

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**



Company Registration Number: 03045280

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

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CREDIT SUISSE INVESTMENT HOLDINGS (UK)

BOARD OF DIRECTORS

Michael Hodgson

Director

Julian R. Houghton

Director

Paul E. Hare

Director

COMPANY SECRETARY

Paul E. Hare

Secretary

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present the strategic report for the year ended 31 December 2013.

Principal activities

Credit Suisse Investment Holdings (UK) (the "Company") is an investment holding company, established primarily to hold the interests of Credit Suisse Investments (UK) ('CSIUK'), 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, Private Banking and Wealth Management.

The Company's direct interests include:

- 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 Securities (Europe) Limited is the holding company for:
 - Credit Suisse Client Nominees (UK) Limited, which holds registered securities for the clients of Credit Suisse Securities (Europe) Limited;
 - Credit Suisse First Boston Trustees Limited, a trust company;
 - Credit Suisse First Boston PF (Europe) Limited, which provides services related to raising of capital for private equity funds
- Credit Suisse (Kazakhstan) Limited Liability Partnership, which was formed in 2007 to provide marketing and administration support for clients; and
- 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;

On 12 March 2013, Credit Suisse First Boston Canary Wharf Health Club Limited, a subsidiary directly owned by the Company, adjusted the capital contribution reserves of GBP 9,000,000 against its accumulated losses. Further, the subsidiary reduced its issued share capital by cancelling 580,099 ordinary shares of GBP 1 each by adjusting capital paid up of GBP 574,332 against negative reserves and return of capital paid up of GBP 5,767 to the Company.

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 loss for the year was US\$ 535,007,000 (2012: US\$ 410,434,000). The Company's current year loss is primarily driven by the impairment of its investment in its subsidiary, Credit Suisse Securities (Europe) Limited.

As at 31 December 2013, the Company had total assets of US\$ 6,060,435,000 (2012: US\$ 6,592,879,000) and net asset position of US\$ 4,076,151,000 (2012: US\$ 4,611,158,000). The reduction in total assets of US\$ 532,444,000 is primarily driven by the US\$ 518,153,000 impairment of its investment in its subsidiary, Credit Suisse Securities (Europe) Limited.

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.


CREDIT SUISSE INVESTMENT HOLDINGS (UK)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Principal risks and uncertainties

The Company is a holding company and the main risk facing the Company is impairment of investment in subsidiaries. The Company also faces credit risk on the receivables primarily from other fellow companies under common control. The Company's financial risk management policies are outlined in Note 18 to the financial statements.

Approved by the Board of Directors on 26 August 2014 and signed on its behalf by:



Julian R. Houghton
Director

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

International Financial Reporting Standards

The financial statements of the Company for 2013 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 August 2014.

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. During the year, no additional share capital was issued by the Company (2012: 2,053,662,105 fully paid ordinary Shares of US\$1 each were issued to Credit Suisse Investments (UK)).

Dividends

No dividends were paid or are proposed for 2013 (2012: US\$ Nil).

Directors

The names of the directors as at the date of this report are set out on page 3. There has been no change in the directorate since 31 December 2012, and up to the date of this report.

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 is aware of that information.

Auditor

Our auditors, KPMG Audit Plc, has instigated an orderly wind down of business and notified the Company that they are not seeking reappointment. It is proposed that KPMG LLP be appointed auditors of the Company and will hold office from the start of the financial year ending 31 Dec 2014 until the end of the next period for appointing auditors under section 485(2) of the Companies Act 2006, and that their remuneration be fixed by the Directors.

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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

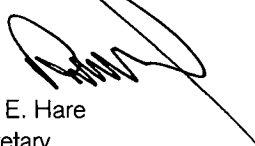
Subsequent events

In April 2014, 860,000,000 preference shares of US\$1 each held by CSIUK were converted into equal number of US\$1 ordinary shares and 35,000,000 GBP preference shares of GBP 1 each held by CSIUK were cancelled with the resulting reserve credited to share premium which was immediately capitalised to issue 58,927,750 ordinary shares of US\$1 each. The difference of US\$ 925,000 between the historic USD equivalent of the 35,000,000 GBP shares and the USD equivalent as at the date of conversion has been credited to a capital reserve.

Credit Suisse First Boston Canary Wharf Health Club Limited, a subsidiary directly owned by the Company, has been liquidated on 26 August 2014.

There are no other subsequent events that require disclosure as at the date of this report.

By Order of the Board



Paul E. Hare
Secretary
One Cabot Square
London E14 4QJ
26 August 2014

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

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

The directors are responsible for preparing the Strategic Report, 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 IFRS 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 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 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.

