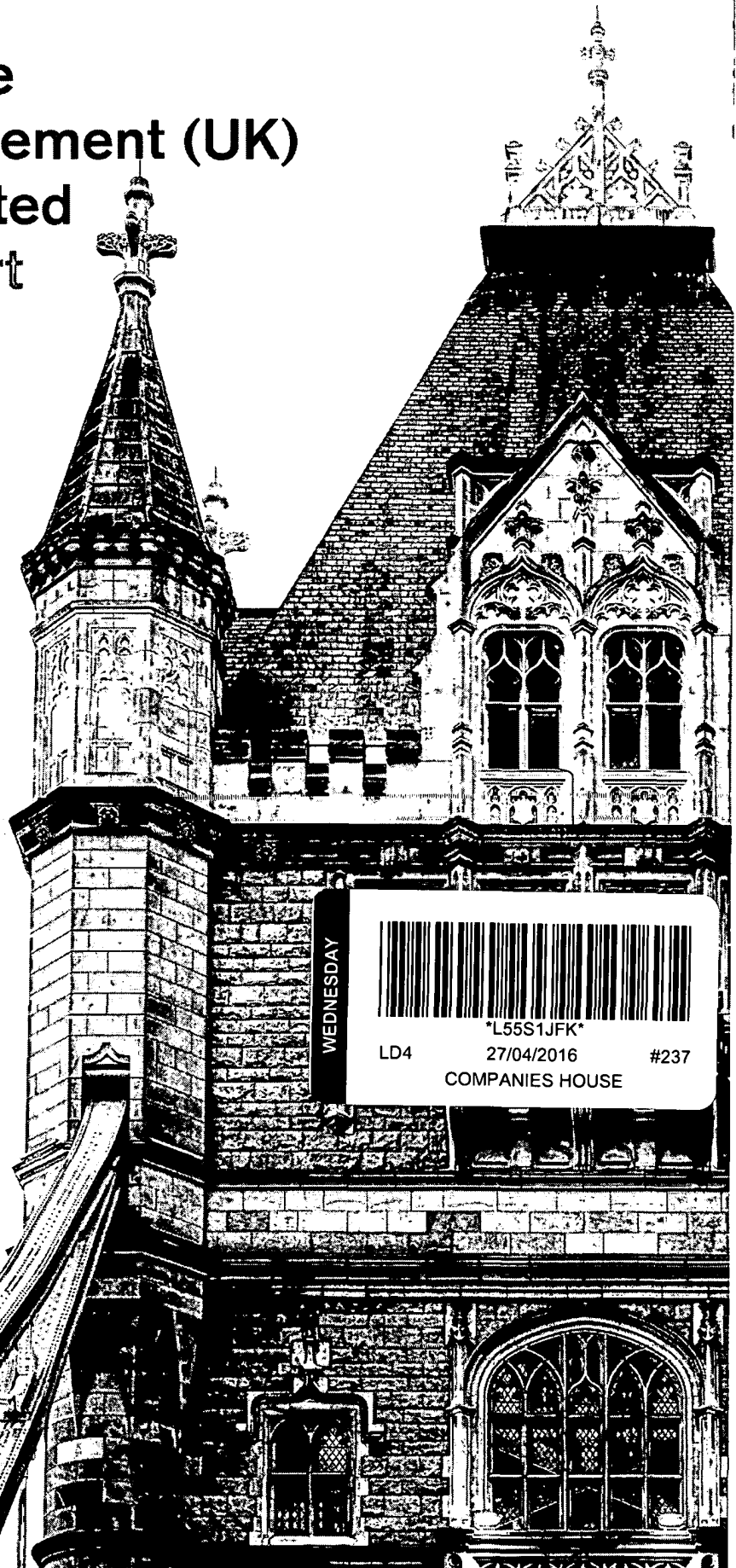
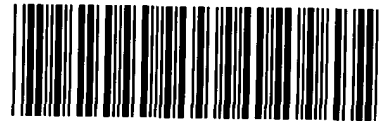


**Credit Suisse
Asset Management (UK)
Holding Limited
Annual Report
2015**



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Board of Directors as at 14 April 2016

Stephen Foster (Chairman)
Tracy Cherrington

Company Secretary

Paul E. Hare

Registered Office

One Cabot Square
London E14 4QJ

COMPANY REGISTRATION NUMBER: 03045295

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their strategic report for the year ended 31 December 2015.

Background

Credit Suisse Asset Management (UK) Holding Limited (the 'Company') is a limited liability company and a subsidiary which is partly (77.52%) owned by Credit Suisse Group AG ('CSG') and partly (22.48%) by Credit Suisse Holding Europe (Luxembourg) S.A.. CSG is domiciled in Switzerland and is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group'). CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

As a leading financial services provider, CS group is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. As a result of revised strategy announced in October 2015, CS group now serves its diverse clients through three regionally focused divisions: Swiss Universal Bank, International Wealth Management ('IWM') and Asia Pacific. These regional businesses are supported by two divisions specialising in investment banking capabilities: Global Markets and Investment Banking & Capital Markets. These business divisions co-operate closely to provide holistic financial solutions, including innovative products and specially tailored advice. Founded in 1856, CS group has a truly global reach today, with operations in over 50 countries and a team of more than 48,200 employees from approximately 150 different nations.

The Company's business is managed as part of the IWM division. Through its IWM division, CS group offers a wide range of financial solutions to private, corporate and institutional clients. The IWM division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Under Wealth Management Client business it serves high-net-worth and ultra-high-net-worth individuals around the globe and private clients in Switzerland. Its Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland. The Asset Management business offers a wide range of investment products and solutions across asset classes and all investment styles, serving governments, institutions, corporations and individuals worldwide.

Business Model

The principal activity of the Company is that of a holding company of its subsidiaries, Credit Suisse Asset Management Limited ('CSAM') and Credit Suisse Quantitative and Systematic Asset Management Limited ('QSAM'). An application to strike off another subsidiary Credit Suisse Asset Management Funds (UK) Limited from the Company Register was made on 3rd November 2015.

The Company's subsidiary CSAM provides management/advisory services of a range of asset classes and investment vehicles. The subsidiary also provides placement agency and advisory services to third party private equity managers and a distribution group provides sales and marketing support to UK and globally managed products. QSAM was incorporated on 11 November 2015 and is awaiting approval from the FCA to act as an investment manager.

Principal Risk 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 CS group companies. The Company's financial risk management objectives and policies are outlined in Note 21 to the financial statements.

Capital resources

During the period, no additional capital contribution was received. The Company continues to closely monitor its capital and funding requirements. The Company maintains an actively managed capital base to support the risks inherent in the business.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**Key Performance Indicators ('KPIs')**

The Company uses the following KPIs to measure its performance:

- Pre-Tax Income ('PTI') is reviewed.
- Cash balances and capital of the Company are reviewed to ensure continued support for the Company's subsidiaries.

