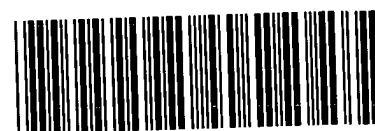


Annual Report 2021



COMPANY REGISTRATION NUMBER: 01688075

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Company Information

Board of Directors as at 14 April 2022 (forms part of the Directors' Report)

Robert Lister (Independent Non-Executive Chair)

Angela Henderson (Independent Non-Executive Director)

Tracy Cherrington (Chief Executive Officer)

Marc Berryman (Chief Operating Officer)

Michael Murphy

Company Secretary

Paul Hare

Company Registered Number

01688075

Registered Office

One Cabot Square

London E14 4QJ

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

United Kingdom

Strategic Report for the year ended 31 December 2021

Principal Activities and Entity Structure

Credit Suisse Asset Management Limited ('CSAML' or the 'Company') is a private company limited by shares that is domiciled and registered in the United Kingdom ('UK'). CSAML is an asset management entity that forms a part of the Global Asset Management group within Credit Suisse. Credit Suisse Group AG ('CSG') is the parent of the worldwide group of companies within Credit Suisse (collectively referred to as the 'CS group'). CSAML is authorised and regulated by the Financial Conduct Authority ('FCA').

CSAML's principal activities are management and advisory services, as well as placement agency and advisory services to third-party private equity managers. CSAML also has a distribution group providing sales and marketing support to the Global Asset Management group, which offers a wide range of investment products and functions across asset classes and investment styles. CSAML does not conduct business with private individuals directly.

The four main businesses within CSAML are the Credit Investments Group ('CIG'), the Private Fund Group ('PFG'), Distribution, and Real Estate:

- The CIG business manages and advises on diversified portfolios of non-investment grade credit strategies, including senior secured loans and high yield bonds. It also manages Collateralised Loan Obligations ('CLOs') and invests in those in accordance with the Capital Requirements Regulation ('CRR'). CIG also includes Private Credit Opportunities ('PCO') which was launched in 2020, and is an alternative investment business with a focus on direct lending.
- PFG business raises capital for private investment firms focused on a wide range of private equity investment activities. In addition, PFG has a dedicated Secondary Advisory team offering customised liquidity solutions to investment firms and general partners holding portfolios of private funds or individual assets;
- The UK Distribution team establishes relationships with clients seeking investment opportunities in CSAM's capabilities. It works with Institutions, like pension funds and insurers, third party platforms and partners with CSG's Investment Bank and Wealth Management divisions; and
- The Real Estate business provides a broad range of real estate and advisory solutions to the Real Estate teams in Zurich and Luxembourg.

The directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2021.

Strategy

The vision in CSAML is to be a talent-and-technology-led multi-specialist asset manager of choice in public and private markets for Global Institutional clients, our Wealth Management and third-party Wholesale distributors.

On 4 November 2021, CSG announced that the Board of Directors had agreed on a long-term strategic direction of the CS group and approved the introduction of a global business and regional matrix structure. In 2022, the company expects to assess further the implications of the new strategy. At the date of this report, the company does not expect any adverse impact on the activities of its CIG and PFG businesses.

The CIG business will continue to focus on the launch of new CLOs during 2022. These launches could involve the use of a third-party risk retention provider. The PFG business will continue to place third party private market funds and strategies with investors. The Distribution business will continue to deepen its engagement with the Investment Banking sales team on priority products and review the distribution model in light of new regulatory requirements and Global Asset Management policy. The Real Estate business will continue to provide product management, property asset management and acquisition and sales support for non-UK domiciled real estate products.

Operating Environment

CSAML is impacted by a range of political, macroeconomic, regulatory and accounting developments. The operating environment continues to evolve resulting in the need for CSAML to continue evaluating and adapting its strategy.

Economic and Political Environment

Operating conditions were impacted by the continued emergence of COVID-19 new variants (e.g. Delta, Omicron). Governments' ongoing drive to increase vaccination across the globe facilitated the opening up of economies. Central banks' loose monetary policy and fiscal support helped to calm the financial markets but led to a surge in global demand for goods as well as energy prices due to the higher energy demand. These actions have also supported global equities markets reaching an all-time high.

The Bank of England's ('BOE') Monetary Policy Committee ('MPC') sets monetary policy with the aim of meeting the 2% inflation target, to help sustain growth and employment. The inflation rate at the end of 2021 was 5.4% and in December, to control inflation, the MPC voted to increase the Bank rate by 0.15% to 0.25% (31 December 2020: 0.1%).

Looking forward

The International Monetary fund ('IMF') has forecast the global economy to grow by 4.9% in 2022 and 3.3% in 2023. The recovery in the UK and globally will continue with weaker near term outlook impacted by the unwind of fiscal stimulus and supply-chain constraints.

The scale and longevity of the global inflation increases took most central banks by surprise and are bringing forward the start of global monetary normalisation. These measures will help reduce upward pressure on inflation as global demand rebalances due to fiscal stimulus unwind. However, the recent Russian attack on Ukraine has pushed the oil and natural gas prices higher. The prospect that supply chain disruptions could be prolonged together with the recent surge in oil and natural gas prices indicate that annual inflation rates will likely remain high far into 2022.

With respect to the Russian government's attack on Ukraine, various countries imposed sanctions on Russia and Russia imposed certain countermeasures. These actions are having a significant impact on the global market and market conditions will remain volatile for an extended period of time in 2022. Please refer to Note 22 - Subsequent events for details of the impact on CSAML.

COVID-19 dramatically altered practical day to day functioning of organisations across the global economy during 2020 and 2021 both in the initial wave, and as subsequent variants of the virus emerged and spread internationally. In 2022, the World has begun to adapt to a new regime of living with COVID-19 as an endemic virus. CSAML continues to monitor the COVID-19 pandemic and the effects on its operations and businesses and remains committed to providing seamless service and support to all clients.

CSAML will continue to monitor developments in this dynamic operating environment.

Accounting

There have not been any significant changes to accounting policies. For further details, please refer to Note 2 – Significant Accounting Policies.

Regulatory

Investment Firms Prudential Regime

The Investment Firms Prudential Regime ('IFPR') is the new prudential regime for Markets in Financial Instruments Directive ('MiFID') investment firms. The regime came into force on 1 January 2022. The IFPR aims to streamline and simplify prudential requirements for MiFID investment firms that are prudentially regulated in the UK (FCA investment firms).

The new firm classification methodology under IFPR results in CSAML applying enhanced governance and remuneration requirements as a non-small and non-interconnected FCA investment firm ('Non-SNI'). Key changes to governance have been implemented including the introduction of remuneration and nominations committees. New regulatory returns are required to be submitted with key compliance dates spread across 2022, with the first regulatory reports due in Q1 2022. During 2021, CSAML established clear project governance with representation from impacted functions in order to ensure compliance with IFPR requirements by 1 January 2022.

CSAML must continue to hold adequate capital and liquidity under benign and stressed economic conditions and to enable an orderly wind down. The approach of these requirements has changed to reflect the introduction of K-factors, the replacement of the Internal Capital Adequacy Assessment Process ('ICAAP') with the Internal Capital and Risk Assessment ('ICARA') and the establishment of a Basic Liquid Assets Requirement.

Replacement of Interbank Offered Rates ('IBOR')

A major milestone of the London Interbank Offered Rate ('(L)IBOR') transition passed at the end of 2021. From 1 January 2022 most non-USD, (Swiss franc ('CHF'), Euro ('EUR'), Sterling ('GBP') and Japanese Yen ('JPY')) and select USD LIBOR (1week and 2month) settings have ceased publication. These rates have been in use for decades and the cessation impacted millions of transactions and thousands of market participants. Certain GBP and JPY LIBOR settings (1,3 and 6month) remain published on a synthetic, temporary and non-representative basis, primarily to facilitate the transition of any residual legacy contract that parties were unable to address in time. However, synthetic LIBORs are not available for reference in new trading activity and as publication is temporary, remediation efforts need to continue. As at 31 December 2021, the IBOR transition in CSAML was 100% complete. Further details Note 21 - Financial Risk Management.

Arini Credit Strategies

At the end of 2020, CSAML considered the launch of a new business initiative, a European credit strategies platform called Arini Credit Strategies ('ACS'). Employees were onboarded in Q1 2021, however, due to an ongoing revaluation of risk appetite the decision was made to exit this business in Q2 2021. During 2021, the total restructuring costs associated with exiting ACS were £19.3m, of which £18.4m related to Compensation and Benefits. Refer to Note 6 - Operating Expenses for further details. The remaining £0.9m related to other non-compensation expenses.

Performance

Key Performance Indicators ('KPIs')

CSAML uses a range of KPIs that are critical to the successful management of its business and the achievement of its objectives.

	2021	2020
Earnings and Profitability		
Profit before tax (£m)	13.1	26.6
Capital		
Tier 1 capital (£m) (Please refer Note 13 – Capital adequacy)	207.0	196.2
Return on Tier 1 Capital	5.7 %	11.2 %
Statement of Financial Position		
Total Assets (£m)	501.7	447.0
Total Assets growth	12.2 %	10.3 %
Return on Total Assets	2.6 %	4.9 %
Assets under Management (£m)	6,593	6,070

Earnings and Profitability

For the year ended 31 December 2021, CSAML reported a profit before tax of £13.1m (2020: £26.6m) which was lower than the prior year mainly due to an increase in operating expenses. Net revenues amounted to £84.2m (2020: £71.5m) and were £12.7m higher year on year mainly as a result of higher placement fees. Operating expenses increased to £71.2m in 2021 (2020: £44.9m), primarily due to higher compensation and benefits expenses relating to the exit of ACS.

Statement of Financial Position

As at 31 December 2021, CSAML had total assets of £501.7m (2020: £447.0m) and a total shareholders' equity of £211.0m (2020: £199.0m). The increase in assets was driven primarily by investments made in the debt securities issued by CLOs launched during the year, notably Madison Park Euro Funding ('MPEF') XVI and XVII Designated Activity Company ('DAC').

Financial instruments carried at fair value are categorised under the three levels of the fair value hierarchy and Level 3 inputs are those assets and liabilities which are not based on observable market data (unobservable inputs). Level 3 assets in 2021 amount to £15.0m (2020: £12.9m). The increase in Level 3 assets was mainly driven by the addition of 2 new CLOs in the year Madison Park Euro Funding XVI and XVII. Level 3 assets were equivalent to 7% of total fair value assets (2020: 7%).

Assets under Management ('AuM') increased during 2021 as a result of new CLOs, positive market performance and favourable FX movements.

Capital

CSAML is required at all times to monitor and demonstrate compliance with the relevant regulatory capital requirements of the FCA. CSAML has put in place processes and controls to monitor and manage CSAML's capital adequacy. No breaches were reported to the FCA during the year. The Capital structure during 2021 is set out in Note 12: Called-up share capital. Throughout 2021, CSAML maintained a strong and stable capital position as set out in Note 13: Capital adequacy.

The Pillar 3 disclosures can be found separately at www.credit-suisse.com

Liquidity

Both the CS group and CSAML consider a strong and efficient liquidity position to be a priority. Throughout 2021, the Company managed its liquidity needs without resorting to the CSAG. CSAG continues to provide confirmation that it will provide sufficient funding to CSAML to ensure that it maintains a sound financial position and is able to meet its debt obligations as they fall due. For further details, please refer to Note 21 (c) – Financial Risk Management Liquidity Risk.

Principal Risks and Uncertainties

CSAML faces a variety of risks that are inherent in its business including credit, liquidity, market, country, legal and regulatory, operational, conduct and reputational risks. Credit risk, liquidity risk and market risks are outlined in Note 21 – Financial risk management.

Principal Risks

a) Conduct Risk

Conduct risk is the risk that the conduct of Credit Suisse, its employees, associates or representatives gives rise to:

- Financial or non-financial detriment to clients, customers, or counterparties, whether dealt with directly or via third parties;
- Damage to the integrity of the financial markets;
- Ineffective competition in the markets in which Credit Suisse participates; and
- Non-compliance with the law or the requirements and expectations of regulators, shareholders or other relevant stakeholders (e.g. Government bodies and tax authorities).

The primary responsibility for mitigating Conduct risk lies with CSAML's senior business line managers. CSAML participates in the UK Conduct Risk Working Group ('CRWG'). The CRWG considers CSAML's compliance and other policies and efficacy of employee training to mitigate conduct risk. Conduct Risk mitigation activities covering CSAML include training, review of supervisory management information, consideration of conduct risk in risk and control self-assessments and disciplinary procedures

b) Reputational Risk

Reputational risk is the risk arising from negative perception on the part of CSAML's stakeholders (i.e. customers, counterparties, shareholders, employees, regulators) that can adversely affect CSAML's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

CSAML's ability to attract new business and maintain client confidence is connected to the quality of the wider CS group's brand and reputation. CSAML is exposed to reputational risk not only through its own activities, but also through association with reputational risk issues that may occur elsewhere in the CS group.

CSAML operates under the policies and procedures of CS group for the management and mitigation of reputational risk. Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk for CSAML, the relevant business proposal is required to be submitted to the Reputational Risk Review Process.

c) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including fraudulent transactions, trade processing errors, business disruptions, and failures in regulatory compliance. Operational risk can arise from human error, inappropriate conduct, failures in systems, processes and controls, or natural and man-made disasters.

