

**CREDIT SUISSE INVESTMENT HOLDINGS (UK)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**



Company Registration Number 03045280

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## BOARD OF DIRECTORS

Michael Hodgson	Director
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Julian R Houghton	Director
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Paul E Hare	Director
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## COMPANY SECRETARY

Paul E Hare	Secretary
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# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

### International Financial Reporting Standards

Credit Suisse Investment Holdings (UK) (the "Company") 2012 annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU)

The financial statements were authorised for issue by the directors on 03 July 2013

### Business review and principal activities

The Company is an investment holding company, established primarily to hold the interests of Credit Suisse Investments (UK), a UK holding company whose ultimate parent is Credit Suisse Group AG ("CSG")

CSG, a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group') specialising in Investment Banking and Private Banking & Wealth Management

The Company's principal interests include investments in

- Credit Suisse Securities (Europe) Limited, whose principal activities are the arranging of finance for clients in the international capital markets, the provision of financial advisory services and acting as dealer in securities, derivatives and foreign exchange on a principal and agency basis,
- Credit Suisse First Boston Canary Wharf Health Club Limited, which carried on the business of a sport, health and fitness club. During the previous year it discontinued the operations of the health club,
- Credit Suisse Client Nominees (UK) Limited, a wholly owned subsidiary of Credit Suisse Securities (Europe) Limited, which holds registered securities for the clients of Credit Suisse Securities (Europe) Limited,
- Credit Suisse First Boston Trustees Limited, a wholly owned subsidiary of Credit Suisse Securities (Europe) Limited, a trust company,
- Credit Suisse (Kazakhstan) Limited Liability Partnership, which was formed in 2007 to provide marketing and administration support for clients,
- Credit Suisse First Boston InvestCo UK Limited, an unregulated subsidiary incorporated in Cayman for investment purposes, but which ceased activities during 2006 and became dormant,
- Credit Suisse First Boston PF (Europe) Limited, a wholly owned subsidiary of Credit Suisse Securities (Europe) Limited, which acts as a limited partner in funds for The Private Funds Group

On 29 February 2012, the Company invested in 200,000,000 fully paid Ordinary Shares of US\$0.10 each of Credit Suisse Securities (Europe) Limited issued at a premium of US\$1.40 each

On 12 March 2012, the Company sold its investment in CS Securities Sociedad de Valores S.A. (CSSSV) to CS (Espana) S.A., a wholly owned subsidiary of Credit Suisse AG

On 24 April 2012, DLJ UK Properties Limited, a 99% owned subsidiary of Credit Suisse First Boston Fixed Assets Limited was transferred to DLJ UK Investment Holdings Limited, a wholly owned subsidiary of Credit Suisse AG

On 29 June 2012, the Company invested in 17,536,621,050 fully paid Ordinary Shares of US\$0.10 each of Credit Suisse Securities (Europe) Limited

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

### Business review and principal activities (continued)

On 17 August 2012, Credit Suisse First Boston Fixed Assets Limited, one of the Company's directly owned subsidiaries made an application to the Registrar of Companies to strike the company's name from the register, such strike-off was affected on 19 February 2013

On 13 September 2012, the Company injected GBP 580,000 by way of share capital increase in Credit Suisse First Boston Canary Wharf Health Club Limited

There has been no significant change in the Company's principal activities compared to previous years. The directors are not aware of any significant developments or factors which will have a major impact on the continued success or operation of the business in the future.

### Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the deficiency in the net current assets, as Credit Suisse AG, Zurich has confirmed its intention to provide the necessary financial support to the Company to continue operations and meet its liabilities as and when they fall due.

### Key performance indicators ("KPIs")

Given the straight forward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Performance

The loss for the year was US\$ 410,434,000 (2011 US\$ 746,762,000). The current year loss is primarily driven by the impairment of its investment in a group subsidiary, Credit Suisse Securities Europe Limited. As at 31 December 2012, the Company had total assets of US\$ 6,592,879,000 (2011 US\$ 4,940,464,000) and net asset position of US\$ 4,611,158,000 (2011 US\$ 2,967,930,000).

### Share Capital

The Company is not subject to externally imposed capital requirements. On 29 February 2012, the Company issued 300,000,000 fully paid Ordinary Shares of US\$1 each to Credit Suisse Investments (UK). (2011 750,000,000 fully paid Ordinary Shares of US\$1 each was issued to Credit Suisse Investments (UK)). On 29 June 2012, the Company increased its authorised share capital by US\$1,753,662,105 (2011 US\$1,500,000,000). Consequently, it issued 1,753,662,105 fully paid Ordinary Shares of US\$1 each to Credit Suisse Investments (UK).

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses.

The Company funds its operations and growth through equity. This includes assessing the need to raise additional equity where required.

There were no changes in the Company's approach to capital management during the year.

### Dividends

No dividends were paid or were proposed for 2012 (2011 US\$ Nil).

### Principal risks and uncertainties

The Company faces few risks as the majority of transactions it undertakes are with companies within the Credit Suisse Group.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

### Principal risks and uncertainties (continued)

The main risk facing the entity is credit risk. Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet part or all of their obligations. Credit risk is not considered a significant risk as the majority of receivable balances as at 31 December 2012 are with companies within the Credit Suisse Group.

### Risk management

The Company's financial risk management objectives and policies and the exposure of the Company to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk are outlined in note 19 to the financial statements.

### Directors

The names of the directors as at the date of this report are set out on page 2. Changes in the directorate since 31 December 2011, and up to the date of this report are as follows:

Resignations	Costas P. Michaelides	06 Dec 2012
Appointments	Michael Hodgson	14 Dec 2012

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

None of the directors who held office at the end of the financial year were beneficially interested, at any time during the year, in the shares of the Company.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

### Auditor

Pursuant to section 487 of the Companies Act 2006, KPMG Audit Plc continues as the Company's auditors.

