

CREDIT SUISSE INVESTMENT HOLDINGS (UK)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**



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CREDIT SUISSE INVESTMENT HOLDINGS (UK)

BOARD OF DIRECTORS

Julian R. Houghton

Director

Christopher Horne

Director

Paul E. Hare

Director

COMPANY SECRETARY

Paul E. Hare

Secretary

Strategic Report for the year ended 31 December 2014

The Directors present their report and the Financial Statements for the year ended 31 December 2014.

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'). 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.

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 note 9 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.

In April 2014, 860,000,000 preference shares of US\$ 1 each held by CSIUK were converted into an equal number of US\$ 1 ordinary shares. 35,000,000 preference shares of GBP 1 each held by CSIUK were cancelled and the Company issued 58,927,750 ordinary shares of US\$1 each. The difference of US\$ 925,000 between the historic US\$ equivalent of the 35,000,000 GBP shares and the US\$ equivalent as at the date of conversion has been debited to capital reserve.

Throughout the year, the Company issued a further US\$ 3.5 billion of share capital to its parent which enabled the Company to increase the investment in CSSEL by US\$ 2.3 billion during September 2014. This transaction included the purchase of Credit Suisse PSL GmbH's minority interest in CSSEL at a fair value at US\$ 1.3 billion, and resulted in the Company being the 100% shareholder of CSSEL. In addition, the Company repaid US\$ 1.135 billion of subordinated debt to Credit Suisse First Boston Finance B.V.

Performance

The performance of the Company is explained through the key movements in its Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014, the Company reported a loss of US\$ 15,148k (2013: US\$ 535,007k loss). The variance is mainly on account of the impairment of investment in CSSEL of US\$ 518,143k in the previous year.

Statement of Financial Position

As at 31 December 2014, the Company had total assets of US\$ 8,385,887k (2013: US\$ 6,060,435k). The increase in total assets is mainly on account of acquisition of the stake in CSSEL from Credit Suisse PSL GmbH for US\$ 1,334,577k, this was funded by an increase in equity.

As at 31 December 2014, the Company had total liabilities of US\$ 855,233k (2013: US\$ 1,984,284k). The decrease in total liabilities is mainly on account of repayment of subordinated debt of US\$ 1,135,073k, this was funded by a capital injection from CSIUK.

As at 31 December 2014, the Company had equity of US\$ 7,530,654k (2013: US\$ 4,076,151k). The movement is mainly on account of additional shares issued to Credit Suisse Investment (UK) during the year.

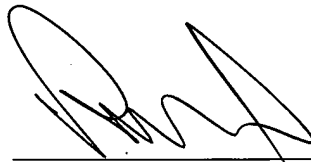
Key performance indicators

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 loans & receivables facing fellow group companies under common control. Hence, the Company is not exposed to any significant credit risk. The Company's financial risk management policies are outlined in Note 20 to the Financial Statements.

Approved by the Board of Directors on 7 September 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Paul E. Hare', is written over a horizontal line.

Paul E. Hare
Secretary

Directors' Report for the year ended 31 December 2014

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 7 September 2015.

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, the Company issued 4,388,578,420 fully paid ordinary Shares of US\$ 1 each to Credit Suisse Investments (UK) (2013: Nil), of which 918,927,750 were converted from existing preference shares.

Dividends

No dividends were paid or are proposed for year ended 31 December 2014 (2013: 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 2013, and up to the date of this report:

Appointment	Christopher Horne	31 December, 2014
Resignation	Michael Hodgson	31 December, 2014

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 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 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.

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 8 July 2015, the UK government announced its intention to reduce the UK corporation tax rate to 19% from 2017 and 18% from 2020. These tax rate reductions are expected to be substantively enacted in 2015.

Approved by the Board of Directors on 7 September 2015 and signed on its behalf by:



Christopher Horne
Director
One Cabot Square
London E14 4QJ
7 September 2015

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 2014 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (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 auditors' 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 2014 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.



