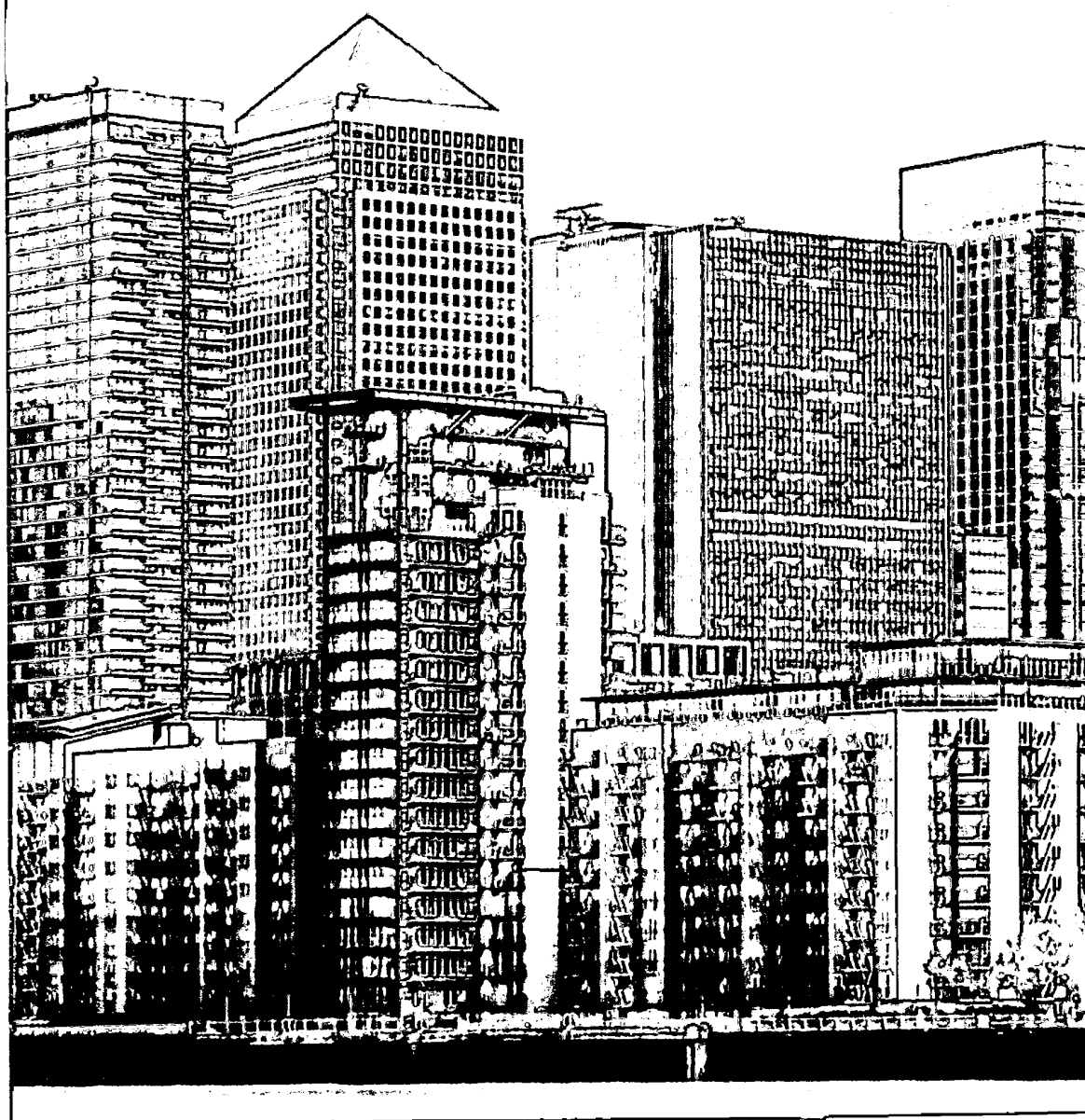


Credit Suisse Asset  
Management UK  
(Holding) Limited  
Annual Report  
2017



Company Registration Number 03045295

TUESDAY



\*L78XRXXM\*

LD3

26/06/2018

#10

COMPANIES HOUSE

**Table of Contents**

COMPANY INFORMATION	3
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017	4
DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017	6
STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS	8
INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED	9
STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2017	11
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017	12
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017	13
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2017	14
NOTES TO FINANCIAL STATEMENTS	16

**Company Information**

**Board of Directors as at 11 June 2018 (forms part of the Directors' report)**

---

Stephen Foster (Chair)

---

Tracy Cherrington

---

**Company Secretary**

---

Paul E. Hare

---

---

Company Registration Number

03045295

---

**Registered Office**

---

One Cabot Square  
London  
E14 4QJ

---

**Independent Auditor**

---

KPMG LLP  
Statutory auditor  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

---

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their strategic report for the year ended 31 December 2017.