### Prompt payment code

It is the policy of the Company to pay all invoices in accordance with contract and payment terms.

### Subsequent events

On 19 February 2013, Credit Suisse First Boston Fixed Assets Limited, one of the Company's directly owned subsidiaries was dissolved.

On 12 March 2013, Credit Suisse First Boston Canary Wharf Health Club Limited, a subsidiary directly owned by the Company, cancelled the capital contribution reserves of GBP 9,000,000 against the accumulated losses. Also on the same date, the subsidiary reduced its share capital by cancelling 580,099 ordinary shares of GBP 1 each by paying GBP 5,767 to the Company. This transaction has no financial impact on the carrying amount of its investment for this subsidiary.

In the UK budget announcement of 20 March 2013, the UK government announced its intention to further reduce the UK corporation tax rate to 20% with effect from 1 April 2015. This tax rate reduction is expected to be substantively enacted in July 2013.

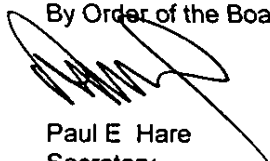
# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

### **Subsequent events (continued)**

There are no other material post balance sheet events which have a bearing on the understanding of the financial statements

By Order of the Board



Paul E Hare  
Secretary  
One Cabot Square  
London E14 4QJ  
03 July 2013

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

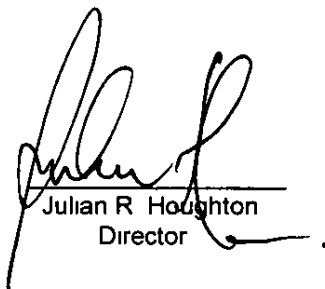
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under the 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,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate 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 the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Julian R. Houghton  
Director

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SUISSE INVESTMENT HOLDINGS (UK)

We have audited the financial statements of Credit Suisse Investment Holdings (UK) for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

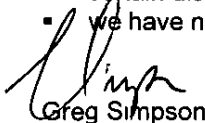
## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Greg Simpson  
(Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square

London

United Kingdom

E14 5GL

03 July 2013



## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 US\$'000	2011 US\$'000
Interest income	4	227	224
<b>Operating income</b>		<b>227</b>	<b>224</b>
Other expenses	5	(481)	(499)
Interest expense	6	(22,146)	(19,087)
Administration expenses	7	(10)	(10)
Impairment of investments	9a	(398,532)	(727,390)
Gain on sale of subsidiary	9a	7,971	-
Dividend income	9a	2,513	-
Other income	9b	24	-
<b>Loss before tax</b>		<b>(410,434)</b>	<b>(746,762)</b>
Income tax expense	8	-	-
<b>Loss after tax</b>		<b>(410,434)</b>	<b>(746,762)</b>

All losses for both 2012 and 2011 are from continuing operations

There is no other comprehensive income for the current and prior years. Accordingly no statement of other comprehensive income is provided.

The notes on pages 13 to 31 form an integral part of these financial statements.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 US\$'000	2011 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	9	6,434,173	4,787,340
<b>Total non-current assets</b>		<b>6,434,173</b>	<b>4,787,340</b>
<b>Current assets</b>			
Deposits with and amount due from related companies	10	20	43
Cash and cash equivalents	11	158,686	153,081
<b>Total current assets</b>		<b>158,706</b>	<b>153,124</b>
<b>Total assets</b>		<b>6,592,879</b>	<b>4,940,464</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term debt	13	1,135,073	1,135,073
<b>Total non-current liabilities</b>		<b>1,135,073</b>	<b>1,135,073</b>
<b>Current liabilities</b>			
Amount due to related companies	14	845,407	836,099
Other liabilities	15	261	388
Bank overdrafts	11	980	974
<b>Total current liabilities</b>		<b>846,648</b>	<b>837,461</b>
<b>Total liabilities</b>		<b>1,981,721</b>	<b>1,972,534</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	16	7,682,634	5,628,972
Capital reserve	17	2,412,615	2,412,615
Accumulated losses		(5,484,091)	(5,073,657)
<b>Total shareholders' equity</b>		<b>4,611,158</b>	<b>2,967,930</b>
<b>Total shareholders' equity and liabilities</b>		<b>6,592,879</b>	<b>4,940,464</b>

The notes on pages 13 to 31 form an integral part of these financial statements.

Approved by the Board of Directors on 03 July 2013 and signed on its behalf by

  
 Julian R. Houghton  
 Director

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2012</b>	<b>5,628,972</b>	<b>2,412,615</b>	<b>(5,073,657)</b>	<b>2,967,930</b>
Loss for the year	-	-	(410,434)	(410,434)
<b>Total recognised income and expense for the year</b>			<b>(410,434)</b>	<b>(410,434)</b>
Share capital issued during the year	2,053,662	-	-	2,053,662
<b>Balance at 31 December 2012</b>	<b>7,682,634</b>	<b>2,412,615</b>	<b>(5,484,091)</b>	<b>4,611,158</b>

	Share capital	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2011</b>	<b>4,878,972</b>	<b>2,412,615</b>	<b>(4,326,895)</b>	<b>2,964,692</b>
Loss for the year	-	-	(746,762)	(746,762)
<b>Total recognised income and expense for the year</b>			<b>(746,762)</b>	<b>(746,762)</b>
Share capital issued during the year	750,000	-	-	750,000
<b>Balance at 31 December 2011</b>	<b>5,628,972</b>	<b>2,412,615</b>	<b>(5,073,657)</b>	<b>2,967,930</b>