D Rogers
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada
Square
London E14 5GL

7 September 2015

**Statement of Profit or Loss and Other Comprehensive Income for the year ended
31 December 2014**

	Note	2014 US\$'000	2013 US\$'000
Interest income	3	14	129
Interest expense	4	(16,873)	(18,557)
Net interest expense		(16,859)	(18,428)
Dividend income	5	8	10
Net expense		(16,851)	(18,418)
Administrative expenses	6	(14)	(12)
Impairment of investment	9	-	(518,143)
Other income/(expense)	7	3	(624)
Loss before tax		(16,862)	(537,197)
Income tax benefit	8	1,714	2,190
Loss after tax		(15,148)	(535,007)

Losses for 2014 and 2013 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 35 form an integral part of these Financial Statements.

Statement of Financial Position as at 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
ASSETS			
Non-current assets			
Investments	9	8,250,598	5,916,020
Total non-current assets		8,250,598	5,916,020
Current assets			
Cash and cash equivalents	10	132,079	142,225
Other assets	11	3,210	2,190
Total current assets		135,289	144,415
Total assets		8,385,887	6,060,435
LIABILITIES			
Non-current liabilities			
Long term borrowings	13	-	1,135,073
Total non-current liabilities		-	1,135,073
Current liabilities			
Short term borrowings	14	854,761	846,774
Other liabilities	15	472	1,861
Bank overdrafts	10	-	576
Total current liabilities		855,233	849,211
Total liabilities		855,233	1,984,284
SHAREHOLDER'S EQUITY			
Share capital	16	10,790,610	7,320,034
Share premium	16	362,600	362,600
Capital reserve	17	2,411,690	2,412,615
Accumulated losses		(6,034,246)	(6,019,098)
Total shareholder's equity		7,530,654	4,076,151
Total liabilities and shareholder's equity		8,385,887	6,060,435

The notes on pages 13 to 35 form an integral part of these Financial Statements.

Approved by the Board of Directors on 7 September 2015 and signed on its behalf by



Christopher Horne
Director

Statement of Changes in Equity for the year ended 31 December 2014

	Share capital	Share Premium	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	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

	Share capital	Share Premium	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2013	7,320,034	362,600	2,412,615	(5,484,091)	4,611,158
Loss for the year	-	-	-	(535,007)	(535,007)
Balance at 31 December 2013	7,320,034	362,600	2,412,615	(6,019,098)	4,076,151

The notes on pages 13 to 35 form an integral part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
Cash flow from operating activities			
Loss before tax for the year		(16,862)	(537,197)
Adjustments to reconcile net loss to net cash from operating activities:			
Non-cash items included in profit before tax and other adjustments:			
Impairment of investment in subsidiary	9	-	518,143
Interest expense	4	16,873	18,557
Interest income	3	(14)	(129)
Foreign exchange gain/(loss)	7	(28)	-
Operating (loss)/ before working capital changes		(39)	(636)
Net (increase)/decrease in operating assets:			
Other assets		(340)	8
Net increase/(decrease) in operating liabilities:			
Short-term borrowings		8,015	10,827
Other liabilities		(251)	(3)
Interest received		14	141
Interest paid		(18,010)	(26,413)
Cash generated from operating activities		(10,603)	(16,066)
Group relief received		1,034	-
Net cash generated from operating activities		(9,569)	(16,066)
Investing activities			
Return of capital on liquidation of subsidiary		-	9
Investment in subsidiary	9	(2,334,578)	-
Net cash generated (used in)/from investing activities		(2,334,578)	9
Financing activities			
Share capital issued	16	3,469,651	-
Increase/(decrease) in long term borrowings		(1,135,073)	-
Net cash from financing activities		2,334,578	-
Net decrease in cash and cash equivalents		(9,569)	(16,057)
Cash and cash equivalents at the beginning of the year		141,649	157,706
Effects of movements in exchange rates on cash held		(1)	-
Cash and cash equivalents at end of year	10	132,079	141,649

The notes on pages 13 to 35 form an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2014

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 Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("adopted IFRS") and the Companies Act 2006.

The Financial Statements were approved and authorised for issue by the Directors on 7 September 2015.

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 thousands, 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:

- 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. The adoption did not have an impact on the Company's financial position, results of operation or cash flows.