Current Period Performance

The net revenue for 2015 was £0.3m (2014: £0.1m).

The loss attributable to shareholders for the year was £1.5m (2014: profit of £11.6m). The substantially higher profit for 2014 was driven primarily by the partial reversal of impairment loss on investment in subsidiary recognised in earlier years. The tax charge for 2015 mainly comprises a charge for the tax rate change and a prior year adjustment (i.e. true-ups for prior year tax returns mainly in relation to Trademarks). In 2014 there was a large reversal of impairment which is non-taxable.

As at 31 December 2015, the Company had total assets of £180.9m (2014: £193.2m) and total shareholders' equity of £147.9m (2014: £149.3m).

By Order of the Board


Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
14 April 2016
Company registration number: 0304529

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

International Financial Reporting Standards

Credit Suisse Asset Management (UK) Holding Limited's 2015 annual accounts have been prepared in accordance with International Financial Reporting Standards and its interpretations ('IFRS') as adopted for use in the European Union ('EU').

The financial statements were authorised for issue by the Directors on 14 April 2016.

Dividends

No dividends were paid or are proposed for the year ended 31 December 2015 (2014: £nil)

Directors

The names of the Directors as at the date of this report are set out on page 2. There was no change in the directorship since 31 December 2014 and up to 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. Directors of the Company benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**Statement of directors' responsibilities**

The Directors are responsible for preparing the Annual Report and 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 Company financial statements in accordance with IFRS as adopted by the EU and applicable laws.

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 confirm to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain 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.

Risk and Capital

The way in which the risks are managed is detailed in Note 21 – Financial Risk Management.

Changes made to the capital structure are set out in Note 13 – Called-up Share Capital.

Disclosure of information to auditors

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 they ought to have taken as a director to make themselves 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, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Exemption from 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 CSG, incorporated in Switzerland, which prepares consolidated financial statements.

Subsequent events

Credit Suisse Asset Management Funds (UK) Limited, a wholly owned subsidiary of the Company, was struck off from Companies House, UK via a certificate of dissolution dated 26 January 2016.

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

By Order of the Board



Stephen Foster
Director

One Cabot Square
London E14 4QJ
14 April 2016
Company Registration Number: 03045295

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

We have audited the financial statements of Credit Suisse Asset Management (UK) Holding Limited for the year ended 31 December 2015 set out on pages 10 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 6, 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 2015 and of its loss for the year then ended;
- the company's financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the financial statements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

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



Alexander Snook (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
14 April 2016

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Note	£000	£000
Interest income	4	28	36
Interest expense	4	(7)	(1)
Net interest income		21	35
Dividend income	5	235	-
Other income	5	9	42
Non-interest income		244	42
Net revenue		265	77
Operating expense	6	(95)	(34)
Reversal of impairment of investment in subsidiary	10	109	12,036
Net foreign exchange loss		(194)	(7)
Profit before tax		85	12,072
Income tax charge	7	(1,564)	(520)
(Loss)/ Profit after tax		(1,479)	11,552
(Loss)/ Profit attributable to equity holders of the Company		(1,479)	11,552

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

All profit for both 2015 and 2014 is from continuing operations.

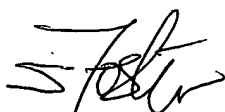
The notes on pages 14 to 40 are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		2015	2014
	Note	£000	£000
Assets			
Cash and due from banks	8	34,716	38,278
Deferred tax assets	7	4,854	6,210
Amounts owed by CS group companies		27,504	35,052
Other receivables	9	131	57
Investment in subsidiaries	10	113,684	113,575
Total assets		180,889	193,172
Liabilities			
Bank overdraft	8	-	749
Current tax liabilities		3,390	3,182
Provisions	11	15	100
Amounts owed to CS group companies		773	1,775
Other liabilities	12	28,846	38,022
Total liabilities		33,024	43,828
Shareholders' equity			
Called-up share capital	13	144,199	144,199
Share premium account		23,198	23,198
Capital reserve		114,617	114,617
Retained earnings		(134,149)	(132,670)
Total shareholders' equity		147,865	149,344
Total liabilities and shareholders' equity		180,889	193,172

The notes on pages 14 to 40 are an integral part of these Financial Statements.

Approved by the Board of Directors on 14 April 2016 and signed on its behalf by



Stephen Foster
(Director)

COMPANY REGISTRATION NUMBER: 03045295

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called-up share capital £000	Share premium £000	Capital reserve £000	Retained earnings £000	Total shareholders ' equity £000
Balance as at 1 January 2015	144,199	23,198	114,617	(132,670)	149,344
Net loss for the year	-	-	-	(1,479)	(1,479)
Balance as at 31 December 2015	144,199	23,198	114,617	(134,149)	147,865

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Called-up share capital £000	Share premium £000	Capital reserve £000	Retained earnings £000	Total shareholders ' equity £000
Balance as at 1 January 2014	144,199	23,198	114,617	(144,222)	137,792
Net profit for the year	-	-	-	11,552	11,552
Balance as at 31 December 2014	144,199	23,198	114,617	(132,670)	149,344

The notes on pages 14 to 40 are an integral part of these Financial Statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Profit before tax for the year		85	12,072
Adjustments to reconcile net profit to net cash used in operating activities			
Dividend income received		(235)	-
Non-cash items included in profit before tax:			
Gain on reversal of impairment of investment in subsidiary	10	(109)	(12,036)
Cash (used in)/ generated before changes in operating assets and liabilities		(259)	36
Amount owed by CS group companies		7,548	(6,761)
Other receivables	9	(74)	440
Total net increase/(decrease) in operating assets		7,474	(6,321)
Amount owed to CS group companies		(1,002)	(2,254)
Other liabilities	12	(9,176)	2,110
Provisions	11	(85)	(904)
Total net decrease in operating liabilities		(10,263)	(1,048)
Group relief received		-	1,798
Net cash flow (used) in operating activities		(3,048)	(5,535)
Dividend received	5	235	-
Net cash flow from investing activities		235	-
Net decrease in cash and cash equivalents		(2,813)	(5,535)
Cash and cash equivalents at the beginning of the year		37,529	43,064
Cash and cash equivalents at the end of the year		34,716	37,529
Cash and cash equivalents at the end of the year comprise:			
		2015	2014
		£000	£000
Cash and due from banks		34,716	38,278
Bank overdraft with CS group companies		-	(749)
Cash and cash equivalents at the end of the year		34,716	37,529

The notes on pages 14 to 40 are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**1. General**

Credit Suisse Asset Management (UK) Holding Limited is a company domiciled in the United Kingdom. The address of the Company's registered office is One Cabot Square, London E14 4QJ. The financial statements were authorised for issue by the Directors on 14 April 2016.