The notes on pages 13 to 31 form an integral part of these financial statements

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 US\$'000	2011 US\$'000
<b>Cash flow from operating activities</b>			
Loss before tax for the year		(410,434)	(746,762)
<b>Adjustments for</b>			
<i>Non-cash items included in loss before tax and other adjustments</i>			
Impairment of investments	9a	398,532	727,390
Dividend income	9a	(2,513)	-
Gain on sale of subsidiary	9a	(7,971)	-
Net interest expense	4,6	21,883	18,863
<b>Operating loss before working capital changes</b>		<b>(503)</b>	<b>(509)</b>
<i>Net decrease/(increase) in operating assets</i>			
Decrease in amount due from related companies		17	146,312
<i>Net increase/(decrease) in operating liabilities</i>			
Increase in amount due to related companies		2,498	19,343
(Decrease)/increase in other liabilities		(127)	377
Group relief received		-	9,022
Income taxes paid		-	(4,146)
<b>Cash generated from operations</b>		<b>1,885</b>	<b>170,399</b>
Interest received		233	213
Interest paid		(15,300)	(18,708)
<b>Net cash (used in) / generated from operating activities</b>		<b>(13,182)</b>	<b>151,904</b>
<b>Cash flow from investing activities</b>			
Dividend income received	9a	2,513	-
Proceeds from sale of subsidiary	9a	17,202	-
Investment in subsidiaries	9a	(2,054,596)	(750,000)
<b>Net cash used in investing activities</b>		<b>(2,034,881)</b>	<b>(750,000)</b>
<b>Cash flow from financing activities</b>			
Share capital issued	16	2,053,662	750,000
<b>Net cash from financing activities</b>		<b>2,053,662</b>	<b>750,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,599</b>	<b>151,904</b>
Cash and cash equivalents at the beginning of the year		152,107	203
<b>Cash and cash equivalents at end of year at 31 December 2012</b>		<b>157,706</b>	<b>152,107</b>
<b>Cash and cash equivalents at end of year comprises</b>			
Cash and cash equivalents	11	158,686	153,081
Bank overdrafts	11	(980)	(974)
		<b>157,706</b>	<b>152,107</b>

The notes on pages 13 to 31 form an integral part of these financial statements

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 1 General

Credit Suisse Investment Holdings (UK) is a Company domiciled in the United Kingdom. The Company's principal activity is to serve as a holding company.

### 2 Going concern basis

The financial statements have been prepared on a going concern basis, notwithstanding the deficiency in the net current assets, as Credit Suisse AG, Zurich has confirmed its intention to provide the necessary financial support to the Company to continue operations and meet its liabilities as and when they fall due.

### 3 Significant accounting policies

#### a) Statement of compliance

The financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS") and are in compliance with Companies Act 2006.

#### b) Basis of preparation

The financial statements are presented in United States dollars (US\$) and have been rounded to the nearest thousands, unless otherwise stated. They are prepared on the historical cost basis.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions 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 under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 if 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.

#### Standards and interpretations effective in the current period

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

- Amendments to IFRS 7, "Financial Instruments-Disclosures" – Transfers of Financial Assets. The amendments improved the understanding of transfer transactions of financial assets (for example, securitisations) by users of financial statements, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. There has been no impact to the financial statements as a result of the adoption of the above revised amendment.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 3. Significant accounting policies (continued)

#### b) Basis of preparation (continued)

##### **Standards and interpretations endorsed by EU but not yet effective**

The Company is not required to adopt the following standards and interpretations which are endorsed by EU but not yet effective

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income** In June 2011, the IASB issued Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) The amendments require entities to group together items within Other Comprehensive Income that will and will not subsequently be reclassified to the profit or loss section of the income statement The amendments also reaffirm existing requirements that items in Other Comprehensive Income and profit or loss should be presented as either a single statement or two consecutive statements The amendments are effective for annual periods beginning on or after 1 July 2012 The adoption of this amendment is not expected to have a material impact on the financial statements
- **IFRS 12 Disclosure of Interests in Other Entities** In May 2011, the IASB issued IFRS 12 "Disclosures of Interests in Other Entities" (IFRS 12) IFRS 12 requires entities to disclose information that enables users of the financial statement to evaluate the nature of and any associated risks of its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows IFRS 12 is effective for annual periods beginning on or after 1 January 2013 However, the EU requires adoption for annual periods beginning on or after 1 January 2014 As IFRS 12 requires disclosures only it will not have a material impact on the Company's financial position, results of operation or cash flows
- **IFRS 13 Fair Value Measurement** In May 2011, the IASB issued IFRS 13 "Fair Value Measurement" (IFRS 13) IFRS 13 defines fair value, sets out a framework for measuring fair value and requires disclosure requirements about fair value measurements IFRS 13 is effective for annual periods beginning on or after 1 January 2013 The adoption of this amendment is not expected to have a material impact on the financial statements
- **IFRS 7 Disclosures- Offsetting Financial Assets and Financial Liabilities** In December 2011, the IASB issued amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" (IFRS 7) The amendments require disclosures about the effect or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position The amendments are effective for annual periods beginning on or after 1 January 2013 The adoption of this amendment is not expected to have a material impact on the financial statements
- **IAS 32 Offsetting Financial Assets and Financial Liabilities** In December 2011, the IASB issued amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32) The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments – Presentation' The amendments are effective for annual periods beginning on or after 1 January 2014 The adoption of this amendment is not expected to have a material impact on the financial statements

##### **Standards and Interpretations not endorsed by the EU and not yet effective**

The Company is not yet required to adopt the following standards and interpretations which are issued by the IASB but not yet effective and have not yet been endorsed by the EU

- **IFRS 9 Financial Instruments** In November 2009 the IASB issued IFRS 9 "Financial Instruments" (IFRS 9) covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 3. Significant accounting policies (continued)

#### b) Basis of preparation (continued)

##### Standards and Interpretations not endorsed by the EU and not yet effective (continued)

The effective date of IFRS 9 was revised in December 2011, making it applicable for annual periods beginning 1 January 2015. The Company is currently evaluating the impact of adopting IFRS 9.