Evaluation and Management of Operational Risk

Effective management of operational risk requires a common operational risk framework that focuses on the early identification, assessment, monitoring, prevention and mitigation of operational risks, as well as suitable management reporting.

Each business area takes responsibility for its operational risks and the provision of adequate resources and management processes. Businesses are supported by designated operational risk teams at the divisional and CS group level who are responsible for the implementation of the operational risk management framework within their areas as well as working with management on any operational risk issues.

Operational risk exposures, metrics, issues and remediation efforts are discussed at CSAML's risk management committees, which have representatives from all relevant functions. CSAML utilises a number of CS group-wide tools for the management and reporting of operational risk.

These include:

- **Governance and Policy Framework:** The operational risk framework relies on an effective governance process that establishes clear roles and responsibilities for managing operational risk and defines appropriate escalation processes for outcomes that are outside expected levels. CSAML uses a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities.
- **Risk appetite threshold levels:** Set out CSAML's senior management's expectations with respect to losses or metrics; breaches of threshold levels are reported to senior management or relevant governance forums and may trigger actions.
- **Reporting:** The Chief Risk Officer ('CRO') function produces regular management information covering the key inputs and outputs of the operational risk framework. These reports are used by management to monitor outcomes against agreed targets and thresholds.
- **The operational risk register:** CSAML applies the CS group register, which comprises a catalogue of inherent operational risks arising as a consequence of our business activities.
- **Risk Control and Self Assessments ('RCSAs'):** are comprehensive, bottom-up assessments of the key operational risks in each business; they comprise a self-assessment that covers the inherent risks of each business and control function, an evaluation of the effectiveness of the controls in place to mitigate these risks and a decision to either accept or remediate any residual risks.
- **Incident data** is used to ensure that CSAML understands the root causes and lessons learned to reduce the risk of future incidents. Data is also collected on incidents at relevant peer firms to identify potential risks, even if they have not impacted the CS group.
- **Conduct and behaviour:** Several operational risk framework components include assessments of employee behaviour. For example, investigations of incidents typically consider whether employees escalated issues at an appropriately early stage. Conduct is identified and assessed via the operational risk register and the RCSA process.

There is an ongoing programme to roll out improvements to each of the components of the operational risk framework and to ensure that the links between individual components work effectively. Key enhancements during 2021 included the introduction of a standardised operational risk register to ensure that risks are categorised and reported consistently, revisions to the RCSA process to improve assessment quality and increase output transparency, and the introduction of more granular operational risk threshold levels for certain businesses.

d) Country Risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets. CSAML assumes country risk in a variety of ways, notably through its CLO risk retentions. CSAML does not set limits for country risk. Direct management of Country risk extends only to making sure the Company abides by sanctions rules, considerations during New Business process and Product Governance.

e) Legal and Regulatory Risk

Legal risks include, among other things, disputes over the terms of business and other transactions in which the Company participates; the unenforceability or inadequacy of documentation used to give effect to transactions in which the Company participates; investment suitability concerns; compliance with the laws and regulations (including change in laws or regulations) of the countries in which the Company does business; and disputes with its employees. Some of these transactions or disputes may result in potential or actual litigation for which the Company must incur legal expenses to defend.

The Company seeks to minimise legal risk through the adoption of policies and procedures, continued refinement of controls over business practices and behaviour, employee training, the use of appropriate legal documentation, and the involvement of the Legal and Compliance department and outside legal counsel.

The Company is subject to extensive regulation in the conduct of its asset management business. A failure to comply with applicable regulations could result in regulatory investigations, fines and restrictions on the Company's business activities or other sanctions. Regulatory risk is the risk of adverse rulings or penalties resulting in financial loss and/or reputational damage to CSAML, as the result of failure to comply with financial services rules and regulations in any jurisdiction in which CSAML operates.

CSAML monitors the compliance of all of its activities in each of its operating jurisdictions and compliance standards are monitored and communicated. The approval process for new business activity ensures compliance with all applicable rules and regulations, requiring multi-level sign off approval before a new product or business process is launched. CSAML also requires completion of 'know your client' and anti-money laundering checks and controls when on boarding a new client. Annually assessed mandatory compliance training is required for all employees. During 2021, product governance arrangements were also enhanced.

Other Risks**Investment Risk Exposure through CLO Retention Positions**

CSAML holds risk retention stakes in some of the CLO portfolios managed by the CIG business to meet regulatory requirements. These holdings are required to be held at fair value and the value will vary with movements and cycles in the global credit markets. CSAML is exposed to risk if the valuation of the retained CLO portfolio falls.

The risk to CSAML's capital adequacy is managed through the ICAAP. During 2022 the ICAAP will be replaced by ICARA following the implementation of the IFPR. The risk appetite is set by the CSAML Risk Committee allowing a proportion of the capital surplus (post capital adequacy requirements) to be used to support future launches of CLOs.

Corporate Responsibility

Overview

For CS group and CSAML, corporate responsibility is about sustainable value for clients, shareholders, employees and other stakeholders. Stakeholders are informed openly and transparently about the ways in which CS group addresses economic, environmental and social challenges in daily business activities, as well as about the principles that guide in the work that is done. The principles are enshrined in the CSG purpose statement and underpinned in the Code of Conduct and in the Conduct and Ethics Standards.

CSG publishes a comprehensive Sustainability Report which can be found on CS group's website at www.credit-suisse.com/sustainabilityreport. The Sustainability Report describes how CS group, including CSAML, assumes its various responsibilities towards society and the environment.

Environmental Matters

CS group and CSAML believe that it is in the interests of both CSAML and its clients to develop and support measures that contribute to a more environmentally sustainable economy. These commitments are based on the Code of Conduct which includes a commitment to sustainability. The "Statement on Sustainability" explains the aims relating to the balancing of economic, environmental and social issues when performing financial services activities. The UN Global Compact and the Sustainable Development Goals adopted by the UN in 2015 are other important points of references.

Further information:

- Risk Management and Sustainability: www.credit-suisse.com/riskmanagement
- Addressing Climate Change: www.credit-suisse.com/climate
- Responsible Investments Products and Services: www.credit-suisse.com/conservationfinance
- Environmental Management: www.credit-suisse.com/environmentalmanagement

Economy and Society

The primary function of CS group is to be a reliable and professional partner to its clients around the world, offering them a range of financial products and services to meet their individual needs. In this context, CS group performs functions that are viewed as systemically relevant, including deposit-taking and lending. CS group plays an important role as a financial intermediary, bringing together borrowers and lenders of capital globally, from companies and public sector bodies to private individuals and institutions. CS group supplies businesses with the capital resources they need to expand their activities and finance innovation, thus helping to drive economic growth and job creation.

In addition to its core banking activities, CS group is committed to acting as a reliable partner and to making a targeted contribution to economic and social development in the regions where CS group operate. CS group, together with the Credit Suisse EMEA Foundation, recognise Financial Inclusion, Financial Education and Future Skills as effective tools to promote economic growth and social change and as a means of helping people to help themselves.

Employee Matters

CSAML business performance is dependent on the skills, experience and conduct of its employees. Therefore, our continued ability to build lasting value by serving our clients depends on our ability to attract, retain and motivate highly talented and diverse employees.

Culture

CS group established a revised culture framework in early 2021, and the implementation and embedding of this is an ongoing program of work. The framework contains both a purpose statement and a set of cultural values, and these are important pillars in defining the identity of our company. Our purpose "We build lasting value by serving our clients with care and entrepreneurial spirit" is at the core of everything we do. It underpins the value we create, and has powered progress at a group level for more than 165 years. Our values are to serve as our ultimate guide as to 'how' we act every day. They inform decision-making in the moments that matter. The IMPACT values build on the Conduct & Ethics Standards which had been in place for the past four years, and express the commitment to crucial principles like Inclusion, Meritocracy, Partnership, Accountability, Client Focus and Trust. The values have been embedded in our core Human Resources ('HR'), processes, training, our compliance policies and processes and our revised Code of Conduct has also been published in early 2021.

The challenges CS group encountered in 2021 highlighted a need to assess where we stand in relation to our values. A third-party vendor was engaged to conduct an anonymous Group-wide survey to engage all employees and measure how we are performing in relation to our cultural values. Based on feedback from the survey, several areas that require further attention were identified and include client focus, risk-mindset and strain. This has resulted in a coordinated program of work for 2022 and beyond.

Diversity and Inclusion

CSAML is an equal opportunity employer and is committed to an inclusive and equitable culture and being a responsible partner in society. This commitment shows in the many programs and employee networks in place across the UK which are an essential element of the working culture.

CSAML adopts CS group policies that are committed to providing equal employment opportunities to all employees and applicants in every facet of our operations, and all employment-related decisions are made on the basis of the individual's job, qualifications and job performance or other legitimate business considerations provided for in the applicable law. CSAML does not discriminate against employees based on factors such as ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, civil partnership, marital or family status, pregnancy, disability or any other status that is protected as a matter of local law. CSAML will also consider all requests either during a recruitment process or from existing employees, for additional equipment, adjustments to facilities and training procedures that would assist someone with a disabling condition in the performance of their duties.

As one of our core values, "Inclusion" is embedded in our daily operations to ensure sustainable change, our performance evaluations, recognition systems and promotion criteria all reflect our objectives to advance a culture of inclusion. In 2021, CS group reinforced commitments to further advance diversity and inclusion in the company, sector and society, and made progress on a range of commitments in this field.

Employee Networks are a long-established component of our culture at Credit Suisse and have been extremely influential in advocating for our employee communities, lending their voice to courageous conversations and bringing fresh insights to achieve business goals. They serve as a platform for the exchange of knowledge and experience, thus fostering mutual understanding and respect, helping to strengthen our corporate culture. Led by employees on a voluntary basis, our networks are multi-dimensional – dedicated to women, families, lesbian, gay, bisexual, and transgender individuals, people with disabilities, veterans, multi-generations, as well as different races and ethnicities, and cultural diversity. They support and advocate for underrepresented talent at the bank, and influence our Diversity and Inclusion strategy and initiatives.

Wellbeing and Benefits

Credit Suisse in the UK has an established Wellbeing Programme framework focused on our employees' financial, physical and mental wellbeing. During 2021 there has been a continued focus on supporting employee wellbeing through the global pandemic, in addition to financial and physical health. The wide range of events made available to all staff included focus on topics such as sleep, resilience, nutrition, cancer awareness, will & mortgage seminars, relationships, mental health etc. There is an active wellbeing and care network and over 100 people trained as mental health first aiders across the UK to give peer support.

In 2021, our extensive benefits package introduced three new elements: electric car leasing, employer-funded health assessments every two years & employer-funded emergency in-home dependent (adult and child) care. CS also recognises many of its workforce balance their career with caring responsibilities outside of the workplace and has introduced a range of different options to help support this balance including enhanced emergency childcare options, elder care and provisions to take time out of the office to perform caregiver duties.

CSAML offers a range of flexible benefits including medical, critical illness, life assurance and income protection benefits for employees who, whether temporarily or permanently, are unable to work due to disability.

Communication

CS group and CSAML are committed to keeping employees informed of changes within the organisation, including but not limited to, financial and economic factors affecting the performance of the CS group and CSAML. This is achieved through a number of different channels, including regular town hall meetings and questions and answers sessions, with senior leaders, divisional and functional line management meetings, webcasts, intranet updates, email bulletins focused on specific issues, and via our active employee networks. In addition to formal consultation processes, employee feedback is frequently sought and is actively encouraged. In addition, CSAML employees were asked to provide feedback on their IT set-up, their preferences with regards to future ways of working, and their return to office experiences. These all provided input in to the approach and future solutions as we adapt to a more hybrid working environment.

Employees are encouraged to be invested in the company's performance as at certain levels in the organisation, select personnel receive a portion of their annual compensation in the form of deferred compensation linked to the overall performance of Credit Suisse.

Flexible Working

CSAML generally encourages discussions between employees and managers around potential flexible working arrangements. In 2021 CS group rolled out The Way We Work ('TWWW'), our approach to the future working environment at Credit Suisse. The pandemic has proven that flexible working can work well with benefits to both productivity and work-life balance, but offices also provide a better environment for collaboration, innovation, mentoring, training and development. CSAML has targeted an average return to office for 60% of the working week. This provides flexibility to work remotely, while ensuring employees remain connected and oversight can be maintained more easily.

Respect for Human Rights

CS group strives to assume responsibilities in the area of human rights in accordance with the International Bill of Human Rights as well as the corresponding principles on human and labour rights set out in the United Nations Global Compact. These principles are reflected in the policies and business activities of both CS group and CSAML. The "Statement on Human Rights" describes the foundations of our responsibility to respect human rights and the approaches, processes and tools we use to implement it. Equally, CS group expects its business partners to recognise and uphold human rights.

Further information on the topic of human rights, including the CS group's Modern Slavery and Human Trafficking Transparency Statement, can be found at: www.credit-suisse.com/humanrights.

Anti-Corruption and Bribery Matters

CS group, including CSAML, strives to prevent the improper use of products and services by third parties. As part of the efforts to fulfil its due diligence requirements, CS group uses strict internal control policies which govern topics such as business relations with politically exposed persons, the prevention of money laundering and terrorist financing, and adherence to applicable economic and trade sanctions laws. Furthermore, the CS group is actively involved in the development and implementation of industry standards to combat money laundering and corruption.