### Profile

Credit Suisse Asset Management (UK) Holding Limited (the 'Company' or 'CSAMH') is a limited liability company and a subsidiary which is partly (77.52%) owned by Credit Suisse AG ('CSAG') and partly (22.48%) by Credit Suisse Holding Europe (Luxembourg) S.A. CSAG is domiciled in Switzerland and its ultimate parent is Credit Suisse Group AG ('CSG'), which is the parent of a worldwide group of companies (collectively referred to as the 'CS group'). CSAG 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](http://www.credit-suisse.com).

The principal activity of the Company is that of a holding company of its subsidiary, Credit Suisse Asset Management Limited ('CSAM'). CSAM provides management and advisory services for a range of asset classes and investment vehicles, as well as placement agency and advisory services to third-party private equity managers. The Company was the parent of Credit Suisse Quantitative Systematic Asset Management Limited ('QSAM') until its sale on 31 December 2017.

### Key Performance Indicators ('KPIs')

The Company uses a range of KPIs which are listed below to manage the financial position of the Company.

	2017	2016
<b>Earnings and Profitability</b>		
Net profit after tax (£m)	6.2	9.7
<b>Statement of Financial Position</b>		
Total Assets (£m)	168.4	193.5

### Performance

#### Statement of Income

For the year ended 31 December 2017, the Company reported a net profit after tax of £6.2m (2016: £9.7m), relating to the reversal of impairment of its investment in CSAM offset by a loss recognised on the sale of QSAM on 31 December 2017.

#### Statement of Financial Position

As at 31 December 2017, the Company had total assets of £168.4m (2016: £193.5m) and total shareholders' equity of £163.7m (2016: £157.5m).

### Principal Risk and Uncertainties

The Company is a holding company and its main risk is that of impairment of its investment in its subsidiary. The Company also faces credit risk on its receivables, which are primarily from other CS group companies. The Company's financial risk management objectives and policies are outlined in Note 20 – Financial risk management. The risks for the Company are actively managed within each of its subsidiary.

### Outlook

The Company aims to actively monitor the performance of the subsidiary, which are projecting profitability going forward from the strategies they have implemented.

### Liquidity

The CS group considers a strong and efficient liquidity position to be a priority. The CS group continues to provide confirmation that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations.

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017****Capital resources**

The Company is required at all times to monitor and demonstrate compliance with the relevant regulatory capital requirements of the Financial Conduct Authority ('FCA') on a consolidated basis. The Company has put in place processes and controls to monitor and manage the Company's capital adequacy. No breaches were reported to the FCA during the year.

Pillar 3 disclosures of the company can be found separately at [www.credit-suisse.com](http://www.credit-suisse.com).



By Order of the Board  
Tracy Cherrington  
Director

One Cabot Square  
London E14 4QJ  
20 June 2018

**DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017****International Financial Reporting Standards**

Credit Suisse Asset Management (UK) Holding Limited's 2017 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 11 June 2018.

**Dividends**

No dividends were paid or are proposed for 2017 (2016: £nil).

**Directors**

The names of the Directors as at the date of this report are set out on page 3. Changes in the Directorate since 31 December 2016 and up to the date of this report are as follows:

**Resignation:**

Eric Van Laer 20 February 2018

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.

**Risk and Capital**

The way in which the risks are managed is detailed in the Strategic Report, and the risks are detailed in Note 20 – 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.

In view of EU rules with respect to mandatory auditor rotation for certain of Credit Suisse Group ('CSG') significant subsidiaries, the CSG Audit Committee has decided to pursue a rotation of the CSG auditor effective no later than for the audit of the fiscal year ending 31 December 2021.

**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.

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

**Subsequent events**

Subsequent events are set out in Note 21 – Subsequent Events.

By Order of the Board



Tracy Cherrington  
Director

One Cabot Square  
London E14 4QJ  
20 June 2018

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

The Directors are responsible for preparing the Strategic report, the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Company's Financial Statements for each financial year. Under that law they have elected to prepare the Company's Financial Statements in accordance with IFRS as adopted by the EU and applicable law.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.



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

### Opinion

We have audited the financial statements of Credit Suisse Asset Management (UK) Holding Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of financial position as at 31 December 2017, and the related statements of income, changes in equity, and cash flows for the year then ended, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

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

### Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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.

*Alison Allen*

Alison Allen (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
20 June 2018

**STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

		<b>2017</b>	<b>2016</b>
	Note	£000	£000
Interest income	4	27	32
Interest expense	4	(152)	(58)
<b>Net revenues</b>		<b>(125)</b>	<b>(26)</b>
Operating expense	6	(510)	(25)
Loss on disposal of investment in subsidiary	10	(2,162)	-
Reversal of impairment of investment in subsidiary	10	8,749	9,486
Net foreign exchange gain		2	104
<b>Profit before tax</b>		<b>5,954</b>	<b>9,539</b>
Income tax benefit	7	236	136
<b>Profit after tax</b>		<b>6,190</b>	<b>9,675</b>
<b>Profit attributable to equity holders of the Company</b>		<b>6,190</b>	<b>9,675</b>

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

The profit for 2017 is after the loss on disposal of the investment in QSAM, which was sold on 31 December 2017.