Notes to the Financial Statements for the year ended 31 December 2014

- **Transition guidance for IFRS 10, IFRS 11 and IFRS 12:** In June 2012, the IASB issued "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities; Transition Guidance" (Amendments to IFRS 10, IFRS 11 and IFRS 12). The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Additionally, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The Company has adopted the requirements of this amendment with the provisions of IFRS 10, IFRS 11 and IFRS 12 as at 1 January 2014. As the transition guidance is clarification to IFRS 10, IFRS 11 and IFRS 12, the impact is included in the adoption of the standards respectively.
- **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 adoption of IAS 32 on 1 January 2014 did not have an impact on the Company's financial position, results of operations or cash flows.
- **Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36):** In May 2013, the IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). The Amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when an assets recoverable amount has been determined on the basis of fair value less costs of disposal. The Amendments to IAS 36 impact disclosures only, please refer note 9 for further details.

Standards and interpretations endorsed by EU but not yet effective

- **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 Improvements to IFRSs are effective for annual periods beginning on or after 1 July 2014. The Company is currently evaluating the impact of adopting these Improvements to IFRSs.
- **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), which are effective for annual periods beginning on or after 1 July 2014. The Company is currently evaluating the impact of adopting these Improvements to IFRSs.

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.
- **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 Improvements to IFRSs 2012-2014 are effective for annual periods beginning on or after 1 January 2016. The Company is currently evaluating the impact of adopting these Improvements to IFRSs.

Notes to the Financial Statements for the year ended 31 December 2014

- 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 Profit or Loss and Other Comprehensive income. The Amendments will allow entities to use more judgement when preparing and presenting financial statement. The Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. As the Amendments to IAS 1 impact disclosures only, there will be no impact to the Company's financial position, results of operation or cash flows.

Certain reclassifications have been made to the prior year Financial Statements of the Company to conform to the current year's presentation and had no impact on net income/(loss) or total shareholders' equity.

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.

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 recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year comprises current 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 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 year. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

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.

Notes to the Financial Statements for the year ended 31 December 2014

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 8.

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:

- 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).

Notes to the Financial Statements for the year ended 31 December 2014

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 an investment is disposed of, the profit or loss resulting from the disposal is recognised in the Statement of Profit or Loss and Other Comprehensive 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.

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

Notes to the Financial Statements for the year ended 31 December 2014

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 realization 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.

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. Interest income

	2014 US\$'000	2013 US\$'000
Interest income on short term deposits	14	129
Total	14	129

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

4. Interest expense

	2014 US\$'000	2013 US\$'000
Interest expense on money market borrowings	(16,873)	(18,557)
Total	(16,873)	(18,557)

The interest expense relates to interest on borrowings from Credit Suisse AG, London Branch and Credit Suisse First Boston Finance BV.

Notes to the Financial Statements for the year ended 31 December 2014**5. Dividend income**

	2014 US\$'000	2013 US\$'000
Dividend income	8	10
Total	8	10

The dividend income relates to dividend received from the investment in Portucale, SGFTC, S.A.

6. Administrative expenses

	2014 US\$'000	2013 US\$'000
Auditor's remuneration in relation to statutory audit of these Financial Statements	(10)	(10)
Others	(4)	(2)
Total	(14)	(12)

7. Other income/(expense)

	2014 US\$'000	2013 US\$'000
Bank Levy reversal/(charge)	15	(624)
Foreign Exchange gain/(loss)	8	-
Irrecoverable receivable	(20)	-
Total	3	(624)

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

8. Taxation

	2014 US\$'000	2013 US\$'000
<u>a) Components of tax benefit</u>		
Current tax		
Current tax on loss for the period	(1,812)	(1,155)
Adjustments in respect of previous periods	98	(1,035)
Income tax benefit	(1,714)	(2,190)

b) An explanation of the relationship between the income tax benefit and the accounting profit

The current tax for the year can be reconciled to the standard rate of corporation tax in the UK of 21.49% (2013 : 23.25%) as follows:

Notes to the Financial Statements for the year ended 31 December 2014

	2014 US\$'000	2013 US\$'000
Loss before tax	16,862	537,197
Loss before tax multiplied by the UK statutory rate of corporation tax of 21.49% (2013: 23.25%)	3,624	124,880
Tax effect of expenses that are non-deductible in determining taxable income	(1,814)	(2,301)
Non-deductible write down of investment in subsidiaries	-	(120,450)
Group relief surrendered for nil consideration	-	(976)
Adjustments to current tax in respect of previous periods	(98)	1,035
Non-taxable dividend income	2	2
Income tax benefit	1,714	2,190

The UK corporation tax rate reduced from 23% to 21% with effect from 1 April 2014. Furthermore, the UK corporation tax rate will reduce from 21% to 20% with effect from 1 April 2015.