Employees of CSAML are required to regularly complete mandatory online training courses on topics ranging from the prevention of money laundering, terrorist financing and corruption to compliance with economic sanctions.

Reportable Concerns

Employees have a duty to report concerns of potential legal, regulatory or ethical misconduct to their line managers or to Financial Crime Compliance and Regulatory Affairs. CS group is committed to enabling an environment where people feel encouraged and therefore do speak up and communicate openly. Employees worldwide, including those in the UK, also have the option of calling a CS group Integrity Hotline, where they can report such issues anonymously, where anonymity is permitted by local law. In addition, UK employees have access to the Reportable Concerns Office where concerns are promptly allocated for investigation and are treated in confidence.

Corporate Governance

Members of the Board and Board Committees

The Board of Directors ('Board') is responsible for governance arrangements that ensure effective and prudent management of CSAML, including the segregation of duties and the prevention and/or management of conflicts of interest. The Board approves and oversees the implementation of strategic objectives, risk strategy and internal governance; ensures the integrity of the accounting and financial reporting systems; oversees disclosure and communications processes; provides effective oversight of senior management; and assesses the effectiveness of governance arrangements.

	Board Member Since	Resignation	Independence	Audit Committee	Risk Committee	Advisory Remuneration Committee	Nominations Committee
Robert Lister	2012	—	Independent	Chair	Member	Chair	Member
Angela Henderson	2016	—	Independent	Member	Chair	Member	Chair
Tracy Cherrington	2014	—	—	—	—	—	—
Caron Hughes	2020	2021	—	—	—	—	—
Marc Berryman	2020	—	—	—	—	—	—
Michael Murphy	2014	—	—	—	—	—	—

Caron Hughes resigned as a Board Director as of 23 November 2021.

CSAML continues to comply with the FCA's Senior Managers and Certification Regime ('SMCR'). SMCR aims to reduce potential harm to clients and to strengthen market integrity by making individuals more accountable for their conduct and competence.

Board Responsibility

The Board's duties involve setting the strategy and overseeing management; ensuring a strong 'tone from the top' in relation to conduct, ethics and culture; ensuring its risk management and financial reporting and internal control frameworks are appropriate, in line with the Board Terms of Reference.

The directors are ultimately responsible for the effectiveness of internal controls at CSAML. Policies and procedures have been designed for safeguarding assets, for maintaining proper accounting records, and for assuring the reliability of financial information used within the business, and for that provided to regulators and external users. Such policies and procedures are designed to mitigate and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. Procedures are also in place to ensure internal controls remain effective, and have been in place throughout the year and up to the date of approval of the Annual Report and Financial Statements.

Key risks are formally reviewed and assessed on a quarterly basis by the Board and the Risk Committee. In addition, key business risks are identified, evaluated and managed by management on an ongoing basis by means of policies and processes, such as credit and market risk limits and other operational metrics, including authorisation limits, and segregation of duties. The Board receives regular reports on any risk matters that need to be brought to its attention, with additional reporting provided to the Board when required. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

There are well-established business planning procedures in place with reports presented regularly to the Board detailing the performance of CSAML and variances against budget, prior year and other performance data.

During 2021, the Board has taken decisions in line with its duties and the Board objectives. These include reviewing and approving the CSAML Strategy and Financial Plan, the ICAAP, the Compliance Risk Assessment and Plan, the Financial Crime Compliance Risk Assessment and the Money Laundering Reporting Officer's Report, the Authorised Signatories, the Annual Report and Financial Statements and the Pillar 3 Disclosures, and the Modern Slavery Statement. The Board also approved the formation of the CSAML Advisory Remuneration Committee and the CSAML Nominations Committee, along with the Board and Board Committee Objectives.

Board Evaluation

The Board undertakes an annual evaluation of the performance and effectiveness of the Board and Board Committees to decide on future objectives and focus topics, and to identify internal briefings and training required by individual directors. The Board Evaluation also assists the Board in assessing the structure, size and composition of the Board, including the knowledge, skills, experience and diversity of Board Members, and assists with Board succession planning.

The Board performed a self-evaluation of its performance during 2021, concluding that the Board and its Committees are operating effectively. The Board also reviews and approves the Board and Board Committee objectives annually.

Board Training

Directors undertake internal briefings and training on matters which align with the Board's objectives or legal/regulatory developments. Directors also undertake other external courses for professional development, as necessary.

Board Diversity

CSAML recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse Board. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between directors. The Board via the CSAML Nominations Committee, considers these attributes in determining the optimum composition of the Board and when possible will be balanced appropriately.

The Board in 2021 exceeded its target of at least 25 percent female representation, achieving 50 percent until the resignation of Caron Hughes in November 2021. The Board will continue to monitor its diversity (beyond just gender diversity) through periodic reviews of its structure, size, composition and performance.

Board Meetings

Seven Board Meetings were held in 2021, including three ad hoc Board Meetings. Board members also attended briefing sessions to prepare for technical Board discussions.

All members of the Board are expected to spend the necessary time outside of these meetings needed to discharge their responsibilities appropriately. The Chair calls the meetings with sufficient notice and prepares an agenda for each meeting. The Chair has the discretion to invite management or others to attend the meetings. Minutes are kept of the Board Meetings.

Meeting Attendance in 2021

	Board	Audit Committee	Risk Committee
Total number of meetings held	7	5	4
Number of members who missed no meetings	6	2	2
Number of members who missed one or more meetings	0	0	0
Meeting attendance, in %	100	100	100

1. The Board was comprised of six directors as at 1 January 2021, but five as at 31 December 2021 following the resignation of Caron Hughes on 23 November 2021.
2. The CSAML Advisory Remuneration Committee and the CSAML Nominations Committee were established by the Board on 23 November 2021, but there were no meetings for either committee during 2021.

Board Committees

Certain responsibilities are delegated by the Board to the Board Committees to help the Board in carrying out its functions and maintain independent oversight of internal control and risk management. Each Board Committee has its own terms of reference, which records the scope of delegated authority and the committee's responsibilities. The Chair of each Board Committee reports to the Board on the matters discussed at Committee Meetings.

CSAML Audit Committee

The Audit Committee provides oversight of the integrity and adequacy of the financial reporting process, the audit process, accounting and internal controls, as defined by applicable law and regulations, articles of association and internal regulations. The Audit Committee is authorised to have direct access to, and receive regular reports from, the external and internal auditors as well as CSAML's management and employees.

In reviewing CSAML's Annual Report and Financial Statements, the Audit Committee reviewed and approved the critical accounting estimates and judgements including going concern. The Audit Committee also considered the projected capital requirements in the next twelve months and, in this context, the continued access to appropriate funding to maintain adequate capital and liquidity positions.

CSAML Risk Committee

The Risk Committee advises the Board on the risk appetite and provides oversight of the integrity and adequacy of risk management responsibilities including processes and organisational frameworks, as defined by applicable law and regulation, articles of association and internal regulations. In particular, the committee reviews and assesses the identification, measurement and management of the various risks within the entity, as presented in the ICAAP.

CSAML Advisory Remuneration Committee

The Advisory Remuneration Committee advises and makes recommendations to the CSG Compensation Committee on matters relating to remuneration for CSAML employees, including members of the CSAML Executive Committee and other Material Risk Takers, as well as on the compliance of the CS group Compensation Policy with all relevant UK compensation regulations.

CSAML Nominations Committee

The Nominations Committee is responsible for the identification and recommendation for approval by CSG / Credit Suisse AG ('CS AG') of candidates to fill vacancies on the CSAML Board, making recommendations to the Board concerning the role of Chair and membership of the Board Committees.

Management Overview

CSAML's primary management committee is its Executive Committee, which is chaired by the Chief Executive Officer ('CEO') and is responsible for the management of CSAML's business and the execution of the strategy set by the Board.

Risk Management

CSAML's independent risk management function is managed by the Wealth Management UK Chief Risk Officer ('WM UK CRO'). The WM UK CRO and the Chief Compliance Officer ('CCO') are responsible for overseeing CSAML's risk profile across all risk types. An overview of the risk management organisation is set out in Note 21- Financial risk management.

Section 172(1) Statement

The Board complies with the Companies Act Section 172 general duty to act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and having regard to the consequences of decisions and the interests of employees and stakeholders.

The Strategic Report includes disclosures to illustrate how the Board has discharged its duty under Section 172 of the Companies Act 2006 and how it has engaged and addressed the interests of its stakeholders including clients, employees, suppliers and others and how this has informed the Board's decision making.

Stakeholder Relationships and Engagement

The CSAML businesses work on the basis that long-term success depends to a significant extent on the ability to inspire confidence in CSAML's stakeholders. In the current regulatory environment and in view of the developments in the area of financial market policy, it is essential that CSAML takes steps to safeguard and maintain trust in the company.

CSAML, as part of the CS group, regularly engages in dialogue with stakeholders, including clients and employees as well as regulators, policymakers and the community. This dialogue, combined with the insights gained through its involvement in initiatives, associations and forums, as well as through surveys, strengthens CSAML's understanding of the different, and sometimes conflicting, perspectives of its stakeholders.

- **Clients:** CSAML's primary focus is delivering the global capabilities of Global Asset Management through its businesses in the UK, with an increasing focus on addressing clients' ESG needs. For example, in PFG, there is a post-fundraising review with the general partner to get feedback on the process.
- **Employees:** CSAML's success has a significant dependency on the skills, experience and conducts of its employees and CSAML is committed to keeping employees informed of changes within the organisation using many different approaches. For further details please refer to Employee matters section of Corporate Responsibility.
- **Regulators:** Credit Suisse works together with its regulators to help reduce risk in the industry and to provide a more sustainable banking landscape over the long term. CSAML has an open and regular engagement with the FCA.
- **Community:** CSAML cultivates constructive relationships with local organisations and institutions and supports charitable projects through financial contributions, employee volunteering and expertise sharing. For more information please refer to Economy and Society section in the Strategic Report.
- **Environment:** It is in the interests of both Credit Suisse and its clients to develop and support measures that contribute to a more environmentally sustainable economy. The Credit Suisse "Statement on Sustainability" explains the aims relating to the balancing of economic, environmental and social issues when performing activities as a bank. For more information please refer to Environmental Matters in the Strategic Report.

- **Suppliers:** CSAML relies upon services provided by third parties and other subsidiaries of the CS group. The Bank has established governance arrangements, including use of the CS group's Third Party Risk Management ('TPRM') framework, across all outsourced services to ensure an efficient and effective provision and governance of those services. This includes effective communication between service providers and receivers.

The Strategic Report is approved on behalf of the Board



Tracy Cherrington
Director

One Cabot Square, London E14 4QJ
14 April 2022

Directors' Report

Directors

The directors of the Company who were in office during 2021 and up to the date of signing the Financial Statements are set out on page 3.

Changes in the directorate from 1 January 2021 to the date of this report are as follows:

- **Appointments:** There were no new appointments to the Board during 2021.
- **Resignations:** Caron Hughes resigned from the Board on 23 November 2021.

None of the directors who held office at the end of the financial year were directly beneficially interested, at any time during the year, in CSAML's shares. CSAML's directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare CSAML's Financial Statements for each financial year. Under that law, the directors have prepared the CSAML Financial Statements in accordance with UK-adopted international accounting standards ('UK-adopted IFRS's').

Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether, for CSAML, applicable UK-adopted IFRS's have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's Financial Statements. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The directors confirm to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK-adopted IFRSs, give a true and fair view of the assets, liabilities, financial position and profit or loss of CSAML and;
- The Strategic Report includes a fair review of the development and performance of the business and the position of CSAML, together with a description of the principal risks and uncertainties faced.

In the case of each director in office at the date the directors' report is approved;

- so far as the director is aware, there is no relevant audit information of which CSAML's auditors are not aware; and
- they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that CSAML's auditors are aware of that information.

Dividends

No dividends were paid or are proposed for the year ended 31 December 2021 (2020: nil).

Going Concern

Going concern is detailed in Note 2 Significant Accounting Policies.

Risk and Capital

The risks are detailed in Note 21 Financial risk management.

Political Donations

No political donations were made and no political expenditure incurred during the 2021 financial year (2020: nil).

Research and Development

CSAML did not undertake activities in the field of research and development during the year.

Statement on Directors' Relationships with Clients, Suppliers and Other Stakeholders

Information pertaining to the directors' engagement with clients, suppliers and other stakeholders can be found in the Strategic Report.

Future Developments, Employee Engagement and Policy on Employment of Disabled Persons

Further developments impacting CSAML and information in relation to employee engagement is detailed under the Strategic Report.

Branches and Representative Offices

CSAML does not have branches or representative offices.

Streamlined Energy and Carbon Reporting ('SECR')

CS group, including CSAML, follows the World Resources Institute ('WRI') and the World Business Council for Sustainable Development ('WBCSD') in the Greenhouse Gases ('GHG') Protocol Corporate Accounting and Reporting Standard ('GHG Protocol Corporate Standard').

2020 GHG emissions are restated because CS group implemented several changes to CS group GHG estimation approach to improve data quality and completeness and align with the GHG Protocol and RE100 criteria. CS group aligned group reporting to meet the SECR mandatory requirements for large unquoted companies.