Signed on behalf of the Board of Directors on 26 August 2014 by:



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 2013 set out on pages 10 to 36. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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.

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 2013 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 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 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.



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
26 August 2014

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 US\$'000 | 2012 US\$'000 |
|-----------------------------|------|------------------|------------------|
| Interest income | 3 | 129 | 227 |
| Interest expense | 4 | (18,557) | (22,146) |
| Net Interest expense | | (18,428) | (21,919) |
| Dividend income | 7 | 10 | 2,537 |
| Gain on sale of subsidiary | 7 | - | 7,971 |
| Net expense | | (18,418) | (11,411) |
| Administrative expenses | 5 | (636) | (491) |
| Impairment of investments | 7 | (518,143) | (398,532) |
| Loss before tax | | (537,197) | (410,434) |
| Income tax benefit | 6 | 2,190 | - |
| Loss after tax | | (535,007) | (410,434) |

Losses for 2013 and 2012 are from continuing operations.

The notes on pages 14 to 36 form an integral part of these financial statements.

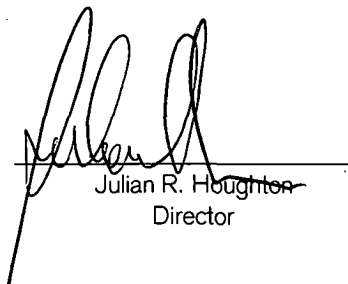
CREDIT SUISSE INVESTMENT HOLDINGS (UK)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

| | Note | 2013 US\$'000 | 2012 US\$'000 |
|---------------------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investments | 7 | 5,916,020 | 6,434,173 |
| Total non-current assets | | 5,916,020 | 6,434,173 |
| Current assets | | | |
| Cash and cash equivalents | 8 | 142,225 | 158,686 |
| Other assets | 9 | 2,190 | 20 |
| Total current assets | | 144,415 | 158,706 |
| Total assets | | 6,060,435 | 6,592,879 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term borrowings | 12 | 1,135,073 | 1,135,073 |
| Total non-current liabilities | | 1,135,073 | 1,135,073 |
| Current liabilities | | | |
| Short term borrowings | 13 | 846,774 | 835,947 |
| Other liabilities | 14 | 1,861 | 9,721 |
| Bank overdrafts | 11 | 576 | 980 |
| Total current liabilities | | 849,211 | 846,648 |
| Total liabilities | | 1,984,284 | 1,981,721 |
| SHAREHOLDER'S EQUITY | | | |
| Share capital | 15 | 7,682,634 | 7,682,634 |
| Capital reserve | 16 | 2,412,615 | 2,412,615 |
| Accumulated losses | | (6,019,098) | (5,484,091) |
| Total shareholder's equity | | 4,076,151 | 4,611,158 |
| Total shareholder's equity and liabilities | | 6,060,435 | 6,592,879 |

The notes on pages 14 to 36 form an integral part of these financial statements.

Approved by the Board of Directors on 26 August 2014 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 2013

| | Share capital | Capital reserve | Accumulated losses | Total |
|------------------------------------|------------------|--------------------|-----------------------|------------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 January 2013 | 7,682,634 | 2,412,615 | (5,484,091) | 4,611,158 |
| Total recognised loss for the year | - | - | (535,007) | (535,007) |
| Balance at 31 December 2013 | 7,682,634 | 2,412,615 | (6,019,098) | 4,076,151 |

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

The notes on pages 14 to 36 form an integral part of these financial statements.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