In the UK budget announcement of 8 July 2015, the UK government announced its intention to reduce the UK corporation tax rate to 19% from 2017 and 18% from 2020. These tax rate reductions are expected to be substantively enacted in 2015.

9. Investments

	2014 US\$'000	2013 US\$'000
Investment in subsidiaries	8,250,490	5,915,912
Financial Investment held as available-for-sale	108	108
Total	8,250,598	5,916,020

Investment in subsidiaries

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

	2014 US\$'000	2013 US\$'000
As at 1 January	5,915,912	6,434,065
Investment in subsidiaries	2,334,578	-
Impairment of investments	-	(518,143)
Capital repaid by subsidiary	-	(10)
As at 31 December	8,250,490	5,915,912

On 9 September 2014, the Company purchased 6,579,284,010 US\$ 0.10 participating shares in Credit Suisse Securities (Europe) Limited ('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.

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.

Notes to the Financial Statements for the year ended 31 December 2014

In 2013, due to the decline in net asset value of its subsidiary company CSSEL, the Company made an assessment on its investment and at year end, the balance was deemed to be impaired by US\$ ('000) 518,143.

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 subsidiary doesn't trade in an active market and the inputs for assets and liabilities that the subsidiary holds are not based on observable market data.

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.

2014 % of equity	2013 % of equity	Company name	Domicile	2014 Carrying Value US\$'000	2013 Carrying Value US\$'000
100	76.99	Credit Suisse Securities (Europe) Limited	UK	8,250,489	5,915,911
100	100	Credit Suisse First Boston InvestCo UK Limited	Cayman	1	1
100	100	Credit Suisse (Kazakhstan) Limited Liability Partnership	Kazakhstan	-	-
100	100	Credit Suisse First Boston Canary Wharf Health Club Limited	UK	*Not Applicable	-
100	100	Credit Suisse Client Nominees (UK) Limited	UK	Indirect	Indirect
100	100	Credit Suisse First Boston Trustees Limited	UK	Indirect	Indirect
-	100	Credit Suisse First Boston PF (Europe) Limited	UK	**Not Applicable	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	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	100	CQS DFI Spain Fund	UK	Indirect	Indirect
100	-	Lux Multi Flex Hubel	Luxembourg	Indirect	Indirect
				8,250,490	5,915,912

Notes to the Financial Statements for the year ended 31 December 2014

* Credit Suisse First Boston Canary Wharf Health Club Limited, an indirect subsidiary, was liquidated on 26 August 2014.

**As a result of the new International Financial Reporting Standard 10, "Consolidated Financial Statements" (IFRS 10), effective from 1 January 2014, the consolidating parent of CSFB PF Europe Limited has changed from CSSEL to Credit Suisse AG, London Branch, which is a branch of Credit Suisse AG, Zurich and domiciled in United Kingdom.

During the year, the Company purchased a 23.01% stake in CSSEL from Credit Suisse PSL GmbH at a fair value of US\$1.3 billion which now makes it a 100% shareholder of CSSEL.

Investment held as available-for-sale

	2014	2013
	US\$'000	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 1% investment in Woodgate S.A.

During the year, the Company received dividend of EUR 5,447 (2013: EUR 7,813) from its investment in Portucale, SGFTC, S.A.

10. Cash and cash equivalents

	2014	2013
	US\$'000	US\$'000
Short term money market deposit	132,000	142,200
Cash at Bank	79	25
Cash and cash equivalents in the Statement of Financial Position	132,079	142,225
Bank overdraft	-	(576)
Cash and cash equivalents in the Statement of Cash Flows	132,079	141,649

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 US\$ denominated short-term money market deposits was 0.01% (2013: 0.1%) with maturity of 3 months or less (2013: 3 months or less).

11. Other assets

	2014	2013
	US\$'000	US\$'000
Accrued Interest	1	1
Group relief receivable	2,869	2,189
Bank Levy Receivable	340	-
Total	3,210	2,190

12. Deferred taxes

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 2014 of £51,073,448 [US\$79,475,392]

Notes to the Financial Statements for the year ended 31 December 2014

(2013: £45,086,897 [US\$74,530,895]). The deferred tax asset not recognised on these losses carried forward is £10,214,690 (2013: £9,017,379). 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 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.