The notes on pages 16 to 36 are an integral part of these Financial Statements.

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

		<b>2017</b>	<b>2016</b>
	Note	£000	£000
<b>Assets</b>			
Cash and due from banks	8	22,411	8,211
Current tax assets		4,104	2,935
Deferred tax assets	7	1,685	2,617
Amounts owed by CS group companies		4,119	10,999
Other receivables	9	4,155	9
Investment in subsidiary	10	131,919	168,751
<b>Total assets</b>		<b>168,393</b>	<b>193,522</b>
<b>Liabilities</b>			
Short term borrowings	11	-	24,800
Amounts owed to CS group companies		182	762
Other liabilities	12	4,481	10,420
<b>Total liabilities</b>		<b>4,663</b>	<b>35,982</b>
<b>Shareholders' equity</b>			
Called-up share capital	13	144,199	144,199
Share premium account		23,198	23,198
Capital reserve		114,617	114,617
Retained earnings		(118,284)	(124,474)
<b>Total shareholders' equity</b>		<b>163,730</b>	<b>157,540</b>
<b>Total liabilities and shareholders' equity</b>		<b>168,393</b>	<b>193,522</b>

The notes on pages 16 to 36 are an integral part of these Financial Statements.

Approved by the Board of Directors on 11 June 2018 and signed on its behalf by



Tracy Cherrington  
(Director)

COMPANY REGISTRATION NUMBER: 03045295

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called-up share capital £000</b>	<b>Share premium £000</b>	<b>Capital reserve £000</b>	<b>Retained earnings £000</b>	<b>Total shareholders' equity £000</b>
<b>Balance as at 1 January 2017</b>	<b>144,199</b>	<b>23,198</b>	<b>114,617</b>	<b>(124,474)</b>	<b>157,540</b>
Net profit for the year	-	-	-	6,190	<b>6,190</b>
<b>Balance as at 31 December 2017</b>	<b>144,199</b>	<b>23,198</b>	<b>114,617</b>	<b>(118,284)</b>	<b>163,730</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Called-up share capital £000</b>	<b>Share premium £000</b>	<b>Capital reserve £000</b>	<b>Retained earnings £000</b>	<b>Total shareholders' equity £000</b>
<b>Balance as at 1 January 2016</b>	<b>144,199</b>	<b>23,198</b>	<b>114,617</b>	<b>(134,149)</b>	<b>147,865</b>
Net profit for the year	-	-	-	9,675	<b>9,675</b>
<b>Balance as at 31 December 2016</b>	<b>144,199</b>	<b>23,198</b>	<b>114,617</b>	<b>(124,474)</b>	<b>157,540</b>

The notes on pages 16 to 36 are an integral part of these Financial Statements.

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
Profit before tax for the year		5,954	9,539
<b>Non-cash items included in profit before tax:</b>			
Loss on disposal of a subsidiary	10	2,162	-
Gain on reversal of impairment of investment in subsidiary	10	(8,749)	(9,486)
<b>Cash (used in)/generated before changes in operating assets and liabilities</b>		<b>(633)</b>	<b>53</b>
Amount owed by CS group companies		6,880	16,505
Other receivables	9	2	122
<b>Net increase in operating assets</b>		<b>6,882</b>	<b>16,627</b>
Amount owed to CS group companies		(580)	(11)
Other liabilities	12	(5,940)	(18,426)
Provisions		-	(15)
<b>Net decrease in operating liabilities</b>		<b>(6,520)</b>	<b>(18,452)</b>
Group relief paid		-	(3,952)
<b>Net cash used in operating activities</b>		<b>(271)</b>	<b>(5,724)</b>
<b>Cash flows from investing activities</b>			
Repayment following share capital reduction of subsidiary	10	21,507	-
Net cash inflow on disposal of subsidiary	10	17,764	-
Investment in subsidiary	10	-	(45,581)
<b>Net cash from/(used in) investing activities</b>		<b>39,271</b>	<b>(45,581)</b>
<b>Cash flows from financing activities</b>			
Repayment of short-term borrowings	11	(24,800)	24,800
<b>Net cash (used in)/generated by financing activities</b>		<b>(24,800)</b>	<b>24,800</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,200</b>	<b>(26,505)</b>
Cash and cash equivalents at the beginning of the year		8,211	34,716
<b>Cash and cash equivalents at the end of the year</b>		<b>22,411</b>	<b>8,211</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>			
		<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
Cash and due from banks	8	22,411	8,211
<b>Cash and cash equivalents at the end of the year</b>		<b>22,411</b>	<b>8,211</b>

The notes on pages 16 to 36 are an integral part of these Financial Statements.