| | | 2013 | 2012 |
|-------------------------------------------------------------------------|------|-----------------|--------------------|
| | Note | US\$'000 | US\$'000 |
| Cash flow from operating activities | | | |
| Loss before tax for the year | | (537,197) | (410,434) |
| Adjustments for: | | | |
| <i>Non-cash items included in loss before tax and other adjustments</i> | | | |
| Impairment of investments | 7 | 518,143 | 398,532 |
| Dividend income | 7 | (10) | (2,537) |
| Gain on sale of subsidiary | 7 | - | (7,971) |
| Interest expense | 4 | 18,557 | 22,110 |
| Interest income | 3 | (129) | (227) |
| Operating loss before working capital changes | | (636) | (527) |
| <i>Net decrease in operating assets:</i> | | | |
| Decrease in other assets | | 8 | 17 |
| <i>Net increase/(decrease) in operating liabilities:</i> | | | |
| Increase in short term borrowings | | 10,827 | 2,498 |
| (Decrease) in other liabilities | | (3) | (127) |
| Cash generated from operations | | 10,196 | 1,861 |
| Interest received | | 141 | 233 |
| Interest paid | | (26,413) | (15,300) |
| Net cash used in operating activities | | (16,076) | (13,206) |
| Cash flow from investing activities | | | |
| Dividend income received | 7 | 10 | 2,537 |
| Proceeds from sale of subsidiary | 7 | - | 17,202 |
| Return of capital on liquidation of subsidiary | | 9 | - |
| Investment in subsidiaries | 7 | - | (2,054,596) |
| Net cash generated from/ (used in) investing activities | | 19 | (2,034,857) |
| Cash flow from financing activities | | | |
| Share capital issued | 15 | - | 2,053,662 |
| Net cash from financing activities | | - | 2,053,662 |
| Net (decrease) / increase in cash and cash equivalents | | (16,057) | 5,599 |
| Cash and cash equivalents at the beginning of the year | | 157,706 | 152,107 |
| Cash and cash equivalents at end of year at 31 December 2013 | | 141,649 | 157,706 |
| Cash and cash equivalents at end of year comprises: | | | |
| Cash and cash equivalents | 8 | 142,225 | 158,686 |
| Bank overdrafts | 11 | (576) | (980) |
| | | 141,649 | 157,706 |

The notes on pages 14 to 36 form an integral part of these financial statements.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. General

Credit Suisse Investment Holdings (UK) (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 Directors of the Company have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The financial statements are prepared on a going concern basis and are 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.

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.

The financial statements were approved and authorised for issue by the Directors on 26 August 2014.

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 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. For critical accounting estimates refer note 2(l).

Standards and interpretations effective in the current period

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

- Amendments to IAS 1 Presentation of Items of other comprehensive income: In June 2011, the International Accounting Standards Board 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 statement of profit and loss and other comprehensive income. 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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Significant accounting policies (continued)

b) Basis of preparation (continued)

Standards and interpretations effective in the current period (continued)

The amendments impact presentation only, and therefore the adoption of the amendments on 1 January 2013 did not have an impact on the Company's financial position, results of operations 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 certain disclosures about fair value measurements. IFRS 13 requires or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances. In accordance with the transitional provisions of IFRS 13, the Company has applied the new definition of fair value prospectively. The change had no significant impact on the measurements of the Company's assets and liabilities, but the Company has included new disclosures in the financial statements, which are required under IFRS 13.
- **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 impact presentation only, and therefore the adoption of IFRS 7 did not have an impact on the Company's financial position, results of operation or cash flows.
- **Annual Improvements to IFRS 2009-2011 Cycle:** In May 2012, The IASB issued "Annual Improvements to IFRSs 2009-2011 Cycle" (Improvements to IFRS), which contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. The Improvements to IFRS comprise amendments that result in accounting changes for presentation recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual standards. The adoption of the Improvements to IFRS on 1 January 2013 did not have an 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 endorsed by EU but not yet effective:

- **IFRS 12 Disclosures of Interests in Other Entities:** In May 2011, the IASB issued IFRS 12 "Disclosure of Interests in Other Entities" (IFRS 12). IFRS 12 requires entities to disclose information that enables users of the financial statements 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 requires certain disclosures, for subsidiaries, joint arrangements and associates and introduces new requirements for unconsolidated structured entities. 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, the adoption thereof on 1 January 2014 is not expected to have a material impact on the Company's financial position, results of operation or cash flows.
- **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 IAS 32 on 1 January 2014, is not expected to have any impact on the Company's financial position, results of operation or cash flows.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Significant accounting policies (continued)

b) Basis of preparation (continued)

Standards and interpretations endorsed by EU but not yet effective (continued)

- IFRS 10 Consolidated Financial Statements: In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements" (IFRS 10). The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this may be difficult to assess. IFRS 10 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. Adoption of IFRS 10 will have no impact on the Company's financial position, results of operations or cash flows.
- 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. The effective date of IFRS 9 was revised in December 2011, making it applicable for annual periods beginning 1 January 2018. The Company is currently evaluating the impact of adopting IFRS 9.

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.

- Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle: In December 2013, the IASB issued both "Annual Improvements to IFRSs Cycle 2010-2012" and "Annual Improvements to IFRS Cycle 2011-2013" (Improvements to IFRS), which contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. The Improvements to IFRS are effective for annual periods beginning on or after 1 July 2014. The Company is currently evaluating the impact of adopting these Improvements to IFRS.