Except for the above changes, the accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements have also been prepared in accordance with the Companies Act 2006.

#### c) Foreign currency

The Company's functional currency is United States Dollars (US\$).

Transactions denominated in currencies other than the functional currency of the Company are recorded by remeasuring to the functional currency of the Company at the exchange rate on the date of the transaction. At the reporting date, monetary assets and liabilities such as receivables and payables are reported using the spot exchange rates applicable at that date. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates. Foreign exchange differences arising from re-measurement are recognised in statement of comprehensive income.

#### d) Cash and cash equivalents

For the purpose of preparation and presentation of the cash flow statement, cash and cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less, which are subject to an insignificant risk of changes in their fair value and that are held for cash management purposes.

Cash and cash equivalents also include overdrafts for the purposes of the cash flow statement.

#### e) Amount due to and from related companies

Amounts due to and from related companies are loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. They are initially measured at fair value plus incremental direct transaction costs, and are subsequently measured at their amortised cost on an effective yield basis.

#### f) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that 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 comprehensive income, the related income tax initially recognised in equity is also subsequently recognised in the statement of comprehensive 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 statement of financial position.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 8.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 3 Significant accounting policies (continued)

#### g) Deferred tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on 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 that 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.

#### h) Interest income and expense

Interest income and expense are recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Interest income relates to intercompany loan interest and amounts received on the Company's bank accounts. Interest expense relates to intercompany loan interest.

Interest income and expense is recognised on an effective yield basis.

#### i) Investments

Investments in subsidiaries are carried at cost and are reviewed for impairment on each reporting date to determine whether there is any indication that the carrying amount may not be recoverable. If such an indication exists, the carrying amount of the investment is written down to its recoverable amount (i.e. the higher of the fair value less costs to sell and the value in use).

Any charges relating to the impairment of investments in subsidiaries are recognised in the statement of comprehensive income in the period in which the impairment occurs. When investments are disposed, the profit/(loss) resulting from the disposal is recognised in the income statement. Pre-acquisition dividends received from subsidiary undertakings are treated as a reduction in the value of the subsidiary.

Subsidiaries are entities controlled by the Credit Suisse Group AG. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Financial investments are available-for-sale assets. These investments have not been fair valued as they are unquoted equity investments and the fair value cannot be reliably measured.

#### j) Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Investments in subsidiaries

Significant judgement is required in determining the expected recoverable amount in reviewing for impairment. The Directors consider net asset value to be an appropriate basis in determining the recoverable amount.



# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 3 Significant accounting policies (continued)

#### j) Critical accounting estimates, and judgements in applying accounting policies (continued)

##### Income taxes - deferred tax valuation

Deferred tax assets and liabilities are recognised to reflect the estimated amounts of income tax recoverable/payable in future periods in respect of unused carry forward of tax losses

Management evaluates the probability that taxable profits will be available against which the unused carry forward tax losses and credits can be utilised. Within this evaluation process, management also considers tax-planning strategies. The evaluation process requires significant management judgement, primarily with respect to projecting future chargeable gains (Note 12)

### 4. Interest income

The interest income in the current year relates to the interest earned on the deposits with Credit Suisse AG, London Branch and on the cash balance in the bank account with Credit Suisse AG, Zurich

	2012 US\$'000	2011 US\$'000
Interest income on money market deposits with related companies and from bank accounts	227	224
<b>Total</b>	<b>227</b>	<b>224</b>

### 5. Other expenses

	2012 US\$'000	2011 US\$'000
Foreign exchange loss	(12)	(121)
Others	(469)	(378)
<b>Total</b>	<b>(481)</b>	<b>(499)</b>

### 6. Interest expense

	2012 US\$'000	2011 US\$'000
Interest expense on money market borrowings from related companies	(22,110)	(19,087)
Interest on tax	(36)	-
<b>Total</b>	<b>(22,146)</b>	<b>(19,087)</b>

### 7. Administration expenses

	2012 US\$'000	2011 US\$'000
Auditors' remuneration in relation to statutory audit	(10)	(10)
<b>Total</b>	<b>(10)</b>	<b>(10)</b>

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 8. Income tax expense

	2012 US\$'000	2011 US\$'000
<b>Components of tax expense</b>		
<b>Current tax</b>		
Current tax on loss for the period	-	-
Adjustments in respect of previous periods	-	-
<b>Income tax expense</b>	-	-

The UK corporation tax rate reduced from 26% to 24% effective from 1 April 2012

#### Reconciliation of effective tax rate

The current tax for the year can be reconciled to the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%) as follows

	2012 US\$'000	2011 US\$'000
<b>Loss before tax</b>	<b>410,434</b>	<b>746,762</b>
Loss before tax multiplied by the UK statutory rate of corporation tax of 24.5% (2011: 26.5%)	100,528	197,841
Tax effect of expenses that are non-deductible in determining taxable loss	(1,721)	(1,606)
Non-deductible writedown of investment in subsidiaries	(97,613)	(192,709)
Group relief surrendered for nil consideration	(3,762)	(3,526)
Non-taxable dividend income	615	-
Non-taxable gain on sale of subsidiary	1,953	-
<b>Income tax benefit/ (expense)</b>	<b>-</b>	<b>-</b>

#### 9. Investments

	2012 US\$'000	2011 US\$'000
Investment in subsidiaries (note 9a)	6,434,065	4,787,232
Financial investments held as available-for-sale (note 9b)	108	108
<b>Total</b>	<b>6,434,173</b>	<b>4,787,340</b>

##### a) Investment in subsidiaries

Movements in investment in subsidiaries for the year were as follows

	2012 US\$'000	2011 US\$'000
As at 1 January	4,787,232	4,764,622
Investment in subsidiaries	2,054,596	750,000
Impairment of investments	(398,532)	(727,390)
Proceeds from liquidation of subsidiary	(18)	-
Sale of subsidiary	(9,213)	-
<b>As at 31 December</b>	<b>6,434,065</b>	<b>4,787,232</b>

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 9. Investments (continued)

##### a) Investment in subsidiaries (continued)

On 29 February 2012, the Company invested in 200,000,000 fully paid Ordinary Shares of US\$0.10 each of Credit Suisse Securities (Europe) Limited issued at a premium of US\$1.40 each.