**Notes to the financial statements**

1.	General	16
2.	Significant accounting policies	16
3.	Critical accounting estimates and judgements	21
4.	Net interest income	22
5.	Non-interest income	22
6.	Operating expenses	22
7.	Taxation	23
8.	Cash and due from banks	24
9.	Other receivables	24
10.	Investment in subsidiary	25
11.	Short term borrowings	26
12.	Other liabilities	26
13.	Called-up share capital	26
14.	Pillar 3 disclosure	26
15.	Related party transactions	27
16.	Employee Share-based Compensation and Other Compensation Benefits	27
17.	Employees	30
18.	Auditor's remuneration	30
19.	Financial Instruments	30
20.	Financial risk management	32
21.	Subsequent events	36

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****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 11 June 2018.

**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 Company's financial statements are presented in Great British Pounds ('£' or 'GBP') rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments designated by the Company as at fair value through profit and loss. 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 – Critical accounting estimates and judgements.

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.

CSG continues to provide confirmation that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations 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:

- 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 adoption of the Amendments to IAS 12 on 1 January 2017 did not have a material impact to the Company financial position, results of operation or cash flows.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- **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 statement of cash flow disclosures regarding changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. As the Amendments to IAS 7 impact disclosures only, the adoption on 1 January 2017 did not have an impact to the Company financial position, results of operation or cash flows. The reconciliation is disclosed in the notes to the Cash Flow Statement.
- **Annual Improvements to IFRSs 2014-2016 Cycle:** In December 2016, the IASB issued 'Annual Improvements to IFRSs 2014-2016 cycle' (Improvements to IFRSs 2014-2016). The adoption of the Improvements to IFRSs 2014-2016 on 1 January 2017, did not have a material impact on the Company financial position, results of operation or cash flows.

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

The Company is not yet required to adopt the following relevant 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. The amendments to IFRS 7 resulting from IFRS 9 also require new disclosures as well as the revision of current disclosure requirements. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. In October 2017, the IASB issued Prepayments Features with Negative Compensation (Amendments to IFRS 9). The amendments are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

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 Amortised Cost, Fair value through Other Comprehensive Income ('FVOCI') or Fair value through Profit & Loss ('FVTPL'). The accounting for financial liabilities remains largely unchanged except for those financial liabilities designated at fair value through profit or loss, where the gains and losses arising from changes in credit risk will be presented in Other Comprehensive Income rather than profit or loss.

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 credit loss ('ECL') model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. In terms of short-term cash [and interest-bearing deposit] balances, the Company will measure expected credit losses by applying a probability to default/loss-given default approach ('PD/LGD approach'). Under the PD/LGD approach, term structures of point-in-time, forward-looking PDs, LGDs and exposure at defaults will be estimated. These PD, LGD and EAD parameters will form the basis to estimate expected credit losses for the short remaining life of the cash and interest-bearing deposit balances.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all fee receivables. To measure the expected credit losses, the Company will apply a provision matrix in the form of aging analysis, including relevant forward looking information.

Under the new impairment guidance there will be no change to the write-off policy compared to IAS 39.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The adoption of IFRS 9 on 1 January 2018 is not likely to have any material impact on the entity's financial position, results of operations or cash flows.

- **IFRS 16 Leases:** In January 2016 the IASB issued IFRS 16 'Leases' (IFRS 16) which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. IFRS 16 includes disclosure requirements to provide more information about the amount, timing and uncertainty of cash flows arising from leases. Lessor accounting is substantially unchanged compared to the current accounting guidance. Under the current lessee accounting model the bank is required to distinguish between finance leases, which are recognised on balance sheet, and operating leases, which are not. IFRS 16 will require lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with a lease term of greater than twelve months, unless the underlying asset is of low value. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Company has established a cross-functional implementation team and governance structure for the project. The Company is currently reviewing its existing contracts to determine the impact of the adoption of IFRS 16. The Company expects an increase in total assets and total liabilities as a result of recognizing right-of use-assets and lease liabilities for all leases under the new guidance and is currently evaluating the extent of the impact of the adoption of IFRS 16 on the bank's results of operations and cash flows.

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

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

- **Amendments to IFRS 2: Share-based Payment:** In June 2016, the IASB issued narrow scope amendments to IFRS 2 Share based payments (Amendments to IFRS 2). The Amendments clarify how to account for certain types of share-based payment transactions. The Amendments to IFRS 2 are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The company does not expect the adoption of the Amendments to IFRS 2 to have a material impact to the company's financial position, results of operation or cash flows.
- **IFRIC 23:** In June 2017, the IASB issued IFRIC 23 'Uncertainty over Income Tax Treatments' (IFRIC 23). IFRIC 23 clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. The company is currently evaluating the impact of adopting IFRIC 23 on the company's financial position, results of operations and cash flows.