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 profit or loss and other comprehensive income.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Significant accounting policies (continued)

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 group companies. Interest expense relates to borrowings from group companies.

e) Dividend income

Dividends from investments are recorded in the statement of profit or loss and other comprehensive income as dividend income once declared and approved in the shareholders' meeting of the Company's subsidiary.

f) Income tax

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the statement of profit or loss and other 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 profit or loss and other comprehensive income, the related income tax initially recognised in equity is also subsequently recognised in the statement of profit or loss and other 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 reporting date. Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 6.

g) Deferred tax

Deferred tax is computed using the balance sheet method, accounting 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 balance sheet, 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) Investment in subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable are taken into account.

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).

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Significant accounting policies (continued)

h) Investment in subsidiaries (continued)

Any charges relating to the impairment of investment in subsidiary is recognised in the statement of profit or loss and other comprehensive income in the period in which the impairment occurs. When investment is disposed, the profit or loss resulting from the disposal is recognised in the statement of profit or loss and other comprehensive income.

i) 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.

j) Financial instruments

• Non derivative financial assets and liabilities – 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 and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to either settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

• Non derivative financial assets- measurement

Loans and receivables:

Loans and receivables 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. These assets are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to the initial recognition, they are measured at amortised cost using the effective interest method.

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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Significant accounting policies (continued)

j) Financial instruments (continued)

• Non derivative financial liability – measurement

Non derivative 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.

k) Fair value

For disclosure purposes, the fair value of the Company's financial instruments carried at cost is based on observable inputs. 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.

Uncertainty of pricing assumptions and liquidity are features of both derivative and non-derivative transactions. These features have been considered as part of the valuation process. As a result of these uncertainties, the Company does not recognise a dealer profit or unrealised gain or loss at the inception of a derivative or non-derivative transaction unless the valuation underlying the unrealised gain or loss is evidenced by quoted market prices in an active market, observable prices of other current market transactions, or other observable data supporting a valuation technique in accordance with IAS 39 'Financial Instruments Recognition and Measurement'.

Policy applicable from 1 January 2013

'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.

Policy applicable before 1 January 2013

'Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

l) 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.

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 an appropriate basis in determining the recoverable amount of the investment in subsidiaries.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Significant accounting policies (continued)

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

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 and liabilities are recognised to reflect the estimated amounts of income tax recoverable/payable in future periods in respect of temporary differences and unused carry forward of tax losses and credits. For deductible temporary differences, a deferred tax asset is recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised. Similarly, a deferred tax asset is recognised on unused carry forward tax losses and credits to the extent that it is probable that future taxable profits will be available against which the unused carry forward tax losses and credits can be utilised.

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.

3. Interest income

The interest income relates to the interest earned on the deposits with Credit Suisse AG, London Branch.

| | 2013 US\$'000 | 2012 US\$'000 |
|------------------------------------------|------------------|------------------|
| Interest income on money market deposits | 129 | 227 |
| Total | 129 | 227 |

4. Interest expense

The interest expense relates to interest on borrowings from Credit Suisse AG, London Branch.

| | 2013 US\$'000 | 2012 US\$'000 |
|---------------------------------------------|------------------|------------------|
| Interest expense on money market borrowings | (18,557) | (22,110) |
| Interest on tax | - | (36) |
| Total | (18,557) | (22,146) |

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. Administrative expenses

| | 2013 US\$'000 | 2012 US\$'000 |
|-------------------------------------------------------------------------------------|------------------|------------------|
| Foreign exchange loss | - | (12) |
| Others | (626) | (469) |
| Auditor's remuneration in relation to statutory audit of these financial statements | (10) | (10) |
| Total | (636) | (491) |

6. Income tax benefit

| | 2013 US\$'000 | 2012 US\$'000 |
|--------------------------------------------|------------------|------------------|
| Components of tax benefit | | |
| Current tax | | |
| Current tax on loss for the period | (1,155) | - |
| Adjustments in respect of previous periods | (1,035) | - |
| Income tax benefit | (2,190) | - |

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 23.25% (2012 : 24.5%) as follows:

| | 2013 US\$'000 | 2012 US\$'000 |
|-------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Loss before tax | 537,197 | 410,434 |
| Loss before tax multiplied by the UK statutory rate of corporation tax of 23.25% (2012: 24.5%) | 124,880 | 100,528 |
| Tax effect of expenses that are non-deductible in determining taxable loss | (2,301) | (1,721) |
| Non-deductible writedown of investment in subsidiaries | (120,450) | (97,613) |
| Group relief surrendered for nil consideration | (976) | (3,762) |
| Adjustments to current tax in respect of previous periods in relation to group relief surrendered for nil consideration | 1,035 | - |
| Non-taxable dividend income | 2 | 615 |
| Non-taxable gain on sale of subsidiary | - | 1,953 |
| Income tax benefit | 2,190 | - |

