange risks, the Bank's policy is to operate on the principle of currency matching on a back-to-back basis with small market risk limits (foreign exchange) to facilitate the bulking of small client positions. As a result, the foreign exchange risk exposure is very limited.

With the largest client deposits positions held in USD currency, the Bank performs FX transformation to convert those positions into EUR currency, which are then placed as a cash balance held with the Luxembourg Central Bank. This is performed through FX swaps transactions, typically used for cash management purposes. Controls are in place to ensure completeness of the exposure from Front Office (FO) to Risk systems. FX Risk is monitored on a daily basis with Treasury Flags and additional complementary controls.

## Liquidity risk

**Funding liquidity risk** is the risk that the firm will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the firm.

**Market liquidity risk** is the risk that a firm cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

The Bank's BoD and Authorized Management recognize that the maintenance of sufficient liquidity is fundamental to the prudent management of the Bank. The process of managing liquidity within the Bank is fully integrated into the global liquidity management process within Credit Suisse Group. This process also recognizes the requirement to ensure that the Bank maintains a liquidity position within the guidelines set by the 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 Group centralized funding model:
  - Excess liquidity is up streamed to Credit Suisse Group;
  - If required, emergency funding to be provided within Credit Suisse global liquidity management framework;
- Foreign exchange and money market 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 Net Stable Funding Ratio - "NSFR") and Credit Suisse internal liquidity metrics (Barometer 2.0 30 Day and Barometer 2.0 365 Day).

Throughout the year 2022, the Bank met the LCR requirement, ending with a ratio of 175% by end of December 2022.

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.

Following the latest CSG credit downgrade, CSL experienced significant deposit outflows in Q4, starting late September. In total, net outflows amounted to CHF 3.9bn since the end of the year 2021, without causing any risk appetite breach in terms of liquidity.

With the implemented monitoring and Treasury actions decided within CSL, the Bank continued to operate within its liquidity risk appetite. In December 2022, the Bank reported a Barometer deficit of CHF -0.6bn for 30 days and excess of CHF 0.6bn for 365 days. In December 2021, the Bank reported a Barometer excess of CHF 1.2bn for 30 days and of CHF 2.5bn for 365 days.

To answer the Banque centrale du Luxembourg recommendations on Liquidity Risk Management, CSL strengthened the formalization of the framework detailing, how liquidity risk is managed and controlled. This has been done by (1) developing a reverse stress testing framework and (2) further developing the short-term liquidity FX risk assessment. These two newly developed elements have been included in the Internal Liquidity Adequacy Assessment Process (ILAAP) document as of December 31, 2022.

**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.

In this regard, the Bank performs a yearly risk and control self-assessment ("RCSA") that aims at identifying the "very high" and "high" inherent risks at the level of all sub-units and branches of the legal entity and assesses the control landscape associated to these risks.

Nevertheless, the overall CSL control landscape in relation to inherently "very high" and "high" rated risks remains vulnerable, mainly driven by improvements still ongoing since 2021 in the Compliance area, Data management and architecture, Payment process and Capital Management. Moreover newly arising risks in 2022 related to sanctions regime generated additional residual operational risk. All high residual risks are mitigated by appropriate mitigation actions being set with clear deadlines for implementation.

One key element of the internal control and risk management framework is the Monitoring of Internal Control System ("MICOS"). This system is a 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 cover 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. During 2022, the operational risk utilization always stayed within in the quantitative limit of CHF 3.1 m.

This is the result of appropriate segregation of duties implemented for key processes and products, of clear rules and non-financial risk appetite monitoring and of a close tracking and follow-up of risk issues and incidents.

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 to protect the Bank and its affiliated entities from a failure resulting from non-compliance with applicable 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, international sanctions handling, 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.

The number of court proceedings currently pending, which relate to the Head Office of the Bank in Luxembourg, amounts to three as of December 31, 2022, one less compared to end of Q4 2021. Regarding one legal proceeding where CS AG, the Bank and others were sued (claimed amount EUR 20.7mn), the claimant withdrew the claim before the Luxembourg first instance court in 2022. The number of court cases relating to the France Branch (excluding ongoing pending real estate enforcement proceedings) amounts to four (stable compared to end of 2021) as of Q4 2022. At the end of Q4 2022, there were no litigation or threatened claims pertaining to the branches in Portugal and Ireland. In 2022, one new claim for the amount of EUR 8.4mn plus USD 19.8mn (loss of profit) was served on the Netherlands Branch and one new claim for the amount of EUR 3.35mn plus interest was served on the (former) branch of the Bank in Austria. As of the date of this report, the above cases do not require any provision and will be further monitored closely by the Bank.

## Acquisition of own shares

During the financial year ending December 31, 2022, Credit Suisse (Luxembourg) S.A. did not acquire own shares.

## Approval of the annual accounts and result allocation

The profit for the financial year 2022 amounts to CHF 28.4mn, 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, 2022 and to allocate the 2022 profit to the reserves as follows:

To be approved by the Annual General Meeting of Shareholders

TCHF	31.12.2022	Profit 2022 Allocation	Special reserve release	Dividend	Post Allocation
Legal reserve	23,094	-	-	-	23,094
Net wealth tax special reserve	54,900	14,000	(8,600)	-	60,300
Other reserves	148,628	14,366	8,600	(20,000)	151,594
Total	226,622	28,366	-	(20,000)	234,988

A dividend payment of CHF 20mn 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, 2022.

## Events of the financial year

### Strategic review

On October 27, 2022, Credit Suisse Group AG announced a series of decisive actions following a strategic review conducted by the Board of Directors and Executive Board, focused on a restructuring of the Investment Bank, an accelerated cost transformation, and strengthened and reallocated capital. The transformation was intended to be funded through divestments, exits, the capital actions and existing resources. As Credit Suisse Group AG further implements certain actions, the Bank may incur restructuring costs in the future. Moreover refer to the below Subsequent events note in relation to the merger agreement announced on March 19, 2023 by Credit Suisse Group AG and UBS Group AG.

### Client liquidity outflows

In the second half of 2022, Credit Suisse Wealth Management division suffered severe deposit outflows. CSL experienced as well important outflows for a total net amount of CHF 3.9bn since the end of the year 2021. This was managed within the risk appetite and the Bank always maintained the required liquidity and funding ratios.

As a result of the stressed situation experienced by Credit Suisse Group AG, CSL introduced a closer monitoring of Credit Suisse Group related metrics, as described above in the Concentration risk section of this report.

### Inflationary economies and increasing interest rates

In response to the annual inflation rates of 9.9% in the eurozone in 2022 according to Eurostat, the European Central Bank raised the reference interest rate in July 2022 for the first time in 11 years and then raised them again in September, October and December 2022. With the historical rate hike by 75 basis point in September, CSL started to generate positive interest revenues in relation to cash held as High Quality Liquid Assets with the Banque central du Luxembourg.

In addition, the steepening of the yield curve which already materialized early 2022, CSL was able to generate positive net profit on financial operations driven by its interest rate swap book.