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

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

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 CSG, incorporated in Switzerland, which prepares consolidated financial statements.

b) Basis of preparation

The financial statements are presented in Great British Pounds ('£' or 'GBP') rounded to the nearest thousand. They are prepared on the historical cost basis. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the periods presented in these financial statements.

The preparation of financial statements in conformity with adopted IFRS requires management to make 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 3.

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.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors have prepared these accounts on a going concern basis.

Standards and Interpretations effective in the current period

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

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

Standards and Interpretations endorsed by the EU and not yet effective

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

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

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

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

- **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.

Under IFRS 9, the new impairment requirements will primarily apply to financial assets measured at amortised cost and fair value through other comprehensive income as well as certain loan commitments and financial guarantee contracts. The impairment requirements will change from an incurred loss model to an expected loss model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. If the credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement will change from 12-month expected credit losses to lifetime expected credit losses. Therefore impairment will be recognized earlier than is the case under IAS 39 because IFRS 9 requires the recognition of expected credit losses before a loss event occurs and the financial asset is deemed to be credit-impaired.

Under IFRS 9, financial assets will be classified on the basis of two criteria 1) the business model of how the financial assets are managed and 2) the contractual cash flow characteristics of the financial asset. These factors will determine whether the financial assets are measured at amortized cost, Fair value through Other Comprehensive Income or Fair value through Profit & Loss. The accounting for financial liabilities remains largely unchanged except for those financial liabilities which are Fair Value through Profit and Loss, where the gains and losses arising from changes in credit risk will be presented in Other Comprehensive Income rather than profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However certain sections of IFRS 9 relating to fair value option elected financial liabilities can be early adopted in isolation. The Company is currently evaluating the impact of adopting IFRS 9 however; it is not practical to disclose reliable financial impact estimates until the implementation programme is further advanced.

- **IFRS 15 Revenue from Contracts with Customers:** In May 2014, the IASB issued 'Revenue from Contracts with Customers' (IFRS 15). IFRS 15 establishes a single, comprehensive framework for revenue recognition. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

includes disclosure requirements to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is currently evaluating the impact of adopting IFRS 15.

- **Amendments to IAS 12: Income Taxes:** In January 2016, the IASB issued 'Recognition of Deferred Tax Assets for Unrealised Losses' (Amendments to IAS 12). The Amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2017, with retrospective application required. The Company is currently evaluating the impact of adopting the Amendments to IAS 12.
- **Investment entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28):** In December 2014, the IASB issued 'Investment Entities: Applying the Consolidation Exception' (Amendments to IFRS 10, IFRS 12 and IAS 28). The Amendments address issues that have arisen in relation to the exemption from consolidation for investment entities. The Amendments are effective for annual periods beginning on or after 1 January 2016. When endorsed the adoption of Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) will not have a material impact on the Company's financial position, results of operation or cash flows.
- **Disclosure Initiative (Amendments to IAS 7):** In January 2016, the IASB issued amendments to IAS 7 as part of their Disclosure Initiative. The Amendments require enhanced disclosures regarding changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The Amendments are effective for annual periods beginning on or after 1 January 2017. The Company is currently evaluating the impact of adopting the Amendments to IAS 7.

c) Dividends

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

d) Cash and due from banks

For the purpose of preparation and presentation of the Statement of Cash Flows, cash and cash equivalents comprise the components of cash and due from banks that are 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 or utilised for the purpose of cash management.

e) Income tax

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

Income tax is recognised in the Statement of Income except to the extent 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 Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. 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 value of the tax losses surrendered to the claimant company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

A deferred tax asset is recognised only to the extent 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.

A deferred tax liability is recognised on taxable temporary differences arising on un-remitted earnings of subsidiaries except to the extent that it is probable that such temporary differences will not reverse in the foreseeable future.

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

f) Foreign currency

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

g) Interest income and expense

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

h) Other receivables

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

i) Retirement benefit costs

Defined Contribution Pension Plan

The Company had defined contribution pension plans. Obligations for contributions to defined contribution pension plans were recognized as an expense in the Statement of Income as incurred.

j) Leases

Operating leases

The leases entered into by the Company are exclusively operating leases. The total payments made under operating leases are charged to the Statement of Income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any early termination payment required to be made to the lessor is recognised as an expense in the period in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Subleases

The subleases entered into by the Company are exclusively operating leases. Sublease payments received are recognised through the Statement of Income.

k) Share based payments

The Company accounts for share based transactions with its employees as cash-settled share based payment transactions, as the Company has the legal obligation to settle the arrangement by delivering an asset that is not an equity instrument of the Company. This entails the recognition of a liability, incurred and related to Share-based payments, over the required service period and in proportion to the service delivered to date at fair value. If the employee is eligible for normal or early retirement, the award is expensed over that shorter required service period and if an award consists of individual tranches that vest in instalments (i.e. graded Vesting), each tranche of the award is expensed separately over its individual service period. The fair value of the liability is remeasured until the liability is settled and the changes in fair value are recognised in the Statement of Income.

l) Financial assets

Management determines the classification of the Company's financial assets at initial recognition into one of the following categories: loans and receivables, held-to-maturity financial assets, available for sale financial assets and financial assets at fair value through profit or loss; and re-evaluates this designation at each reporting date.

Other loans and receivables are initially recorded at fair value plus any directly attributable transaction costs and subsequently are amortised on an effective yield basis, less impairment losses.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership.

m) Financial liabilities

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

n) Fair value

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

o) Contingent liabilities

Contingent liabilities are possible obligations that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or are present obligations where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation, cannot be measured with sufficient reliability. A contingent liability is not recognised as a liability but is disclosed, unless the possibility is remote, except for those acquired under business combinations, which are recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

p) Provisions

Provisions are recognised for present obligations as a result of past events which can be reliably measured, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The expense recognised when provisions are established is recorded in general and administrative expenses on the statement of income. Provisions for loan losses are recorded in provision for credit losses in the statement of income.

q) Investment in subsidiaries

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

In the financial statements for the Company, investments in subsidiaries are recorded at cost and are assessed for impairment on an annual basis. Any charges relating to the impairment of investments in subsidiaries are recognised in the Statement of Income in the period in which the impairment occurs. When investments are disposed, the profit or loss resulting from the disposal is recognised in the statement of income. Pre-acquisition dividends received from subsidiary undertakings are treated as a reduction in the value of the subsidiary.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

r) Going concern

The Company maintains an actively managed capital base to support the risks inherent in the business. There is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis in preparing the financial statements continues to be adopted.

3. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with IFRS, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgement and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the financial statements are reasonable and consistently applied.

