

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

**Annual Report
For the year ended 31 December 2015**



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Board of Directors

Julian R. Houghton	Director
Christopher Horne	Director
Paul E. Hare	Director
Robert Arbuthnott	Director

Company Secretary

Paul E. Hare	Secretary
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Strategic Report for the year ended 31 December 2015

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2015.

Profile

Credit Suisse Investment Holdings (UK) (the "Company") is an investment holding company, established primarily to hold the interests of its holding company, Credit Suisse Investments (UK) ("CSIUK"), a UK company whose ultimate parent is Credit Suisse Group AG ("CSG"), which is incorporated in Switzerland.

Principal activities

The Company's principal activity is to act as a holding company.

The Company's interests include an investment in Credit Suisse Securities (Europe) Limited ('CSSEL'), 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. Refer to note 8 of the Financial Statements for the complete list of subsidiaries.

Business review

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.

Performance

The performance of the Company is explained through the key movements in its Statement of Income and Statement of Financial Position.

Statement of Income

For the year ended 31 December 2015, the Company reported a loss of US\$ ('000) 283,186 (2014: US\$ ('000) 15,148). The variance is mainly on account of the impairment of investment in CSSEL of US\$ ('000) 276,489 booked during the year.

Statement of Financial Position

As at 31 December 2015, the Company had total assets of US\$ ('000) 8,106,365 (2014: US\$ ('000) 8,385,887). The decrease in total assets is mainly on account of impairment of investment.

As at 31 December 2015, the Company had total liabilities of US\$ ('000) 858,897 (2014: US\$ ('000) 855,233).

As at 31 December 2015, the Company had equity of US\$ ('000) 7,247,468 (2014: US\$ ('000) 7,530,654).

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The Company is a holding company and the main risk facing the Company is impairment of investment in subsidiaries. Apart from this, the assets of the Company mainly comprise of deposits and other receivables facing fellow group companies under common control. Hence, the Company is not exposed to any significant external credit risk. The Company's financial risk management policies are outlined in note 15 to the Financial Statements.

Approved by the Board of Directors on 26 July 2016 and signed on its behalf by:


Paul E. Hare
Company Secretary

One Cabot Square
London E14 4QJ
26 July 2016

Directors' Report for the year ended 31 December 2015

International Financial Reporting Standards

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Financial Statements were approved and authorised for issue by the Directors on 26 July 2016.

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.

Share Capital

The Company is not subject to externally imposed capital requirements. There was no change in the Share Capital of the Company during current year (2014: The Company issued 4,388,578,420 fully paid ordinary Shares of US\$ 1 each to CSIUK of which 918,927,750 ordinary shares were converted from existing preference shares).

Dividends

No dividends were paid or are proposed for year ended 31 December 2015 (2014: US\$ nil).

Directors

The names of the Directors as at the date of this report are set out on page 3. Following are the changes in the Directorate since 31 December 2014, and up to the date of this report:

Appointment	Robert Arbuthnott	21 March 2016
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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.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 IFRS as adopted by the EU and applicable law. 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 Statement of Income 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 IFRS 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 confirm to the best of their knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company with a description of the principal risks and uncertainties faced.

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. 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.

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 is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, KPMG LLP continues in office as the Company's auditor.

Exemption for group accounts

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering group Financial Statements as the Company is a wholly owned indirect subsidiary of Credit Suisse Group AG, incorporated in Switzerland, which prepares consolidated Financial Statements.

Subsequent events

In the UK budget announcement of 16 March 2016, the UK government announced its intention to further reduce the UK corporation tax rate to 17% with effect from 1 April 2020. This tax rate reduction is expected to be substantively enacted in 2016.

Approved by the Board of Directors on 26 July 2016 and signed on its behalf by:



Christopher Horne
Director

One Cabot Square
London E14 4QJ
26 July 2016

Company Registration Number: 03045280

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 2015 which comprise the Statement of 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 (IFRS) 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 6-7, 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 web-site of the Financial Reporting Council at 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

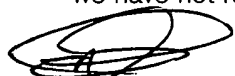
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 returns adequate for our audit have not been received from branches not visited by us; 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.



Alexander Snook
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
26 July 2016

Statement of Income for the year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Interest income		2	14
Interest expense		(5,830)	(16,873)
Net interest expense		(5,828)	(16,859)
Dividend income		544	8
Net expense		(5,284)	(16,851)
Impairment of investment in subsidiary	8	(276,489)	-
Loss on sale of financial investment	8	(20)	-
Administrative expenses	3	(11)	(14)
Other income	4	38	3
Loss before tax		(281,766)	(16,862)
Income tax (charge)/ benefit	5	(1,420)	1,714
Loss after tax		(283,186)	(15,148)

Losses for 2015 and 2014 are from continuing operations.