In the UK budget announcement of 8 July 2015, the UK government announced its intention to reduce the UK corporation tax rate to 19% from 2017 and 18% from 2020. These tax rate reductions are expected to be substantively enacted in 2015.

13. Long term borrowings

	2014 US\$'000	2013 US\$'000
Subordinated debt	-	1,135,073
Total	-	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. The debt has been repaid during the current year. The effective interest rate in 2013 on this debt was 1.09% and the average maturity was 73 days.

14. Short term borrowings

	2014 US\$'000	2013 US\$'000
Short-term money market borrowings	854,761	846,774
Total	854,761	846,774

The effective interest rate as at year end on short-term money market borrowings was 0.64% (2013: 0.65%) and the average maturity was 30 days (2013: 38 days).

15. Other liabilities

	2014 US\$'000	2013 US\$'000
Audit fee payable	12	10
Intercompany payables	202	146
Accrued interest	258	1,395
Bank Levy Payable	-	310
Total	472	1,861

No interest was paid in respect of the payables to related companies (2013: US\$ Nil) as they are non-interest bearing in nature.

Notes to the Financial Statements for the year ended 31 December 2014

16. Share capital and share premium

	2014	2013
Authorised:		
6,953,662,105 ordinary shares of US\$1 each (In US\$)	-*	6,953,662,105
1,000,000,000 preference shares of US\$1 each (In US\$)	-*	1,000,000,000
60,000,000 preference shares of GBP1 each (In GBP)	-*	60,000,000
	2014	2013
	US\$'000	US\$'000
Allotted, called up and fully paid share capital		
10,790,610,103 ordinary shares of US\$1 each	10,790,610	6,402,031
860,000,000 preference shares of US\$1 each	-**	860,000
35,000,000 preference shares of GBP1 each	-**	58,003
Total	10,790,610	7,320,034
	2014	2013
	US\$'000	US\$'000
Share premium	362,600	362,600
Total	362,600	362,600

*During the year, the restriction on authorized share capital was removed. The articles of association have been amended accordingly.

** During the year, the preference shares have been converted into ordinary shares.

During the year, 4,388,578,420 fully paid ordinary shares of US\$1 each were issued to Credit Suisse Investments UK (2013: Nil), out of which 918,927,750 were converted from existing preference shares.

Preference shares

In April 2014, 860,000,000 preference shares of US\$ 1 each held by CSIUK were converted into an equal number of US\$ 1 ordinary shares. 35,000,000 preference shares of GBP 1 each held by CSIUK were cancelled with the resulting reserve credited to the 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 US\$ equivalent of the 35,000,000 GBP shares and the US\$ equivalent as at the date of conversion has been debited to a capital reserve.

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 Credit Suisse Securities (Europe) Limited is regulated by the PRA and the Financial Conduct Authority.

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

Notes to the Financial Statements for the year ended 31 December 2014**17. Capital reserve**

	2014 US\$'000	2013 US\$'000
Capital reserve	2,411,690	2,412,615
Total	2,411,690	2,412,615

Capital Reserve represents capital injections from Credit Suisse Investments (UK) over the years. The movement during the current year is mainly on account of the difference being debited to the capital reserve due to the conversion of preference shares. Refer note 16 for details.

18. Related party transactions

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

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.

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

Notes to the Financial Statements for the year ended 31 December 2014

a) Related party assets and liabilities

	2014				2013			
	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	-	-	8,250,490	8,250,490	-	-	5,915,912	5,915,912
Financial Investments held as available for sale	-	1	-	1	-	1	-	1
Total non-current assets	-	1	8,250,490	8,250,491	-	1	5,915,912	5,915,913
Current assets								
Cash and cash equivalents	-	132,079	-	132,079	-	142,225	-	142,225
Other assets	-	1	-	1	-	1	-	1
Total current assets	-	132,080	-	132,080	-	142,226	-	142,226
Total assets	-	132,081	8,250,490	8,382,571	-	144,227	5,915,912	6,058,139
LIABILITIES								
Non-current liabilities								
Long term borrowings	-	-	-	-	-	1,135,073	-	1,135,073
Current liabilities								
Short-term borrowings	-	854,761	-	854,761	-	846,774	-	846,774
Other liabilities	-	258	202	460	-	1,395	146	1,541
Bank overdrafts	-	-	-	-	-	576	-	576
Total current liabilities	-	855,019	202	855,221	-	848,745	146	848,891
Total liabilities	-	855,019	202	855,221	-	1,983,818	146	1,983,964

For UK corporation tax purposes the Company may surrender or claim certain losses from another UK group company. The Group relief receivable for year ended 31 December 2014 is US\$ 2,869k (2013: US\$ 2,189k).