### Sanctions against Russia

In late February 2022, the Russian government launched a military attack on Ukraine. In response to Russia's military attack, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system, on Russian government officials and Russian business leaders. The sanctions also included limitations on the ability of Russian banks to access the SWIFT financial messaging service and restrictions on transactions with the Russian central bank.

The Bank has complied with those measures which led to significant actions to be taken in many areas (Front, Compliance, Operations, Credit, Risk, Finance), also exposing the Bank to financial loss risks. The situation has been actively managed and the Emerging Europe Desk activity has been and is severely impacted. In 2023, the consequences are still part of the daily activities as the Sanctions still apply.

### Supply chain finance funds

In early March 2021, the boards of four supply chain finance funds managed by certain subsidiaries of Credit Suisse Group AG (collectively, the "SCFFs") decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors, to terminate the SCFFs and to proceed to their liquidation. Credit Suisse (Luxembourg) S.A. acts as the custodian bank of these supply chain finance funds.

The last published net asset value ("NAV") of the SCFFs in late February 2021 was approximately USD 10bn in the aggregate. As of the date of the report, together with the cash already distributed to investors and cash remaining in the funds, total cash collected in the SCFFs amounts to approximately USD 7.4bn including the cash position in the funds at the time of suspension. Redemption payments totalling approximately USD 6.8bn have been made to their investors in eight cash distributions.

For two of the SCFFs, Credit Suisse Supply Chain Finance Investment Grade Fund and Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund, the final payments of liquidation proceeds were made on November 11, 2022 and February 6, 2023 respectively.

For Credit Suisse Supply Chain Finance Investment Grade Fund, the final payment of liquidation proceeds brought the total amount returned to investors to 99.7% of the fund's NAV at the time of its suspension.

For Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund, the final share of the sub-fund's NAV returned to investors differs between the share classes ranging from 99.4% to 99.9%.

There remains considerable uncertainty regarding the valuation of a significant part of the remaining assets, including the fact that certain of the notes underlying the funds were not paid when they fell due. It therefore can be assumed that the investors of the SCFFs will suffer a loss. The amount of loss of the investors is currently unknown.

Credit Suisse Group AG and its subsidiaries, including the Bank, continue to analyze this matter, including with the assistance of external counsel and other experts and continue to assess the potential for recovery on behalf of the investors in the funds, and further analyze new, pending or threatened proceedings. The resolution of the matter, the timing of which is difficult to predict, could cause the Bank to incur potential losses. However, as of the date of signature of the annual accounts, based on a thorough assessment done with the support of a legal advisor, the Bank considered that no provision was needed.

## Subsequent events

On March 1, 2023 as a result of a thorough analysis of our European franchise and in line with our strategy to simplify our booking model and expand our business with Ultra High Net Worth (UHNW) clients, the Bank announced the closure of its Branch in The Netherlands with a planned wind-down during the first half of 2023. The impact will be mitigated by the retention of key referred business already booked with the Luxembourg hub.

On March 19, 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan to merge ("the merger"), to be completed at a date yet to be determined. The Bank (CSL) is a consolidated subsidiary of Credit Suisse Group AG (through Credit Suisse AG), and as such the future operations and financial performance as well as the legal structure of the Bank may be impacted as a result of the merger. As per today and under current circumstances, the Bank's management does not anticipate that the Bank will be liquidated in the foreseeable future. The Bank will continue to operate its business and expects to generate income to meet regulatory capital and liquidity requirements.

## Outlook

In light of the strategic merger objectives announced by Credit Suisse Group AG and UBS Group AG on March 19, 2023, CSL aims to further redefine its positioning as part of the Wealth Management Division of the upcoming merged organisation.

Meanwhile the Bank intends to continue leveraging the global network, strong investment management and lending capabilities, to service clients and to improve the customer experience, seeking the specificities of the Luxembourg offering and fully leverage its open access to European markets.



## Personnel

As of year-end, the number of employees in Luxembourg, France, Portugal, The Netherlands and Ireland amounted to 377 (2021: 367). The management thanks all employees for their commitment, professionalism, and relentless passion for our clients.

Luxembourg, June 2, 2023  
Credit Suisse (Luxembourg) S.A.

Patrick Schwyzer  
Chief Executive Officer

Lucia McMonagle  
Chief Risk Officer

Christoph Wälti  
Chief Financial Officer

Edwige Leroy  
Chief Operating Officer



## **Audit report**

To the Board of Directors of  
**CREDIT SUISSE (LUXEMBOURG) S.A.**

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## **Report on the audit of the annual accounts**

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### **Our opinion**

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of CREDIT SUISSE (LUXEMBOURG) S.A. (the "Bank") as at 31 December 2022, 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.

### *What we have audited*

The Bank's annual accounts comprise:

- the balance sheet and off balance sheet as at 31 December 2022;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with the EU Regulation No 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 No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 7.5 to the annual accounts.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518

## Emphasis of matter

We draw your attention to Note 9 to the annual accounts, which describes the agreement and plan of merger between Credit Suisse Group AG (ultimate parent of the Bank) and UBS Group AG, which may have an impact on the Bank's future operations, financial performance as well as legal structure of the Bank. Our opinion is not modified in respect of this matter.

## 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 our 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.

Key audit matter	How our audit addressed the key audit matter
<p><i>Claims and litigations linked to the Supply Chain funds</i></p> <p>Reference: Note 2.9 and 8 in the annual accounts</p> <p>Credit Suisse (Luxembourg) S.A. is acting as the custodian bank for various investment funds. The Bank is also from time to time advising clients or prospects to invest in these investment funds.</p> <p>On March 1st 2021, the boards of directors of four investment funds managed by certain subsidiaries of Credit Suisse Group AG decided to suspend redemptions and subscriptions of these funds to protect the interests of the funds' investors.</p> <p>On March 4, 2021, the boards of directors decided to terminate these funds and proceed to their liquidation. Those decisions were based on concerns that a substantial part of the funds' assets was subject to considerable valuation uncertainty.</p> <p>The Bank was acting as the custodian bank of these four investment funds and had clients or prospects being advised to invest in these products.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>– Meetings with the legal department as well as the Authorized Management to obtain their views on the claims and litigations, the potential legal cases and the ongoing legal proceedings until the date of the signature of the annual accounts;</li> <li>– Consultation of the minutes of the Board of Directors, the Audit and Risk Committee, the correspondence with the regulators;</li> <li>– Consultation of the client claims' and litigations register;</li> <li>– Consultation of a memorandum prepared by the Bank, with an analysis of the situation for all the clients impacted and explaining why a provision is not needed;</li> <li>– Consultation of the related supporting documentation, based on a sample, in order to corroborate the Bank's analysis;</li> <li>– Inspection of legal expenses accounts of the Bank to detect whether there were significant on-going or potential legal cases not included in the Bank's log of legal claims;</li> <li>– Consultation of the written confirmations from the Bank's external legal advisors describing their assessments of the risks and potential financial consequences at the closing date. The confirmation covers also post-closing developments;</li> <li>– Assessment of the completeness and accuracy of the disclosure in the notes to the annual accounts.</li> </ul>

As at 31 December 2022, the Bank is facing claims and litigations from some clients who were advised to invest in these products and is as such involved in legal procedures in several countries. In the course of business, potential exposures may arise from legal or regulatory proceedings. The Bank has not booked a provision in that respect as at 31 December 2022.