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

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. For 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 to the extent that it is probable that future taxable profits will be available against which the unused carry forward tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Periodically, the Company's management evaluates the probability that taxable profits will be available against which the deductible temporary differences and unused carry forward tax losses can be utilised. Within this evaluation process, the Company's management also considers tax-planning strategies. The evaluation process requires significant management judgement, primarily with respect to projecting future taxable profits.

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.

Share-Based Payments

The Company uses the liability method to account for its share-based payment plans, which requires the Company's obligation under these plans to be recorded at its current estimated fair value. Share awards and share unit awards that contain market conditions are marked-to-market based on the latest share price information reflecting the terms of the award. Share unit awards that contain earnings performance conditions are marked-to-market based on CSG's actual earnings performance to date and CSG's internal earnings projections over the remaining vesting period of the award. In determining the final liability, CSG also estimates the number of forfeitures over the life of the plan based on management's expectations for future periods, which also considers past experience.

Transfer pricing

Transfer pricing charges are determined based on arm's length pricing principles. These net charges are adjusted as required due to evolving facts and changes in tax laws, progress of tax authority audits as well as tax authority negotiated arrangements for current and prior periods. Management continuously assesses these factors and makes adjustments as required.

4. Net interest income

Interest income is earned on cash and cash equivalents held with CS group entities.

5. Non-interest revenues

2015 income primarily relates to dividend of £235k received from Credit Suisse Asset Management Funds (UK) Limited.

2014 income includes refund received from the Financial Conduct Authority (FCA).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
6. Operating expenses

The following table sets forth the details of compensation and benefits:

	2015	2014
	£000	£000
Salaries and bonuses	(19,942)	(34,377)
Social security	(2,615)	(3,888)
Pensions	(531)	(813)
Other	(86)	100
Net compensation and benefits	(23,174)	(38,978)

The following table sets forth the details of other expenses:

	2015	2014
	£000	£000
Professional services	(707)	(1,532)
Occupancy	(982)	(1,544)
Travel and Entertainment	(618)	(1,041)
Information Technology expenses	(317)	(719)
Expense recharges	(31)	(34)
Commission	(35)	(15)
Provisions	35	-
IT and Machinery	(4)	-
Other expenses	(1,085)	(555)
Cost allocation to CS group entities	1,218	2,018
Cost allocation to subsidiary	25,605	42,366
Net other expenses	23,079	38,944
Total operating expenses	(95)	(34)

The Company provides a range of administrative services to the subsidiary and the costs in relation to general and administration services have been charged to the subsidiary and are included in 'Cost allocation to subsidiary'.

During the year, all employees on the payroll of the Company were transferred to the payroll of CSAM Limited, resulting in proportionate compensation and benefits expense for the year.

7. Taxation
a) Analysis of tax charge for the year

	2015	2014
	£000	£000
Current tax		
Current tax charge for the period	563	(980)
Adjustments in respect of prior periods	(771)	27
Total current tax charge	(208)	(953)
Deferred tax		
Origination and reversal of temporary differences	(839)	475
Adjustments in respect of prior periods	12	(9)
Effect of changes in tax rate	(529)	(33)
Total deferred tax (charge)/ benefit	(1,356)	433
Income tax charge	(1,564)	(520)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The income tax charge for the year can be reconciled to the profit per the statement of income as follows:

	2015	2014
	£000	£000
Profit before tax	85	12,072
Profit/ (loss) before tax multiplied by the UK statutory rate of corporate tax at the rate of 20.25% (2014: 21.49%)	(17)	(2,595)
Non-taxable dividend	47	-
Non-deductible expenses	(69)	(42)
Non-taxable reversal of write down of investment in subsidiaries	22	2,587
Other permanent differences	(259)	(455)
Adjustments to current tax in respect of prior periods	(771)	27
Adjustments to deferred tax in respect of prior periods	12	(9)
Effect on deferred tax resulting from changes to tax rates	(529)	(33)
Income tax charge	(1,564)	(520)

b) 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.

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

	2015	2014
	£000	£000
Opening Balance	6,210	5,777
(Charge)/ Benefit for the year	(839)	475
Adjustments in respect of prior periods	12	(9)
Effect of change in tax rate	(529)	(33)
At the end of the year	4,854	6,210

Deferred tax assets are attributable to the following items:

	2015	2014
	£000	£000
Deferred tax assets		
Decelerated tax depreciation	1,161	1,290
Share based compensation	1,477	2,707
Other short term temporary differences	2,216	2,213
At the end of year	4,854	6,210

The deferred tax (charge)/benefit in the statement of income is comprised of the following temporary differences:

	2015	2014
	£000	£000
Decelerated tax depreciation	(129)	-
Share based compensation	(1,231)	14
Other short term temporary differences	4	419
Total deferred tax (charge)/benefit in the statement of income	(1,356)	433

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

The reduction in the UK corporation tax rate to 18% resulted in a charge to the income statement as at 31 December 2015 of £529k (2014: £33k).

8. Cash and due from banks

Cash and due from banks are held with CS group companies. Cash and due from bank earns interest at floating rates based on daily bank deposit rates.

9. Other receivables
Aging of other receivables

2015	1-30 days £000	31-90 days £000	Over 90 days £000	Total £000
Other receivables	-	131	-	131
2014	1-30 days £000	31-90 days £000	Over 90 days £000	Total £000
Other receivables	57	-	-	57

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

10. Investment in subsidiaries

<u>Direct subsidiaries:</u>	<u>Nature of Business</u>	<u>Status</u>
Credit Suisse Asset Management Limited	Management of range of asset classes and investment vehicles	Going concern
Credit Suisse Asset Management Funds (UK) Limited	Dormant	Dissolved on 26 January 2016
Credit Suisse Quantitative and Systematic Asset Management Limited	Investment manager	Go-live planned in 2016

Impairment of investment in subsidiaries

The recoverable amount of investment in subsidiaries is estimated based on its net asset value. The investment in subsidiaries balance was reviewed for impairment in the year. Based on the assessment in 2015, the net assets value of the subsidiaries is higher than its carrying value of investment. The directors believe that its recoverable amount has increased to £113.7m and accordingly a gain of £109k has been recognised for the year ended 31 December 2015. This is a partial reversal of impairment loss on investment in subsidiaries, recognised in earlier years.

