

2022 Annual Report

Hardship Fund of Credit Suisse Group (Switzerland)

Content

I – Editorial	3
<hr/>	
II – Balance sheet and operative account	5
<hr/>	
2.1 Balance sheet	6
2.2 Operative account	7
III – Explanatory notes	8
<hr/>	
3.1 General information and organization of the Hardship Fund	9
3.2 Active participants and pensioners	11
3.3 Implementation of objectives	11
3.4 Significant accounting policies and valuation methods, consistency	11
3.5 Actuarial risks / risk benefit coverage / coverage ratio	12
3.6 Explanatory notes on investments and net return on investments	12
3.7 Explanatory notes on other balance sheet and operative account items	13
3.8 Supervisory authority requirements	13
3.9 Further information regarding financial situation	13
3.10 Events subsequent to the balance sheet date	14
IV – Auditors' report	15
<hr/>	

Note: The masculine form used in these regulations always refers equally to all genders.



Editorial

I – Editorial

Implementation of the Fund's objectives

As in previous years, support payments were made to employees and pensioners suffering hardship, in line with the Fund's objectives. At CHF 0.070 million, these payments were lower than the previous year's figure of CHF 0.133 million.

Key figures

	2022 in CHF mn	2021 in CHF mn
Total assets	62.553	67.830
Non-committed funds	62.551	67.830
Hardship benefits to employees and pensioners	(0.070)	(0.133)
Net return on investments	(5.114)	5.812

Resolutions and activities of the Board of Trustees

The Board of Trustees of the Hardship Fund of Credit Suisse Group (Switzerland) made the following decisions by circular letter in the reporting year:

- "Approval" of the 2021 annual report and accounts
- Discharge of the management
- Election of PricewaterhouseCoopers AG as the auditors for 2022
- Revision and adaptation of the award policy

The Board of Trustees also received regular reports on asset performance.

HARDSHIP FUND OF CREDIT SUISSE GROUP (SWITZERLAND)



Ina Hasdenteufel
Employer representative

Martin Wagner
Chief Executive Officer

All references to persons in this annual report refer equally to both genders.



Balance sheet and operative account

6 Balance sheet

7 Operative account

II – Balance sheet and operative account

2.1 Balance sheet

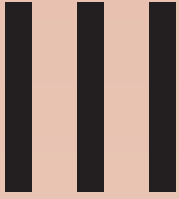
The amounts listed in the balance sheet, operative account, and explanatory notes are rounded to the nearest Swiss franc (CHF). In individual cases, the total (in CHF and as a percentage) differs marginally from the sum of the individual values.

	Note	31.12.2022		31.12.2021	
		CHF	%	CHF	%
Assets					
Investments		62,552,733	100.0	67,829,612	100.0
Liquid funds/money market investments		22,075	0.0	39,972	0.1
Loan to the Pension Fund of Credit Suisse Group (Switzerland)	3.6.1	62,530,658	100.0	67,789,640	99.9
Prepayments and accrued income		-	-	-	-
Total assets		62,552,733	100.0	67,829,612	100.0

	31.12.2022		31.12.2021	
	CHF	%	CHF	%
Liabilities				
Liabilities	1,422	0.0	-	-
Accrued liabilities and deferred income	-	-	-	-
Non-committed funds	62,551,312	100.0	67,829,612	100.0
Balance as of January 1	67,829,612	108.4	61,396,514	90.5
Income surplus (+) / expense surplus (-)	(5,278,300)	(8.4)	6,433,098	9.5
Total liabilities	62,552,733	100.0	67,829,612	100.0

2.2 Operative account

Operative account	Note	2022 in CHF	2021 in CHF
Contributions and transfers			
Contribution from bank	–	–	–
Contributions from third parties	3.1.6	–	800,000
Inflow from contributions and transfers		–	800,000
Benefits			
Hardship benefits to employees and pensioners		(69,784)	(132,673)
Hardship benefits subsequent to employer's loss of earnings insurance	3.9.2	–	–
Outflow for benefits and withdrawals		(69,784)	(132,673)
Net result of insurance activities		(69,784)	667,327
Net return on investments	3.6.3		
Income from liquid funds/money market investments		(170)	(488)
Income from loan to the Pension Fund of Credit Suisse Group (Switzerland)		(4,344,884)	6,354,700
Asset management costs	3.6.4	(769,098)	(542,671)
Net return on investments		(5,114,152)	5,811,542
Other income		–	14,273
Administration cost			
General administration cost	3.7.1	(77,673)	(43,661)
Expenses for auditors		(9,693)	(9,855)
Expenses for supervisory authorities		(6,999)	(6,529)
Total administration cost		(94,365)	(60,044)
Income surplus (+) / expense surplus (–)		(5,278,300)	6,433,098