On 12 March 2012, the Company sold its investment in CS Securities Sociedad de Valores S.A., (CSSSV) to CS (Espana) S.A., a wholly owned subsidiary of Credit Suisse AG. The value of investment was US\$ 9,213,570 for which a consideration of US\$ 17,184,983 was received resulting in a gain of US\$ 7,971,403.

On 24 April 2012, DLJ UK Properties Limited, a 99% owned subsidiary of Credit Suisse First Boston Fixed Assets Limited was transferred to DLJ UK Investment Holdings Limited, a wholly owned subsidiary of Credit Suisse AG.

On 29 June 2012, the Company invested in 17,536,621,050 fully paid Ordinary Shares of US\$0.10 each of Credit Suisse Securities (Europe) Limited.

On 27 July 2012, the Company received a dividend of US\$ 2,512,710 from its subsidiary Credit Suisse First Boston Fixed Assets Limited. On the same day, Credit Suisse First Boston Fixed Assets Limited also returned its share capital of US\$ 17,717 to the parent.

On 17 August 2012, Credit Suisse First Boston Fixed Assets Limited, one of Company's subsidiaries made an application to the Registrar of Companies to strike the company's name from the register.

On 13 September 2012, the Company injected US\$ 938,498 (GBP 580,000) by way of share capital increase in Credit Suisse First Boston Canary Wharf Health Club Limited.

Due to the decline in net asset value of its subsidiary company Credit Suisse Securities (Europe) Limited, the Company made an assessment on its investment and at year end, the balance was deemed to be impaired by US\$ 397,608,000 (2011 US\$ 726,000,000).

Due to the decline in net asset value of its subsidiary company Credit Suisse First Boston Canary Wharf Health Club Limited, the Company made an assessment on its investment and at year end, the balance was deemed to be impaired by US\$ 924,000 (2011 US\$ 1,390,000).

The Company is a subsidiary undertaking of Credit Suisse Investments (UK) which is incorporated in United Kingdom. The ultimate holding company is Credit Suisse Group AG, which is incorporated in Switzerland.

Under the Companies Act 2006, the Company is exempt from preparing consolidated financial statements as the Company is wholly owned indirect subsidiary of Credit Suisse Group AG, incorporated in Switzerland, which prepares consolidated accounts.

Copies of group financial statements of the ultimate holding company, 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, P.O. Box 1, 8070 Zurich, Switzerland.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 9 Investments (continued)

#### a) Investment in subsidiaries (continued)

2012	2011					2012	2011
% of equity	% of equity	Company name	Domicile	Activity		Investment in US\$	Investment in US\$
76.99	100	Credit Suisse Securities (Europe) Limited	UK	Principal activity of a broker dealer issuing and trading company	International corporate finance and securities	6,434,054,300	4,778,000,000
NA	100	Credit Suisse Securities Sociedad de Valores SA	Spain	Spanish Equity Brokerage company		-	9,213,570
NA	100	Credit Suisse First Boston Fixed Assets Limited	UK	Holding company		-	17,717
100	100	Credit Suisse First Boston Canary Wharf Health Club Limited	UK	Carries on the business of a sports, health and fitness club		9,327	-
100	100	Credit Suisse First Boston InvestCo UK Limited	Cayman	Unregulated subsidiary incorporated in Cayman for investment purposes, dormant during the current year		802	802
100	100	Credit Suisse (Kazakhstan) Limited Liability Partnership	Kazakhstan	Provides marketing and administration support for clients		-	-
100	100	Credit Suisse Client Nominees (UK) Limited	UK	Subsidiary of Credit Suisse Securities (Europe) Limited, which holds registered securities of Credit Suisse Securities (Europe) Limited and its clients		Indirect	Indirect
100	100	Credit Suisse First Boston Trustees Limited	UK	Subsidiary of Credit Suisse Securities (Europe) Limited, a trust company		Indirect	Indirect
NA	99	DLJ UK Properties Limited	UK	Subsidiary of Credit Suisse First Boston Fixed Assets Limited, a property investment company which rents fixed assets to other group companies		Indirect	Indirect
100	100	Credit Suisse First Boston PF (Europe) Limited	UK	Subsidiary of Credit Suisse Securities (Europe) Limited, which acts as a limited partner in funds for the Private Fund Group		Indirect	Indirect
						<b>6,434,064,429</b>	<b>4,787,232,089</b>

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 9. Investments (continued)

##### b) Financial investments held as available-for-sale

	2012 US\$'000	2011 US\$'000
Financial investments	108	108
<b>As at 31 December</b>	<b>108</b>	<b>108</b>

Financial investments represent the Company's 15.84% investment in Portucale SGFTC S A, a Portuguese fund manager and investment in Woodgate S A

During the year, the Company received dividend of EUR 17,108 from its investment in Portucale SGFTC S A

#### 10. Deposits with and amounts due from related companies

	2012 US\$'000	2011 US\$'000
Receivables from related companies	20	43
<b>Total</b>	<b>20</b>	<b>43</b>

The fair value of amounts due from related companies approximates book value due to their short-term nature. No interest was received in respect of the receivables from related companies (2011 US\$ Nil) as they are non-interest bearing in nature.