7. Investments

| | 2013 US\$'000 | 2012 US\$'000 |
|--------------------------------------------------|------------------|------------------|
| Investment in subsidiaries | 5,915,912 | 6,434,065 |
| Financial investments held as available-for-sale | 108 | 108 |
| Total | 5,916,020 | 6,434,173 |

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Investments (continued)

Investment in subsidiaries

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

| | 2013 US\$'000 | 2012 US\$'000 |
|------------------------------|------------------|------------------|
| As at 1 January | 6,434,065 | 4,787,232 |
| Investment in subsidiaries | - | 2,054,596 |
| Impairment of investments | (518,143) | (398,532) |
| Capital repaid by subsidiary | (10) | (18) |
| Sale of subsidiary | - | (9,213) |
| As at 31 December | 5,915,912 | 6,434,065 |

On 12 March 2013, Credit Suisse First Boston Canary Wharf Health Club Limited, a subsidiary directly owned by the Company, adjusted the capital contribution reserves of GBP 9,000,000 against its accumulated losses. Further, the subsidiary reduced its issued share capital by cancelling 580,099 ordinary shares of GBP 1 each by adjusting capital paid up of GBP 574,332 against negative reserves and return of capital paid up of GBP 5,767 (US\$ 10,000) to the Company.

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\$ 518,143,000 (2012: US\$ 397,608,000).

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\$ Nil (2012: US\$ 924,000).

On 29 February 2012, the Company invested US\$ 300,000,000 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 (Espena) 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 29 June 2012, the Company invested US\$ 1,753,662,105 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 13 September 2012, the Company injected US\$ 933,568 (GBP 580,000) by way of share capital increase in Credit Suisse First Boston Canary Wharf Health Club Limited.

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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Investments (continued)

Investment in subsidiaries (continued)

| 2013 % of equity | 2012 % of equity | Company name | Domicile | Activity | 2013 Investment in US\$ | 2012 Investment in US\$ |
|------------------------|------------------------|-------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| 76.99 | 76.99 | Credit Suisse Securities (Europe) Limited | UK | Principal activity of a broker dealer. International corporate finance and securities issuing and trading company | 5,915,911,600 | 6,434,054,300 |
| NA | 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 |
| 100 | 100 | Credit Suisse First Boston PF (Europe) Limited | UK | Subsidiary of Credit Suisse Securities (Europe) Limited, which provides services related to the raising of capital for the private equity funds | Indirect | Indirect |
| | | | | | 5,915,912,402 | 6,434,064,429 |

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Investments (continued)

Investment held as available-for-sale

| | 2013 US\$'000 | 2012 US\$'000 |
|--------------------------|------------------|------------------|
| Financial investments | 108 | 108 |
| As at 31 December | 108 | 108 |

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 7,813 (2012: EUR 17,108) from its investment in Portucale SGFTC S.A.

Refer to Note 19 for the fair value disclosure.

8. Cash and cash equivalents

| | 2013 US\$'000 | 2012 US\$'000 |
|---------------------------------------------------|------------------|------------------|
| Short term money market deposits and cash at bank | 142,225 | 158,686 |
| Total | 142,225 | 158,686 |

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 AG, London Branch. The effective interest rate as at year end on the USD denominated short-term money market deposits was 0.01% (2012: 0.1%).

Refer to Note 19 for the fair value disclosure.

9. Other assets

| | 2013 US\$'000 | 2012 US\$'000 |
|------------------------------------|------------------|------------------|
| Receivables from related companies | - | 7 |
| Accrued Interest | 1 | 13 |
| Group relief receivable | 2,189 | - |
| Total | 2,190 | 20 |

No interest was received in respect of the receivables from related companies in 2012 as they were non-interest bearing in nature.

Refer to Note 19 for the fair value disclosure.

10. Deferred tax

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 2013 of £45,086,897 [US\$74,530,895] (2012: £45,086,897 [US\$72,903,258]). The deferred tax asset not recognised on these losses carried forward is £9,017,379 (2012: £9,017,379).

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Deferred tax (continued)

The benefit of these losses 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 2012, which passed into law on 17 July 2012, reduced UK corporation tax rate from 24% to 23% with effect from 1 April 2013.

The Finance Act 2013, which passed into law on 17 July 2013, included further rate reductions in 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.

11. Bank overdrafts

| | 2013 US\$'000 | 2012 US\$'000 |
|-----------------|------------------|------------------|
| Bank overdrafts | 576 | 980 |
| Total | 576 | 980 |

Refer to Note 19 for the fair value disclosure.