There is no other comprehensive income in the current and prior year. Accordingly, Statement of Other Comprehensive Income is not provided.

The notes on pages 13 to 33 form an integral part of these Financial Statements.

Statement of Financial Position as at 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	130,827	132,079
Other assets	7	1,536	3,210
Total current assets		132,363	135,289
Non-current assets			
Investments	8	7,974,002	8,250,598
Total non-current assets		7,974,002	8,250,598
Total assets		8,106,365	8,385,887
LIABILITIES			
Current liabilities			
Short term borrowings	9	858,560	854,761
Other liabilities	10	337	472
Total current liabilities		858,897	855,233
Total liabilities		858,897	855,233
SHAREHOLDERS' EQUITY			
Share capital	11	10,790,610	10,790,610
Share premium	11	362,600	362,600
Capital reserve	12	2,411,690	2,411,690
Accumulated losses		(6,317,432)	(6,034,246)
Total shareholders' equity		7,247,468	7,530,654
Total liabilities and shareholders' equity		8,106,365	8,385,887

The notes on pages 13 to 33 form an integral part of these Financial Statements.

Approved by the Board of Directors on 26 July 2016 and signed on its behalf by



Christopher Horne
Director

Statement of Changes in Equity for the year ended 31 December 2015

	Share capital US\$'000	Share premium US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance at 1 January 2015	10,790,610	362,600	2,411,690	(6,034,246)	7,530,654
Loss for the year	-	-	-	(283,186)	(283,186)
Balance at 31 December 2015	10,790,610	362,600	2,411,690	(6,317,432)	7,247,468

	Share capital US\$'000	Share premium US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance at 1 January 2014	7,320,034	362,600	2,412,615	(6,019,098)	4,076,151
Loss for the year	-	-	-	(15,148)	(15,148)
Share capital issued during the year	3,469,651	-	-	-	3,469,651
Conversion of US\$ preference shares to ordinary shares	(860,000)	-	-	-	(860,000)
Ordinary shares issued on conversion of US\$ preference shares	860,000	-	-	-	860,000
Cancellation of GBP preference shares	(58,003)	-	-	-	(58,003)
Ordinary shares issued on cancellation of GBP preference shares	58,928	-	(925)	-	58,003
Balance at 31 December 2014	10,790,610	362,600	2,411,690	(6,034,246)	7,530,654

The notes on pages 13 to 33 form an integral part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Operating activities			
Loss before tax		(281,766)	(16,862)
Adjustments to reconcile net loss to net cash from operating activities			
Non-cash items included in loss before tax and other adjustments:			
Impairment of investments		276,489	-
Loss on sale of financial investment		20	-
Interest expense		5,830	16,873
Interest income		(2)	(14)
Foreign exchange gain		(5)	(28)
Operating profit/ (loss) before working capital changes		566	(31)
Net movement in operating assets/ liabilities:			
Other assets		340	(340)
Short-term borrowings		3,805	8,015
Other liabilities		(192)	(251)
Interest received		3	14
Interest paid		(5,773)	(18,010)
Group relief received		-	1,034
Net cash used in operating activities		(1,251)	(9,569)
Investing activities			
Investment in subsidiary		-	(2,334,578)
Net cash flow used in investing activities		-	(2,334,578)
Financing activities			
Issue of share capital		-	3,469,651
Decrease in long term borrowings		-	(1,135,073)
Net cash flow generated from financing activities		-	2,334,578
Net decrease in cash and cash equivalents		(1,251)	(9,569)
Cash and cash equivalents at beginning the year		132,079	141,649
Effects of movements in exchange rates on cash held		(1)	(1)
Cash and cash equivalents at end of the year	6	130,827	132,079

The notes on pages 13 to 33 form an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2015

1. General

The Company is domiciled in the United Kingdom. The Company's registered office is at One Cabot Square, London, E14 4QJ. The Company's principal activity is to serve as a holding company.

2. Significant accounting policies

a) Statement of compliance

The Financial Statements have been prepared in accordance with IFRS as adopted by the EU and the Companies Act 2006.

The Financial Statements were approved and authorised for issue by the Directors on 26 July 2016.

The Financial Statements have been prepared on a going concern basis, notwithstanding the accumulated losses, 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.

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering group Financial Statements as the Company is a wholly owned indirect subsidiary of Credit Suisse Group AG, incorporated in Switzerland, which prepares consolidated Financial Statements.

b) Basis of preparation

The Financial Statements are presented in United States dollars (US\$), which is the Company's functional currency and have been rounded to the nearest thousand, unless otherwise stated. The Financial Statements are prepared on 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. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 2(i) Critical accounting estimates and judgements in applying accounting policies.