Considering the degree of uncertainty associated with such area, we considered it as a key audit matter due to the significant judgmental considerations that are required from the Bank to make its assessment.

***Accuracy and existence of commissions income***

Reference: Note 6.3 in the annual accounts

For the year ended 31 December 2022, the Bank has generated commissions income for CHF 102.5 millions. This represents a significant part of the total revenue earned by the Bank.

These revenues are mainly derived from the services the Bank is rendering to its clients and are mainly resulting from a high volume of individual transactions. Moreover, these transactions are recorded based on different methods of computation, some of them being not fully automatised.

In most of the cases, the value of commissions income for each transaction is low.

We assessed the Bank's relevant internal control environment regarding the commissions income. We considered the respective business organisation (i.e: segregation of duties related to income flows) and IT systems linked to the recognition of the commissions income.

We performed the following procedures:

- Inquiries with the various departments and with the Authorised Management of the Bank regarding the process of determining the calculation of the commissions income;
- Verification, based on a sample, that the special tariffs granted to some clients for different types of commissions income were approved by the right hierarchical level;
- Inspection of the relevant information and supporting documents (agreements, trade confirmations, etc.) for a sample of transactions;
- Verification that, for a sample of transactions (standard and special tariff terms), the tariffs applied by the Bank's system were in line with what was initially agreed with the client;

Nevertheless, a failure impacting a high number of transactions and related to certain type of commissions incomes could lead to aggregated errors, having a material impact on the annual accounts.

As a consequence, we focused on the accuracy and existence of commissions income and we have considered it as a key audit matter.

- On a sample basis, reperformance of the calculation of some commissions income, to ensure that the computation was in line with what was agreed with the client and/or the general terms and conditions of the Bank and checked that the amount computed was accurately booked in the accounting system of the Bank.
- On a sample basis, we ensured that the amount of commissions paid by the client on the accounting system was in line with the information disclosed in the statement sent to the client;
- Consultation of the client's claims and litigation register and lawyer's confirmation.

We have included unpredictability in all the procedures mentioned above.

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#### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our audit report 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 identified above 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 that fact. We have nothing to report in this regard.

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#### **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.

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#### **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 an audit report 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 No 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 No 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 the 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 audit report 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 audit report. 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 audit report unless law or regulation precludes public disclosure about the matter.

### **Report on other legal and regulatory requirements**

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

We have been appointed as "Réviseur d'Entreprises Agréé" by the Board of Directors on 8 April 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 2 June 2023

Electronically signed by  
Roxane Haas

A handwritten signature in blue ink, appearing to read "Rhaas", with a horizontal line underneath.

Roxane Haas

# Balance sheet as at December 31, 2022

	Notes	31.12.2022 CHF	31.12.2021 CHF
<b>Assets</b>			
Cash in hand, balances with central banks and post office banks	3.1, 3.2	1,216,542,400	2,498,188,366
Loans and advances to credit institutions	3.1, 3.2		
a) repayable on demand		415,432,701	552,688,114
b) other loans and advances		<u>845,132,301</u>	<u>2,163,749,968</u>
		1,260,565,002	2,716,438,082
Loans and advances to customers	3.1, 3.2	2,652,780,533	3,724,304,274
Participating interests	3.3, 3.10	70,312	-
Shares in affiliated undertakings	3.4, 3.10	7,008	7,008
Intangible assets	3.5, 3.10	227,482	-
Tangible assets	3.6, 3.10	2,612,691	3,224,936
Other assets	3.1, 3.7	49,570,511	55,481,986
Prepayments and accrued income	3.8	27,125,447	22,643,220
<b>Total Assets</b>		<b>5,209,501,386</b>	<b>9,020,287,862</b>
<b>Liabilities</b>			
Amounts owed to credit institutions	4.1		
a) repayable on demand		102,870,869	110,740,493
b) with agreed maturity dates or periods of notice		<u>207,284,203</u>	<u>200,640,886</u>
		310,155,072	311,381,379
Amounts owed to customers	4.1		
Other debts			
a) repayable on demand		4,054,994,976	7,951,745,221
b) with agreed maturity dates or periods of notice		<u>174,232,843</u>	<u>147,023,461</u>
		4,229,227,819	8,098,768,682
Other liabilities	4.1, 4.2	68,749,155	15,867,863
Accruals and deferred income	4.3	18,812,708	21,837,259
Provisions			
a) provisions for pensions and similar obligations	4.4	16,081,028	15,807,621
b) provisions for taxation	6.10	22,789,499	19,729,074
c) other provisions	4.5	<u>663,685</u>	<u>778,570</u>
		39,534,212	36,315,265
Subordinated liabilities	4.6	29,554,889	31,016,115
Subscribed capital	4.7	230,936,000	230,936,000
Share premium	4.7	27,543,954	27,543,954
Reserves	4.7	226,621,345	194,351,752
Profit for the financial year		28,366,232	52,269,593
<b>Total Liabilities</b>		<b>5,209,501,386</b>	<b>9,020,287,862</b>

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



# Off-Balance sheet as at December 31, 2022

	Notes	31.12.2022 CHF	31.12.2021 CHF
<b>Off-Balance Sheet Items</b>			
Contingent liabilities	3.2, 5.1	75,721,381	76,071,005
of which: guarantees and assets pledged as collateral security		75,721,381	76,071,005
Commitments	3.2, 5.2	652,681,552	168,722,638
Fiduciary operations	5.3	400,170,943	756,100,278

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

# Profit and loss account for the financial year ended December 31, 2022

	Notes	2022 CHF	2021 CHF
Interest receivable and similar income	6.1	79,654,718	57,110,890
Interest payable and similar charges	6.2	(51,376,506)	(19,487,612)
Commission receivable	6.3	102,544,068	128,620,004
Commission payable	6.4	(9,108,106)	(11,410,771)
Net profit or loss on financial operations	6.5	24,470,044	9,395,103
Other operating income	6.6	9,480,011	25,646,323
General administrative expenses	7.2	(105,132,773)	(112,322,792)
a) staff costs		(62,198,182)	(65,738,277)
of which:			
– wages and salaries		(49,799,988)	(53,257,893)
– social security costs		(7,472,241)	(8,079,001)
of which: social security costs relating to pensions		(3,604,885)	(3,826,570)
b) other administrative expenses	6.7	(42,934,591)	(46,584,515)
Value adjustments in respect of tangible and intangible assets	3.10	(1,631,590)	(1,542,941)
Other operating charges	6.8	(7,605,225)	(7,303,409)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	6.9	(3,522,333)	(989,301)
Tax on profit on ordinary activities	6.10	(9,334,046)	(15,194,635)
Profit on ordinary activities after tax		28,438,262	52,520,859
Other taxes not shown under the preceding items	6.10	(72,030)	(251,266)
<b>Profit for the financial year</b>		<b>28,366,232</b>	<b>52,269,593</b>

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

# Notes to the annual accounts for the year ended December 31, 2022

## 1. General

Credit Suisse (Luxembourg) S.A. ("the Bank" or "CSL") was incorporated on January 28, 1974, as a limited liability company in accordance with Luxembourg law. The Bank is authorized 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. The financial year coincides with the calendar year.