Explanatory notes

- 9 General information and organization of the Hardship Fund
- 11 Active participants and pensioners
- 11 Implementation of objectives
- 11 Significant accounting policies and valuation methods, consistency
- 12 Actuarial risks / risk benefit coverage / coverage ratio
- 12 Explanatory notes on investments and net return on investments
- 13 Explanatory notes on other balance sheet and operative account items
- 13 Supervisory authority requirements
- 13 Further information regarding financial situation
- 14 Events subsequent to the balance sheet date

III – Explanatory notes

3.1 General information and organization of the Hardship Fund

3.1.1 Legal form and objectives

A foundation as defined by Art. 80 et seq. of the Swiss Civil Code (SCC) and Art. 331 of the Swiss Code of Obligations (SCO), more precisely a welfare fund with discretionary benefits within the meaning of Art. 89a(7) SCC, has been established under the name “Hardship Fund of Credit Suisse Group (Switzerland).”

The purpose of the foundation is to support current and retired employees of Credit Suisse Group AG and companies that have close business and financial ties with Credit Suisse Group AG, together with their dependents and surviving dependents, facing hardship through no fault of their own as a result of illness, accident, disability, death, or unemployment, and to pay voluntary cost-of-living allowances to pensioners.

The foundation may provide voluntary benefits in addition to the pension benefits stipulated in the Pension Fund regulations in the event of retirement, disability, and death, and also make voluntary purchases of employee pension benefits in accordance with the Pension Fund regulations.

In order to fulfill its purpose, the foundation may conclude insurance contracts in which the foundation must be the policyholder and the beneficiary.

For the purpose of financing contributions and insurance premiums, the foundation may also pay benefits to other tax-exempt Swiss pension plans that exist for the benefit of the beneficiaries.

3.1.2 BVG registration and registration with the Security Fund

The foundation is not entered in the BVG- und Stiftungsaufsicht des Kantons Zürich (Office for Occupational Insurance and Foundations of the Canton of Zurich, BVS) register of occupational pension plans, nor is it subordinate to the BVG Security Fund.

3.1.3 Plan statutes and regulations

As of the balance sheet date, the following plan statutes and regulations were in force:

Plan statutes and regulations	Approved	Valid from
Deed of foundation	08.2015	09.11.2015
Organizational regulations	08.2015	01.09.2015
Regulations on investments and provisions	12.2014	01.12.2014

3.1.4 Supreme body, management, and authorized signatories

Board of Trustees

The Board of Trustees is composed of four members. The names of the members of the Board of Trustees and the other governing bodies are listed below. The Chair of the Board of Trustees and the Manager of the Hardship Fund have joint signatory authority (dual authorization) on behalf of the Hardship Fund. The Board of Trustees is further entitled to grant joint signatory authority to other persons and to determine the nature and scope of this authority. The authorized signatories are listed in the Commercial Register.

Employer representatives

Ina Hasdenteufel, Credit Suisse Group AG, Zurich, Chair (from March 1, 2022)

Alexandra Morf, Credit Suisse (Switzerland) Ltd., Zurich (from July 1, 2022)

Claude Täschler, Credit Suisse (Switzerland) Ltd., Zurich

Philip Hess, Zurich, Credit Suisse Group AG, Chair (until February 28, 2022)

Christian G. Machate, Credit Suisse AG, Zurich (until June 30, 2022)

Employee representative appointed by Credit Suisse Group AG

Daniel Egli, Credit Suisse (Switzerland) Ltd., Lucerne

Management

Martin Wagner, CEO, Zurich

Branch office

Pension Fund of Credit Suisse Group (Switzerland), Zurich

3.1.5 Actuaries, auditors, advisors, supervisory authority

Auditors

PricewaterhouseCoopers AG, Zurich

Supervisory authority

BVG- und Stiftungsaufsicht des Kantons Zürich (Office for Occupational Insurance and Foundations of the Canton of Zurich, BVS), Zurich

3.1.6 Affiliated employers

According to the deed of foundation, the staff of companies that have close business and financial ties with Credit Suisse Group AG are also affiliated by a resolution of the Board of Trustees. The requirements for such an affiliation are that the foundation must be provided with the necessary resources and that the existing beneficiaries' acquired legal entitlements and contingent rights must not be impaired. The supervisory authority is informed of any resolution concerning affiliation.

Prior to the full integration of Neue Aargauer Bank AG (NAB) into Credit Suisse (Switzerland) Ltd. on November 27, 2020, the active participants of NAB were affiliated to a separate hardship fund. The completion of the integration means that the active participants of NAB are automatically entitled to claim from the Hardship Fund of Credit Suisse Group (Switzerland). A purchase in the amount of CHF 0.8 million was made by the Neue Aargauer Bank Hardship Fund in 2021.