The level of the fair value hierarchy applied to the investment is level 2. The Directors consider net asset value to be an appropriate basis in determining the fair value of the investment in subsidiaries as the subsidiary doesn't trade in the active market and the assets and liabilities that the subsidiary holds are short term in nature and maturity is less than one year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£000	£000
Carrying value at 1 January	113,575	101,539
Gain on reversal of impairment of investment in subsidiary	109	12,036
Carrying value as at 31 December	113,684	113,575

Direct subsidiaries:	Impairment assessments:	2015	2014
		£000	£000
Credit Suisse Asset Management Funds (UK) Limited	Net assets in the subsidiary are less than the amount invested	235	(235)
Credit Suisse Asset Management Limited	Impairment provided in earlier years is reversed to the extent of excess of net assets over carrying value of investment	(344)	(11,801)
Total (gain) on reversal of impairment of investment in subsidiary		(109)	(12,036)

11. Provisions

2015	Unoccupied space	Litigation	Total
	£000	£000	£000
Balance as at 1 January 2015	100	-	100
Utilised during the year	(50)	-	(50)
Release of provision	(35)	-	(35)
Balance as at 31 December 2015	15	-	15

2014	Unoccupied space	Litigation	Total
	£000	£000	£000
Balance as at 1 January 2014	105	899	1,004
Utilised during the year	(5)	(656)	(661)
Release of provision	-	(243)	(243)
Balance as at 31 December 2014	100	-	100

Unoccupied space

At reporting date a provision of £15k (2014: £0.5m) exists for the termination related costs of leasehold property.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

12. Other liabilities

	2015	2014
	£000	£000
Accruals for bonus and social security on bonus	5,118	9,779
Accruals for deferred compensation	20,532	24,576
Accruals for operating expenses	3,196	3,667
Total other liabilities	28,846	38,022

13. Called-up share capital

	2015	2014
	£000	£000
Authorised:		
150,000,000 ordinary shares of £1 each	150,000	150,000
Called up, allotted, fully paid:		
144,198,587 ordinary shares of £1 each	144,199	144,199

The Company's wholly-owned subsidiary, CSAM Limited, is authorised and regulated by the Financial Conduct Authority ('FCA'), and the Company is thus the parent holding company of a UK regulatory consolidation group. Although the Company is not regulated in its own right, it must have regard to the regulatory capital requirements of both the consolidation group and those of CSAM Limited.

The capital balances and capital requirements of the regulatory consolidation group are monitored on a monthly basis by the regulatory reporting departments of the CS group. Funding from the parent companies, Credit Suisse AG and Credit Suisse Holding (Luxembourg) S.A. is provided when necessary to meet capital requirements, and is approved by the CS group Treasury Department.

CSG's policy is to maintain a strong capital base in order to provide returns to the shareholders and sustain the future development of the business. The Directors of the Company monitor the capital base and the return of capital to investors.

14. Pillar 3 Disclosure

As noted above, the Company is the parent holding company of a UK regulatory consolidation group. Various disclosures are required under the Pillar 3 regime on a regulatory consolidation group level, and also in respect to any significant regulated subsidiaries within the consolidation group. Accordingly, Pillar 3 disclosures have been prepared for both the global regulatory consolidation group and for CSAM on a stand-alone basis. These can be found on the Credit Suisse website at www.credit-suisse.com.

15. Related party transactions

The Company is indirectly wholly owned subsidiary of the ultimate parent company, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

a) Related party assets and liabilities

	2015 £000	2014 £000
	Parent, Subsidiaries and Fellow subsidiaries	Parent, Subsidiaries and Fellow subsidiaries
Assets		
Cash and due from banks	34,716	38,278
Investment in subsidiaries	113,684	113,575
Amounts owed by CS group companies	27,504	35,052
Total assets	175,904	186,905
Liabilities		
Bank Overdraft	-	749
Amounts owed to CS group companies	773	1,775
Corporation tax payable – group relief	3,390	3,182
Total liabilities	4,163	5,706

b) Related party revenues and expenses

	2015 £000	2014 £000
	Parent, Subsidiaries and Fellow subsidiaries	Parent, Subsidiaries and Fellow subsidiaries
Net interest income	21	35
Dividend income	235	-
Total operating revenues	256	35
Other expenses	391	12,535
Amounts owed by CS group companies	1,218	2,018
Cost allocation to subsidiary	25,605	42,366
Total operating expenses	27,214	56,919

c) Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	(48)	(67)
Long term incentive scheme:		
-Amounts Paid under Deferred Cash Awards	(6)	(12)
-Amounts Delivered under Share Based Awards	(16)	(28)
Total	(70)	(107)
Compensation for loss of office	-	(4)
Company contributions to defined contribution	(4)	(4)
Total	(74)	(115)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Emoluments include amounts paid to or receivable by the Directors. Only vested Cash Retention Awards are included in emoluments. Long term incentive schemes consist of deferred cash awards and share based awards. Deferred cash awards are included in the period when the amounts vest and are paid, and share based awards are included in the period when the amounts vest and are delivered.

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

The aggregate of emoluments and deferred cash awards paid to or receivable by the highest paid director was £53,000 (2014: £53,000). The director was also a member of a defined contribution and defined benefit pension plans. The contributions paid during the year into the defined contribution plan was £2,000 (2014: £2,000) and for the defined benefit pension the amount accrued at the end of the year was £4,000 (2014: £4,000). During the year the highest paid director also received an entitlement to shares under a long term incentive scheme.

The amounts included in the Companies Act disclosures are on a different basis than the recognition requirements of IFRS 2 and IAS 37 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Company's accounts for directors in accordance with IFRS requirements for 2015 was £75,000 (2014: £110,000).

Number of Directors and Benefits:

	Number of directors 2015	Number of directors 2014
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	1	3
Defined benefit schemes	-	-
No Scheme	-	-
Both defined contribution and defined benefit	1	1
The number of directors who exercised share options	-	-
Directors in respect of whom services were received or receivable under long term incentive schemes	2	4

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

Remuneration of Key Management Personnel

	2015 £000	2014 £000
Emoluments	(48)	(104)
Amounts receivable under long term incentive schemes	(19)	(32)
Total	(67)	(136)
Compensation for loss of office	-	(3)
Company contributions to defined contribution schemes	(4)	(8)
Total	(71)	(147)

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Company, directly or indirectly, including any director of the Company.

Key management personnel include members of the CSAM Executive Committee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

CSG Shares awarded to Key Management Personnel

	2015	2014
Number of shares	1,099	2,677

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

16. Employee Share-based Compensation and Other Compensation Benefits

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

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

Total compensation expense for cash-settled share-based compensation plans recognised during 2015 and 2014 was £5m and £8m respectively. The total stock award liability recorded as at 31 December 2015 was £8m (2014: £1.4m). The fair value used to calculate the stock award liability was the closing Credit Suisse Group share price as at 31 December 2015 CHF 21.69 (2014: CHF 25.08). The average weighted fair value of awards granted in 2015 was CHF 16.89 (2014: CHF 27.91). The intrinsic value of vested share based awards outstanding as at year end was £1.2m (2014: £1.8m).

The recognition of compensation expense for the deferred compensation awards granted in January 2016 began in 2016 and thus had no impact on the 2015 financial statements.