In 2022, the Bank was operating the following branches:

Countries	Offices	Dates of establishment
Portugal	Lisbon	March 19, 2013
France	Paris	February 6, 2015
The Netherlands	Amsterdam	April 1, 2016
Ireland	Dublin	September 8, 2017

The former Austria Branch has ceased operations on December 23, 2021, and has been closed on April 15, 2022.

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. Consequently, these annual accounts have been prepared on a non-consolidation basis.

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 addresses:

Postal address: Credit Suisse Group AG, Corporate Secretary, RX, Paradeplatz 8, 8070 Zürich

Physical address: Credit Suisse Group AG, Paradeplatz 8, 8001 Zürich

Annual Reports: [credit-suisse.com/annualreporting](https://credit-suisse.com/annualreporting)

Quarterly Reports: [credit-suisse.com/interimreporting](https://credit-suisse.com/interimreporting)

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 addresses.

## 2. Significant accounting policies

2.1

### Basis of preparation

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.

The preparation of annual accounts requires the use of certain accounting estimates. It also requires the Management to exercise its judgment in the process of applying the accounting policies. The Management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations and future events under the circumstances.

2.2

### 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.

2.3

### 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.

2.4

### Participating interests

Participating interests having the characteristics of financial fixed assets are recorded in the balance sheet at their acquisition costs. Value adjustments for participating interests are made where, in the opinion of the management, there is considered to be a permanent diminution in value. These value adjustments are not continued if the reason for which the value adjustments were made have ceased to apply.

2.5

### 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.

2.6

### Formation expenses

Formation expenses are included at purchase price, less accumulated depreciation. These assets are depreciated over their expected useful life. The rate and method of depreciation are as follows:

	Depreciation rate	Method
Formation expenses	20%	straight-line

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 2.7

#### 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
<b>Intangible assets</b>		
Software	20%, 25%, 33%	straight-line
<b>Tangible assets</b>		
Land and buildings	10%	straight-line
Leasehold improvements	10%, 20%	straight-line
Computers	25%, 33%	straight-line
Office equipment	20%	straight-line
Other tangible assets, EDP equipment	20%, 25%	straight-line

Leasehold improvements, office equipment and other tangible assets costing less than CHF 857 (EUR 870) or whose expected useful life does not exceed one year are charged directly to profit and loss account for the year.

### 2.8

#### 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 neutralized so that the results for the year are not affected.

Uncovered forward transactions are valued individually on the basis of forward exchange rates applicable at the balance sheet date. Unrealized revaluation profits are not recognized until maturity of the related transaction, whereas a provision is set up in respect of any unrealized 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 profit and loss account 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.

2.9

**Provisions**

Provisions are recognized 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.

2.10

**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, outright, 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 unrealized 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". Unrealized gains arising from the revaluation thereof are not recognized.

2.11

**Prepayments and accrued income**

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

2.12

**Accruals and deferred income**

This liability item includes income received during the financial year but relating to a subsequent financial year.

2.13

**Debtors**

Debtors are valued at their nominal value, subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.14

**Creditors**

Debts are recorded at their reimbursement value. When the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

### 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.

In accordance with the requirements of the European Central Bank, the Central Bank of Luxembourg implemented effective January 1, 1999, a system of mandatory minimum reserves, which applies to all credit institutions.

The minimum reserve balance as at December 31, 2022 held by the Bank with the Central Bank of Luxembourg amounted to TCHF 56,354 (2021: TCHF 77,637).

December 31, 2022 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
<b>Financial assets</b>					
Cash in hand, balances with central banks and post office banks	1,216,542	–	–	–	1,216,542
Loans and advances to credit institutions	1,257,117	–	3,448	–	1,260,565
Loans and advances to customers	2,099,538	121,320	329,640	102,283	2,652,781
Other assets	45,408	–	4,163	–	49,571
	<b>4,618,605</b>	<b>121,320</b>	<b>337,251</b>	<b>102,283</b>	<b>5,179,459</b>

- Loans and advances to credit institutions include TCHF 1,212,890 (2021: TCHF 2,612,410) owed by affiliated undertakings. Loans and advances to credit institutions also contain the asset side of a security lending agreement entered with Credit Suisse AG for TCHF 1,377 (TCHF 2,222), the asset represents the securities borrowed from some clients as at December 31, 2022 which are then lent to Credit Suisse AG (refer to note 4.1).
- Loans and advances to customers owed by affiliated undertakings amount to TCHF 7,018 (2021: TCHF 6,230).
- Other assets includes TCHF 1,424 (2021: TCHF 3,212) related to affiliated undertakings.

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 3.1

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

December 31, 2021 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
<b>Financial assets</b>					
Cash in hand, balances with central banks and post office banks	2,498,188	–	–	–	2,498,188
Loans and advances to credit institutions	2,712,819	–	3,619	–	2,716,438
Loans and advances to customers	2,942,276	328,119	366,729	87,180	3,724,304
Other assets	51,366	–	4,116	–	55,482
	<b>8,204,649</b>	<b>328,119</b>	<b>374,464</b>	<b>87,180</b>	<b>8,994,412</b>

### 3.2

#### Risk management disclosure relating to credit risk

The credit risk exposure can be analyzed as follows:

December 31, 2022 TCHF	Risk exposure	Collateral	Net risk exposure
<b>Primary financial assets</b>			
Cash in hand, balances with central banks and post office banks	1,216,542	–	1,216,542
Loans and advances to credit institutions	1,260,565	–	1,260,565
Loans and advances to customers	2,652,781	1,454,795	1,197,986
<b>Off Balance Sheet items</b>			
Guarantees	75,721	58,737	16,984
Commitments	652,682	49,369	603,313
Derivative financial instruments	145,733	–	145,733
<b>Total</b>	<b>6,004,024</b>	<b>1,562,901</b>	<b>4,441,123</b>

December 31, 2021 TCHF	Risk exposure	Collateral	Net risk exposure
<b>Primary financial assets</b>			
Cash in hand, balances with central banks and post office banks	2,498,188	–	2,498,188
Loans and advances to credit institutions	2,716,438	–	2,716,438
Loans and advances to customers	3,724,304	3,395,869	328,435
<b>Off Balance Sheet items</b>			
Guarantees	76,071	–	76,071
Commitments	168,723	–	168,723
Derivative financial instruments	31,303	–	31,303
<b>Total</b>	<b>9,215,027</b>	<b>3,395,869</b>	<b>5,819,158</b>



## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 3.2

#### Risk management disclosure relating to credit risk (continued)

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

#### 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 specialized affiliated institutions or counterparties of good credit standing.

For the impact of sanctions against Russia, refer to note 8 Events of the year.

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 collateralized loans.

Collateralized loans are granted to clients mainly based on liquid assets and on mortgages.

The Bank grants also loans to large corporate clients serving their European activities. As at December 31, 2022, these loans amounted to TCHF 139,218 (2021: TCHF 275,546).

Since 2015 and the creation of the France Branch, the Bank is also granting mortgage loans amounting to TCHF 347,950 as at December 31, 2022 (2021: TCHF 396,028).