The UK's carbon footprint is calculated using the above standards and apportioned to an entity based on the number of Full Time equivalent ('FTE') of that entity, ensuring a consistent approach that avoids double counting of emissions between entities.

For further details, please refer to the SECR section in the Credit Suisse International ('CSI') Financial Statements that can be found at www.credit-suisse.com/us/en/investment-banking/financial-regulatory

CSAML has 65.48 FTE in 2021 (2020: 65.68). CSAML does not own or operate any assets and instead merely occupies a building owned and operated by CSI.

CSAML has been allocated 2% of the total energy consumption of Credit Suisse in the UK based on its percentage of total UK FTE.

The table below shows CSAML's GHG emissions as required by the UK SECR Regulations.

UK Energy Use

Disclosures	2021		2020 revised ¹	
	UK	CSAML	UK	CSAML
Energy consumption used to calculate emissions (kWh)	94,993,798	1,681,939	78,949,319	1,371,637
Facility Energy Use (kWh)	94,893,515	1,680,163	78,773,651	1,368,585
Transport Energy Use (kWh)	100,283	1,776	175,668	3,052
Emissions (tCO ₂ e) from stationary combustion of gas (Scope 1)	504	9	281	5
Emissions (tCO ₂ e) from combustion of fuel for transport purposes (Scope 1)	—	—	—	—
Emissions (tCO ₂ e) from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	40	1	44	1
Emissions (tCO ₂ e) from purchased electricity (Scope 2, location-based)	20,066	355	16,251	282
Emissions (tCO ₂ e) from purchased electricity (Scope 2, market-based)	1,625	29	490	9
Total gross location-based CO ₂ e based on above	20,611	365	16,576	288
Total gross market-based CO ₂ e based on above	2,169	38	815	14
GHG Intensity (tCO ₂ e gross location-based GHG emissions/FTE)	5.57	5.57	4.38	4.38

¹ 2020 GHG emissions are restated because (1) Credit Suisse implemented several changes to our GHG estimation approach to improve data quality and completeness and align with the GHG Protocol and RE100 criteria; and (2) We aligned our reporting to meet the SECR mandatory requirements for large unquoted companies.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office as external auditors.

Subsequent Events

Note 22 - Subsequent events includes details on Russia's invasion of Ukraine.

On behalf of the Board



Tracy Cherrington
Director

One Cabot Square
London E14 4QJ
14 April 2022

Independent auditors' report to the members of Credit Suisse Asset Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Credit Suisse Asset Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2021; the statement of income, statement of changes in equity and statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to those determined by the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance in relation to known or suspected instances of noncompliance with laws and regulations and fraud;
- Reviewing key correspondence with regulatory authorities (the FCA);
- Reviewing Board meeting and other relevant Committee minutes to identify any significant or unusual transactions or other matters that could require further investigation;

- Challenging assumptions and judgements made by management in determining significant accounting estimates, in particular those related to the valuation of financial instruments; and
- Identifying and testing journal entries, including those posted with particular descriptions, relating to particular dates or with other unusual characteristics.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nick Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 April 2022

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Interest income	4	6,841	6,029
- of which relates to financial instruments held at fair value through profit or loss		6,841	6,029
Interest expense	4	(1,255)	(1,148)
- of which relates to financial instruments held at amortised cost		(1,255)	(1,148)
Net interest income		5,586	4,881
Management advisory, performance and other service fees	5	78,603	68,371
(Charge)/ credit for credit losses		(16)	7
Unrealised gain/(loss) from financial assets at fair value through profit or loss	5	343	(2,810)
Other revenue and foreign exchange fluctuations	5	(279)	1,089
Net revenue		84,237	71,538
Compensation and benefits	6	(56,843)	(34,375)
Other expenses	6	(14,317)	(10,572)
Total operating expenses		(71,160)	(44,947)
Profit before tax		13,077	26,591
Income tax expense	7	(1,138)	(4,727)
Profit after tax		11,939	21,864
Profit attributable to the equity holders of the Company		11,939	21,864

There were no items of other comprehensive income during the year.

All profits for 2021 and 2020 are from continuing operations.

The notes on pages 30 to 62 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Assets			
Cash and due from banks	14	241,536	223,325
Amounts owed by CS group companies	8	15,854	15,729
Fees and other receivables	9	10,728	7,833
Deferred tax assets	7	5,838	3,572
Non-trading financial assets:	19		
- mandatorily at fair value through profit or loss		227,756	196,551
Total assets		501,712	447,010
Liabilities			
Current tax liability		6,362	10,717
Amounts owed to CS group companies	14	6,251	3,643
Other liabilities	10	33,564	28,729
Short-term borrowings	11	244,582	204,907
Total liabilities		290,759	247,996
Shareholders' equity			
Called up share capital	12	45,020	45,020
Capital contribution reserve		57,243	57,243
Share premium account		20,989	20,989
Retained earnings		87,701	75,762
Total shareholders' equity		210,953	199,014
Total liabilities and shareholders' equity		501,712	447,010

The notes on pages 30 to 62 form an integral part of these Financial Statements.

Approved by the Board and signed on its behalf on 14 April 2022 by



Tracy Cherrington

(Director)

COMPANY REGISTRATION NUMBER: 01688075

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called-up share capital	Capital contribution reserve	Share premium	Retained earnings	Total Shareholders' equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2021	45,020	57,243	20,989	75,762	199,014
Profit for the financial year	—	—	—	11,939	11,939
Balance as at 31 December 2021	45,020	57,243	20,989	87,701	210,953

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called-up share capital	Capital contribution reserve	Share premium	Retained earnings	Total Shareholders' equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2020	45,020	57,243	20,989	53,898	177,150
Profit for the financial year	—	—	—	21,864	21,864
Balance as at 31 December 2020	45,020	57,243	20,989	75,762	199,014

The notes on pages 30 to 62 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
<u>Cash flows from operating activities</u>			
Profit before tax for the year		13,077	26,591
Adjustments to reconcile net profit to net cash generated from operating activities			
Net interest income on financing and investing activities		(5,717)	(4,973)
Non-cash items included in profit before tax:			
Unrealised (gain)/ loss on non-trading financial assets designated at fair value through profit or loss	5	(343)	2,810
Net foreign exchange (gain)/loss		(237)	2,171
Charge/ (credit) for credit losses		16	(7)
Cash generated before changes in operating assets and liabilities		6,796	26,592
Amounts owed by CS group companies	8	(141)	8,268
Fees and other receivables		(2,682)	(3,264)
Net (increase)/decrease in operating assets		(2,823)	5,004
Amounts owed to CS group companies		2,608	310
Other liabilities	10	4,901	(4,019)
Net increase/(decrease) in operating liabilities		7,509	(3,709)
Group relief paid		(4,756)	(3,670)
Current tax paid		(3,003)	—
Net cash generated from operating activities		3,723	24,217
<u>Cash flows from investing activities</u>			
Investment in non-trading financial assets		(129,304)	(20,942)
Sale of investment in non-trading financial assets		83,261	10,847
Interest received on non-trading financial assets		6,596	6,042
Net cash used in investing activities		(39,447)	(4,053)
<u>Cash flows from financing activities</u>			
Issuance of short-term borrowings	11	152,172	61,451
Repayment of short-term borrowings	11	(96,536)	(50,730)
Interest paid on short-term borrowings	11	(1,157)	(961)
Net cash generated from financing activities		54,479	9,760
Net increase in cash and cash equivalents		18,755	29,924
Cash and cash equivalents at the beginning of the year		223,325	194,314
Effect of exchange rate fluctuations on cash and cash equivalents held		(544)	(913)
Cash and cash equivalents at the end of the year		241,536	223,325
<u>Cash and cash equivalents at the end of the year comprise:</u>			
		2021 £000	2020 £000
Cash and due from banks		241,536	223,325
Cash and cash equivalents at the end of the year		241,536	223,325

The notes on pages 30 to 62 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**1. General**

Credit Suisse Asset Management Limited is a company incorporated and domiciled in the United Kingdom. The address of the Company's registered office is One Cabot Square, London E14 4QJ. The financial statements were authorised for issue by the directors on 14 April 2022.

2. Significant accounting policies**a) Statement of compliance**

These financial statements have been prepared in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards'.

b) Basis of preparation

The Company's financial statements are presented in Great British Pounds ('£' or 'GBP') rounded to the nearest thousand. They are prepared on the historical cost basis except for financial instruments mandatorily at fair value through profit and loss, which are stated at their fair value. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the periods presented in these financial statements.

The preparation of financial statements in conformity with adopted IFRS requires management to make assumptions, estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. The results of these estimates form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these financial statements are set out in Note 3 – Critical accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

Certain reclassifications have been made to the prior year financial statements of the Company to conform to the current year's presentation and none had any impact on net profit/(loss) or total equity of the Company. These reclassifications are not material.

Going Concern

The Board has made an assessment of the ability of the Company to continue as a going concern for a period of at least 12 months from the date of this report. Based on this assessment, the Board is satisfied that the Company has adequate resources to continue in operation for this period, and it, therefore, continues to adopt the going concern basis in preparing the financial statements.

In considering going concern, the directors have reviewed the capital, liquidity and financial position of CSAML including future capital, liquidity and financial plans.

The directors have also considered Credit Suisse Global Strategic Review ('GSR') announced in November 2021, adoption of IFPR in 2022 and market developments during the year caused by COVID-19. The Company has capital surpluses to all regulatory and internal limits and is forecast to maintain them for the foreseeable future.

CSAML considers a strong and efficient liquidity position to be a priority and CS AG has provided a letter of intent to ensure CSAML can meet its debt obligations for the next 18 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

Consequently, the directors are confident that CSAML will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis. All these measures support the Board's assessment that the Company is a going concern.

Standards and Interpretations Effective in the Current Period

The Company has adopted the following amendments in the current year:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2: In August 2020, IASB Issued 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16: Interest Rate Benchmark Reform- Phase 2' in order to address financial reporting issues arising from the replacement of interbank offered rates (IBORs). The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The Company adopted the Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on 1 January 2021. The adoption had no material impact to the Company's financial position, results of operation or cash flows.

c) Interest income and expense

Interest income and expense is recognised for all financial assets and liabilities measured using the effective interest method.

d) Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a client and excludes any amounts collected on behalf of third parties. The Company recognises revenue when it satisfies a contractual performance obligation. Variable consideration is only included in the transaction price once it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the amount of variable consideration is subsequently resolved.

Generally, no significant judgement is required with respect to recording variable consideration. At each performance measurement period (e.g., daily, monthly, quarterly), recognition of the cumulative amount of the consideration to which the Company is entitled is no longer constrained because it is calculated based on a known account value and the fee revenue is no longer variable.

Performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations.

Revenue represents different types of fees and is based on different services provided by the Company. It includes Management fees, Advisory fees, Performance fees, Distribution fees, Placement fees, and Coupon and unrealised Market to Market ('MTM') amounts in relation to risk retention investments in CLOs.

- Portfolio management fees are allocated based on management fee percentage based on underlying assets.
- Advisory fee is earned over the respective service period of the arrangement as indicated on the agreement/contract.
- Performance-linked fees or fee components are recognised when the recognition criteria are fulfilled. Examples include warehousing and structuring fees associated with the launch of a CLO.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**2. Significant accounting policies (continued)**

- Distribution fees are allocated on the basis of average monthly holdings attributed to the Company.
- Placement fees earned by the Company are based on a share (currently, 25%) of global placement fees and are recognised when transactions are formally concluded.
- Recurring fees, such as management fees and advisory fees, are recognised on an accrual basis. Initial fees received at the inception of a contract are recognised as revenue when earned.

e) Allocation of expenditure

Administrative expenses include amounts recharged from other CSG subsidiary undertakings on a basis which appropriately reflects the costs applicable to the Company.

f) Share-based payments

The Company grants shares in its ultimate parent, CSG, to certain employees. The Company pays for CSG shares at market value at the time of settlement to employees.

Share-based awards are classified as cash-settled share-based payment plans. As a consequence, the Company recognises a proportion of the liability in respect of the vested and unvested and unsettled portion of the award at the current market value determined at each balance sheet date.

The expense for share-based payments is determined by treating each tranche of the award made as a separate grant of share awards and this expense is accrued over the vesting period for each tranche, unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

Share-based awards can be made to employees in one of the following ways:

- Phantom Share Awards;
- Special Awards, which are typically awarded upon hiring of certain senior employees or in relation to business acquisitions. The terms (including amount, vesting and settlement) of such awards vary from award to award;
- Performance Share Awards; and
- Contingent Capital share awards.

Phantom Share and Performance Share Awards are accrued over the vesting period. Special Awards are accrued over the vesting period as per award terms. Changes in foreign exchange and market value of share plan obligations between grant date and settlement date are expensed within operating expenses. The total value of awards accrued and outstanding at end of the accounting period is classified as a liability.