#### 11. Cash and cash equivalents and bank overdrafts

	2012 US\$'000	2011 US\$'000
Short term money market deposits and cash at bank	158,686	153,081
Bank overdrafts	(980)	(974)
<b>Total</b>	<b>157,706</b>	<b>152,107</b>

The fair value of cash and cash equivalents, bank overdrafts and short term money market deposits equals book value. Bank accounts are available on demand and are with Credit Suisse AG, Zurich a related company. The short-term money market deposits are with a related company. The effective interest rate as at year end on the USD denominated short-term money market deposits was 0.1% (2011 0.2%).

#### 12. Deferred tax

The Company had estimated capital losses as at 31 December 2012 of US\$72,903,258 [£45,086,897] (2011 US\$72,903,258 [£45,086,897]). The benefit of these losses has not been recognised in these financial statements due to the uncertainty of their recoverability. These losses do not have an expiry date.

The Company had no deferred tax provided or deferred tax liabilities not recognised in respect of subsidiaries at 31 December 2012 (2011 Nil).

On 21 March 2012, the UK Government announced that the corporation tax rate applicable from 1 April 2012 would be 24%. This change was substantively enacted on 26 March 2012.

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 12. Deferred tax (continued)

In addition, the Finance Act 2012, which passed into law on 17 July 2012, included a further reduction in the UK corporation tax rate from 24% to 23% with effect from 1 April 2013

It is further proposed that the UK corporation tax rate applicable from 1 April 2014 will be 21% This reduction is expected to be substantively enacted in July 2013

In the UK budget announcement of 20 March 2013, the UK government announced its intention to further reduce the UK corporation tax rate to 20% with effect from 1 April 2015 This tax rate reduction is expected to be substantively enacted in July 2013

#### 13. Long term debt

	2012 US\$'000	2011 US\$'000
Subordinated debt	1,135,073	1,135,073
<b>Total</b>	<b>1,135,073</b>	<b>1,135,073</b>

At 31 December 2012 subordinated debt comprises the amount advanced by Credit Suisse First Boston Finance BV, a fellow company under common control, under agreement dated 13 April 2006

Under the terms of the facility dated 13 April 2006, the Company may repay, in whole or in part, any amounts outstanding upon giving prior written notice to the lender and Prudential Regulation Authority 'PRA' The earliest date at which the borrower can repay shall not be less than 5 years and one day from the date on which the relevant advance is made and shall not be later than 31 December 2031

Under the terms of the facility dated 13 April 2006, interest is at such a rate as may be agreed between the parties Under the facility, the loan and any interest outstanding thereon is subordinated in right of repayment to all other indebtedness and liabilities of the Company

The fair value of subordinated debt approximates book value

The effective interest rate as at year end on long-term debt was 1.09% (2011 1.21%) and the average maturity was 73 days (2011 73 days)

#### 14. Amounts due to related companies

	2012 US\$'000	2011 US\$'000
Short-term money market borrowings	845,199	836,096
Payables to related companies	208	3
<b>Total</b>	<b>845,407</b>	<b>836,099</b>

The fair value of short-term money market borrowings and payables to related companies approximates book value due to their short-term nature No interest was paid in respect of the payables to related companies (2011 US\$ Nil) as they are non-interest bearing in nature

The effective interest rate as at year end on short-term money market borrowings was 0.79% (2011 1.12%) and the average maturity was 53 days (2011 64 days)

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 15. Other liabilities

	2012 US\$'000	2011 US\$'000
Audit fee	10	10
Others	251	378
<b>Total</b>	<b>261</b>	<b>388</b>

#### 16 Share capital

	2012	2011
<b>Authorised:</b>		
6,953,662,105 Ordinary shares of US\$1 each	6,953,662,105	5,200,000,000
1,000,000,000 Preference shares of US\$1 each	1,000,000,000	1,000,000,000
60,000,000 Preference shares of GBP1 each	60,000,000	60,000,000

	2012 US\$'000	2011 US\$'000
<b>Allotted, called up and fully paid share capital</b>		
6,402,031,683 ordinary shares of US\$1 each	6,402,031	4,348,369
860,000,000 preference shares of US\$1 each	860,000	860,000
35,000,000 preference shares of GBP1 each	58,003	58,003
Share premium	362,600	362,600
<b>Total</b>	<b>7,682,634</b>	<b>5,628,972</b>

On 29 February 2012, the Company issued 300,000,000 fully paid Ordinary Shares of US\$1 each to Credit Suisse Investments (UK) (2011 750,000,000 fully paid Ordinary Shares of US\$1 each was issued to Credit Suisse Investments (UK)) On 29 June 2012, the Company increased its authorised share capital by US\$1,753,662,105 (2011 US\$1,500,000,000) Consequently, it issued 1,753,662,105 fully paid Ordinary Shares of US\$1 each to Credit Suisse Investments (UK)

#### Preference shares

All preference shares are non-cumulative perpetual shares and are only entitled to dividends as and when declared by the board of directors in any given dividend period

Should the Company be wound up, the preference shares shall carry the right to a return of capital (including premium) paid up thereon in priority to all payments made to holders of ordinary shares

The preference shares do not carry any voting rights

#### Share options

The Company does not offer share options to directors

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 16. Share capital (continued)

##### Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses

The Company funds its operations and growth through equity. This includes assessing the need to raise additional equity where required

The Company is not subject to externally imposed capital requirements, although its subsidiary Credit Suisse Securities (Europe) Limited is regulated by the PRA and the Financial Conduct Authority

There were no changes in the Company's approach to capital management during the year