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

TCHF	31.12.2022 Carrying amount	%	31.12.2021 Carrying amount	%
<b>On Balance Sheet items</b>				
Luxembourg	1,548,701	25.77	3,012,755	32.69
Zone A (Europe, incl. Switzerland and Americas)	3,545,821	58.99	5,840,317	63.38
Zone B (Rest of the world)	35,366	0.59	85,858	0.93
<b>Off Balance Sheet items</b>				
Luxembourg	72,962	1.21	60,346	0.65
Zone A (Europe, incl. Switzerland and Americas)	807,880	13.44	214,153	2.32
Zone B (Rest of the world)	-	-	1,598	0.03
	<b>6,010,730</b>	<b>100.00</b>	<b>9,215,027</b>	<b>100.00</b>

The amounts reflected in the tables represent the maximum accounting loss that would be recognized 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 uncollectability.

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.

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 3.2 Risk management disclosure relating to credit risk (continued)

Collateral for loans, guarantees, and letters of credit is usually in the form of cash, listed investments, or other property, mainly residential immovable property or financial guarantees received. 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 Participating interests

The movements for the year are as follows:

	Shares TCHF	Total TCHF
<b>Gross book value – opening balance</b>	-	-
Additions for the year	70	70
<b>Gross book value – closing balance</b>	<b>70</b>	<b>70</b>
<b>Accumulated value adjustments – opening balance</b>	-	-
<b>Accumulated value adjustments – closing balance</b>	-	-
<b>Net book value – closing balance</b>	<b>70</b>	<b>70</b>
<b>Net book value – opening balance</b>	-	-

The Bank holds 11 shares in "Society for Worldwide Interbank Financial Telecommunication" (S.W.I.F.T. S). Headquarters are located at Avenue Adele 1, B-1310 La Hulpe, Belgium.

### 3.4 Shares in affiliated undertakings

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

Name	%	Carrying amount December 31, 2022 TCHF	Net equity as at December 31, 2022 (Unaudited) TEUR	Net equity as at December 31, 2022 (Unaudited) TCHF	Result 2022 (Unaudited) TEUR	Result 2022 (Unaudited) TCHF	Dividend paid in 2022 TEUR
Credit Suisse Global Services (France) GIE 86, boulevard Haussmann 75008 Paris	50	7	12	12	-	-	-

### 3.5 Intangible assets

This heading comprises mainly softwares for a net amount of TCHF 227 (2021: TCHF nil).

### 3.6 Tangible assets

Tangible assets comprise assets used for the Bank's own activities mainly leasehold improvements, disclosed under Land & Buildings, and further furniture, EDP equipment and PCs.

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 3.7

#### Other assets

Other assets are analyzed as follows:

	31.12.2022	31.12.2021
	TCHF	TCHF
Tax advances	23,275	15,390
Other short-term receivables	19,448	25,912
Coupon receivable	6,553	13,571
Option premium purchased	295	445
Option premiums purchased on behalf of or from clients	-	164
	<b>49,571</b>	<b>55,482</b>

The coupon receivable includes dividend, interest and redemption received/expected to be received on behalf of clients.

Back to back options purchased on behalf of clients or from clients in 2021 were covered by equivalent premiums received from options sold to clients or on behalf of clients and disclosed under the heading "Other liabilities".

Other short-term receivables mainly contain:

	31.12.2022	31.12.2021
	TCHF	TCHF
Receivable from Credit Suisse Global Services G.I.E, Paris	4,719	4,952
Receivable from the US Internal Revenue Services (IRS)	4,163	4,116
VAT receivable and current income tax receivables related to Credit Suisse Luxembourg France Branch	1,369	1,650
Other miscellaneous assets	9,197	3,212
Receivable from Liechtensteinische Landesbank	-	11,982
	<b>19,448</b>	<b>25,912</b>

Other miscellaneous assets mainly include TCHF 7,773 (2021: TCHF nil) related to pending settlements which were cleared beginning of 2023.

### 3.8

#### Prepayments and accrued income

Prepayments and accrued income are analyzed as follows:

	31.12.2022	31.12.2021
	TCHF	TCHF
Commission receivable	11,808	11,886
Accrued interest	7,865	4,337
Other Prepayment and accrued income	5,558	4,216
Foreign exchange swap	1,894	2,204
	<b>27,125</b>	<b>22,643</b>

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 3.8

#### Prepayments and accrued income (continued)

On December 2022, the Bank entered into below foreign exchange swap transaction with Credit Suisse AG:

Selling Currency	Sell Amount (TCCY)	Receiving Currency	Receiving Amount (TCCY)	Maturity date	Replacement Value (TCHF)
GBP	58,424	EUR	66,000	03.01.2023	185
USD	493	RUB	35,000	10.01.2023	13
CHF	247,000	EUR	250,269	03.01.2023	435
USD	1,600,000	EUR	1,501,192	03.01.2023	1,069
USD	77,000	EUR	72,103	03.01.2023	192
					<b>1,894</b>

### 3.9

#### Assets denominated in foreign currencies

As at December 31, 2022 assets denominated in foreign currencies have a total value of TCHF 4,762,424 (2021: TCHF 8,137,208).

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 3.10

#### 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	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	Cumulative value adjustment for the financial year	Total net value at the end of the financial year
Participating interests	-	-	70	-	70	-	-	-	-	-	70
Shares in affiliated undertakings	7	-	-	-	7	-	-	-	-	-	7
Intangible assets	1,823	(1)	271	(23)	2,070	1,823	(1)	44	(23)	1,843	227
Software	1,823	(1)	271	(23)	2,070	1,823	(1)	44	(23)	1,843	227
Tangible assets	19,905	(99)	977	(1,173)	19,610	16,679	(97)	1,588	(1,173)	16,997	2,613
Land and buildings (leasehold improvements)	13,922	(29)	-	-	13,893	11,129	(31)	1,157	-	12,255	1,638
Other tangible assets, EDP-equipment and PC's	1,831	(1)	975	(5)	2,800	1,630	-	325	(4)	1,951	849
Office equipment	4,152	(69)	2	(1,168)	2,917	3,920	(66)	106	(1,169)	2,791	126

## 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, 2022 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
<b>Financial liabilities</b>					
Amounts owed to credit institutions	148,423	71,874	30,557	59,301	310,155
<i>Of which with agreed maturity dates or periods of notice</i>	45,553	71,874	30,557	59,301	207,285
Amounts owed to customers	4,199,298	28,057	1,873	–	4,229,228
<i>Of which with agreed maturity dates or periods of notice</i>	144,303	28,057	1,873	–	174,233
Other liabilities	63,462	5,087	200	–	68,749
	<b>4,411,183</b>	<b>105,018</b>	<b>32,630</b>	<b>59,301</b>	<b>4,608,132</b>