Phantom Share awards

Share awards granted in January 2016 are similar to those granted in January 2015 and are awarded to certain employees in the Company. Each share award granted entitles the holder of the award to receive one Credit Suisse Group ('CSG') share, does not contain a leverage component or a multiplier effect and is subject to service conditions as it vests over three years, such that the share awards vest equally on each of the three anniversaries of the grant date. Share awards granted in January 2011 vest over a four-year period. The value of these share awards is solely dependent on the CSG share price at the time of delivery.

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

The number of share awards was determined by dividing the deferred component of variable compensation being granted as shares by the average price of a CSG share over the twelve business days ended 18th January 2016. The fair value of each share award was CHF 18.62, the CSG share price on the grant date. While share awards granted between January 1, 2014 and December 31, 2015 do not include the right to receive dividend equivalents during the vesting period, share awards granted after January 1, 2016 include the right to receive dividend equivalents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Movements in the number of Phantom Share outstanding were as follows:

	2015	2014
	'000	'000
As at 1 January	633	553
Granted	300	281
Shares Transferred in/(out)	(316)	35
Delivered	(336)	(235)
Forfeited	(21)	(1)
As at 31 December	260	633

Performance share awards ('PSA')

Certain employees received a portion of their deferred variable compensation in the form of performance share awards, which are subject to explicit performance-related claw-back provisions. Each performance share award granted entitles the holder of award to receive one CSG share. Performance share awards also vest over three years, such that the performance share awards vest equally on each of the three anniversaries of the grant date.

Unlike the Phantom share awards, outstanding performance share awards are subject to a negative adjustment in the event of a divisional, unless there is a negative CSG ROE that would call for a negative adjustment greater than the divisional adjustment for the year, in which case the negative adjustment is based on the CSG's negative ROE. For employees in Corporate Functions, the negative adjustment only applies in the event of a negative CSG ROE and is not linked to the performance of the divisions.

Outstanding performance share awards granted in previous years were based on former strategic ROE, adjusted for the goodwill impairment charge related to the re-organisation of the former Investment Banking division.

The number of performance share awards was determined by dividing the deferred component of variable compensation being granted as performance share awards by the average price of a CSG share over the twelve business days ended 18th January 2016. The fair value of each performance share award was CHF 18.62, the CSG share price on the grant date.

Performance share awards granted between January 1, 2014 and December 31, 2015 do not include the right to receive dividend equivalents during the vesting period, while performance share awards granted after January 1, 2016 include the right to receive dividend equivalents.

Movements in the number of PSA outstanding were as follows:

	2015	2014
	'000	'000
As at 1 January	415	340
Granted	274	173
Shares Transferred in/(out)	(175)	40
Delivered	(210)	(138)
Forfeited	-	-
As at 31 December	304	415

Contingent Capital Awards

Contingent Capital Awards (CCA) were granted in January 2015 and 2014 as part of 2014 and 2013 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by CSG in the market. CCA provide a conditional right to receive semi-annual cash payments of interest equivalents at a rate of 5.75% and 5.33% per annum over the six-month US dollar London Interbank Offered Rate (LIBOR), for 2015 and 2014, respectively, until settled.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

CCA are scheduled to vest on the third anniversary of the grant date and will be expensed over three years from the grant date. However, because CCA qualify as additional tier 1 capital of CSG, the timing and form of distribution upon settlement is subject to approval by the Swiss Financial Market Supervisory Authority FINMA (FINMA). At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. CSG will determine that fair value at its discretion. CSG intends to grant CCA as one of its annual deferred variable compensation awards in future years.

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

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

Total compensation expense recognised for Jan15 and Jan14 CCA during the year ended December 31, 2015 was £1.7m (2014: £1m).

Plus Bond awards

Certain employees received a portion of their 2012 deferred variable compensation in the form of Plus Bond awards. The Plus Bond award is essentially a fixed income instrument, denominated in US dollars, which provides a coupon payment that is commensurate with market-based pricing. Plus Bond award holders are entitled to receive semi-annual cash payments on their adjusted award amounts at the rate of LIBOR plus 7.875% per annum until settlement. The Plus Bond will settle in the summer of 2016 based on the amount of the initial award less portfolio losses, if any, in excess of a first loss portion retained by CSG of USD 600 million. The value of the Plus Bond awards is based on the performance of a portfolio of unrated and sub-investment-grade asset-backed securities that are held in inventory by various trading desks. While the Plus Bond award is a cash-based instrument, CSG reserves the right to settle the award in CSG shares based on the share price at the time of final distribution. In addition, subject to oversight procedures, CSG retains the right to prepay all or a portion of the Plus Bond award in cash at any time and, in the event of certain regulatory developments or changes in capital treatment, exchange the award into CSG shares. The Plus Bond award plan contributes to a reduction of CSG's risk-weighted assets and constitutes a risk transfer from CSG to the Plus Bond award holders.

Certain employees were given the opportunity in early 2013 to voluntarily reallocate a portion of the share award component of their deferred awards into the Plus Bond award. The Plus Bond awards resulting from the voluntary reallocation vested on the third anniversary of the grant date on January 17, 2016 and were expensed over the vesting period.

Total compensation (income)/expense recognised during the year ended December 31, 2015 was £(0.03)m (2014: £ 0.2m).

Restricted Cash Awards

Certain employees received the cash component of their 2012 variable compensation in the form of Restricted Cash Awards. These awards are cash payments made on the grant date, but are subject to a pro-rata repayment by the employee in the event of voluntary resignation or termination for cause within three years of the award grant. The Restricted Cash Award is reported as part of the deferred compensation award for the Company even though the award is fully settled at grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

On January 17, 2013, the Company granted Restricted Cash Awards.

Total compensation (income)/expense recognised during the year ended December 31, 2015 was £(0.003)m (2014: £0.1million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2011 Partner Asset Facility

As part of the 2011 annual compensation process, certain employees were awarded a portion of their deferred variable compensation in the form of 2011 Partner Asset Facility (PAF2) units. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in CSG's derivative activities, including both current and possible future swaps and other derivative transactions. The value of the award (for both the interest accrual and the final redemption) will be reduced if the amount of realized credit losses from a specific reference portfolio exceeds a pre-defined threshold. CSG will bear the first USD 500 million of such losses and the PAF2 holders, across a number of CSG entities including the Company, will bear any losses in excess of USD 500 million, up to the full amount of the deferred compensation awarded.

Certain employees received PAF2 awards, which vested in the first quarter of 2012.

PAF2 awards were linked to a portfolio of CSG's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be available. As a result, CSG restructured the awards in March 2014, requiring PAF2 holders to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to one of the following options, or a combination thereof:

- i. **Capital Opportunity Facility:** Participants elect for their award to be referenced to a Capital Opportunity Facility (COF). The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions, to be entered into with CSG, chosen by a COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants who elect the COF will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021; and
- ii. **Contingent Capital Awards:** Participants elect to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards. The principal differences between the two forms of CCA are that these CCA are expected to settle approximately one year earlier and provide semi-annual cash payments of interest equivalents at slightly lower rates. Settlement is expected to occur in the first half of 2016, subject to regulatory approvals.