The majority of share awards granted include the right to receive dividend equivalents on vested shares.

g) Holiday pay

The Company recognises a provision for holidays carried forward into the current year by its employees up to a maximum of 10 days per employee. For any employees who were unable to use all of their holiday due to exceptional circumstances, carry over in excess of 10 days may be permitted into 2022. As a result, the Company increased the provision to allow up to the legal maximum of 20 days carry-over per employee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**2. Significant accounting policies (continued)****h) Other compensation plans**

The Company has other deferred compensation plans in the form of fixed or variable deferred cash compensation. For these awards, the compensation expense is recognised over the required service period for the employee, which is normally the stated vesting term. For certain plans, recognition of the compensation expense is accelerated to the date an employee becomes eligible for retirement. Certain awards also contain a performance condition, whereby the final cash payout would be dependent upon the performance of certain instruments, a division within Credit Suisse or the CS group as a whole.

Other compensation plans include Notional Hedge Fund Awards, which provide employees with compensation determined by reference to the returns on an investment in one or more Credit Suisse sponsored hedge funds. Each award vests in equal amounts over three years on each of the three anniversaries of the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

i) Retirement benefit costs

The Company contributes to various defined contribution pension plans primarily in the UK. In addition, the Company contributes towards the cost of death in service benefits and pension plan administration. The Company is also a participant in the UK Defined Benefit Plan ('UK DB Plan'). In accordance with the provisions of IAS 19 "Employee Benefits", for defined benefit plans that share risks between various entities under common control, no retirement benefit obligation is recognised in the Consolidated Statement of Financial Position of the Company for the UK DB Plan and defined contribution accounting is applied, as the Company has no contractual agreement or stated policy for incurring any charges by the sponsoring employer for the defined benefit cost. The Company's share of the retirement benefit obligation is instead recognised in the Consolidated Statement of Financial Position of the sponsoring entity, CSi, a related party also part of CSG group.

j) Foreign currency

The Company's functional currency is GBP. Transactions denominated in currencies other than GBP are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Statement of Income. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates.

k) Income tax and Deferred tax

Income tax recognised in the Statement of Income for the year comprises current and deferred taxes.

Income tax is recognised in the Statement of Income except to the extent to which it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Statement of Income, the related income tax is also subsequently recognised in the Statement of Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date. Withholding taxes are also treated as income taxes.

For UK corporation tax purposes, the Company may surrender or claim certain losses from another UK group Company. The surrendering company will be compensated in full for the value of the tax losses surrendered to the claimant company. The surrendering entity will show a benefit received for the losses surrendered, which will be recorded as a reduction to current tax expense and taxes payable, whereas the claimant entity will have an increase in current tax expense and taxes payable respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**2. Significant accounting policies (continued)**

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences for the Company arise from its deferred compensation. The amount of deferred tax provided is based on the amount at which the Company is expected to recover or settle the carrying amount of assets and liabilities in the Statement of Financial Position, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent to which it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax assets and liabilities of the same type (current or deferred) are offset when they arise from the same tax reporting group, they relate to the same tax authority, the legal right to offset exists and they are intended to be settled net or realised simultaneously.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 7 – Income tax expense.

l) Cash and due from banks

For the purpose of the preparation and presentation of the statement of cash flows, cash and cash equivalents comprise the components of cash and amounts due from banks that are short-term, highly liquid instruments with original maturities of three months or less that are subject to an insignificant risk of change in their fair value and that are held or utilised for the purpose of cash management.

Cash and cash equivalents are measured at amortised cost and are subject to impairment.

m) Other receivables

Other receivables are initially recorded at fair value, plus any directly attributable transaction costs, and are subsequently amortised on an effective interest method, less impairment losses. The effective interest will be re-estimated in the event of an impairment loss. When calculating the effective interest, the Company estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not future credit losses.

n) Financial assets and liabilities

Financial assets are classified on the basis of two criteria: 1) the business model of why the financial assets are held and how they are managed and 2) the contractual cash flow characteristics of the financial asset. These factors determine whether the financial assets are measured at Amortised Cost, Fair Value Through Other Comprehensive Income ('FVOCI') or Fair Value Through Profit and Loss ('FVTPL').

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations.

Financial assets measured at amortised cost includes Cash and due from banks, Amounts owed by CS group companies and Fees and other receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**2. Significant accounting policies (continued)**

Financial assets which are managed on a fair value basis include 'Non-trading financial assets mandatorily at fair value through profit or loss' and measured at fair value through profit or loss this includes CLOs. Related realised and unrealised gains and losses are included in 'Net gains/(losses) from financial assets at FVTPL.

Financial liabilities include intra-group borrowings and payables. Intra-group borrowings, demand deposits and payables are recognised initially at fair value net of transaction costs. These liabilities are subsequently stated at amortised cost using the effective interest rate method. Financial liabilities are classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

o) Impairment of financial assets

The impairment requirements apply primarily to financial assets measured at amortised cost and FVOCI. The impairment requirements are based on a forward-looking expected credit loss ('ECL') model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. This requires considerable judgement over how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

All financial assets attract a 12-month ECL on origination (Stage 1) except for financial assets that are credit impaired upon purchase or origination. When the credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement is changed from a 12-month ECL (Stage 1) to a lifetime ECL (Stage 2). A financial asset moves into Stage 3 when it becomes credit-impaired.

Impairment on receivables

Receivables are initially recorded at fair value, plus any directly attributable transaction costs, and are subsequently amortised on an effective interest method less any impairment losses.

Information as to the calculation of ECL and maximum exposure to Credit Risk by credit rating is included in Note 21 - Financial risk management.

p) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. The fair value measurement guidance establishes a single authoritative definition of fair value and a framework for its measurement. Fair value can be based on: quoted market prices (unadjusted); observable inputs other than quoted prices; or unobservable inputs. The inputs that are used to calculate the fair value determine at which level of the fair value hierarchy the instrument is categorised.

Certain financial assets are presented as 'Financial assets mandatorily at fair value through profit or loss'. All fair value changes relating to these financial instruments held at fair value through profit or loss are recognised in 'Net gains/ (losses) from financial assets at fair value through profit or loss'. Refer Note 19 - Financial Instruments.

q) Dividends

Dividends on ordinary shares would be recognised as a liability and deducted from equity when they are declared.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

r) Provisions

Provisions are recognised for present obligations as a result of past events where the outflow of economic benefits is probable and can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The expense recognised when provisions are established is recorded in general and administrative expenses on the Statement of Income.

3. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006, management is required to make critical judgements. These estimates are based upon judgement and the information available at the time and actual results may differ materially from these estimates.

Management believes that the estimates and assumptions used in the preparation of these financial statements are reasonable and consistently applied.

Management believes that the critical accounting estimates discussed below involve the most significant judgements. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the Financial Statements.

The spread of COVID-19 has resulted in significant uncertainty. In light of this uncertainty, CSAM applies appropriate judgement in complying with IFRS 13 requirements for measuring fair value, such as valuation of debt securities.

Valuation of investments in debt securities

When determining the fair value of an instrument, the Company maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Where the fair value is not determined using a quoted price in an active market for an identical asset or liability or a valuation technique that uses data from observable inputs, then reserves would be established for unrealised gains or losses evident at the inception of the contracts so that no gain or loss is recorded at inception. Such reserves would be amortised to income over the life of the instrument or released into income when observable inputs becomes available.

Critical estimate

Fair values of the investments in CLOs may be available through quoted prices, which are often based on the prices at which similarly structured and collateralised securities trade between dealers and to and from customers. Fair values of CLOs for which there are significant unobservable inputs are valued using the broker quote. The valuation of investments in CLOs are subject to periodic price-testing by Valuation Control within the CS group. Please see Note 19 - Financial instruments, Note 20 - Disclosures of interest in other entities and Note 21 - Financial risk management for more information.

Structured entities

As part of CIG's business the Company engages in various transactions that include structured entities. A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Critical accounting estimates and judgements (continued)

Transactions with structured entities are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities. The Company may hold interests in the structured entities as part of these activities.

Key judgements

The Company discloses information about significant judgements and assumptions made in determining whether the Company has (joint) control of, or significant influence over, another entity. The Company provides disclosures with regards to unconsolidated structured entities such as when it sponsors or has an interest in such an entity. Please see Note 20 - Disclosures of interest in other entities for more information.

4. Net interest income

	2021	2020
	£000	£000
Interest income	6,841	6,029
- of which relates to financial instruments held at fair value through profit or loss	6,841	6,029
Interest expense	(1,255)	(1,148)
- of which relates to financial instruments held at amortised cost	(1,255)	(1,148)
Net interest income	5,586	4,881

Whilst IFRS requires an analysis of the interest expense into amounts relating to financial assets measured at fair value and those measured at amortised cost, interest expense of £1,124k (2020: £1,056k) is associated with short-term borrowings taken from other CS group companies for the purpose of funding the investments in debt securities and foreign currency exposure management.

5. Non-interest income

	2021	2020
	£000	£000
Management fees	44,511	38,152
Placement fees	31,208	23,703
Distribution fees	810	4,645
Other fees	2,074	1,871
Non-interest income	78,603	68,371

The Company earns fees from its investment management roles across various funds and Special Purpose Vehicles ('SPVs'). Management fees increased primarily as a result of the launch of new CLOs. The Company continues to receive 25% share of placement fees. Other fees includes the reimbursement of costs associated with the Real Estate business in the UK and one-off fees received in relation to the launch of Madison Park Euro Funding ('MPEF') XVI.

There is an unrealised gain of £343k (2020: loss of £2,810k) relating to the Company's investments in debt securities of CLOs.

Other revenue as reported on the Statement of Income includes a net foreign exchange loss of £279k (2020: gain of £1,009k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Operating expenses

	2021	2020
	£000	£000
Compensation and benefits		
Salaries and bonuses	(47,770)	(29,418)
Social security	(7,480)	(4,033)
Pensions	(707)	(681)
Other*	(886)	(243)
Total compensation and benefits	(56,843)	(34,375)

*Other primarily includes life insurance and restructuring expenses.

The following table sets forth the details of other expenses:

	2021	2020
	£000	£000
Other expenses		
Commission expenses ¹	(768)	(1,617)
Occupancy ²	(2,339)	(1,765)
Professional services ³	(2,872)	(702)
Market data	(1,180)	(888)
Expenses reimbursed to Parent ⁴	(1,100)	(1,629)
Expenses reimbursed to CS group companies	(5,073)	(2,900)
Miscellaneous expenses ⁵	(985)	(1,071)
Total other expenses	(14,317)	(10,572)
Total operating expenses	(71,160)	(44,947)

¹Commission expenses represent the Company's contribution to fees incurred by the CS group in relation to agreements with third party distributors.

²Represent an allocation of charges from fellow CS group companies.

³Includes fees payable to the Company's auditor for the audit of the Company's annual accounts amounting to £150k (2020: £118k) and Audit-related assurance services is £7k (2020: £11k).

⁴Expenses reimbursed to the parent, Credit Suisse Asset Management (UK) Holding Limited, are reimbursed in accordance with a cost transfer agreement and represent primarily compensation and benefits expenses arising from deferred compensation awarded prior to the transfer of employees to the Company in 2015.

⁵Comparative figures have been reclassified to conform to the current year's presentation. IT Machinery and Travel and Entertainment have been combined with Miscellaneous expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Operating expenses (continued)

The following table sets forth the costs (included above) associated with ACS in 2021 (2020: nil):

	2021
	£000
Salaries and bonuses	(15,640)
Social security	(2,688)
Other employee benefits	(88)
Other non-compensation expenses	(920)
Total	(19,336)

7. Income tax expense
a) Analysis of Tax Expense for the Year

	2021	2020
	£000	£000
Current tax		
Current tax expense on profit for the year	(4,186)	(5,961)
Adjustment in respect of previous periods	782	648
Total current tax expense	(3,404)	(5,313)
Deferred tax		
Credit to Statement of Income for the year	1,928	850
Adjustments in respect of previous periods	(790)	(648)
Effect of changes in tax rate	1,128	384
Total deferred tax benefit	2,266	586
Income tax expense	(1,138)	(4,727)

During 2021, the UK government enacted legislation to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

The income tax expense for the year can be reconciled to the income per the Statement of Income as follows:

	2021	2020
	£000	£000
Profit before tax	13,077	26,591
Profit before tax multiplied by the UK statutory rate of corporation tax at the rate of 19% (2020: 19%)	(2,485)	(5,052)
Other permanent differences ¹	(46)	(27)
Adjustments to current tax in respect of previous periods	782	648
Adjustments to deferred tax in respect of previous periods	(790)	(648)
Effect on deferred tax resulting from changes to tax rates	1,128	384
Differential in movement in deferred taxes to the statutory tax rate	273	(32)
Income tax expense	(1,138)	(4,727)

¹Comparative figures have been represented to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Income tax expense (continued)
b) Deferred Taxes

Deferred tax assets are recognised, on deductible temporary differences and tax losses carried forward, only to the extent that realisation of the related tax benefit is probable.

The movement for the year on the deferred tax position is analysed as follows:

	2021	2020
	£000	£000
Opening balance	3,572	2,986
Credit to Statement of Income for the year	1,928	850
Adjustments to deferred tax in respect of previous periods	(790)	(648)
Effect of changes in tax rate	1,128	384
At the end of the year	5,838	3,572

Deferred tax assets are attributable to the following items:

	2021	2020
	£000	£000
Deferred tax assets		
Employee benefits	5,766	3,506
Decelerated tax depreciation	72	66
At the end of the year	5,838	3,572

The deferred tax benefit in the income statement comprises the following temporary differences:

	2021	2020
	£000	£000
Deferred tax assets		
Employee benefits	2,260	592
Decelerated tax depreciation	6	(6)
At the end of the year	2,266	586

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2020: 19%).