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. Management believes that the estimates and assumptions used in the preparation of the Financial Statements are reasonable and consistently applied.

Standards and Interpretations effective in the current period

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

Notes to the Financial Statements for the year ended 31 December 2015

- Annual Improvements to IFRSs 2011-2013 Cycle: In December 2013, the IASB issued 'Annual Improvements to IFRSs Cycle 2011-2013' (Improvements to IFRSs 2011-2013), which contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. The adoption of the Improvements to IFRSs 2011-2013 on 1 January 2015 did not have a material impact on the Company's financial position, results of operation or cash flows.
- Annual Improvements to IFRSs 2010-2012 Cycle: In December 2013, the IASB issued 'Annual Improvements to IFRSs Cycle 2010-2012' (Improvements to IFRSs 2010-2012). The adoption of the Improvements to IFRSs 2010-2012 on 1 January 2015 did not have a material impact on the Company's financial position, results of operation or cash flows.

Standards and interpretations endorsed by EU but not yet effective

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

- Annual Improvements to IFRSs 2012-2014 Cycle: In September 2014, the IASB issued 'Annual Improvements to IFRSs 2012-2014 cycle' (Improvements to IFRSs 2012-2014). The adoption of the Improvements to IFRSs 2012-2014 on 1 January 2016, is not expected to have a material impact to the Company's financial position, results of operation or cash flows.
- Disclosure Initiative (Amendments to IAS 1): In December 2014, the IASB issued amendments to IAS 1 as part of their Disclosure Initiative. The amendments clarify guidance regarding materiality, notes to the financial statements and the presentation of the Statement of Financial Position and Statement of income. The amendments will allow entities to use more judgement when preparing and presenting financial statement. As the amendments to IAS 1 impact disclosures only, the adoption on 1 January 2016 is not expected to have a material impact to the Company's financial position, results of operation or cash flows.

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. In July 2014, the IASB issued IFRS 9 as a complete standard. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company is currently evaluating the impact of adopting IFRS 9.
- Amendments to IAS 12: Income Taxes: In January 2016, the IASB issued 'Recognition of Deferred Tax Assets for Unrealised Losses' (Amendments to IAS 12). The Amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2017, with retrospective application required. The Company is currently evaluating the impact of adopting the Amendments to IAS 12.

Notes to the Financial Statements for the year ended 31 December 2015

- **Disclosure Initiative (Amendments to IAS 7):** In January 2016, the IASB issued amendments to IAS 7 as part of their Disclosure Initiative. The Amendments require enhanced disclosures regarding changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The Amendments are effective for annual periods beginning on or after 1 January 2017. The Company is currently evaluating the impact of adopting the Amendments to IAS 7.

Except for the above changes, the accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

c) Foreign currency

The functional currency of the Company is United States Dollar (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 reporting date are not revalued for movements in foreign exchange rates. Foreign exchange differences arising from re-measurement are recognised in the Statement of Income.

d) 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 interest received on short term deposits with a group companies - Credit Suisse AG, London Branch and Credit Suisse Investments UK. Interest expense relates to borrowings from group companies - Credit Suisse AG, London Branch and Credit Suisse First Boston B.V.

e) Dividend income

Dividends from investments are recorded in the Statement of Income as dividend income once declared and approved in the shareholders' meeting of the Company's subsidiary.

The dividend income relates to dividend received from its investment in Credit Suisse (Kazakhstan) Limited Liability Partnership and in Portucale, SGFTC, S.A.

f) Income tax and deferred tax

Income tax recognised in the Statement of Income for the year comprises current and deferred tax. Income tax is recognised in the Statement of 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 Statement of Income, the related income tax initially recognised in equity 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 year. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Notes to the Financial Statements for the year ended 31 December 2015

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 tax losses surrendered to the claimant company.

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 that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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. 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 rights to offset exists, and they are intended to be settled net or realised simultaneously. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay related dividend arises.

Information as to the calculation of income tax on the profit and loss for the periods presented is included in note 5 – Income tax (charge)/ benefit.

g) Investment in subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when all the following conditions are met:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee ; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

When the Company has decision making rights, it assesses whether it controls an entity and determines whether it is a principal or an agent. The Company also determines whether another entity with decision-making rights is acting as an agent for the Company. An agent is a party primarily engaged to act on behalf and for the benefit of another party (the principal) and therefore does not control the entity when it exercises its decision-making authority. A decision maker considers the overall relationship between itself and other parties involved with the entity, in particular all of the factors below, in determining whether it is an agent:

Notes to the Financial Statements for the year ended 31 December 2015

- The scope of its decision making authority over the entity;
- The rights held by other parties;
- The remuneration to which it is entitled; and
- The decision maker's exposure to variability of returns from other interests that it holds in the entity.