12. Long term borrowings

| | 2013 US\$'000 | 2012 US\$'000 |
|-------------------|------------------|------------------|
| Subordinated debt | 1,135,073 | 1,135,073 |
| Total | 1,135,073 | 1,135,073 |

Subordinated debt comprises the amount advanced by Credit Suisse First Boston Finance BV, a related party, 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, which is the maturity date.

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 effective interest rate as at year end on long-term debt was 1.09% (2012: 1.09%) and the average maturity was 73 days (2012: 73 days).

Refer to Note 19 for the fair value disclosure.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13. Short term borrowings

| | 2013 US\$'000 | 2012 US\$'000 |
|------------------------------------|------------------|------------------|
| Short-term money market borrowings | 846,774 | 835,947 |
| Total | 846,774 | 835,947 |

The effective interest rate as at year end on short-term money market borrowings was 0.65% (2012: 0.79%) and the average maturity was 38 days (2012: 53 days).

Refer to Note 19 for the fair value disclosure.

14. Other liabilities

| | 2013 US\$'000 | 2012 US\$'000 |
|-----------------------|------------------|------------------|
| Audit fee payable | 10 | 10 |
| Others | 310 | 251 |
| Intercompany payables | 146 | 208 |
| Accrued interest | 1,395 | 9,252 |
| Total | 1,861 | 9,721 |

No interest was paid in respect of the payables to related companies (2012: US\$ Nil) as they are non-interest bearing in nature.

Refer to Note 19 for the fair value disclosure.

15. Share capital

| | 2013 | 2012 |
|---------------------------------------------------------|------------------|------------------|
| Authorised: | | |
| 6,953,662,105 ordinary shares of US\$1 each | 6,953,662,105 | 6,953,662,105 |
| 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 |
| | 2013 | 2012 |
| | US\$'000 | US\$'000 |
| Allotted, called up and fully paid share capital | | |
| 6,402,031,683 ordinary shares of US\$1 each | 6,402,031 | 6,402,031 |
| 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 |
| Total | 7,682,634 | 7,682,634 |

No additional share capital was issued by the Company during the year (2012: 2,053,662,105 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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

15. Share capital (continued)

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.

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.

16. Capital reserve

| | 2013 US\$'000 | 2012 US\$'000 |
|-----------------|------------------|------------------|
| Capital reserve | 2,412,615 | 2,412,615 |
| Total | 2,412,615 | 2,412,615 |

17. 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.

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 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 2013

17. Related party transactions (continued)

a) Related party assets and liabilities

| | 2013 | | | | 2012 | | | |
|--------------------------------------------------|--------------------|---------------------------------------|--------------------------|-------------------|--------------------|---------------------------------------|--------------------------|-------------------|
| | 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 |
| ASSETS | | | | | | | | |
| Non-current assets | | | | | | | | |
| Investment in subsidiaries | - | - | 5,915,912 | 5,915,912 | - | - | 6,434,065 | 6,434,065 |
| Financial investments held as available for sale | - | 1 | - | 1 | - | 1 | - | 1 |
| Total non-current assets | - | 1 | 5,915,912 | 5,915,913 | - | 1 | 6,434,065 | 6,434,066 |
| Current assets | | | | | | | | |
| Cash and cash equivalents | - | 142,225 | - | 142,225 | - | 158,686 | - | 158,686 |
| Other assets | - | 2,190 | - | 2,190 | - | 20 | - | 20 |
| Total current assets | - | 144,415 | - | 144,415 | - | 158,706 | - | 158,706 |
| Total assets | - | 144,416 | 5,915,912 | 6,060,328 | - | 158,707 | 6,434,065 | 6,592,772 |
| LIABILITIES | | | | | | | | |
| Non-current liabilities | | | | | | | | |
| Long term borrowings | - | 1,135,073 | - | 1,135,073 | - | 1,135,073 | - | 1,135,073 |
| Current liabilities | | | | | | | | |
| Short-term borrowings | - | 846,774 | - | 846,774 | - | 835,947 | - | 835,947 |
| Other liabilities | - | 1,541 | - | 1,541 | - | 9,460 | - | 9,460 |
| Bank overdrafts | - | 576 | - | 576 | - | 980 | - | 980 |
| Total current liabilities | - | 848,891 | - | 849,211 | - | 846,387 | - | 846,387 |
| Total liabilities | - | 1,983,964 | - | 1,983,964 | - | 1,981,460 | - | 1,981,460 |