#### 17. Capital reserve

	2012 US\$'000	2011 US\$'000
Capital reserve	2,412,615	2,412,615
<b>Total</b>	<b>2,412,615</b>	<b>2,412,615</b>

#### 18 Related party transactions

The Company is controlled by Credit Suisse Investments (UK), incorporated in the United Kingdom, which owns 100% of the ordinary shares. The ultimate parent company is Credit Suisse Group AG, which is incorporated in Switzerland

The Company is involved in significant financing and other transactions, and has significant related party balances, with subsidiaries and affiliates of Credit Suisse Group AG. The Company generally enters into these transactions in the ordinary course of business and believes that these transactions are generally on market terms that could be obtained from unrelated parties

The following tables set forth the Company's related party assets and liabilities and related party revenues and expenses



# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 18. Related party transactions (continued)

#### a) Related party assets and liabilities

	2012				2011			
	Parent US\$'000	Fellow group companies US\$'000	Subsidiaries US\$'000	Total US\$'000	Parent US\$'000	Fellow group companies US\$'000	Subsidiaries US\$'000	Total US\$'000
<b>ASSETS</b>								
<b>Non-current assets</b>								
Investments	-	-	6,434,065	6,434,065	-	-	4,787,232	4,787,232
Financial investments held as available for sale	-	1	-	1	-	1	-	1
<b>Total non-current assets</b>	-	1	6,434,065	6,434,066	-	1	4,787,232	4,787,233
<b>Current assets</b>								
Receivables from related companies	-	20	-	20	-	40	3	43
Cash and cash equivalents	-	158,686	-	158,686	-	153,081	-	153,081
<b>Total current assets</b>	-	158,706	-	158,706	-	153,121	3	153,124
<b>Total assets</b>	-	158,707	6,434,065	6,592,772	-	153,122	4,787,235	4,940,357
<b>LIABILITIES</b>								
<b>Non-current liabilities</b>								
Subordinated debt	-	1,135,073	-	1,135,073	-	1,135,073	-	1,135,073
<b>Current liabilities</b>								
Short-term money market borrowings	-	845,199	-	845,199	-	836,096	-	836,096
Payables to related companies	-	208	-	208	-	3	-	3
Bank overdrafts	-	980	-	980	-	974	-	974
<b>Total current liabilities</b>	-	846,387	-	846,387	-	837,073	-	837,073
<b>Total liabilities</b>	-	1,981,460	-	1,981,460	-	1,972,146	-	1,972,146

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 18. Related party transactions (continued)

#### b) Related party revenues and expenses

	2012				2011			
	Parent US\$'000	Fellow group companies US\$'000	Subsidiaries US\$'000	Total US\$'000	Parent US\$'000	Fellow group companies US\$'000	Subsidiaries US\$'000	Total US\$'000
Interest income	-	227	-	227	-	224	-	224
Dividend income	-	-	2,513	2,513	-	-	-	-
Gain on sale of subsidiary	-	7,971	-	7,971	-	-	-	-
<b>Total revenue</b>	-	<b>8,198</b>	<b>2,513</b>	<b>10,711</b>	-	<b>224</b>	-	<b>224</b>
Finance costs	-	22,110	-	22,110	-	19,087	-	19,087
Impairment of investment	-	-	398,532	398,532	-	-	727,390	727,390
<b>Total expenses</b>	-	<b>22,110</b>	<b>398,532</b>	<b>420,642</b>	-	<b>19,087</b>	<b>727,390</b>	<b>746,477</b>

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 18. Related party transactions (continued)

##### c) Remuneration of directors and key management personnel

The directors and key management personnel did not receive any remuneration in respect of their services for the Company (2011 US\$ Nil). The directors and key management personnel are employees of its related companies and the Company does not reimburse its related companies for the services rendered by these directors and key management personnel.

All directors benefited from qualifying third party indemnity provisions.

##### d) Loans and advances to directors and key management personnel

There were no loans or advances made to directors or key management personnel during the year (2011 US\$ Nil).

##### e) Liabilities due to pension funds

The Company has no employees and therefore does not have any liabilities with regard to pension funds.

#### 19 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a central treasury department (Credit Suisse Group Treasury) under policies approved by the Company's Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board for Credit Suisse Group AG provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. The Board applies these written principles for overall risk management to the Company.

The Company has exposure to the following financial risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risk arising from financial instruments.

##### a) Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant market parameters, such as market volatilities.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 19. Financial risk management (continued)

#### a) Market risk (continued)

##### (i) Interest rate risk

The Company's interest rate risk arises from interest bearing deposits and borrowings with related companies. The interest rate for the deposits and borrowings are variable as it is based on USD LIBOR. An interest rate risk arises due to a mismatch between the Company's assets and liabilities in that the Company finances its investments in subsidiaries with long term debt. This gives rise to a net interest expense which varies with USD LIBOR.

The Company holds no other significant interest-bearing assets or liabilities and the remaining expenses and operating cash flows are independent of changes in interest rates.

The sensitivity analysis is prepared based on financial instruments that are recognised at the reporting dates. The sensitivity assumes changes in certain market conditions. These assumptions may differ materially from the actual turn out 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 periods.

Sensitivity analysis for changes in interest rate assume an instantaneous increase or decrease by 25% as at the reporting date, with all other variables remaining constant is given below,

2012	USD		GBP	
	+25% US\$'000	-25% US\$'000	+25% US\$'000	-25% US\$'000
Change in equity and income or loss with interest rate fluctuation in borrowings	(4,754)	4,754	-	-
Change in equity and income or loss with interest rate fluctuation in deposits	44	(44)	-	-
<b>Total</b>	<b>(4,710)</b>	<b>4,710</b>	<b>-</b>	<b>-</b>
2011	USD		GBP	
	+25% US\$'000	-25% US\$'000	+25% US\$'000	-25% US\$'000
Change in equity and income or loss with interest rate fluctuation in borrowings	(5,530)	5,530	(7)	7
Change in equity and income or loss with interest rate fluctuation in deposits	75	(75)	6	(6)
<b>Total</b>	<b>(5,455)</b>	<b>5,455</b>	<b>(1)</b>	<b>1</b>

##### (ii) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the CHF, EUR and GBP. Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities.