The Company makes significant judgements and assumptions when determining if it has control of another entity. The Company may control an entity even though it holds less than half of the voting rights of that entity, for example if the Company has control over an entity on a de facto basis because the remaining voting rights are widely dispersed and/or there is no indication that other shareholders exercise their votes collectively. Conversely, the Company may not control an entity even though it holds more than half of the voting rights of that entity, for example where the Company holds more than half of the voting power of an entity but does not control it, as it has no right to variable returns from the entity and is not able to use its power over the entity to affect those returns.

Investment in subsidiaries is carried at cost and is 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 investment in subsidiary is recognised in the Statement of Income in the period in which the impairment occurs. When an investment is disposed of, the profit or loss resulting from the disposal is recognised in the Statement of Income.

h) Financial instruments

- **Recognition and derecognition**

The Company recognises financial assets and liabilities on its Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets/ financial liabilities are recognised/ derecognised using settlement date accounting.

- **Financial assets**

Cash and cash equivalents

For the purpose of preparation and presentation of the Statement of Cash Flows, 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.

Notes to the Financial Statements for the year ended 31 December 2015

Available for sale investments

Available for sale investments are non-derivative investments that are designated as available for sale or are not classified as another category of financial assets. Available for sale investments comprise equity securities. Where the equity securities are unquoted and fair value cannot be measured reliably, they are carried at cost. Otherwise they are carried at fair value and changes in fair value are recognised in other comprehensive income.

- **Financial liability**

Financial liabilities comprise of borrowings. These liabilities are initially recognised at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

- i) **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.

Impairment of investment in subsidiaries

Significant judgement is required in determining the expected recoverable amount in reviewing for impairment. The Directors consider net asset value to be a reasonable approximation to fair value and therefore an appropriate basis in determining the recoverable amount of the investment in subsidiaries.

Tax contingencies

Significant judgement is required in determining the effective tax rate and in evaluating certain tax positions. The Company may accrue for tax contingencies despite the belief that positions taken in tax returns are always fully supportable. Tax contingency accruals are adjusted due to changing facts and circumstances, such as case law, progress of tax authority audits or when an event occurs that requires a change to the tax contingency accruals. Management regularly assesses the appropriateness of provisions for income taxes. Management believes that it has appropriately accrued for any contingent tax liabilities.

Income taxes - deferred tax valuation

Deferred tax assets ('DTA') and deferred tax liabilities ('DTL') are recognised for the estimated future tax effects of operating loss carry-forwards and temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases at the Statement of Financial Position date. The realisation of deferred tax assets on temporary differences is dependent upon the generation of taxable income in future accounting periods after those temporary differences become deductible. The realisation of deferred tax assets on net operating losses is dependent upon the generation of future taxable income. Management regularly evaluates whether deferred tax assets can be realised. Only if management considers it probable that a deferred tax asset will be realised and is a corresponding deferred tax assets established without impairment.

Notes to the Financial Statements for the year ended 31 December 2015

Periodically, management evaluates the probability that taxable profits will be available against which the deductible temporary differences and 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 taxable profits.

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 between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. The fair value of the financial instruments is based on quoted prices in active markets or observable inputs. For all financial instruments which are carried at amortised cost, the determination of fair value requires subjective assessment and judgement depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own judgements about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

3. Administrative expenses

	2015 US\$'000	2014 US\$'000
Auditor's remuneration in relation to statutory audit of these Financial Statements	(11)	(10)
Other expenses	-	(4)
Total	(11)	(14)

4. Other income

	2015 US\$'000	2014 US\$'000
Bank levy reversal	20	15
Foreign exchange gain	18	8
Irrecoverable receivable	-	(20)
Total	38	3

Irrecoverable receivable represents an intercompany receivable written off during previous year since the entity has been liquidated.

5. Income tax (charge)/ benefit

a. Components of tax (charge)/ benefit

	2015 US\$'000	2014 US\$'000
Current tax		
Current tax on loss for the year	171	1,812
Adjustments in respect of previous years	(1,591)	(98)
Total income tax (charge)/ benefit	(1,420)	1,714

Notes to the Financial Statements for the year ended 31 December 2015

b. An explanation of the relationship between the income tax (charge)/benefit and the accounting loss

The current tax for the year can be reconciled to the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%) as follows:

	2015 US\$'000	2014 US\$'000
Loss before tax	(281,766)	(16,862)
Loss before tax multiplied by the UK statutory rate of corporation tax of 20.25% (2014: 21.49%)	57,048	3,624
Tax effect of expenses that are non-deductible in determining taxable income	(1,003)	(1,814)
Adjustments to current tax in respect of previous periods	(1,591)	(98)
Non-deductible impairment of investment in subsidiaries	(55,980)	-
Non-deductible loss on sale of financial investment	(4)	-
Non-taxable dividend income	110	2
Total income tax (charge)/ benefit	(1,420)	1,714

c. Deferred taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 18% (2014: 20%).