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. Related party transactions (continued)

b) Related party revenues and expenses

| | 2013 | | | | 2012 | | | |
|----------------------------|--------------------|---------------------------------------|--------------------------|-------------------|--------------------|---------------------------------------|--------------------------|-------------------|
| | 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 | - | 129 | - | 129 | - | 227 | - | 227 |
| Dividend income | - | 10 | - | 10 | - | 24 | 2,513 | 2,537 |
| Gain on sale of subsidiary | - | - | - | - | - | 7,971 | - | 7,971 |
| Total revenue | - | 139 | - | 139 | - | 8,222 | 2,513 | 10,735 |
| Interest expense | - | 18,557 | - | 18,557 | - | 22,110 | - | 22,110 |
| Impairment of investment | - | - | 518,143 | 518,143 | - | - | 398,532 | 398,532 |
| Total expenses | - | 18,557 | 518,143 | 536,700 | - | 22,110 | 398,532 | 420,642 |

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. 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 (2012: 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 (2012: 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.

18. 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

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, commodity 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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

18. Financial risk management (continued)

a) Market risk (continued)

(i) Interest rate risk (continued)

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:

| 2013 | US\$ | |
|------------------------------------------------------------------------------------|------------------|------------------|
| | +25% US\$'000 | -25% US\$'000 |
| Change in equity and (loss) or income with interest rate fluctuation in borrowings | (4,473) | 4,473 |
| Change in equity and income or (loss) with interest rate fluctuation in deposits | 4 | (4) |
| Total | (4,469) | 4,469 |
| | | |
| 2012 | US\$ | |
| | +25% US\$'000 | -25% US\$'000 |
| Change in equity and (loss) or income 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) |
| Total | (4,710) | 4,710 |

(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 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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

18. 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:

| 2013 | EUR'000 | GBP'000 |
|---------------------------|----------|-----------|
| Monetary assets | | |
| Cash and cash equivalents | 1 | 14 |
| Total | 1 | 14 |

| 2013 | EUR'000 | GBP'000 |
|-----------------------------|-------------|--------------|
| Monetary liabilities | | |
| Borrowings | 13 | 200 |
| Other liabilities | - | 194 |
| Total | 13 | 394 |
| Net exposure | (12) | (380) |

| 2012 | EUR'000 | GBP'000 |
|------------------------|-----------|----------|
| Monetary assets | | |
| Other assets | 20 | - |
| Total | 20 | - |

| 2012 | EUR'000 | GBP'000 |
|-----------------------------|-----------|--------------|
| Monetary liabilities | | |
| Borrowings | - | 76 |
| Bank overdrafts | 16 | - |
| Other liabilities | - | 161 |
| Total | 16 | 237 |
| Net exposure | 4 | (237) |

Sensitivity analysis for 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 is given below :

| 2013 | GBP Impact | |
|-------------------------------------------------------------------------|--------------|------------|
| | +25% | -25% |
| | US\$'000 | US\$'000 |
| Non US\$ denominated liabilities | | |
| Change in equity and (loss) or income with foreign currency fluctuation | (157) | 157 |
| Total | (157) | 157 |

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

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

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

18. Financial risk management (continued)

b) Credit risk

Credit risk is the possibility of a loss being incurred by us 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: | Banks | | Customer | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 2013 US\$'000 | 2012 US\$'000 | 2013 US\$'000 | 2012 US\$'000 |
| AAA | - | - | - | - |
| AA+ to AA- | - | - | - | - |
| A+ to A- | 142,225 | 158,686 | - | 20 |
| BBB+ to BBB- | - | - | - | - |
| BB+ to BB- | - | - | - | - |
| B+ and below | - | - | - | - |
| Total | 142,225 | 158,686 | - | 20 |

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

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 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.

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

18. Financial risk management (continued)

c) Liquidity risk (continued)