### **c) Dividends**

Dividends on ordinary shares would be 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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. Withholding taxes are also treated as income taxes.

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. The surrendering entity will show a benefit received for the losses surrendered which will be recorded as a reduction to current tax expense and taxes payable whereas the claimant entity will have an increase in current tax expense and taxes payable respectively.

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 subsidiary 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 - Taxation.

**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) Allocation of expenditure**

Administrative expenses include amounts recharged from other CSG subsidiary undertakings on a basis which appropriately reflects the costs applicable to the Company.

**j) 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,

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

financial assets at fair value through profit or loss and Other amortised costs; 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.

### **k) 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.

### **l) 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.

### **m) 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.

### **n) 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.

### **o) Investment in subsidiary**

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

### **p) Going concern**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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 companies.

**5. Non-interest income**

No dividend income received in 2017.

**6. Operating expenses**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Deferred compensation paid to subsidiary employees	(3,476)	(823)
Social security	359	1,761
Other	(17)	(21)
<b>Net compensation and benefits</b>	<b>(3,134)</b>	<b>917</b>

Social security includes the reversal of accrued payroll taxes where these are lower due to a lower valuation of deferred awards upon delivery.

The following table sets forth the details of other expenses:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Professional services	(491)	(27)
Occupancy	(80)	(128)
Travel and Entertainment	(15)	14
Market Data	-	3
Expense recharges	(7)	(401)
Provisions	-	12
Other expenses	(137)	(127)
Cost allocation to/(from) CS group entities	(4)	223
Cost allocation to/(from) subsidiary	3,358	(511)
<b>Net other expenses</b>	<b>2,624</b>	<b>(942)</b>
<b>Total operating expenses</b>	<b>(510)</b>	<b>(25)</b>

The Company provides a range of administrative services to its subsidiary and the costs in relation to such services, including any deferred compensation expenses, are charged to the subsidiary.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**
**7. Taxation**
**a) Analysis of tax charge for the year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Current tax for the period	897	1,946
Adjustments in respect of prior periods	272	426
<b>Total current tax (charge)/benefit</b>	<b>1,169</b>	<b>2,372</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(701)	(1,978)
Adjustments in respect of prior periods	(232)	(302)
Effect of changes in tax rates	-	44
<b>Total deferred tax (charge)/benefit</b>	<b>(933)</b>	<b>(2,236)</b>
<b>Income tax (charge)/benefit</b>	<b>236</b>	<b>136</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	5,954	9,539
Profit before tax multiplied by the UK statutory rate of corporation tax at the rate of 19.25% (2016: 20%)	(1,146)	(1,908)
Non-deductible expenses	(19)	(22)
Non-taxable reversal of writedown of investment in subsidiaries	1,684	1,897
Tax Impact of loss on sale of Investment	(416)	-
Adjustments to current tax in respect of prior periods	272	426
Adjustments to deferred tax in respect of prior periods	(232)	(302)
Effect on deferred tax resulting from changes to tax rates	-	44
Impact of differential in deferred tax rate and statutory tax rate	93	-
<b>Income tax (charge)/benefit</b>	<b>236</b>	<b>136</b>

**b) Deferred taxes**

Deferred tax assets are recognised on deductible temporary differences and tax loss carry forwards only to the extent that the realisation of the related tax benefit is probable.

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Opening Balance	2,617	4,854
(Charge)/benefit for the year	(701)	(1,978)
Adjustments in respect of prior periods	(231)	(302)
Effect of change in tax rate	-	44
<b>At the end of the year</b>	<b>1,685</b>	<b>2,617</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

Deferred tax assets are attributable to the following items:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred tax assets</b>		
Decelerated tax depreciation	1,096	1,096
Share based compensation	126	440
Other short term temporary differences	463	1,081
<b>At the end of year</b>	<b>1,685</b>	<b>2,617</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Decelerated tax depreciation	-	(64)
Share based compensation	(314)	(1,037)
Other short term temporary differences	(619)	(1,135)
<b>Total deferred tax (charge)/benefit in the statement of income</b>	<b>(933)</b>	<b>(2,236)</b>

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 17% (2016: 17%).

Legislation has been enacted which reduces the UK corporation tax rate to 19% with effect from 1 April 2017 and then 17% with effect from 1 April 2020.

The reduction in the UK corporation tax rate to 17% resulted in an increase in the company's net deferred tax asset as at 31 December 2016 of £44k.