Total compensation expense recognized for the PAF2 award during the year ended December 31, 2015 was nil (2014: £0.06m).

Total compensation expense recognized for the PAF2 CCA during the year ended December 31, 2015 was £ 0.4m (2014: £0.3m).

Total compensation expense recognized for the COF during the year ended December 31, 2015 was £0.03m (2014: £0.03m).

Adjustable Performance Plan Awards ('APP')

The Adjustable Performance Plan (APP) is a deferred compensation plan for certain employees. CSG granted APP cash awards as part of deferred compensation for 2009 (2009 APP) and 2010 (2010 APP).

The 2009 APP cash awards were fully vested and expensed as of December 31, 2012 and were delivered in the first half of 2013.

The 2010 APP cash awards vested over a four-year period, with the final payout value subject to an upward or downward adjustment, depending on the financial performance of the specific business areas and the CSG ROE. The adjustments were determined on an annual basis, increasing or decreasing the outstanding balances by a percentage equal to the reported CSG ROE, unless the division that granted the awards incurred a pre-tax loss. In this case, outstanding awards in that division were subject to a negative adjustment of 15% for every CHF 1 billion of loss, unless a negative CSG ROE applied for that year and were greater than the divisional adjustment. For employees in Corporate Functions and other support functions, all outstanding 2010 APP cash awards were linked to CSG's adjusted profit or loss and the CSG ROE, but were not dependent upon the adjusted profit or loss of the business areas that they supported.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Total compensation expense/(income) recognised for APP cash awards during the year ended December 31, 2015 was £0.001m (2014: £(0.07)m).

Movement in the number of APP share outstanding were as follows:

	2015	2014
	'000	'000
APP Stock Awards		
As at 1 January	13	24
Granted	-	-
Share transferred in/out	-	-
Delivered	(13)	(11)
Forfeited	-	-
As at 31 December	-	13

17. Defined Contribution Pension Plan

The Company contributed to various defined contribution pensions primarily in the United Kingdom. The contribution to these plans in 2015 was £0.5m (2014: £0.5m). In addition, CSAM also contributes towards the cost of death in service benefits and pension plan administration, which incurred costs of £47k in 2015 (2014: £69k).

18. Commitments

The Company leases office space under non-cancellable operating lease arrangements. The lease term was 15 years and the majority of the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	£000	£000
Up to 1 year	-	671
From 1 year to 5 years	-	-
At 31 December	-	671

The following table sets forth details of rental expenses for all operating leases:

	2015	2014
	£000	£000
Minimum rentals	-	(671)
Sublease rental income	-	458
Total net rental expenses	-	(213)

19. Auditor's remuneration

Auditor's remuneration in relation to the statutory audit amounted to £28k (2014: £27k)

20. Financial Instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
a) Analysis of financial instruments by categories

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

2015 £000	Loans and receivables	Other amortised cost	Total
Financial Assets			
Cash and due from banks	-	34,716	34,716
Other receivables	131	-	131
Amounts owed by other CS group companies	27,504	-	27,504
Total	27,635	34,716	62,351
Financial Liabilities			
Other liabilities	-	8,139	8,139
Amounts owed to other CS group companies	-	788	788
Total	-	8,927	8,927

2014 £000	Loans and receivables	Other amortised cost	Total
Financial Assets			
Cash and due from banks	-	38,278	38,278
Other receivables	41	-	41
Amounts owed by other CS group companies	35,052	-	35,093
Total	35,093	38,278	73,371
Financial Liabilities			
Bank Overdraft	-	749	749
Other liabilities	-	13,460	13,460
Amounts owed to other CS group companies	-	1,789	1,789
Total	-	15,998	15,998

b) Fair value of financial instruments not carried at fair value
Fair value hierarchy

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

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

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

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the statements of financial position.

IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

The following table presents the carrying value of the financial instruments that are not held at fair value across the three levels of the fair value hierarchy.

As at 31 December 2015

£000	Level 1	Level 2	Level 3	Total at fair value
Financial assets				
Cash and due from banks	34,716	-	-	34,716
Other receivables	-	131	-	131
Amounts owed by other CS group companies	-	27,504	-	27,504
Total financial assets at fair value	34,716	27,635	-	62,351
Financial liabilities				
Other liabilities	-	8,139	-	8,139
Amounts owed to other CS group companies	-	788	-	788
Total financial liabilities at fair value	-	8,927	-	8,927

As at 31 December 2014

£000	Level 1	Level 2	Level 3	Total at fair value
Financial assets				
Cash and due from banks	38,278	-	-	38,278
Other receivables	-	41	-	41
Amounts owed by other CS group companies	-	35,052	-	35,052
Total financial assets at fair value	38,278	35,093	-	73,371
Financial liabilities				
Bank Overdraft	749	-	-	749
Other liabilities	-	13,460	-	13,460
Amounts owed to other CS group companies	-	1,789	-	1,789
Total financial liabilities at fair value	749	15,249	-	15,998

21. Financial risk management
a) Overview

The Company is part of CS group and its risks are managed as part of the global CS group of entities. The Company's risk management process is designed to ensure that there are sufficient independent controls to measure, monitor and control risks in accordance with the Company's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with Company'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 and regulatory risk and reputational risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Risk governance

The Company's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an important role in the Company's business planning process and is strongly supported by senior management and the Board of Directors.

The primary objectives of risk management are to protect the Company's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value.

Risk Management for the Company provides independent risk oversight across all business areas and actively monitors and manages risk on all funds managed within the business units. Risk Management is an integral part of the core culture, and the Company is relentless in the pursuit of the best possible ways to manage risk for both clients and Credit Suisse as a whole. It is subject to an internal risk management framework, including internal audit, and has adopted policies and procedures to comply with internal policies and regulatory rules.

Risk organisation

Risks arise in all of CS group's business activities and cannot be completely eliminated, but they are managed through its internal control environment. CS group's risk management organisation reflects the specific nature of various risks in order to ensure that risks are managed within limits set in a transparent and timely manner.

Credit Suisse's risk framework, as per established best practice, utilises three lines of defence to ensure that risks are identified, assessed, escalated and managed in a controlled and effective manner.

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

The three lines of defence model is designed to provide multiple opportunities to address risks before they become issues or incidents. Although each line is defined separately and has its own responsibilities, in practice they are required to work in co-operation to ensure that risks are addressed at the correct level.