A process for managing foreign exchange risk related to accrued net income and net assets was implemented in early 2008. The process is to centrally and systematically manage foreign exchange risk with a focus on risk reduction and diversification. Any currency risk that materialises will be managed centrally by the CS group through the Foreign Currency Exposure Management ('FCEM') process, utilising currency hedges at the CS group level.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 19 Financial risk management (continued)

#### a) Market risk (continued)

#### ii) Foreign exchange risk (continued)

The Company had the following assets and liabilities denominated in currencies other than USD

2012	CHF'000	EUR'000	GBP'000
<b>Non US\$ denominated assets</b>			
Deposit with and amounts due from related companies	-	20	-
<b>Total</b>	-	20	-
<b>2012</b>	<b>CHF'000</b>	<b>EUR'000</b>	<b>GBP'000</b>
<b>Non US\$ denominated liabilities</b>			
Amounts due to related companies	-	-	76
Bank overdrafts	-	16	-
Other accruals	-	-	161
<b>Total</b>	-	16	237
<b>2011</b>	<b>CHF'000</b>	<b>EUR'000</b>	<b>GBP'000</b>
<b>Non US\$ denominated assets</b>			
Deposit with and amounts due from related companies	-	31	2,678
<b>Total</b>	-	31	2,678
<b>2011</b>	<b>CHF'000</b>	<b>EUR'000</b>	<b>GBP'000</b>
<b>Non US\$ denominated liabilities</b>			
Amounts due to related companies	3	-	2,673
Bank overdrafts	-	11	-
Other accruals	-	-	251
<b>Total</b>	3	11	2,924

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

2012	GBP Impact	
	+25%	-25%
	US\$'000	US\$'000
<b>Non US\$ denominated liabilities</b>		
Change in equity and income or loss with foreign currency fluctuation	(96)	96
<b>Total</b>	(96)	96
<b>2011</b>	GBP Impact	
	+25%	-25%
	US\$'000	US\$'000
<b>Non US\$ denominated liabilities</b>		
Change in equity and income or loss with foreign currency fluctuation	(95)	95
<b>Total</b>	(95)	95

As the foreign exchange risk for CHF and EUR is immaterial, no sensitivity analysis is presented

## CREDIT SUISSE INVESTMENT HOLDINGS (UK)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 19 Financial risk management (continued)

##### b) Credit risk

The Company is exposed to credit risk from other Credit Suisse group companies, with the maximum exposure being US\$158,706,000 (2011 US\$153,124,000)

The carrying value of amounts due from related companies represents the maximum credit exposure of the Company to counterparties. The Company has policies that limit the amount of credit exposure to any financial institution. Transactions are limited to fellow group companies and high-credit-quality financial institutions.

There were no significant concentrations of credit risk by country or by industry other than the disclosures produced in Note 18 Related party transactions.

There were no amounts due from group companies which are past due but not impaired.

Distribution of loans and receivables neither past due nor impaired:	Banks		Customer	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
AAA	-	-	-	-
AA+ to AA-	-	-	-	-
A+ to A-	158,686	153,081	20	43
BBB+ to BBB-	-	-	-	-
BB+ to BB-	-	-	-	-
B+ and below	-	-	-	-
<b>Total</b>	<b>158,686</b>	<b>153,081</b>	<b>20</b>	<b>43</b>

##### c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Credit Suisse Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

# CREDIT SUISSE INVESTMENT HOLDINGS (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 19. Financial risk management (continued)

#### c) Liquidity risk (continued)

The following table sets out details of the remaining contractual maturity for financial liabilities

	On demand	Due up to 1 year	Due after 1 year	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Year 2012</b>				
Bank overdrafts	980	-	-	980
Long term debt	-	-	1,135,073	1,135,073
Amount due to related companies	208	845,199	-	845,407
Other liabilities	261	-	-	261
<b>Total financial liabilities</b>	<b>1,449</b>	<b>845,199</b>	<b>1,135,073</b>	<b>1,981,721</b>
<b>Year 2011</b>				
Bank overdrafts	974	-	-	974
Long term debt	-	-	1,135,073	1,135,073
Amount due to related companies	3	836,096	-	836,099
Other liabilities	388	-	-	388
<b>Total financial liabilities</b>	<b>1,365</b>	<b>836,096</b>	<b>1,135,073</b>	<b>1,972,534</b>

### 20. Employees

The Company had no employees during the year (2011 Nil). The Company receives a range of administrative services from related companies within the Credit Suisse group. Credit Suisse group companies have borne the cost of these services.

### 21. Subsequent events

On 19 February 2013, Credit Suisse First Boston Fixed Assets Limited, one of the Company's directly owned subsidiaries was dissolved.

On 12 March 2013, Credit Suisse First Boston Canary Wharf Health Club Limited, a subsidiary directly owned by the Company, cancelled the capital contribution reserves of GBP 9,000,000 against the accumulated losses. Also on the same date, the subsidiary reduced its share capital by cancelling 580,099 ordinary shares of GBP 1 each by paying GBP 5,767 to the Company. This transaction has no financial impact on the carrying amount of its investment for this subsidiary.

In the UK budget announcement of 20 March 2013, the UK government announced its intention to further reduce the UK corporation tax rate to 20% with effect from 1 April 2015. This tax rate reduction is expected to be substantively enacted in July 2013.

There are no other material post balance sheet events which have a bearing on the understanding of the financial statements.