## **8. Cash and due from banks**

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

## **9. Other receivables**

### **Aging of other receivables**

<b>2017</b>	<b>1-30 days</b>	<b>31-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other receivables	-	4,148	7	4,155
<b>2016</b>	<b>1-30 days</b>	<b>31-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other receivables	-	5	4	9

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

The amount of £4,155k in other receivables includes £4,148k of deferred sales proceeds related to the sale of QSAM.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**
**10. Investment in subsidiary**

The Company has the following investments in subsidiaries as at 31 December 2017.

<u>Direct subsidiary:</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

The Company was the parent of Credit Suisse Quantitative Systematic Asset Management Limited ('QSAM') until its sale on 31 December 2017.

**Impairment of investment in subsidiaries**

The recoverable amount of an investment in a subsidiary is estimated based on its net asset value. The investments in subsidiaries were reviewed for impairment in the year. Based on the assessment in 2017, the net asset value of CSAM is higher than its carrying value. The Directors believe that its recoverable amount has increased to £131.9m and accordingly a reversal of impairment of £8.7m has been recognised for the year ended 31 December 2017.

The Directors consider net asset value to be an appropriate basis in determining the fair value of its investment in subsidiaries as the subsidiary does not trade in the active market and the assets and liabilities that the subsidiary holds are short-term in nature.

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Carrying value at 1 January	168,751	113,684
Investment in/disposal of investment in QSAM	-	45,581
Repayment following share capital reduction of QSAM	(21,507)	-
Net cash inflow on disposal of QSAM	(17,764)	-
Deferred sale proceeds on disposal of QSAM	(4,148)	-
Loss on sale of QSAM	(2,162)	-
Gain on reversal of impairment of investment in subsidiary	8,749	9,486
<b>Carrying value as at 31 December</b>	<b>131,919</b>	<b>168,751</b>

<u>Direct subsidiary:</u>	<u>Impairment assessment:</u>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
Credit Suisse Asset Management Limited	Impairment provided in earlier years is reversed to the extent of impairment recognised in prior years.	8,749	9,486
<b>Total gain on reversal of impairment of investment in subsidiary</b>		<b>8,749</b>	<b>9,486</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**
**11. Short term borrowings**

<b>2017</b>	<b>Balance £000</b>	<b>Interest rate</b>	<b>Roll forward period</b>	<b>Maturity date</b>
GBP loan	-	-	-	-
GBP loan	-	-	-	-
<b>Total Short term borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>2016</b>	<b>Balance £000</b>	<b>Interest rate</b>	<b>Roll forward period</b>	<b>Maturity date</b>
GBP loan (will be repaid before 31/12)	22,000	0.756%	12 months	29 Sep 2017
GBP loan	2,800	0.758%	1 month	30 Jan 2017
<b>Total Short term borrowings</b>	<b>24,800</b>			

Short-term borrowings are entirely from CS group companies and were repaid during 2017 following the disposal of QSAM on 31 December 2017.

**12. Other liabilities**

	<b>2017 £000</b>	<b>2016 £000</b>
Accruals for deferred compensation	3,522	8,966
Accruals for operating expenses	959	1,454
<b>Total other liabilities</b>	<b>4,481</b>	<b>10,420</b>

**13. Called-up share capital**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>Authorised:</b>		
150,000,000 ordinary shares of £1 each	150,000	150,000
<b>Called up, allotted, fully paid:</b>		
144,198,587 ordinary shares of £1 each	144,199	144,199

The Company's wholly-owned subsidiary, CSAM, 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 that of CSAM.

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

**14. Pillar 3 disclosure**

Disclosures are required under the Pillar 3 rules on a regulatory consolidation group level, and also in respect to any significant regulated subsidiary within the consolidation group. These can be found on the Credit Suisse website at [www.credit-suisse.com](http://www.credit-suisse.com).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**
**15. Related party transactions**

The Company is an 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.

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

**a) Related party assets and liabilities**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
	Parent, Subsidiary and Fellow subsidiary	Parent, Subsidiary and Fellow subsidiary
<b>Assets</b>		
Cash and due from banks	22,411	8,211
Investment in subsidiary	131,919	168,751
Amounts owed by CS group companies	4,119	10,999
<b>Total assets</b>	<b>158,449</b>	<b>187,961</b>
<b>Liabilities</b>		
Short Term borrowings	-	24,800
Amounts owed to CS group companies	182	762
<b>Total liabilities</b>	<b>182</b>	<b>25,562</b>

**b) Related party revenues and expenses**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
	Parent, Subsidiary and Fellow subsidiary	Parent, Subsidiary and Fellow subsidiary
Net interest income	(125)	(26)
Other Revenue	7	(36)
<b>Total operating revenues</b>	<b>(118)</b>	<b>(62)</b>
Reversal of impairment of investment in subsidiary	8,750	9,486
Amounts owed by CS group companies	(11)	(178)
Cost allocation to/(from) subsidiary	3,358	(511)
<b>Total operating expenses</b>	<b>12,097</b>	<b>8,797</b>

**16. Employee Share-based Compensation and Other Compensation Benefits**

Payment of deferred compensation to employees was 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 was 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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/<income> for cash-settled share-based compensation plans recognised during 2017 and 2016 was £0.06m and <£2m> respectively. The total stock award liability recorded as at 31 December 2017 was £0.74m (2016: £3m). The fair value used to calculate the stock award liability was the closing CSG share price as at 31 December 2017 of CHF 17.40 (2016: CHF 14.61). The average weighted fair value of awards granted in 2017 was nil (2016: CHF 14.45). The intrinsic value of vested share based awards outstanding as at 31 December 2017 was £0.2m (2016: £0.7m).