8. Amounts owed by CS group companies

	2021	2020
	£000	£000
Amount owed by CS group companies	15,862	15,735
- of which relates to Credit Suisse Securities USA LLC	6,586	9,205
- of which relates to Credit Suisse Asset Management LLC	5,651	1,502
- of which relates to other CS group companies	3,625	5,028
Gross amount	15,862	15,735
Provision for expected credit losses	(8)	(6)
Net amount	15,854	15,729

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Amounts owed by CS group companies (continued)

Of the amounts owed by CS group companies of £15,854k (2020: £15,729k), £5,651k and £6,586k (2020: £1,502k and £9,205k) relates to amounts due in respect of contracts associated with CIG (amounts due from Credit Suisse Asset Management LLC) and PFG (amounts due from Credit Suisse Securities USA LLC) respectively. The Company could have instances where the performance of a service could occur before revenue would be recognised as certain or non-refundable, such as performance fees or servicing fees. Such fees were recognised in revenues in the reporting period during which the performance obligations were satisfied. No impairment losses were recognised on contract receivables during the reporting period. The Company did not recognise any contract assets or contract liabilities during the reporting period.

9. Fees and other receivables

	2021	2020
	£000	£000
Fees and interest receivable	9,164	7,772
Other*	1,564	61
Total fees and other receivables	10,728	7,833

*Other includes mainly prepaid expenses.

No receivables are deemed impaired and no provision for doubtful receivables has been made.

Of the total receivables of £10,728k (2020: £7,833k), £8,389k (2020: £7,151k) relates to contract receivables as per IFRS 15.

10. Other liabilities

	2021	2020
	£000	£000
Accruals for bonus and social security on bonus	5,357	7,143
Accruals for deferred compensation	24,028	18,347
Accruals for operating expenses	4,104	3,087
Fees payable	15	152
Others*	60	—
Total other liabilities**	33,564	28,729

*Others includes provision for expected credit losses on commitments in 2021 (refer Note 18. for further details on commitments).

** Total other liabilities includes £13,077k (2020: £8,188k) which are non-current in nature. These include non-financial liabilities aggregating £11,422k (2020: £7,159k).

11. Short-term borrowings

Short-term borrowings of £244,582k (2020: £204,907k) are entirely obtained from CS group companies and are used for the purposes of funding the investments in debt securities and foreign currency exposure management.

Pursuant to amendments in IAS 7 – Cash Flow Statement, below is the reconciliation of liabilities arising from financing activities:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
11. Short-term borrowings (continued)
2021
£000

	Opening Balance	Cash flows		Non cash changes			Closing Balance
		Issuance	Repayment	Acquisition	FX	Interest	
Short-term borrowings	204,907	152,172	(96,536)	—	(15,961)	—	244,582
Interest on short-term borrowings	524	—	(1,157)	—	(33)	1,124	458

2020
£000

	Opening Balance	Cash flows		Non cash changes			Closing Balance
		Issuance	Repayment	Acquisition	FX	Interest	
Short-term borrowings	182,960	61,451	(50,730)	—	11,226	—	204,907
Interest on short-term borrowings	401	—	(961)	—	28	1,056	524

12. Called-up share capital

	2021		2020	
	No of Shares	£000	No of Shares	£000
Authorised:				
Ordinary shares of £0.10 each	450,500,000	45,050	450,500,000	45,050
Deferred shares of \$1 each	8,217	5	8,217	5
Total authorised share capital		45,055		45,055

	2021		2020	
	No of Shares	£000	No of Shares	£000
Allotted, called up and fully paid:				
Ordinary shares of £0.10 each	450,204,387	45,020	450,204,387	45,020
Allotted, called up and fully paid		45,020		45,020

13. Capital adequacy

The Company's capital adequacy is managed and monitored based on practices developed by the Basel Committee on Banking Supervision ('the Basel Committee') and governed by the FCA. These are set out in the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD'), collectively referred to as CRD IV.

All of the Company's regulatory capital is categorised as Tier 1 capital, which comprises Common Equity Tier 1 capital plus Additional Tier 1 securities and related share premium accounts. Common Equity Tier 1 capital consists of the common shares issued by the Company and related share premium, retained earnings, capital contribution reserve and regulatory adjustments required in the calculation of Common Equity Tier 1.

Regulatory adjustments include a deduction for prudent valuation.

The Company's overall capital needs are reviewed continually to ensure that its capital base can support the needs of its businesses. The capital management framework at CSG is designed to monitor the sufficiency of capital resources, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

The Company must at all times monitor and demonstrate the compliance with the capital adequacy requirements of the FCA. The Company has put in place processes and controls to monitor and manage its capital adequacy. No breaches were reported to the FCA during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. Capital adequacy (continued)

The following table sets out details of the Company's Own Funds at 31 December 2021 and 2020.

	2021	2020
	£000	£000
Share capital	45,020	45,020
Retained earnings	87,701	75,762
Capital contribution reserve	57,243	57,243
Share premium account	20,989	20,989
Value adjustments due to the requirements for prudent valuation	(3,935)	(2,803)
Total Tier 1 capital	207,018	196,211

The capital contribution reserves are capital injections made by the parent to maintain the Company's capital base to support business activity and meet regulatory requirements. These contributions form part of distributable reserves.

14. Related party transactions

The Company is wholly owned by Credit Suisse Asset Management (UK) Holding Limited, incorporated in the UK. The Company is controlled by the ultimate parent company Credit Suisse Group AG, which is incorporated in Switzerland.

Copies of the Financial Statements of Credit Suisse AG and Credit Suisse Group AG, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from Credit Suisse Group AG, Paradeplatz 8, 8070 Zurich, Switzerland.

The following table sets forth the details of related party balances and transactions:

a) Related Party Assets and Liabilities

	2021	2020
	£000	£000
Assets		
Cash and due from banks	241,536	223,325
Amounts owed by CS group companies*	15,862	15,735
Total assets	257,398	239,060

*The amount owed by CS group companies of £15,862k (2020: £15,735k) does not include the provision for expected credit losses of £8k (2020: £6k) required under IFRS 9.

*The amount owed by CS group companies of £15,862k (2020: £15,735k) includes an amount owed by the Company's parent of £2,544k (2020: £7k).

	2021	2020
	£000	£000
Liabilities		
Short-term borrowings	244,582	204,907
Amounts owed to CS group companies*	6,251	3,643
Total liabilities	250,833	208,550

*The amount owed to CS group companies of £6,251k (2020: £3,643k) includes an amount owed to the Company's parent of nil (2020: £523k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Related party transactions (continued)
b) Related Party Revenues and Expenses

	2021	2020
	£000	£000
Interest expense	(1,255)	(1,148)
Management, advisory and other service fees	43,929	41,021
Net operating income	42,674	39,873
Operating expenses	(6,556)	(4,865)
Total operating expenses	(6,556)	(4,865)

Operating expenses include expenses recharged by the Company's parent of £1,100k (2020: £1,629k) and operating expenses recharged by other CS group companies of £5,073k (2020: £2,900k).

c) Remuneration of Directors

	2021	2020
	£000	£000
Directors' emoluments	(4,410)	(3,392)
Long-term incentive scheme:		
- Amounts paid under deferred cash awards	(1,565)	(1,447)
- Amounts delivered under share-based awards	(373)	(494)
Total	(6,348)	(5,333)
Compensation for loss of office	—	—
Company contributions to defined contribution schemes	(58)	(41)
Total	(6,406)	(5,374)

Emoluments include amounts paid to or receivable by the directors. Only vested cash retention awards are included in emoluments. Long-term incentive schemes consist of deferred cash awards and share-based awards and are not given to non-executive directors who receive only a fixed fee. Deferred cash awards are included in the period when the amounts vest and are paid and share-based awards are included in the period when the amounts vest and are delivered.

Where directors perform services for a number of companies within the CS group, the total remuneration payable to each director has been apportioned to the respective entities based on a time spent per company allocation for that director.

The aggregate of emoluments and awards in respect of long-term incentive schemes paid to or receivable by the highest paid director was £5,707k (2020: £4,751k). The director was also a member of a defined contribution pension plan and the contribution paid during the year into the plan was £7k (2020: £8k). During the year the highest paid director also received an entitlement to shares under a long-term incentive scheme.

The amounts included in the UK Companies Act disclosure are on a different basis than the recognition requirements of IFRS 2 and IAS 37 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Company's accounts for directors in accordance with IFRS requirements for 2021 was £7,392k (2020: £5,381k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Related party transactions (continued)

The total number of directors includes all directors of the Company.

Number of Directors and Benefits:	Number of directors	Number of directors
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	4	4
No scheme	2	2
Both defined contribution and defined benefit	—	1
Directors in respect of whom services were received or receivable under long term incentive schemes	4	5

Remuneration of Key Management Personnel

	2021	2020
	£000	£000
Emoluments	(8,807)	(7,812)
Amounts receivable under long term incentive schemes	(8,444)	(7,876)
Total	(17,251)	(15,688)
Compensation for loss of office	—	(41)
Company contributions to defined contribution schemes	(102)	(100)
Total	(17,353)	(15,829)

The numbers disclosed in the 'Remuneration of Key Management Personnel' are based on amounts accrued in the Financial Statements for all emoluments and long-term incentive schemes.

Key Management Personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

Key Management Personnel include directors and the members of the Credit Suisse Asset Management Executive Committee.

CSG Shares awarded to Key Management Personnel

	2021	2020
Number of shares	200,482	233,648

The shares included in the table above are those accrued in the period under the requirements of IFRS 2. These differ from the share awards included in the UK Company's Act disclosures, which are disclosed in the period in which they vest and are delivered.

Loans and Advances to Key Management Personnel

Loans outstanding from Key Management Personnel of the Company as at 31 December 2021 were nil (2020: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Employee share-based compensation and other compensation benefits

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is solely at the discretion of the Compensation Committee and senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees for forfeited awards from previous employers upon joining the Company. It is the Company's policy not to make multi-year guarantees.

Compensation expense for share-based and other awards that were granted as deferred compensation is recognised in accordance with the specific terms and conditions of each respective award and is primarily recognised over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees and certain other terms. All deferred compensation plans are subject to restricted covenants, which generally include non-compete and non-solicit provisions. Compensation expense for share-based and other awards that were granted as deferred compensation also includes the current estimated outcome of applicable performance criteria, estimated future forfeitures and mark-to-market adjustments for certain awards that are still outstanding.

Total compensation expense for cash-settled share-based compensation plans recognised during 2021 and 2020 was £6.6m and £2.4m respectively. The total stock award liability recorded as at 31 December 2021 was £9.2m (2020: £4.6m). The fair value used to calculate the stock award liability was the closing CSG share price as at 31 December 2021 CHF 8.872 (2020: CHF 11.40). The average weighted fair value of awards granted in 2021 was CHF 11.02 (2020: CHF 10.81). The intrinsic value of vested share-based awards outstanding as at year end was £5.5m (2020: £0.3m).

The recognition of compensation expense for the deferred compensation awards granted in February 2022 began in 2022 and thus had no impact on the 2021 financial statements.

Share awards

Share awards granted in February 2022 are similar to those granted in February 2021. Each share award granted entitles the holder of the award to receive one CSG share, subject to service conditions. Share awards vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting). Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the CSG share price at the time of delivery.

The share awards include other awards, such as blocked shares, and special awards, which may be granted to new employees. These awards entitle the holder to receive one CSG share and are generally subject to continued employment with the Company, contain restrictive covenants and cancellation provisions and generally vest between zero and three years.

The number of share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as share awards by the average price of a CSG share over the ten consecutive trading days which ended on 24 February, 2022. The fair value of each share award was CHF 8.61, the CSG share price on the grant date.

The majority of share awards granted include the right to receive dividend equivalents on vested shares. Movements in the number of share awards outstanding were as follows:

	2021 '000	2020 '000
As at 1 January	372	318
Granted	905	194
Share Transferred in/out	(22)	24
Delivered	(173)	(164)
Forfeited	(10)	—
As at 31 December	1,072	372

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Employee share-based compensation and other compensation benefits (continued)
Performance share awards ('PSA')

Certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions.

Performance share awards are subject to a downward adjustment in the event of a divisional loss by the division in which the employees worked as at 31 December 2021, or a negative CSG Return on Equity ('ROE'), whichever results in a larger adjustment. For employees in Corporate Functions and the Asset Resolution Unit, the downward adjustment only applies in the event of a negative CSG ROE and is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the Compensation Committee's determination for the year in which the performance shares are granted.

The number of performance share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as performance share awards by the average price of a CSG share over the ten consecutive trading days which ended on 24 February 2022. The fair value of each performance share award was CHF 8.61, the CSG share price on the grant date.

The majority of performance share awards granted include the right to receive dividend equivalents on vested shares.

Movements in the number of PSA outstanding were as follows:

	2021	2020
	'000	'000
As at 1 January	284	240
Granted	273	168
Share Transferred in/out	-	-
Delivered	(128)	(124)
Forfeited	-	-
As at 31 December	429	284

Contingent Capital Awards ('CCA')

CCA were granted in February 2022, 2021 and 2020 to managing directors and directors as part of the 2021, 2020 and 2019 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by the CSG in the market. CCA are scheduled to vest on the third anniversary of the grant date. CCA awards will be expensed over the vesting period. CCA generally provide a conditional right to receive semi-annual cash payments of interest equivalents until settled, with rates being dependent upon the vesting period and currency of denomination.