December 31, 2021 TCHF	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
<b>Financial liabilities</b>					
Amounts owed to credit institutions	226,619	12,414	72,348	–	311,381
<i>Of which with agreed maturity dates or periods of notice</i>	115,879	12,414	72,348	–	200,641
Amounts owed to customers	8,061,399	3,982	33,388	–	8,098,769
<i>Of which with agreed maturity dates or periods of notice</i>	109,653	3,982	33,388	–	147,023
Other liabilities	11,514	3,398	966	–	15,868
	<b>8,299,532</b>	<b>19,794</b>	<b>106,692</b>	<b>–</b>	<b>8,426,018</b>

- Amounts owed to credit institutions include TCHF 292,796 (2021: TCHF 149,591) due to affiliated undertakings.
- Amounts owed to customers include TCHF 209,709 (2021: TCHF 250,961) due to affiliated undertakings.
- Amounts owed to customers also contain the liability side of a security lending agreement entered with Credit Suisse AG for TCHF 1,377 (2021: TCHF 2,222), the liability represents the securities borrowed from the client as at December 31, 2022 which are then lent to Credit Suisse AG (refer note 3.1).
- Other liabilities include premiums on options written with a fair value of TCHF 515 (2021: TCHF 262) and five (2021: six) put options purchased from one affiliated entity (2021: one affiliated entity) (refer also to notes 3.7 and 4.2).

## 4.2

### Other liabilities

This heading is analyzed as follows:

	31.12.2022 TCHF	31.12.2021 TCHF
Coupon payable	53,029	-
Short-term payables	10,442	11,226
Sundry creditors	3,805	3,376
Preferential creditors	1,473	1,103
Option premiums written on behalf of or to clients	-	164
	<b>68,749</b>	<b>15,868</b>

The coupon payable includes blocked payments of dividend, interest, redemption to sanctioned clients.

Short-term payables contain amounts related to the incentive plan bonus of TCHF 5,957 (2021: TCHF 9,869).

## 4.3

### Accruals and deferred income

Accruals and deferred income are analyzed as follows:

	31.12.2022 TCHF	31.12.2021 TCHF
Accrued administrative expenses	14,646	17,397
Deferred upfront fees	2,169	2,488
Accrued commission expenses	1,204	1,298
Accrued interest	714	393
Other accruals	75	249
Foreign exchange swap	5	12
	<b>18,813</b>	<b>21,837</b>

Accrued administrative expenses include TCHF 5,014 (2021: TCHF 2,497) for intercompany related administrative expenses and recharges. The increase as at year end 2022 compared to 2021 is mainly due to bills for services paid after year end.

The Bank entered following foreign exchange swap transaction with Credit Suisse AG:

- On December 29, 2022, selling USD 1.6bn and receiving EUR 1.5bn with maturity date of January 3, 2023. As at December 31, 2022 the replacement value of this swap was TCHF 1,069.
- On December 30, 2022, selling CHF 247mn and receiving EUR 250mn with maturity date of January 3, 2023. As at December 31, 2022 the replacement value of this swap was TCHF 435.
- On December 30, 2022, selling USD 77mn and receiving EUR 72mn with maturity date of January 3, 2023. As at December 31, 2022 the replacement value of this swap was TCHF 192.

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 4.4

#### Provisions for pensions and similar obligations

The pension plan of the Bank is based on an agreement with AXA Assurances Vie Luxembourg S.A. effective since January 1, 2002.

The provisions for pensions in respect of 2022 amount to TCHF 16,081 (2021: TCHF 15,808).

### 4.5

#### Other provisions

Other provisions are analyzed as follows:

	31.12.2022 TCHF	31.12.2021 TCHF
Provisions for litigation	61	135
Other provisions	603	644
	<b>664</b>	<b>779</b>

The other provisions include as at December 31, 2022 provisions for operational banking risks of TCHF 74 (2021: TCHF 74) for Luxembourg, and a provision of TCHF 173 (2021: TCHF 219) in relation to benefits payable from the Jubilee Awards plan of Credit Suisse (Luxembourg) S.A., Succursale France.

Additionally, other provisions include TCHF 356 remaining provision for Portuguese stamp tax and Corporate Income tax (2021: TCHF 351).

### 4.6

#### Subordinated liabilities

On July 20, 2018, the Bank received a subordinated loan of TEUR 30,000 (TCHF 29,555) 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, 2022 amounted to TCHF 558 (2021: TCHF 449) and are included in the heading "Interest payable and similar charges" in the profit and loss account.



## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 4.7

#### Subscribed capital and reserves

Shareholders' equity includes:

	31.12.2022 TCHF	31.12.2021 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	54,900	42,300
Other reserves	148,628	128,958
	<b>485,102</b>	<b>452,832</b>

As at December 31, 2022, the Bank has a share capital of CHF 230,936,000, divided into 230,936 shares (2021: 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 19, 2022, the profit for the financial year 2021 of TCHF 52,270 has been allocated to the special reserve in relation to net wealth tax for TCHF 12,600 and to other reserves for TCHF 39,670. A dividend of TCHF 20,000 was distributed in 2022 (2021: TCHF nil) out of the allocation profit of 2021.

In accordance with paragraph 8a of the net wealth tax law and the resolution of the Ordinary General Meeting of Shareholders held on May 19, 2022, an amount equal to five times the net wealth tax, amounting to a total of TCHF 12,600 (2021: TCHF 12,100) has been allocated to the special reserve in relation to net wealth tax which may not be distributed during a minimum of five years. The net wealth tax reserve is analyzed as follows:

#### Special reserve in relation to the net

Wealth tax of the year	31.12.2022 TCHF	31.12.2021 TCHF
2017	8,600	8,600
2018	10,100	10,100
2019	11,500	11,500
2020	12,100	12,100
2021	12,600	-
	<b>54,900</b>	<b>42,300</b>

### 4.8

#### Liabilities denominated in foreign currencies

As at December 31, 2022 liabilities denominated in foreign currencies have a total value of TCHF 4,850,786 (2021: TCHF 8,434,501).

## 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 75,721 (2021: TCHF 76,071) of which TCHF 137 (2021: TCHF 3,556) are linked to related parties.

### 5.2

#### Commitments

##### Credit lines

Commitments consist of undrawn credit lines granted to private banking clients as well as corporate clients amounting to TCHF 629,130 as at December 31, 2022 (December 31, 2021: TCHF 145,991). The variation is mainly explained by an increase of commitment granted to one client of the Netherlands branch.

In June 2016, the Bank entered in a Global Master Repurchase Agreement with Credit Suisse AG. During the year, the Bank has lent TCHF 150,000 (2021: TCHF 478,631) to Credit Suisse AG. The related operations were fully secured by high quality bonds with a total market value of TCHF 147,868 (2021: TCHF 478,122).

##### Non-cancellable operating leases

The Bank is committed in respect of fixed rental payment for premises under a leasing contract. As at December 31, 2022, the future minimum lease payment under non-cancellable operating leases were payable as follows:

	2022 TCHF	2021 TCHF
Within one year	3,814	956
In two to five year	18,494	20,722
Over five year	1,244	1,054
<b>Total</b>	<b>23,552</b>	<b>22,732</b>

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

On July 2021, the Bank signed a renewal of the rental agreement until March 31, 2031, the end of the leasing agreement. The renewal includes a 10-month rent free incentive.