Deferred tax assets are recognised on deductible temporary differences and tax loss carry forwards only to the extent that realisation of the related tax benefit is probable. Capital losses carried forward on which no deferred tax assets have been recognised as at 31 December 2015 of US\$('000) 75,755 [£('000) 51,073] (2014: US\$('000) 79,475 [£('000) 51,073]). The deferred tax asset not recognised on these losses carried forward is US\$('000) 13,636 (2014: US\$('000) 15,895). The benefit of the losses carried forward has not been recognised in these Financial Statements due to the uncertainty of their recoverability. The losses carried forward have no expiry date.

The Finance Act 2013, which passed into law on 17 July 2013, reduced the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 and 21% to 20% with effect from 1 April 2015.

The Finance (No.2) Act 2015, which passed into law on 18 November 2015, included further rate reductions in the UK corporation tax rate from 20% to 19% with effect from 1 April 2017 and 19% to 18% with effect from 1 April 2020.

6. Cash and cash equivalents

	2015 US\$'000	2014 US\$'000
Short term money market deposit	130,200	132,000
Cash at bank	627	79
Total	130,827	132,079

Notes to the Financial Statements for the year ended 31 December 2015

Bank accounts are available on demand and are with Credit Suisse AG, Zurich a related company. The short-term money market deposits are held with Credit Suisse Investments (UK) (2014: Credit Suisse AG, London Branch) with maturity of 3 months or less (2014: 3 months or less).

7. Other assets

	2015	2014
	US\$'000	US\$'000
Accrued interest	-	1
Group relief receivable	1,449	2,869
Bank levy receivable	-	340
Receivable on sale of financial investment held as available for sale	87	-
Total	1,536	3,210

8. Investments

	2015	2014
	US\$'000	US\$'000
Investment in subsidiaries	7,974,001	8,250,490
Financial investment held as available-for-sale	1	108
Total	7,974,002	8,250,598

Investment in subsidiaries

Movements in investment in subsidiaries for the year were as follows:

	2015	2014
	US\$'000	US\$'000
As at 1 January	8,250,490	5,915,912
Add: additional investment	-	2,334,578
Less: impairment	(276,489)	-
As at 31 December	7,974,001	8,250,490

During the year, the investment in CSSEL has been impaired to the extent of US\$ ('000) 276,489 (2014: nil).

On 9 September 2014, the Company purchased 6,579,284,010 US\$ 0.10 participating shares in CSSEL from Credit Suisse PSL GmbH at a fair value of US\$ 1,334,577,470 which were subsequently converted into 6,579,284,010 fully paid ordinary Shares of US\$ 0.10 each of CSSEL. Post this event, the Company became 100% shareholder of CSSEL.

On 24 September 2014, the Company invested US\$ 250,000,000 in 2,500,000,000 fully paid ordinary shares of US\$ 0.10 each of CSSEL. On 29 September 2014, the Company invested US\$ 750,000,000 in 7,500,000,000 fully paid ordinary shares of US\$ 0.10 each of CSSEL.

The level of the fair value hierarchy applied to the impaired investment is level 3. The Directors consider net asset value to be an appropriate basis in determining the fair value of the investment in subsidiaries for impairment purposes as the shares of the subsidiary don't trade in an active market and the inputs for assets and liabilities that the subsidiary holds are not based on observable market data.

Notes to the Financial Statements for the year ended 31 December 2015

Details of the investment are as follows:

2015 % of equity	2014	Company name	Domicile	2015 Carrying Value US\$'000	2014 Carrying Value US\$'000
100	100	Credit Suisse Securities (Europe) Limited	UK	7,974,000	8,250,489
100	100	Credit Suisse First Boston Investco UK Limited	Cayman	1	1
100	100	Credit Suisse (Kazakhstan) Limited Liability Partnership	Kazakhstan	-	-
100	-	Credit Suisse First Boston PF (Europe) Limited	UK	Indirect	-
100	100	Credit Suisse Client Nominees (UK) Limited	UK	Indirect	Indirect
100	100	Credit Suisse First Boston Trustees Limited	UK	Indirect	Indirect
100	100	Credit Suisse AF Trust	USA	Indirect	Indirect
100	100	CSSEL Bare Trust	USA	Indirect	Indirect
100	100	Redwood Trust I	USA	Indirect	Indirect
100	100	Redwood Trust II	USA	Indirect	Indirect
100	100	Redwood Master Trust I	USA	Indirect	Indirect
100	100	Redwood Master Trust II	USA	Indirect	Indirect
100	100	Redwood Funding Trust I	USA	Indirect	Indirect
100	100	Redwood Funding Trust II	USA	Indirect	Indirect
100	100	Sail Trust I	USA	Indirect	Indirect
100	100	Sail Trust II	USA	Indirect	Indirect
100	100	Sail Master Trust I	USA	Indirect	Indirect
100	100	Sail Master Trust II	USA	Indirect	Indirect
100	100	Sail Funding Trust I	USA	Indirect	Indirect
100	100	Sail Funding Trust II	USA	Indirect	Indirect
-	100	ALBA 2006-2 PLC	UK	-	Indirect
100	100	Positive - Master Client LLC	USA	Indirect	Indirect
100	100	Redwood - Master Client Trust	USA	Indirect	Indirect
100	100	Saxon S.a.r.l.	Luxembourg	Indirect	Indirect
-	100	CQS DFI Spain Fund	UK	-	Indirect
100	-	Lutetia Finance limited	Ireland	Indirect	-
-	100	Lux Multi Flex Hubel	Luxembourg	-	Indirect
				7,974,001	8,250,490

During the year, the Company received dividend amounting to US\$ ('000) 544 (2014: US\$ nil) from its investment in Credit Suisse (Kazakhstan) Limited Liability Partnership.

Notes to the Financial Statements for the year ended 31 December 2015

Investment held as available-for-sale

	2015 US\$'000	2014 US\$'000
As at 1 January	108	108
Less: sold during the year	(107)	-
As at 31 December	1	108

Financial Investments in the previous year comprised the Company's 15.84% investment in Portucale, SGFTC, SA, a Portuguese fund manager and 1% investment in Woodgate S.A.

During the year, the Company sold its investment in Portucale, SGFTC, SA to a third party for a consideration of US\$ ('000) 87 (EUR ('000) 79). The loss on sale of US\$ ('000) 20 has been charged to the Statement of Income. The amount receivable on sale is disclosed under other assets (refer note 7).

During the year, the Company received nil dividend (2014: EUR 5,447) from its investment in Portucale, SGFTC, S.A.

9. Short term borrowings

The effective interest rate as at year end on short-term money market borrowings was 0.82% (2014: 0.64%) and the average maturity was 30 days (2014: 30 days).

10. Other liabilities

	2015 US\$'000	2014 US\$'000
Audit fee payable	22	12
Intercompany payables	-	202
Interest payable	315	258
Total	337	472

No interest was paid in respect of the payables to related companies for the year 2014 as these were non-interest bearing in nature.

11. Share capital and share premium

	2015 US\$'000	2014 US\$'000
Allotted, called up and fully paid share capital		
10,790,610,103 ordinary shares of US\$ 1 each	10,790,610	10,790,610
Total	10,790,610	10,790,610
	2015 US\$'000	2014 US\$'000
Share premium	362,600	362,600
Total	362,600	362,600

The holders of ordinary shares have voting rights and the right to receive dividends.

Notes to the Financial Statements for the year ended 31 December 2015

During the previous year, the restriction on authorized share capital was removed. The articles of association were amended accordingly.

Share options

The Company does not offer share options.

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 CSSEL is regulated by the Prudential Regulation Authority and the Financial Conduct Authority. There were no significant changes in the Company's approach to capital management during the year.

12. Capital reserve

Capital Reserve represents capital injections from CSIUK over the years.

13. Related party transactions

The Company is controlled by CSIUK, 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.

Copies of group 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 Company is involved in transactions with, and has 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.

Notes to the Financial Statements for the year ended 31 December 2015

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

a) Related party assets and liabilities

	2015 (US\$'000)			2014 (US\$'000)		
	Fellow group companies	Subsidiaries	Total	Fellow group companies	Subsidiaries	Total
ASSETS						
Current assets						
Cash and cash equivalents	130,827	-	130,827	132,079	-	132,079
Other assets	-	-	-	1	-	1
Total current assets	130,827	-	130,827	132,080	-	132,080
Non-current assets						
Investment in subsidiaries	-	7,974,001	7,974,001	-	8,250,490	8,250,490
Financial Investments held as available for sale	1	-	1	1	-	1
Total non-current assets	1	7,974,001	7,974,002	1	8,250,490	8,250,491
Total assets	130,828	7,974,001	8,104,829	132,081	8,250,490	8,382,571
LIABILITIES			-			-
Current liabilities			-			-
Short-term borrowings	858,560	-	858,560	854,761	-	854,761
Other liabilities	315	-	315	258	202	460
Total current liabilities	858,875	-	858,875	855,019	202	855,221
Total liabilities	858,875	-	858,875	855,019	202	855,221

For UK corporation tax purposes the Company may surrender or claim certain losses from another UK group company. The group relief receivable as of 31 December 2015 is US\$ ('000) 1,449 (2014: US\$ ('000) 2,869).