The Neue Aargauer Bank pensioners will not experience any changes as a result of the integration, as they were previously potential beneficiaries of the Hardship Fund of Credit Suisse Group (Switzerland).

3.1.7 Corporate governance

Integrity and loyalty regulations

All internal persons subject to the corresponding regulations – including members of the Board of Trustees and employees of the branch office – must complete a standard form confirming to the Hardship Fund that they are in compliance with the loyal conduct provisions. The persons concerned have undertaken, furthermore, to disclose their bank accounts at the request of the Board of Trustees and to comply with the rules of Credit Suisse AG governing personal account trading.

A similar written declaration of loyal conduct is obtained from external persons entrusted with the management of assets, such as asset managers, the global custodian, investment consultants, and investment controllers.

Voting rights

The Hardship Fund held no equity investments during the reporting year, and accordingly no shareholder rights were exercised.

Policy on retrocessions

The Hardship Fund has no explicit provisions relating to retrocessions, as investments are delegated in the form of a loan to the Pension Fund of Credit Suisse Group (Switzerland), where relevant provisions apply.

Remuneration of the Board of Trustees

The Board of Trustees receives no remuneration for its work.

3.2 Active participants and pensioners

The deed of foundation states that the purpose of the foundation is to support current and retired employees of Credit Suisse Group AG and companies that have close business and financial ties with Credit Suisse Group AG, together with their dependents and surviving dependents, facing hardship through no fault of their own as a result of illness, accident, disability, death, or unemployment, and to pay voluntary cost-of-living allowances to pensioners. Potential beneficiaries are therefore to be found among the insured participants of the Pension Fund.

The number of active participants stands at 18,244 (previous year: 17,844) while the number of pensioners stands at 10,875 (previous year: 10,995).

3.3 Implementation of objectives

The Hardship Fund is a “pure” hardship and financing foundation without any beneficiaries entitled to direct benefits. The foundation is financed through voluntary contributions and investment income.

3.4 Significant accounting policies and valuation methods, consistency

Bookkeeping, balance sheet reporting, and valuation are carried out in accordance with the provisions of Swiss GAAP FER 26.

There have been no changes vis-à-vis the previous year to valuation methods, bookkeeping, or accounting policies.

Loan

The loan is valued at its nominal value plus profit or loss sharing, both of which are determined by the performance of the Pension Fund of Credit Suisse Group (Switzerland) (current account interest). The annual report of the Pension Fund contains statements defining its performance.

Other assets

Other investments, accounts receivable, and current account deposits are recognized at nominal value or market price, minus any valuation adjustments required for operational purposes. At this time, no valuation adjustments are necessary.

Liabilities and accrued liabilities and deferred income

Liabilities and accrued liabilities and deferred income are recognized at nominal value.

3.5 Actuarial risks / risk benefit coverage / coverage ratio

The Hardship Fund is a “pure” hardship and financing foundation, and as such is not exposed to any risks requiring an actuarial reserve.

As there are no actuarial liabilities, the coverage ratio within the meaning of Art. 44 BVW 2 is not reported.

3.6 Explanatory notes on investments and net return on investments

3.6.1 Organization of investment activities, investment advisors and investment managers, investment rules and regulations

In 2014, the Hardship Fund of Credit Suisse Group (Switzerland) and the Pension Fund of Credit Suisse Group (Switzerland) entered into a loan agreement. The purpose of the loan was to reduce expenses and costs and to simplify processing.

The participating loan has been concluded for an indefinite period. The Hardship Fund can reduce or increase the amount of the loan at any time as part of its liquidity planning. In return for the loan, the Hardship Fund receives a share in profits commensurate with the performance of the total assets of the Pension Fund for the calendar year in question. If the performance of the total assets of the Pension Fund is positive, the loan is increased accordingly (profit sharing); if the performance of these assets is negative, the loan is reduced in line with such negative performance (loss sharing).

By granting this loan, the Hardship Fund indirectly adopts the procedures and practices of the Pension Fund of Credit Suisse Group (Switzerland) with regard to the conduct and monitoring of investment activity. Although the assets are fully invested with a single debtor, given the size of the Pension Fund, investing the assets there means that they are more broadly diversified than could have been achieved on a cost-effective basis by the Hardship Fund itself.

3.6.2 Target reserve for fluctuations in asset value and calculation of the reserve

The Hardship Fund is a “pure” hardship and financing foundation, and as such is not exposed to any actuarial risks requiring a reserve for fluctuations in asset value.

3.6.3 Explanatory note on the net return on investments

Overview of performance

The Hardship Fund participates in the performance of the Pension Fund by means of the loan. Credit Suisse (Switzerland) Ltd. calculates the performance of the Pension Fund using the time-weighted return method in accordance with the Swiss Performance Presentation Standards (SPPS).