### 5.3

#### Fiduciary operations

This heading comprises mainly fiduciary operations of TCHF 400,171 (2021: TCHF 756,100) with investment funds administered by Credit Suisse Fund Service (Luxembourg) S.A..

## 5.4

**Risk management disclosures relating to derivative financial instruments**

The Bank is mainly entering into transactions with derivative financial instruments on behalf of clients (refer to notes 4.1, 3.6 and 4.2).

**(a) Transactions linked to exchange rates**

At the balance sheet date, the Bank has outstanding forward foreign exchange contracts (swaps, outright) 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 5,756,038 (2021: TCHF 10,461,113) of which TCHF 3,787,915 (2021: TCHF 7,593,216) are concluded with affiliated undertakings.

**(b) 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 (2021: TCHF nil).

As mentioned above, at the balance sheet date the Bank has also five (2021: six) outstanding put options with one affiliated entity for a total nominal value of TCHF 12,633 (2021: TCHF 558,299).

The Bank is also entering into interest rate swaps in respect of the Bank's loan portfolio and into USD EUR FX swaps resulting into EUR overnight excesses placed with the Central Bank.

As at December 31, 2022, the net negative fair value of derivative financial instruments, including transactions concluded with clients and matching transactions, amounted to TCHF (1,738) (2021: TCHF (2,290)), as a result of positive fair values of TCHF 42,035 (2021: TCHF 31,303) and negative fair values of TCHF 40,297 (2021: TCHF 29,012).

## 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, 2022 TCHF	Less than three months	Between three months and one year	Between one year and five years	Total
Linked to forward exchange rates	4,975,362	765,750	14,926	5,756,038
Linked to other market rates	–	12,633	–	12,633

December 31, 2021 TCHF	Less than three months	Between three months and one year	Between one year and five years	Total
Linked to forward exchange rates	9,655,679	772,972	32,462	10,461,113
Linked to other market rates	–	401,150	157,148	558,298

## 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, 2022 and as at December 31, 2021.

## 6. Detailed information on the profit and loss account

### 6.1

#### Interest receivable and similar income

Interest receivable and similar income are analyzed as follows:

	2022 TCHF	2021 TCHF
Interest receivable and similar income	68,752	39,041
Negative interest payable	10,903	18,070
	<b>79,655</b>	<b>57,111</b>

The increase of the interest receivable and similar income in 2022 compared to 2021 is mainly composed of an increase by TCHF 16,756 because of higher money market interest income with Credit Suisse AG and by TCHF 8,421 due to an increase in average interest rates.

The decrease of negative interest payable by TCHF 7,167 is mainly due to the change in the market interest rates from negative rates to positive rates.

### 6.2

#### Interest payable and similar charges

Interest payable and similar charges are analyzed as follows:

	2022 TCHF	2021 TCHF
Interest payable and similar charges	41,906	1,749
Negative Interest receivable	9,471	17,739
	<b>51,377</b>	<b>19,488</b>

Interest payable and similar charges have mainly increased due to the increase of the interest rates during the year, and the increase of the average deposits from credit institutions within Credit Suisse Group over the year 2022.

Negative interest receivable decreased in 2022 due to lower negative interest expenses charged by the Banque centrale du Luxembourg in 2022.

### 6.3

#### Commission receivable

Commission receivable are analyzed as follows:

	2022 TCHF	2021 TCHF
Custody fees	49,392	61,263
Other commissions receivable	21,268	25,711
FX mark up fees	11,459	15,610
Brokerage fees	11,639	13,486
Recharge to other Credit Suisse Group entities	8,234	11,572
Holding fees	552	978
	<b>102,544</b>	<b>128,620</b>

The decrease in commission receivable is mainly related to the decrease of custody fees received, which is related to decreased volume of Assets Under Management activities.

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 6.4 Commission payable

The commission payable decreased during the year 2022 compared to 2021 mainly due to the decrease of the safekeeping and transaction cost paid.

The contractual commission payable to Credit Suisse Group amounts this year to TCHF 3,227 (2021: TCHF 3,644). The decrease is mainly due to the wind down of the Austria Branch in the course of 2022.

### 6.5 Net profit or loss on financial operations

Net profit or loss on financial operations are analyzed as follows:

	2022	2021
	TCHF	TCHF
Net result related to foreign exchange	27,344	12,200
Net result from equity and interest related instruments	(2,878)	(2,797)
Net result on precious metals transactions	4	(8)
	<b>24,470</b>	<b>9,395</b>

### 6.6 Other operating income

Other operating income are analyzed as follows:

	2022	2021
	TCHF	TCHF
Recharges to other Credit Suisse Group entities	8,729	8,320
Recoverable VAT	394	1,083
Other	357	1,390
Sale of Assets Under Management from the former Austria Branch	-	13,359
Credit Suisse Courtage S.A. (boni of liquidation)	-	1,485
Release of provision	-	9
	<b>9,480</b>	<b>25,646</b>

The closing and restructuring of the Austria Branch resulted in an additional income of TCHF 13,359 in 2021 following the transfer of Assets Under Management to Liechtensteinische Landesbank.

Credit Suisse Courtage S.A. was liquidated on May 19, 2021, which resulted in a net income of TCHF 1,485 (note 3.3).

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 6.7

#### Other administrative expenses

Other administrative expenses are analyzed as follows

	2022 TCHF	2021 TCHF
Other administrative expenses	22,441	21,486
Recharges from other Credit Suisse Group entities	11,076	12,581
Consulting and legal fees	9,418	12,518
	<b>42,935</b>	<b>46,585</b>

### 6.8

#### Other operating charges

Other operating charges are analyzed as follows:

	2022 TCHF	2021 TCHF
Single Resolution Fund (SRF) and FGDL	6,103	5,183
Restructuring charges	-	20
Other operating charges and losses	923	640
Losses from securities processing	579	1,236
	<b>7,605</b>	<b>7,303</b>

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 of December 18, 2015 (transposition of the Directive 2014/59/UE) 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.

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. The contributions have been made in the form of annual payments during the years 2016 to 2022.

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, 2022 and 2021, the Bank did not record any provision for the FGDL and AGDL respectively.

### 6.9

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

The value adjustments have increased compared to prior year. They are mainly related to overdue interests on loans for a total value adjustment of TCHF 3,416 (2021: TCHF 412), and also related to an uncovered loan of TCHF 106 (2021: TCHF 577).

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

### 6.10

#### Taxes

The Bank is liable for all taxes to which credit institutions are subject to in Luxembourg, and other authorities where branches are established.

As at December 31, 2022, the "provisions for taxation" reported on the liabilities side of the balance sheet, are composed of provision for taxation for Luxembourg authorities TCHF 22,293 (2021: TCHF 14,864), Portugal authorities TCHF 328 (2021: TCHF nil), French authorities TCHF 107 (2021: TCHF 814), Netherlands authorities TCHF 62 (2021: TCHF nil) and Austria authorities TCHF nil (2021: TCHF 4,051).

In the profit and loss account, the header "Tax on profit or loss on ordinary activities" registers the provision or payment done for the income tax for Luxembourg authorities TCHF 8,128 (2021: TCHF 6,140) and other authorities where branches are established TCHF 1,206 (2021: TCHF 9,055), while the caption "Other taxes not shown under the preceding items" corresponds mainly to a contribution from the Austria Branch to the Austrian authorities TCHF 45 (2021: TCHF 195).