Below are description for interest equivalents on both, USD and CHF denominated CCAs, however not all entities are granted with both type of awards.

- CCA granted in 2022, 2021 and 2020 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 4.18%, 3.60% and 4.08% respectively, per annum plus the daily compounded (spread exclusive) US dollar Secured Overnight Financing Rate ('SOFR');
- CCA granted in 2022, 2021 and 2020 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 3.44%, 3.06% and 3.36% respectively, per annum plus the daily compounded (spread exclusive) Swiss franc Swiss Average Rate Overnight ('SARON'); and
- The semi-annual interest equivalent cash payment calculation cycle up to February 2021, was based on the six-month US dollar London Interbank Offered Rate ('LIBOR') for CCA denominated in US dollars and the six-month Swiss franc LIBOR for CCA denominated in Swiss francs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Employee share-based compensation and other compensation benefits (continued)

The rates were set in line with market conditions at the time of grant and existing high-trigger and low-trigger contingent capital instruments that CSG has issued. For CCA granted in February 2022, employees who received compensation in Swiss francs received CCA denominated in Swiss francs and all other employees received CCA denominated in US dollars.

As CCA qualify as going concern loss-absorbing capital of CSG, the timing and form of distribution upon settlement is subject to approval by FINMA. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by CSG. In the case of a cash settlement, the CCA award will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited if any of the following trigger events were to occur:

- a. CSG's reported common equity tier 1 ('CET1') ratio falls below 7%; or
- b. FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that CSG requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

Total compensation expense recognised for CCAs during the year ended 31 December 2021 was £1.3m (2020: £0.8m).

Notional Hedge Fund Awards ('HFN')

Certain employees received a portion of their 2018, 2019, 2020 and 2021 deferred variable compensation in the form of HFN awards. These awards essentially provide employees with compensation that will be determined by reference to the returns on an investment in one or more Credit Suisse sponsored hedge funds. Each award vests over three years, such that the awards vest equally on each of the three anniversaries of the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised for the HFN during the year ended 31 December 2021 was £8.2m (2020: £8.3m).

Upfront cash awards

In February 2021 and 2020, certain employees were granted upfront cash awards as part of the cash component of their 2020 and 2019 variable compensation. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal monthly installments during the three-year period following the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised during the year ended 31 December 2021 was £3.2m (2020: £0.1m).

16. Defined Contribution Pension Plan

The Company contributed to various defined contribution pensions primarily in the UK. The contribution to these plans in 2021 was £0.7m (2020: £0.7m). No contributions were made towards the cost of death in service benefits and pension plan administration in 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
17. Employees

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

Company	2021	2020
	Number	Number
Business functions	70	66
Total	70	66

18. Commitments

The following table sets forth details of commitments for 2021:

	Maturity <1 year	Maturity 1-3 years	Maturity 3-5 years	Maturity >5 years	Total amount
	£000	£000	£000	£000	£000
31 December 2021					
Irrevocable commitments	—	16,197	—	—	16,197
Total	—	16,197	—	—	16,197

The following table sets forth details of commitments for 2020:

	Maturity <1 year	Maturity 1-3 years	Maturity 3-5 years	Maturity >5 years	Total amount
	£000	£000	£000	£000	£000
31 December 2020					
Irrevocable commitments	—	4,503	—	—	4,503
Total	—	4,503	—	—	4,503

The commitments for 2021 represent the CSAML's share of the commitment to invest in the MPEF XVIII and MPEF XIX warehouse (2020: MPEF XVI warehouse).

19. Financial Instruments

The disclosure of the Company's financial instruments below includes the following sections:

- Analysis of financial instruments by categories; and
- Fair value of financial instruments not carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Financial Instruments (continued)
a) Analysis of financial instruments by categories

Financial instruments are measured on an on-going basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of the Company's financial assets and liabilities by categories.

2021 £000	Mandatorily at FVTPL	Amortised cost	Total carrying amount	Fair Value
Financial Assets				
Cash and due from banks	—	241,536	241,536	241,536
Amount owed by CS group companies*	—	15,862	15,862	15,862
Fees and other receivables	—	9,164	9,164	9,164
Non-trading financial assets	227,756	—	227,756	227,756
Total financial assets	227,756	266,562	494,318	494,318
Financial Liabilities				
Short-term borrowings	—	244,582	244,582	244,582
Other liabilities	—	8,868	8,868	8,868
Amounts owed to CS group companies	—	6,251	6,251	6,251
Total financial liabilities	—	259,701	259,701	259,701

*The amount owed by CS group companies of £15,862k does not include the provision for expected credit losses of £8k.

2020 £000	Mandatorily at FVTPL	Amortised cost	Total carrying amount	Fair Value
Financial Assets				
Cash and due from banks	—	223,325	223,325	223,325
Amounts owed by CS group companies*	—	15,735	15,735	15,735
Fees and other receivables	—	7,833	7,833	7,833
Non-trading financial assets	196,551	—	196,551	196,551
Total financial assets	196,551	246,893	443,444	443,444
Financial Liabilities				
Short-term borrowings	—	204,907	204,907	204,907
Other liabilities	—	9,336	9,336	9,336
Amounts owed to CS group companies	—	3,643	3,643	3,643
Total financial liabilities	—	217,886	217,886	217,886

*The amount owed by CS group companies of £15,735k does not include the provision for expected credit losses of £6k.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Financial Instruments (continued)
b) Fair value of financial instruments not carried at fair value
Fair value hierarchy

The financial instruments carried at fair value were categorised under the three levels of the fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or similar liabilities in markets that are not active, that is, markets in which there are few transactions for the asset and liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) input other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assessment of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the Statement of Financial Position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

The following table presents the carrying value of the financial instruments that are held at fair value across the three levels of the fair value hierarchy.

As at 31 December 2021

£000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Non-trading financial assets	—	212,794	14,962	227,756
Total financial assets	—	212,794	14,962	227,756

As at 31 December 2020

£000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Non-trading financial assets	—	183,696	12,855	196,551
Total financial assets	—	183,696	12,855	196,551

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
19. Financial Instruments (continued)

The level 2 disclosures for 2021 and 2020 include the investment in the securities in Madison Park Euro Funding CLO V, VI, VII, VIII, IX, X, XI, XII, XIV, XV, XVI and XVII. The level 3 disclosures for 2021 and 2020 includes the equity tranches (i.e. Class M Subordinated Notes) of the investments in the above mentioned securities. These equity tranches are at the bottom of each deal's capital structure and are the first to absorb the credit losses of the underlying collaterals and last to receive the cash flows.

The independent price validation and fair value levelling process is based on the CS group price testing framework and acceptable divergences in the prices based on actionability thresholds.

Movements of Level 3 instruments

The following table presents a reconciliation of financial instruments categorised in Level 3 of the fair value hierarchy.

Assets measured at fair value on a recurring basis for Level 3

2021					<u>Trading Revenues</u>			
Assets at fair value (£ '000)	Balance as at 1 January 2021	Transfers In	Transfers Out	Purchases	Sales	On transfers in/out*	On all other	Balance as at 31 December 2021
Non-Trading Financial Assets	12,855	—	—	3,274	—	—	(1,167)	14,962

*For all transfers to Level 3 or out of Level 3, the company determines and discloses as Level 3 events only gains or losses through the last day of the reporting period.

Gains/(losses) on assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

	2021 (£ '000)
-Non-trading financial assets mandatorily at fair value through profit or loss	(1,167)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Financial Instruments (continued)

						Trading Revenues		Balance as at 31 December 2020
						On transfers in/out*	On all other	
Assets at fair value (£ '000)	Balance as at 1 January 2020	Transfers In	Transfers Out	Purchases	Sales			
Non-Trading Financial Assets	—	7,637	—	1,114	—	—	4,104	12,855

* For all transfers to Level 3 or out of Level 3, the company determines and discloses as Level 3 events only gains or losses through the last day of the reporting period.

Gains on assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

	2020 (£ '000)
-Non-trading financial assets mandatorily at fair value through profit or loss	4,104

Transfers in and out of Level 3
Non-trading financial assets mandatorily at fair value through profit or loss

Non-trading financial assets mandatorily at fair value through profit or loss transferred into Level 3 during the year were nil (2020: £7,637k).

Disclosure of Valuation Techniques

Fair values of the investments in CLOs may be available through quoted prices, which are based on the prices at which similarly structured and collateralised securities trade between dealers and to and from customers. Price may not be observable for fair value measurement purposes for many reasons, such as the length of time since the last executed transaction for the related security, use of a price from a similar instrument, or use of a price from an indicative quote. Fair values determined by market comparable price may include discounted cash flow models using the inputs prepayment rates, default rates, loss severity and discount rates. Prices from similar observable instruments are used to calculate implied inputs which are then used to value unobservable instruments using discounted cash flow. The discounted cash flow price is then compared to the unobservable prices and assessed for reasonableness. For most structured debt securities, determination of fair value requires subjective assessment depending on liquidity, ownership concentration, and the current economic and competitive environment.

Valuation is determined based on broker quote and the business's own assumptions about how market participants would price the asset. CLOs are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Financial Instruments (continued)
Quantitative Information about Level 3 Assets at Fair Value

The following tables provide the representative range of minimum and maximum values and the associated weighted average of the significant unobservable input for level 3 assets by the related valuation technique most significant to the related financial instrument.

2021

Assets at fair value (£ '000)	Fair Value	Valuation technique	Unobservable input	Minimum Value	Maximum Value	Weighted average
Non-Trading Financial Assets	14,962	Broker quote	Price in %	46.5	94	69.2

2020

Assets at fair value (£ '000)	Fair Value	Valuation technique	Unobservable input	Minimum Value	Maximum Value	Weighted average
Non-Trading Financial Assets	12,855	Broker quote	Price in %	48	89	64.5

Qualitative discussion of the ranges of significant unobservable inputs

The following section provide further information about significant unobservable input included in the table above.

Price

Price is the primary significant unobservable input for CLOs. Where market prices are not available for an instrument, benchmarking may be utilised to identify comparable issues (same industry and similar product mixes) while adjustments are considered for differences in deal terms and performance. Increase in price will increase the fair value of CLOs.

Sensitivity of fair values to reasonably possible alternative assumptions

The fair value of the Non-Trading financial assets recognised in the financial statements is dependent in part or fully upon unobservable parameters e.g. prices.

The following table summarises the sensitivity of the investment in the debt securities to reasonable changes in the assumptions underlying this parameter:

	As at 31 December 2021 (£ '000)		As at 31 December 2020 (£ '000)	
	Favourable changes +10%	Unfavourable changes -10%	Favourable changes 10%	Unfavourable changes -10%
Impact on net income/(loss)				
Collateralised loan obligations	2,281	(2,281)	2,073	(2,073)
Total	2,281	(2,281)	2,073	(2,073)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
19. Financial Instruments (continued)

The following table presents the carrying value of the financial instruments that are held at amortised cost value across the three levels of the fair value hierarchy.

As at 31 December 2021

£000	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from banks	241,536	—	—	241,536
Amounts owed by CS group companies*	—	15,862	—	15,862
Fees and other receivables	—	9,164	—	9,164
Total financial assets	241,536	25,026	—	266,562
Financial liabilities				
Short-term borrowings	—	244,582	—	244,582
Amount owed to CS group companies	—	6,251	—	6,251
Other liabilities**	—	8,868	—	8,868
Total financial liabilities	—	259,701	—	259,701

*The amount owed by CS group companies of £15,862k does not include provisions for expected credit losses of £8k.

As at 31 December 2020

£000	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from banks	223,325	—	—	223,325
Amounts owed by CS group companies*	—	15,735	—	15,735
Fees and other receivables	—	7,833	—	7,833
Total financial assets	223,325	23,568	—	246,893
Financial liabilities				
Short-term borrowings	—	204,907	—	204,907
Amounts owed to CS group companies	—	3,643	—	3,643
Other liabilities**	—	9,336	—	9,336
Total financial liabilities	—	217,886	—	217,886

*The amount owed by CS group companies of £15,735k does not include the provision for expected credit losses of £6k.

**Other liabilities includes £1,655k (2020: £1,029k) which are non-current in nature.

20. Disclosures of interest in other entities
Unconsolidated Structured Entities

The Company has interests in structured entities that are not consolidated. An interest is either a contractual or non-contractual involvement that exposes the Company to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

20. Disclosures of interest in other entities (continued)
Type of Structured Entity
Collateralised Loan Obligations

CIG manages CLOs and invests in those in accordance with the 5% risk retention requirement of the CRR. The Company acts as investment manager for all the MPEF CLOs, which have been assessed as structured entities.

The Company receives investment and portfolio management fees from these structured entities. The Company also holds 5% investment in the tranches of MPEF V, VI, VII, VIII, IX, X, XI, XII, XIV, XV, XVI and XVII.

The following table provides the carrying amounts and classifications of the assets and liabilities of interests recorded in the Company's Statement of Financial Position, maximum exposure to loss and total assets of the unconsolidated structured entity.