***Phantom Share awards***

Each share award granted entitles the holder of the award to receive one CSG share, subject to service conditions. Share awards vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting). Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the CSG share price at the time of delivery.

The majority of share awards granted include the right to receive dividend equivalents upon vesting.

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

	<b>2017</b>	<b>2016</b>
	'000	'000
As at 1 January	24	260
Granted	-	-
Shares Transferred in/(out)	-	-
Delivered	(22)	(235)
Forfeited	-	(1)
<b>As at 31 December</b>	<b>2</b>	<b>24</b>

***Performance share awards ('PSA')***

Certain employees received a portion of their deferred variable compensation in the form of PSA, which are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions. PSA granted until 2015 were subject to a negative adjustment in the event of a negative strategic ROE of CSG, which was calculated based on Core Results, adjusted for the goodwill impairment charge related to the re-organization of the former Investment Banking division. However, following the change in CSG financial reporting structure in 2015, the strategic ROE is no longer calculated, and consequently, any negative adjustment to performance share awards is subject to the discretion of the Compensation Committee.

The majority of PSA granted include the right to receive dividend equivalents upon vesting.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

Movements in the number of PSA outstanding were as follows:

	<b>2017</b>	<b>2016</b>
	'000	'000
As at 1 January	117	304
Granted	-	-
Shares Transferred in/(out)	-	-
Delivered	(86)	(187)
Forfeited	-	-
<b>As at 31 December</b>	<b>31</b>	<b>117</b>

***Contingent Capital Awards ('CCA')***

CCA were granted in 2015 and 2014 to certain employees as part of the 2015, 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 are scheduled to vest on the third anniversary of the grant date and will be expensed over the vesting period. CCA provide a conditional right to receive semi-annual cash payments of interest equivalents until settled.

As CCA qualify as going-concern loss-absorbing capital of CSG, the timing and form of distribution upon settlement is subject to approval by FINMA, the CS group's lead regulator. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by CSG. In the case of a cash settlement, the CCA award will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited 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/<income> recognised for awards granted in January 2015 and January 2014 CCA during the year ended 31 December 2017 was £ 0.2 m (2016: <£0.03>m).

***Contingent Capital share awards***

In March 2016, the CSG executed a voluntary exchange offer, under which employees had the right to voluntarily convert all or a portion of their respective CCA into Contingent Capital share awards at a conversion price of CHF 14.57/USD 15.02. CCA holders elected to convert CHF 1.85 million of their CCA into Contingent Capital share awards during the election period. This fair value represented an approximate conversion rate of 19%. Each Contingent Capital share award had a grant-date fair value of CHF 14.45/USD 14.90 and contains the same contractual term, vesting period, performance criteria and other terms and conditions as the original CCA.

Movements in the number of CCA share outstanding were as follows:

	<b>2017</b>	<b>2016</b>
	'000	'000
As at 1 January	79	-
Granted	-	123
Share Transferred in/out	-	-
Delivered	(56)	(44)
Forfeited	(2)	-
<b>As at 31 December</b>	<b>21</b>	<b>79</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**
**2011 Partner Asset Facility**

As part of the 2011 annual compensation process, CSG awarded a portion of deferred variable compensation for certain employees 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 realised 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. The PAF2 awards 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:

- Capital Opportunity Facility ('COF'): participants elected for their award to be referenced to a 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. Whilst in 2015 employees of the Company transferred to the subsidiary CSAM, the Company will continue to recognise until 2021 a liability and the associated MTM gains or losses in relation to the notional amount of the award. However, the subsidiary CSAM also recognises a liability post the transfer of employees in relation to the top-up part of the COF and the associated MTM. Expenses incurred by the Company in association with the COF during 2017 were reimbursed by CSAM; and

- Contingent Capital Awards: participants elected to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards. Settlement of the PAF2 CCA occurred in the first half of 2016, following regulatory approvals. Final payout upon settlement of these awards was 94% of the amount awarded.

Total compensation expense/<income> recognised for the PAF2 CCA during the year ended December 31, 2017 Nil (2016: £<0.2>m).