Notes to the Financial Statements for the year ended 31 December 2014

b) Related party revenues and expenses

	2014				2013			
	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	-	14	-	14	-	129	-	129
Total revenue	-	14	-	14	-	129	-	129
Interest expense	-	16,873	-	16,873	-	18,557	-	18,557
Impairment of investment	-	-	-	-	-	-	518,143	518,143
Other income/(expense)	-	(20)	-	(20)	-	-	-	-
Total expenses	-	16,853	-	16,853	-	18,557	518,143	536,700

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 (2013: 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 (2013: 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 2014

19. 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 quantitative disclosures 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.

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).

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 (2013: 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:

Notes to the Financial Statements for the year ended 31 December 2014

	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
2014							
Financial assets							
Investment held as available for sale	-	108	-	-	-	108	108
Cash and cash equivalents	132,079	-	-	132,079	-	-	132,079
Other assets	-	-	1	1	-	-	1
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
	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
2013							
Financial assets							
Investment held as available for sale	-	108	-	-	-	108	108
Cash and cash equivalents	142,225	-	-	142,225	-	-	142,225
Other assets	-	-	1	1	-	-	1
Total financial assets	142,225	108	1	142,226	-	108	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	-	-	1,551	-	1,551	-	1,551
Total financial liabilities	-	-	1,983,974	576	1,813,794	-	1,814,370

Notes to the Financial Statements for the year ended 31 December 2014**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:

2014

	Financials Assets Other Investments
Balance at 1 January 2014	108
Balance at 31 December 2014	108

2013

	Financials Assets Other Investments
Balance at 1 January 2013	108
Balance at 31 December 2013	108

During the year, there have been no transfers between levels 2 and 3 for any category of financial instruments. (2013: None).

20. 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 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.

Notes to the Financial Statements for the year ended 31 December 2014

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.

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:

2014	US\$	
	+25% US\$'000	-25% US\$'000
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

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

(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\$:

2014	EUR'000	GBP'000
Monetary assets		
Cash and cash equivalents	-	6
Total	-	6

2014	EUR'000	GBP'000
Monetary liabilities		
Borrowings	43	220
Other Liabilities	-	7
Total	43	(227)
Net exposure	(43)	(221)

Notes to the Financial Statements for the year ended 31 December 2014

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	-	6
Total	13	226
Net exposure	(12)	(212)

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:

2014	GBP Impact	
	+25%	-25%
	US\$'000	US\$'000
Non US\$ denominated liabilities		
Change in equity and (loss) or income with foreign currency fluctuation	(86)	86
Total	(86)	(86)
2013	GBP Impact	
	+25%	-25%
	US\$'000	US\$'000
Non US\$ denominated liabilities		
Change in equity and (loss) or income with foreign currency fluctuation	(79)	79
Total	(79)	79

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

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:

	2014	2013
	US\$'000	US\$'000
AAA	-	-
AA+ to AA-	-	-
A+ to A-	132,080	142,226
BBB+ to BBB-	-	-
BB+ to BB-	-	-
B+ and below	-	-
Total	132,080	142,226

Notes to the Financial Statements for the year ended 31 December 2014

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 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.

Notes to the Financial Statements for the year ended 31 December 2014

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
2014								
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
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	846,964	-	846,964	-	-	-	846,964
Other liabilities	1,551	1,551	1,551	-	-	-	-	1,551
Total financial liabilities	1,983,974	2,194,933	2,127	849,936	9,155	48,826	1,284,889	2,194,933

Notes to the Financial Statements for the year ended 31 December 2014

21. Employees

The Company had no employees during the year (2013: 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.

22. Subsequent events

In the UK budget announcement of 8 July 2015, the UK government announced its intention to reduce the UK corporation tax rate to 19% from 2017 and 18% from 2020. These tax rate reductions are expected to be substantively enacted in 2015.