Performance	2022	2021
In %	(7.5)	9.5

3.6.4 Explanatory note on asset management costs

Cost-transparent investments

The asset management costs include all costs incurred in connection with the management of the assets. The reported costs comprise management and all-in fees, transaction costs, custody fees, and compliance and reporting costs.

In the reporting year, the Hardship Fund received the net performance on the loan, which includes the Pension Fund's asset management costs. The asset management costs as a percentage of cost-transparent investments, reported in the Pension Fund's annual report, show a figure of 1.14% for the reporting year (previous year: 0.88%) (source: Pension Fund of Credit Suisse Group (Switzerland), 2022 annual report, <https://pensionskasse.credit-suisse.com/en/documents-and-publications/>). Accordingly, asset management costs amounting to CHF 769,098 (previous year: CHF 542,671) arising from the loan to the Pension Fund were calculated for the reporting year, as shown in the following table:

Asset management costs	2022 in CHF	2021 in CHF	2022 in %	2021 in %
Direct asset management costs	–	–	–	–
Loan to CSG Pension Fund, key cost figures	769,098	542,671	100.0	100.0
Total	769,098	542,671	100.0	100.0

The asset management costs determined by totaling all the key cost figures for collective investments do not affect expenses, since the respective costs have the effect of increasing returns from the investment categories (see the respective items in the operative account under "Net return on investments").

Non-transparent investments

As in the previous year, the Pension Fund has no non-transparent collective investments within the meaning of Art. 48a(3) BVV 2. The cost transparency ratio is therefore 100.0% (previous year: 100.0%).

3.7 Explanatory notes on other balance sheet and operative account items

3.7.1 Administration cost

The Hardship Fund does not have any of its own employees. The Pension Fund of Credit Suisse Group (Switzerland) carries out the administrative activities related to supporting current and retired employees of Credit Suisse Group AG.

3.8 Supervisory authority requirements

None.

3.9 Further information regarding financial situation

3.9.1 Partial liquidations

On October 27, 2022, Credit Suisse Group announced restructuring measures. As a result, the Board of Trustees cannot conclusively determine for the 2022 reporting year whether the conditions for partial liquidation were met. In order to ensure appropriate implementation of any partial liquida-

tions, the Board of Trustees and the management will continuously review the situation until the completion of the restructuring program.

In the previous year, the Board of Trustees established that conditions for partial liquidation were not met in the 2021 reporting year.

3.9.2 Hardship benefits subsequent to daily benefits under employer's accident and health insurance

In both the reporting year and the previous year, there were no reimbursements from compensation offices of previously awarded benefits.

3.9.3 Legal proceedings in course

There are currently no legal proceedings in course.

3.10 Events subsequent to the balance sheet date

On March 19, 2023, it was announced that UBS Group AG will acquire Credit Suisse Group AG. The merger is expected to be completed by the end of 2023. Until then, Credit Suisse Group AG will continue its business activities as usual while working closely with UBS Group AG. The Board of Trustees has assessed that this event will have no impact on the 2022 financial statements of the Pension Fund of Credit Suisse Group (Switzerland).

IV

Auditors' report

Report of the Statutory Auditor

to the Foundation Board of Hardship Fund of Credit Suisse Group (Switzerland)

Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hardship Fund of Credit Suisse Group (Switzerland) (the Occupational benefit scheme), which comprise the balance sheet as at 31 December 2022, the operating accounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 6 to 14) comply with Swiss law, the foundation deed and the scheme regulations.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Occupational benefit scheme in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Foundation Board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

Responsibilities of the Foundation Board for the Financial Statements

The Foundation Board is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law, the foundation deed and the scheme regulations, and for such internal control as the Foundation Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Swiss law and SA-CH 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 financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Welfare Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Foundation Board or its relevant committee 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.



Report on Other Legal and Regulatory Requirements

The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied. In accordance with Art. 52c para. 1 OPA and Art. 35 of the Occupational Pensions Ordinance 2 (OPO 2) we have performed the prescribed procedures.

- organisation and management comply with the legal and the regulatory requirements and whether internal controls exists that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and the regulatory requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the Welfare Fund's interests are safeguarded in disclosed transactions with related entities.

We confirm that the applicable legal and statutory and the regulatory requirements have been met.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Johann Sommer
Licensed audit expert
Auditor in charge



Michel Weidmann
Licensed audit expert

Zurich, 20 April 2023





HARDSHIP FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

JPK

P.O. Box

8070 Zurich

credit-suisse.com/pensionfund

Copyright © 2023 Hardship Fund of Credit Suisse Group (Switzerland) and/or its affiliates.
All rights reserved.