Notes to the Financial Statements for the year ended 31 December 2015

b) Related party income and expenses

	2015 (US\$'000)			2014 (US\$'000)		
	Fellow group companies	Subsidiaries	Total	Fellow group companies	Subsidiaries	Total
Interest income	2	-	2	14	-	14
Dividend income	-	544	544	-	-	-
Total related party income	2	544	546	14	-	14
Interest expense	(5,830)	-	(5,830)	(16,873)	-	(16,873)
Impairment of investment	-	(276,489)	(276,489)	-	-	-
Other income/(expense)	-	-	-	20	-	20
Total related party expenses	(5,830)	(276,489)	(282,319)	(16,853)	-	(16,853)

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 (2014: 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 (2014: 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.

Notes to the Financial Statements for the year ended 31 December 2015

14. Financial Instruments

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

- Analysis of financial instruments by categories;
- Fair value measurement (including fair value hierarchy; transfers between levels; qualitative and of valuation techniques);
- Fair value of financial instruments not carried at 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 between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial assets and liabilities is impacted by factors such as contractual cash flows and observable inputs like the benchmark interest rates and foreign exchange rates. Unobservable inputs used are credit spreads which is a part of the risk-adjusted discount factors. Valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of counterparty, and are applied to debt instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments or CVA) is considered when measuring the fair value of assets and the impact of changes in the Company's own credit spreads (known as debit valuation adjustments or DVA) is considered when measuring the fair value of its liabilities. The adjustments also take into account contractual factors designed to reduce the Company's credit exposure to counterparty.

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate book value, given the short term nature of these instruments. For long term instruments fair value is calculated using the discounted cash flow methodology. The information presented herein represents estimates of fair values of accrual accounted instruments as at the Statement of Financial Position date.

The table below analyses financial instruments by valuation method. The different levels in the fair value hierarchy in which fair value measurements are categorised for financial assets and liabilities have been defined 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Notes to the Financial Statements for the year ended 31 December 2015

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

There have been no transfers between level 2 and level 1 in the year (2014: No Transfers). The levels in the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured in the Statement of Financial Position are as follows:

2015 (US\$'000)	Loans and receivables	Carrying amount Assets available for sale	Other financial assets/ liabilities	Level 1	Fair Value		Total
					Level 2	Level 3	
Financial assets							
Cash and cash equivalents	130,827	-	-	130,827	-	-	130,827
Investment	-	1	-	-	-	1	1
Total financial assets	130,827	1	-	130,827	-	1	130,828
Financial liabilities							
Short term borrowings	-	-	858,560	-	858,560	-	858,560
Other liabilities	-	-	337	-	337	-	337
Total financial liabilities	-	-	858,897	-	858,897	-	858,897
2014 (US\$'000)							
Financial assets							
Cash and cash equivalents	132,079	-	-	132,079	-	-	132,079
Other assets	-	-	1	1	-	-	1
Investment	-	108	-	-	-	108	108
Total financial assets	132,079	108	1	132,080	-	108	132,188
Financial liabilities							
Short term borrowings	-	-	854,761	-	854,761	-	854,761
Other liabilities	-	-	472	-	472	-	472
Total financial liabilities	-	-	855,233	-	855,233	-	855,233

Notes to the Financial Statements for the year ended 31 December 2015

Level 3 fair value measurements:

Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2015	2014
	Financials Assets Other Investments	Financial Assets Other Investments
Balance at 1 January	108	108
Less: sold during the year	(107)	-
Balance at 31 December	1	108

During the year, there have been no transfers between levels 2 and 3 for any category of financial instruments. (2014: None).

15. 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
- Liquidity risk
- Operational 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.

Credit Suisse Group AG, of which the Company is a part, manages its risks under global policies. The Credit Suisse Group AG risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with Credit Suisse Group AG's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with Credit Suisse Group AG's senior business line managers. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk and reputational risk.

a) Market risk

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

(i) Interest rate risk

The Company has interest bearing financial assets and liabilities, which are mainly in the form of cash and cash equivalents and borrowings. The interest rates on these instruments typically resets within 3 months which minimises the risk to changes in interest rates. As the Company's interest-bearing assets and liabilities are against group companies, the Company is not exposed to any third party counter party interest rate risks.