### 6.11

#### Return on assets

The Bank's return on assets is as follows:

	31.12.2022 CHF	31.12.2021 CHF
Net profit for the year	28,366,232	52,269,593
Total Assets	5,209,501,386	9,020,287,862
<b>Return on assets</b>	<b>0.54%</b>	<b>0.58%</b>

## 7. Other information

### 7.1

#### 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, in Ireland and the British Virgin Islands, and sub-custody for investment funds with domiciliation in Switzerland;
- Collateralized loans, loans to large corporates and export financing guaranteed by governmental agencies and mortgage loans;
- Renting of vault space;
- Fiduciary representations;
- Agency functions for client payments and securities transactions;
- Corporate finance services;
- Domiciliation and/or administrative services and/or IT services for Credit Suisse AG Luxembourg Branch, Credit Suisse Fund Services (Luxembourg) S.A., Credit Suisse Fund Management S.A. and MultiConcept Fund Management S.A..

### 7.2

#### Personnel

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

	2022	2021
Management	10	11
Other executives	156	158
Employees	205	195
	<b>371</b>	<b>364</b>

### 7.3

#### Administrative, managerial and supervisory bodies

Remuneration paid to Management of the Bank during the financial year represents a total value of TCHF 4,862 (TEUR 4,935) (2021: TCHF 5,903 (TEUR 5,709)).

In 2022, the Bank paid an amount of TCHF 361 (TEUR 366) (2021: TCHF 278 (TEUR 269)) 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.

### 7.4

#### 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.

### 7.5

#### Auditor's fees

The amounts accrued for services provided to the Bank by PwC Luxembourg and other member firms of the PwC network during the year are as follows:

Services in CHF (excluding VAT)	2022	2021
Audit services	419,472	420,316
Audit-related services	139,401	117,448
Other services	93,590	100,285
	<b>652,463</b>	<b>638,049</b>



## 8. Events of the year

### Strategic review

On October 27, 2022, Credit Suisse Group AG announced a series of decisive actions following a strategic review conducted by the Board of Directors and Executive Board, focused on a restructuring of the Investment Bank, an accelerated cost transformation, and strengthened and reallocated capital. The transformation was intended to be funded through divestments, exits, the capital actions and existing resources. As Credit Suisse Group AG further implements certain actions, the Bank may incur restructuring costs in the future. Moreover refer to the below Subsequent events note in relation to the merger agreement announced on March 19, 2023 by Credit Suisse Group AG and UBS Group AG.

### Client liquidity outflows

In the second half of 2022, Credit Suisse Wealth Management division suffered severe deposit outflows. CSL experienced as well important outflows for a total net amount of CHF 3.9bn since the end of the year 2021. This was managed within the risk appetite and the Bank always maintained the required liquidity and funding ratios.

As a result of the stressed situation experienced by Credit Suisse Group AG, CSL introduced a closer monitoring of Credit Suisse Group related metrics, as described above in the Concentration risk section of this report.

### Inflationary economies and increasing interest rates

In response to the annual inflation rates of 9.9% in the eurozone in 2022 according to Eurostat, the European Central Bank raised the reference interest rate in July 2022 for the first time in 11 years and then raised them again in September, October and December 2022. With the historical rate hike by 75 basis point in September, CSL started to generate positive interest revenues in relation to cash held as High Quality Liquid Assets with the Banque central du Luxembourg. In addition, the steepening of the yield curve which already materialized early 2022, CSL was able to generate positive net profit on financial operations driven by its interest rate swap book.

### Sanctions against Russia

In late February 2022, the Russian government launched a military attack on Ukraine. In response to Russia's military attack, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system, on Russian government officials and Russian business leaders. The sanctions also included limitations on the ability of Russian banks to access the SWIFT financial messaging service and restrictions on transactions with the Russian central bank.

The Bank has complied with those measures which led to significant actions to be taken in many areas (Front, Compliance, Operations, Credit, Risk, Finance), also exposing the Bank to financial loss risks. The situation has been actively managed and the Emerging Europe Desk activity has been and is severely impacted. In 2023, the consequences are still part of the daily activities as the Sanctions still apply.

### Supply chain finance funds

In early March 2021, the boards of four supply chain finance funds managed by certain subsidiaries of Credit Suisse Group AG (collectively, the "SCFFs") decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors, to terminate the SCFFs and to proceed to their liquidation. Credit Suisse (Luxembourg) S.A. acts as the custodian bank of these supply chain finance funds.

The last published net asset value ("NAV") of the SCFFs in late February 2021 was approximately USD 10bn in the aggregate. As of the date of the report, together with the cash already distributed to investors and cash remaining in the funds, total cash collected in the SCFFs amounts to approximately USD 7.4bn including the cash position in the funds at the time of suspension. Redemption payments totalling approximately USD 6.8bn have been made to their investors in eight cash distributions.

## Notes to the annual accounts for the year ended December 31, 2022 (continued)

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For two of the SCFFs, Credit Suisse Supply Chain Finance Investment Grade Fund and Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund, the final payments of liquidation proceeds were made on November 11, 2022 and February 6, 2023 respectively.

For Credit Suisse Supply Chain Finance Investment Grade Fund, the final payment of liquidation proceeds brought the total amount returned to investors to 99.7% of the fund's NAV at the time of its suspension.

For Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund, the final share of the sub-fund's NAV returned to investors differs between the share classes ranging from 99.4% to 99.9%.

There remains considerable uncertainty regarding the valuation of a significant part of the remaining assets, including the fact that certain of the notes underlying the funds were not paid when they fell due. It therefore can be assumed that the investors of the SCFFs will suffer a loss. The amount of loss of the investors is currently unknown.

Credit Suisse Group AG and its subsidiaries, including the Bank, continue to analyze this matter, including with the assistance of external counsel and other experts and continue to assess the potential for recovery on behalf of the investors in the funds, and further analyze new, pending or threatened proceedings. The resolution of the matter, the timing of which is difficult to predict, could cause the Bank to incur potential losses. However, as of the date of signature of the annual accounts, based on a thorough assessment done with the support of a legal advisor, the Bank considered that no provision was needed.

## 9. Subsequent events

On March 1, 2023 as a result of a thorough analysis of our European franchise and in line with our strategy to simplify our booking model and expand our business with ultra-high net-worth (UHNW) clients, the Bank announced the closure of its Branch in The Netherlands with a planned wind-down during the first half of 2023. The impact will be mitigated by the retention of key referred business already booked with the Luxembourg hub.

On March 19, 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan to merge ("the merger"), to be completed at a date yet to be determined. The Bank (CSL) is a consolidated subsidiary of Credit Suisse Group AG (through Credit Suisse AG), and as such the future operations and financial performance as well as the legal structure of the Bank may be impacted as a result of the merger. As per today and under current circumstances, the Bank's management does not anticipate that the Bank will be liquidated in the foreseeable future. The Bank will continue to operate its business and expects to generate income to meet regulatory capital and liquidity requirements.



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