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

| | Carrying Amount US\$'000 | Gross Nominal Outflow US\$'000 | On demand US\$'000 | Due within 3 months US\$'000 | Due between 3 and 12 months US\$'000 | Due between 1 and 5 years US\$'000 | Due after 5 years US\$'000 | Total US\$'000 |
|------------------------------------|--------------------------------|--------------------------------------|-----------------------|------------------------------------|--------------------------------------------|------------------------------------------|----------------------------------|-------------------|
| 2013 | | | | | | | | |
| Bank overdrafts | 576 | 576 | 576 | - | - | - | - | 576 |
| Long term borrowings | 1,135,073 | 1,345,842 | - | 2,972 | 9,155 | 48,826 | 1,284,889 | 1,345,842 |
| Short term borrowings | 846,774 | 846,774 | - | - | 846,774 | - | - | 846,774 |
| Other liabilities | 1,861 | 1,861 | 1,861 | - | - | - | - | 1,861 |
| Total financial liabilities | 1,984,284 | 2,195,053 | 2,437 | 2,972 | 855,929 | 48,826 | 1,284,889 | 2,195,053 |
| 2012 | | | | | | | | |
| Bank overdrafts | 980 | 980 | 980 | - | - | - | - | 980 |
| Long term borrowings | 1,135,073 | 1,363,048 | - | 3,128 | 9,385 | 50,052 | 1,300,483 | 1,363,048 |
| Short term borrowings | 835,947 | 835,947 | - | - | 835,947 | - | - | 835,947 |
| Other liabilities | 9,721 | 9,721 | 9,721 | - | - | - | - | 9,721 |
| Total financial liabilities | 1,981,721 | 2,209,696 | 10,701 | 3,128 | 845,332 | 50,052 | 1,300,483 | 2,209,696 |

19. Fair values of financial assets and liabilities

Financial instruments comprise financial assets and financial liabilities. For cash and other liquid assets, the fair value is assumed to approximate book value, given the short term nature of these instruments. For those items with a stated maturity exceeding three months (long term borrowings), 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:

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

19. Fair values of financial assets and liabilities (continued)

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).

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

| 2013 | Carrying amount (US\$'000) | | | Fair Value (US\$'000) | | | Total |
|---------------------------------------|----------------------------|---------------------------|--------------------------------------|-----------------------|------------------|----------|------------------|
| | Loans and receivables | Assets available for sale | Other financial assets / liabilities | Level 1 | Level 2 | Level 3 | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Financial assets | | | | | | | |
| Investment held as available for sale | - | 108 | - | - | 108 | - | 108 |
| Cash and cash equivalents | 142,225 | - | - | 24 | 142,201 | - | 142,225 |
| Other assets | - | - | 1 | - | 1 | - | 1 |
| Total financial assets | 142,225 | 108 | 1 | 24 | 142,310 | - | 142,334 |
| Financial liabilities | | | | | | | |
| Bank overdrafts | - | - | 576 | 576 | - | - | 576 |
| Long term borrowings | - | - | 1,135,073 | - | 965,469 | - | 965,469 |
| Short term borrowings | - | - | 846,774 | - | 846,774 | - | 846,774 |
| Other liabilities | - | - | 1,861 | - | 1,861 | - | 1,861 |
| Total financial liabilities | - | - | 1,984,284 | 576 | 1,814,104 | - | 1,814,680 |

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

19. Fair values of financial assets and liabilities (continued)

| 2012 | Carrying amount (US\$'000) | | | Fair Value (US\$'000) | | | Total |
|---------------------------------------|----------------------------|---------------------------|--------------------------------------|-----------------------|------------------|----------|------------------|
| | Loans and receivables | Assets available for sale | Other financial assets / liabilities | Level 1 | Level 2 | Level 3 | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Financial assets | | | | | | | |
| Investment held as available for sale | - | 108 | - | - | 108 | - | 108 |
| Cash and cash equivalents | 158,686 | - | - | 7 | 158,679 | - | 158,686 |
| Other assets | - | - | 20 | - | 20 | - | 20 |
| Financial assets | 158,686 | 108 | 20 | 7 | 158,807 | - | 158,814 |
| Financial liabilities | | | | | | | |
| Bank overdrafts | - | - | 980 | 980 | - | - | 980 |
| Long term borrowings | - | - | 1,135,073 | - | 853,342 | - | 853,342 |
| Short term borrowings | - | - | 835,947 | - | 835,947 | - | 835,947 |
| Other liabilities | - | - | 9,721 | - | 9,721 | - | 9,721 |
| Total financial liabilities | - | - | 1,981,721 | 980 | 1,699,010 | - | 1,699,990 |

20. Employees

The Company had no employees during the year (2012: 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

In April 2014, 860,000,000 preference shares of US\$1 each held by CSIUK were converted into equal number of US\$1 ordinary shares and 35,000,000 GBP preference shares of GBP 1 each held by CSIUK were cancelled with the resulting reserve credited to share premium which was immediately capitalised to issue 58,927,750 ordinary shares of US\$1 each. The difference of US\$ 925,000 between the historic USD equivalent of the 35,000,000 GBP shares and the USD equivalent as at the date of conversion has been credited to a capital reserve.

Credit Suisse First Boston Canary Wharf Health Club Limited, a subsidiary directly owned by the Company, has been liquidated on 26 August 2014.

There are no other subsequent events that require disclosure as at the date of this report.