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.

Notes to the Financial Statements for the year ended 31 December 2015

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.

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:

2015 (US\$'000)	+25%	-25%
Change in equity and (loss) or income with interest rate fluctuation in borrowings	(1,770)	1,770
Total	(1,770)	1,770

2014 (US\$'000)	+25%	-25%
Change in equity and (loss) or income with interest rate fluctuation in borrowings	(1,367)	1,367
Change in equity and income or (loss) with interest rate fluctuation in deposits	3	(3)
Total	(1,364)	1,364

(ii) Foreign exchange risk

Foreign currency risk is the risk that the value of monetary assets/ liabilities will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EUR and GBP.

Foreign exchange risk related to expenses and net assets is centrally and systematically managed with a focus on risk reduction and diversification. Any currency risk that materialises will be managed centrally by the Credit Suisse Group through the Foreign Currency Exposure Management ('FCEM') process, utilising currency hedges at the Credit Suisse Group level.

The Company had the following assets and liabilities denominated in currencies other than US\$:

2015	EUR'000	GBP'000
Monetary assets		
Cash and cash equivalents	-	9
Total	-	9
Monetary liabilities		
Short term borrowings	43	-
Other Liabilities	-	15
Total	43	15
Net exposure	(43)	(6)

Notes to the Financial Statements for the year ended 31 December 2015

2014	EUR'000	GBP'000
Monetary assets		
Cash and cash equivalents	-	6
Total	-	6
Monetary liabilities		
Short term borrowings	43	220
Other Liabilities	-	7
Total	43	227
Net exposure	(43)	(221)

Sensitivity analysis for changes in exchange rates assume an instantaneous increase or decrease of 25% for foreign currency to US\$ rates at the reporting date, with all other variables remaining constant is given below:

2015 (US\$'000)	GBP Impact		EUR Impact	
	25%	-25%	25%	-25%
Non USD denominated assets and liabilities				
Change in equity and (loss) or income with foreign currency fluctuation	(2)	2	(12)	12
Total	(2)	2	(12)	12
2014 (US\$'000)	GBP Impact		EUR Impact	
	25%	-25%	25%	-25%
Non USD denominated assets and liabilities				
Change in equity and (loss) or income with foreign currency fluctuation	(86)	86	(13)	13
Total	(86)	86	(13)	13

b) Credit risk

Credit risk is the possibility of a loss being incurred by the Company as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. The Company is exposed to credit risk from other Credit Suisse group companies. Transactions are limited to fellow group companies and high-credit-quality financial institutions. 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.

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

Counterparty Exposure by Rating:

	2015 US\$'000	2014 US\$'000
A+ to A-	130,827	132,080
Total	130,827	132,080

For the entities which are not individually rated, ratings have been derived using the Credit Suisse AG rating.

Notes to the Financial Statements for the year ended 31 December 2015

c) Liquidity risk

Liquidity risk is the risk that a company is unable to fund assets and meet obligations as they fall due under both normal and stressed market conditions.

Liquidity, as with funding, capital and foreign exchange exposures, is centrally managed by Treasury. The liquidity and funding profile of Credit Suisse AG ('CS') reflects the risk appetite, business activities, strategy, the markets and overall operating environment. CS liquidity and funding policy is designed to ensure that funding is available to all legal entities within CS to meet all obligations in times of stress, whether caused by market events and/ or issues specific to CS. This approach enhances CS' ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet any stress situation.

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

	Carrying Amount	Gross Nominal Outflow	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
2015 (US\$'000)								
Short term borrowings	858,560	858,560	-	858,560	-	-	-	858,560
Other liabilities	337	337	22	315	-	-	-	337
Total financial liabilities	858,897	858,897	22	858,875	-	-	-	858,897
2014 (US\$'000)								
Short term borrowings	854,761	854,989	-	854,989	-	-	-	854,989
Other liabilities	472	472	214	258	-	-	-	472
Total financial liabilities	855,233	855,461	214	855,247	-	-	-	855,461

d) Operational Risk

Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events. The Company is exposed to minimal operational risk.

Notes to the Financial Statements for the year ended 31 December 2015

16. Employees

The Company had no employees during the year (2014: 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.

17. Subsequent events

In the UK budget announcement of 16 March 2016, the UK government announced its intention to further reduce the UK corporation tax rate to 17% with effect from 1 April 2020. This tax rate reduction is expected to be substantively enacted in 2016.