Risk limits

A sound system of risk limits is fundamental to effective risk management. The limits define CS group's maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

In the context of the overall risk appetite of the CS group, as defined by the limits set by the Board and its Risk Committee, Capital Allocation and Risk Management Committee ('CARMC') is responsible for setting legal entity and divisional risk limits and more specific limits deemed necessary to control the concentration of risk within individual lines of business. Limit measures used include VaR, economic capital, exposure, risk sensitivity and scenario analysis.

CARMC limits are binding and generally set at a tight level to ensure that any meaningful increase in risk exposures is promptly escalated. The majority of these limits are monitored on a daily basis. Limits for which the inherent calculation time is longer (such as those for economic capital) are monitored on a weekly basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The primary risks faced by the Company are business and operational risks. The entity does not trade on its own behalf and does not take proprietary market risk positions. (with the exception of investment manager retention requirements under EU regulations). This retention requirement is subject to both market and credit risk but cannot be managed by the Company under the terms of the retention. The entity is only exposed to market risk to the extent that market valuations impact the value of assets under management and investment management fees receivable.

b) Credit risk

Overview

Credit risk is the risk that financial obligations due from counterparties are not met.

The Company does not undertake lending activity as part of its business. Credit risk only arises on receivables from third party and other CS group entities.

The Company only deposits cash with other CS group entities.

Maximum exposure to Credit Risk

	2015	2014
	£000	£000
Cash and due from banks	34,716	38,278
Other receivables	131	57
Amounts owed by other CS group companies	27,504	35,052
Total financial assets	62,351	73,387

No collateral or credit enhancements are held against Cash and Cash equivalents or Other loans and receivables.

The amounts in the above table are based on carrying value. For disclosure on past due receivables refer note 9.

c) Liquidity risk

Liquidity risk is the risk that the firm will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or the financial condition of the firm.

CS group wide management of liquidity risk

The Bank's Liquidity Management Strategy follows the general principles below:

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

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

This approach enhances the ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet stress situations.

The liquidity and funding profile is regularly reported to Group CARMC and the Group Board of Directors. There is also an independent risk management function that proposes the risk tolerance, and monitors the liquidity risk, of our businesses that reports directly to the Risk Management Committee. The Group Board of Directors are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

responsible for defining the overall tolerance for risk in the form of a risk appetite statement.

The liquidity and funding profile reflects the strategy and risk appetite and is driven by business activity levels and the overall operating environment. The liquidity and funding profile has been adapted to reflect lessons learned from the financial crisis and more recent market stresses, the subsequent changes in the business strategy and regulatory developments. Credit Suisse has been an active participant in regulatory and industry forums to promote best practice standards on quantitative and qualitative liquidity management. The internal Liquidity Risk Management Strategy is subject to review and monitoring by regulators and rating agencies.

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

2015

	On demand	Due within 3 months	Total
	£000	£000	£000
Amounts owed to CS group companies	-	773	773
Other liabilities at amortised cost	-	28,846	28,846
Total financial liabilities	-	29,619	29,619

2014

	On demand	Due within 3 months	Total
	£000	£000	£000
Bank overdraft	749	-	749
Amounts owed to CS group companies	-	1,775	1,775
Other liabilities at amortised cost	-	38,022	38,022
Total financial liabilities	749	39,797	40,546

d) Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, and other relevant market parameters, such as market volatilities. The CS group defines its market risk as potential changes in fair values of financial instruments in response to market movements. The entity does not trade on its own behalf and does not take proprietary market risk positions.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP.

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

As at 31 December 2015, the Company had CHF 0.4m net assets (2014: CHF 0.6m net assets), EUR 0.1m net assets (2014: EUR 0.02m net assets), USD 0.5m net liabilities (2014: USD 2.7m net liabilities) foreign currency exposure.

The sensitivity analysis, which is for illustrative purposes only, 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 results due to the inherent uncertainties in global financial markets. In practice, market risks rarely change in isolation and are likely to be interdependent. The methods and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

assumptions used are the same for both reporting periods.

A change of 25% in the foreign exchange rates at the reporting date would have increased / (decreased), equity and profit or loss by the following:

2015

	CHF +25% £000	CHF -25% £000	EUR +25% £000	EUR -25% £000	USD +25% £000	USD -25% £000
Change in equity and profit or loss with foreign currency fluctuation	75	(75)	20	(20)	(92)	92
Total	75	(75)	20	(20)	(92)	92

2014

	CHF +25% £000	CHF -25% £000	EUR +25% £000	EUR -25% £000	USD +25% £000	USD -25% £000
Change in equity and profit or loss with foreign currency fluctuation	102	(102)	4	(4)	(442)	442
Total	102	(102)	4	(4)	(442)	442

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances and overdraft. The maximum exposure of this balance is £34.8m (2014: £37.6m). The Company manages the interest rate risk monthly, by financing overdrafts with short term borrowings through Treasury team.

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased), equity and income or loss by £138k/(£138k) (2014: £147k/(£147k)).

This calculation assumed that the change occurred at the reporting date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 20% (2014: 21.49%).

e) Country risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets. CS group's major operating divisions all assume country risk in a variety of ways. The setting of limits for this risk is the responsibility of CARMC based on the recommendations of CRM, SRM and CS group's economists.

f) Legal risk

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

The Company seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training sessions, the use of appropriate legal documentation, and the involvement of the Legal and Compliance department and outside legal

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

counsel.

g) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Particularly relevant examples of operational risk include the risk of fraudulent transactions, trade processing errors, business disruptions, and failures in regulatory compliance, defective transactions, and unauthorised trading events. Operational risk can arise from human error, inappropriate conduct, failures in systems, processes and controls, or natural and man-made disasters.

h) Conduct risk

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

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

The primary responsibility lies with Company's senior business line managers.

i) Reputational risk

CS group's policy is to avoid any action or transaction that brings with it a potentially unacceptable level of risk to its reputation. Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk for CS group, the relevant business proposal is required to be submitted to CS group's Reputational Risk Review Process.

This involves a vetting of the proposal by senior business management, and its subsequent referral to one of CS group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on CS group's participation.

22. Employees

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

Company	2015	2014
	Number	Number
Employees	66	69
Total	66	69

The average number of employees is calculated taking 8 months as the base, which is the total number of months wherein the Company had employees on its payroll.

The Company receives a range of services from related CS group. The headcount related to these services received cannot be accurately ascertained and is not therefore included in the above numbers.

All the employees in the payroll of the Company were transferred to the payroll of the subsidiary named CSAM Limited during the year resulting in proportionate compensation and benefits expense for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**23. Subsequent events**

Credit Suisse Asset Management Funds (UK) Limited, a wholly owned subsidiary of the Company, was struck off from Companies House, UK via a certificate of dissolution dated 26 January 2016.

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



CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

Five Cabot Square

London, E14 4QJ

credit-suisse.com

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