Interests in Unconsolidated Structured Entities

£000 Statement of Financial Position line item	Type of structured entity	
	CLOs 2021	CLOs 2020
Non-trading financial assets mandatorily at fair value	227,756	196,551
Fee receivables	9,164	7,772
Total	236,920	204,323
Maximum exposure to loss	236,920	204,323
Unconsolidated structured entity assets	6,140,901	5,580,783

The maximum exposure to loss of the Company has been determined on the basis of the carrying value of the investment in MPEF V, VI, VII, VIII, IX, X, XI, XII, XIV, XV, XVI and XVII CLOs and fees receivable as of 31 December 2021.

The unconsolidated structured entity assets are those where the Company has an interest in the unconsolidated structured entity. These amounts typically represent the assets of the entities themselves and are unrelated to the exposures the Company has with the entity and thus are not amounts that are considered for risk management purposes.

The table below shows the income that has been received from the interests that the Company has in unconsolidated structured entities. Income from an unconsolidated structured entity includes, but is not limited to: interest income, commission and fees and changes in the fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

20. Disclosures of interest in other entities (continued)
Income from Interests in Unconsolidated Structured Entities

				£000
				Income received
Structured entity type	Fair value changes in the profit /(loss)	Interest income	Commission and fees	Total
CLOs	343	6,841	34,861	42,045
Total	343	6,841	34,861	42,045

				£000
				Income received
Structured entity type	Fair value changes in the profit /(loss)	Interest income	Commission and fees	Total
CLOs	(2,810)	6,029	27,633	30,852
Total	(2,810)	6,029	27,633	30,852

The Company has not provided financial or other support to structured entities that it was not contractually required to provide. The Company does not currently have the intention to provide financial or other support to unconsolidated structured entities that it is not contractually required to provide.

21. Financial risk management
a) Overview

CSAML risk management is undertaken in accordance with CS group policies. The primary objectives of risk management are to protect CSAML's financial strength and reputation, while ensuring capital is well deployed to support business activities. CSAML's risk management process includes independent controls to measure, monitor and manage risks in accordance with its risk framework and in consideration of industry best practice.

Risk Governance

CSAML's risk appetite establishes a direct link between its strategy and performance management, its risk management and its capital structure. CSAML's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an integral role in CSAML's business planning process and is strongly supported by its Board and senior management. CSAML's CRO is supported by the CRO division of CS group.

Risk Organisation

CSAML's independent risk management function is headed by the its CRO. The CRO is responsible for the oversight of risk management across all financial risk types and for ensuring independence of the risk management function. Responsibility for oversight of non-financial risk types is managed between the CRO and CCO.

CSAML's Board is responsible for reviewing the effectiveness of CSAML's risk management and systems of financial and internal controls. The Board considers that adequate systems and controls are in place with regard to CSAML's risk profile and strategy and that suitable independent assurance activities are undertaken.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Financial risk management (continued)

The Company's business strategy is pursued within the risk appetite as defined periodically by the Board. The Board expresses its risk appetite through a number of thresholds that define the maximum level of risk acceptable. These Risk Appetite Statements define the boundary conditions within which the Company's risk profile must be maintained. Risk Appetite Statements are defined for all relevant risk categories.

Credit Suisse's risk framework utilises three lines of defence to ensure that risks are identified, assessed, escalated and managed in a controlled and effective manner. The three lines of defence model is designed to provide multiple opportunities to address risks before they become issues or incidents. Although each line is defined separately and has its own responsibilities, in practice they work in cooperation to ensure that risks are addressed at the correct level.

First Line Risk Owner	Responsible for risk identification and management on a front-to-back basis, including design, operation and testing of controls required to comply with risk appetite and policies.
Second Line Independent Risk Control	Responsible for establishing risk management standards and providing independent challenge of activities, processes and controls carried out by the first line.
Third Line Independent Assurance	Responsible for providing independent assurance about the adequacy of the overall risk control framework directly to the Audit Committee.

Risk Governance Committees

Management has designed and implemented an effective supervisory structure and related risk and control functions to manage and mitigate risk by the following committees:

- Fiduciary and Credit Risk Committee ('FCRC'): Oversees the assessment and management of all market, liquidity, fiduciary and credit risks taken by CSAML. The committee specifically discusses risks associated with the management of CLOs and other investment funds by the Company.
- Operational Risk and Compliance Committee ('ORCC'): Primary function is to investigate risks relating to operational, compliance, financial crime, legal, personnel, conduct, reputational and regulatory risk domains, incorporating all outsourcing activities undertaken for the entity. Furthermore, the committee reviews the entity's annual Risk and Control Self-Assessment ('RCSA').
- Scenario Analysis Committee ('SAC'): Oversees the scenario analysis framework, including oversight of scenarios relating to capital specific stresses, that captures credit and counterparty, market and fiduciary risks. The committee also reviews stress testing documentation, such as SR11-7, which outlines model governance, assumptions, model parameters and weaknesses and results.

b) Credit Risk

Overview

Credit Risk refers to potential 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. CSAML invests in CLO structures for which CSAML is the investment manager, in line with regulatory minimum risk retention requirements relating to securitisations. Counterparty risk arises on management fees receivable from third party clients and other CS group entities.

New CLO investments require approval by the FCRC and notification to the CSAML Board ahead of the launch to confirm that the CLO has been approved in line with the Board-approved risk appetite. In addition, concentration risk thresholds are set for the aggregate CLO external credit ratings, issuers and sectors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Financial risk management (continued)
Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements

	2021	2020
	£000	£000
Cash and due from banks	241,536	223,325
Fees and other receivables	9,164	7,833
Amounts owed by CS group companies	15,854	15,729
Non-trading financial assets	227,756	196,551
Total financial assets	494,310	443,438

The amounts in the above table are based on carrying value. For disclosure on fees and other receivables please refer to Note 9. Fees and other receivables.

No collateral or credit enhancements are held against cash and due from banks or other fees and receivables.

The Non-trading financial assets are held by the Company as per risk retention requirements per the CRR.

Maximum Exposure to Credit Risk and Credit Quality Analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, the amounts in the table represent the gross carrying amounts.

Explanations of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2 – Significant accounting policies.

Other Assets and Fee Receivables
**Other assets credit risk exposure by external credit rating grades
12-month ECL (Stage 1)**

	2021	2020
	£000	£000
A+ to A-	15,851	15,720
BBB+ to BBB-	—	—
BB+ to BB-	9,175	7,787
Sum	25,026	23,507
Loss allowance	(8)	(6)
Carrying amount	25,018	23,501

Cash and cash equivalents

There is no ECL on cash and cash equivalents of £241,536k (2020 : £223,325k), these are held with CS AG rated at A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Financial risk management (continued)
c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or its financial position. CSAML places its excess cash with CS group in order to benefit from the Group's Treasury management capabilities.

CS group-wide Management of Liquidity Risk

CS group adopts the Bank for International Settlements ('BIS') Principles of Sound Liquidity Risk Management ('LRM') in compliance with all regulatory liquidity risk regulations at Group and entities level. CS uses a centralised funding model, ensuring that the CS group and its local entities remain appropriately funded, both under business as usual and in the event of a liquidity stress period – as defined by both the CS and the regulatory stress testing frameworks.

The CS Group liquidity and funding strategy is approved by the CS Group Capital Allocation and Risk Management Committee ('CARMC') and overseen by the CS group Board. The implementation and execution of the funding and liquidity strategy is managed by Treasury. Treasury ensures adherence to the funding policy and the efficient coordination of the secured funding desks.

This approach enhances the ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet stress situations. The Group liquidity and funding profile is regularly reported to Group CARMC and the CS group Board. There is also an independent risk management function that proposes the risk threshold, and monitors the liquidity risk, of our businesses that reports directly to the Risk Management Committee. The CS group Board is responsible for defining the overall threshold for risk in the form of a risk appetite statement.

The Company's Management of Liquidity Risk

Annually, the CRO reviews the entity's Liquidity Framework and performs an assessment to ensure liquidity risk thresholds are sufficient. Part of this assessment takes into consideration plausible but adverse market-conditions that could adversely impact liquidity.

2021

	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Total
£000					
Short-term borrowings	—	83,994	160,588	—	244,582
Amounts owed to CS group companies	5,460	333	458	—	6,251
Other liabilities	32	4,857	2,324	1,655	8,868
Total financial liabilities	5,492	89,184	163,370	1,655	259,701

2020

	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Total
£000					
Short-term borrowings	—	43,862	161,045	—	204,907
Amounts owed to CS group companies	3,643	—	—	—	3,643
Other liabilities	—	6,618	1,689	1,029	9,336
Total financial liabilities	3,643	50,480	162,734	1,029	217,886

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Financial risk management (continued)

d) Market Risk

Market risk is the potential financial losses arising from adverse changes in market factors such as equity, commodity, foreign exchange prices, interest rates, credit spreads, volatilities, correlations, cross market risks, basis and spreads risks or other relevant market factors (including concentration and illiquidity) on positions held. The Company defines its market risk as potential changes in the fair value of financial instruments in response to market movements. CSAML does not trade on its own account and does not take proprietary market risk positions, with the exception of any risk retention requirements in respect of its CLOs.

As at 31 December 2021, a 1% movement in the valuation of the retention holdings would have resulted in an impact of £2.28m (2020: £1.97m)

The Company is also exposed to market risk as a consequence of its deferred compensation, the liability associated with which moves in line with the market value of the underlying shares or units that are to be delivered or in line with the fund prices to which awards are indexed.

A sensitivity analysis is undertaken each quarter based on the number of CSG shares outstanding delivery as at the reporting date; as at 31 December 2021 a 1% increase in the CSG share price would result in a £90.9k loss for the Company based on 1,265,770 outstanding shares. A 1% movement in the liability associated with HFN awards as at 31 December 2021 would result in a £125.9k loss to the Company.

Currency Risk

The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP.

As at 31 December 2021, the Company had CHF (293)k net assets (2020: CHF 213k net assets), EUR 3,017k net assets (2020: EUR 11,485k net assets), USD 5,054k net assets (2020: USD 16,988k net assets) foreign currency exposure.

The sensitivity analysis, which is for illustrative purposes only, is prepared based on financial instruments that are recognised at the reporting date. This sensitivity assumes changes in certain market conditions. These assumptions may differ materially from the actual results due to the inherent uncertainties in global financial markets. In practice, market risks rarely change in isolation and are likely to be interdependent. The methods and assumptions used are the same for both reporting years.

Changes in exchange rates assume an instantaneous increase or decrease of 25% in foreign currency to Sterling rates at the reporting date, with all other variables remaining constant.

2021	CHF Impact		EUR Impact		USD Impact	
	+25%	-25%	+25%	-25%	+25%	-25%
	£000	£000	£000	£000	£000	£000
Change in equity and income or loss with foreign currency fluctuation	(59)	59	631	(631)	935	(935)
Total	(59)	59	631	(631)	935	(935)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Financial risk management (continued)

2020	CHF Impact		EUR Impact		USD Impact	
	+25%	-25%	+25%	-25%	+25%	-25%
	£000	£000	£000	£000	£000	£000
Change in equity and income or loss with foreign currency fluctuation	(44)	44	(2,586)	2,586	(3,110)	3,110
Total	(44)	44	(2,586)	2,586	(3,110)	3,110

Interest Rate Risk

Interest rate risk is the risk to earnings or capital due to adverse changes in interest rate levels. The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances, overdraft and short term borrowings. The maximum exposure of this balance is (£3,046k) (2020: £18,418k).

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and income or loss by (£12k)/£12k (2020: £75k/£75k).

This calculation assumed that the change occurred at the reporting date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 19% (2020: 19%).

Replacement of Interbank Offered Rates ('IBOR')

A major milestone of the (L)IBOR transition has been passed at the end of 2021. From 1 January, 2022 most non-USD (CHF, EUR, GBP and JPY) and select USD LIBOR (1-week and 2-month) settings have ceased publication. These rates have been in use for decades and the cessation impacted millions of transactions and thousands of market participants. Certain (the 1-, 3- and 6-month) GBP and JPY LIBOR settings remain published on a synthetic, temporary and non-representative basis, primarily to facilitate the transition of any residual legacy contract that the parties were unable to address in time. However, synthetic LIBORs are not available for reference in new trading activity and as publication is temporary, remediation efforts need to continue.

Successfully executing our CS group transition strategy, the CSAML legacy non-USD LIBOR portfolio has been remediated, either by active transition to Alternative Reference Rates ('ARRs'), or by adding robust fallback provisions that govern the transition to ARR upon the cessation of LIBORs. By the end of the year the CHF, JPY, GBP and EUR (LIBOR) cash markets have successfully transitioned to SARON, TONAR, SONIA and ESTR. As at 31 December 2021, the IBOR transition in CSAML was 100% complete.

CSAML adopted the Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 on 1 January 2021.

The transition to alternative benchmark rates did not have any material impact on the entity's financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**22. Subsequent events****Russia's invasion of Ukraine**

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 and on Russian government officials and Russian business leaders. CSAML is assessing the impact of the sanctions already imposed, and potential future escalations, on its exposures and client relationships. As of 31 December 2021, CSAML has no credit or country risk exposure to Russia. CSAML does not expect that these recent developments will have a material impact on its financial performance, but with the developing nature of the crisis CSAML continues to monitor the situation closely.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



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