Total compensation expense recognised for the COF during the year ended December 31, 2017 was £0.03m (2016: £0.03m).

**17. Employees**

The Company did not have any employees during the year. The Company receives a range of services from related parties within CS group. The headcount related to these services received cannot be accurately ascertained and is not therefore included in the above numbers.

**18. Auditor's remuneration**

Auditor's remuneration in relation to the statutory audit amounted to £32k (2016: £28k).

**19. 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 2017**
**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.

<b>As at 31 December 2017</b> <b>£000</b>	<b>Loans and receivables</b>	<b>Other amortised cost</b>	<b>Total</b>
<b>Financial Assets</b>			
Cash and due from banks	-	22,411	22,411
Other receivables	4,148	-	4,148
Amounts owed by other CS group companies	4,119	-	4,119
<b>Total</b>	<b>8,267</b>	<b>22,411</b>	<b>30,678</b>
<b>Financial Liabilities</b>			
Other liabilities	-	836	836
Short Term Borrowings	-	-	-
Amounts owed to other CS group companies	-	182	182
<b>Total</b>	<b>-</b>	<b>1,018</b>	<b>1,018</b>

<b>As at 31 December 2016</b> <b>£000</b>	<b>Loans and receivables</b>	<b>Other amortised cost</b>	<b>Total</b>
<b>Financial Assets</b>			
Cash and due from banks	-	8,211	8,211
Other receivables	9	-	9
Amounts owed by other CS group companies	10,999	-	10,999
<b>Total</b>	<b>11,008</b>	<b>8,211</b>	<b>19,219</b>
<b>Financial Liabilities</b>			
Other liabilities	-	1,352	1,352
Short Term Borrowings	-	24,800	24,800
Amounts owed to other CS group companies	-	762	762
<b>Total</b>	<b>-</b>	<b>26,914</b>	<b>26,914</b>

**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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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 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 2017**

£000	Level 1	Level 2	Level 3	Total at fair value
<b>Financial assets</b>				
Cash and due from banks	22,411	-	-	22,411
Other receivables	-	4,148	-	4,148
Amounts owed by other CS group companies	-	4,119	-	4,119
<b>Total financial assets at fair value</b>	<b>22,411</b>	<b>8,267</b>	<b>-</b>	<b>30,678</b>
<b>Financial liabilities</b>				
Short term liabilities	-	-	-	-
Other liabilities	-	836	-	836
Amounts owed to other CS group companies	-	182	-	182
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>1,018</b>	<b>-</b>	<b>1,018</b>

**As at 31 December 2016**

£000	Level 1	Level 2	Level 3	Total at fair value
<b>Financial assets</b>				
Cash and due from banks	8,211	-	-	8,211
Other receivables	-	9	-	9
Amounts owed by other CS group companies	-	10,999	-	10,999
<b>Total financial assets at fair value</b>	<b>8,211</b>	<b>11,008</b>	<b>-</b>	<b>19,219</b>
<b>Financial liabilities</b>				
Short term liabilities	-	24,800	-	24,800
Other liabilities	-	1,352	-	1,352
Amounts owed to other CS group companies	-	762	-	762
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>26,914</b>	<b>-</b>	<b>26,914</b>

**20. 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.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**
**b) Credit risk**
**Overview**

Credit risk is the risk that financial obligations due from counterparties are not met. The Company is a Holding Company and 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**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Cash and due from banks	22,411	8,211
Other receivables	4,155	9
Amounts owed by other CS group companies	4,119	10,999
<b>Total financial assets</b>	<b>30,685</b>	<b>19,219</b>

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 – Other receivables.

**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.

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

**As at 31 December 2017**

£000

	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Amounts owed to CS group companies	-	182	-	-	-	182
Other liabilities at amortised cost	-	1,789	1,391	1,109	192	4,481
<b>Total financial liabilities</b>	<b>-</b>	<b>1,972</b>	<b>1,391</b>	<b>1,109</b>	<b>192</b>	<b>4,663</b>

**As at December 2016**

£000

	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Amounts owed to CS group companies	-	762	-	-	-	762
Other liabilities at amortised cost	-	5,425	2,443	2,351	201	10,420
<b>Total financial liabilities</b>	<b>-</b>	<b>6,187</b>	<b>2,443</b>	<b>2,351</b>	<b>201</b>	<b>11,182</b>

**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 CSG 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

As at 31 December 2017, the Company had CHF 0.5m net assets (2016: CHF 0.5m net assets), EUR 6.4m net assets (2016: EUR 0.01m net assets), \$3.8m net assets (2016: \$1.4m 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 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:

**2017**

	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	85	(85)	1,423	(1,423)	703	(703)
<b>Total</b>	<b>85</b>	<b>(85)</b>	<b>1,423</b>	<b>(1,423)</b>	<b>703</b>	<b>(703)</b>

**2016**

	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	91	(91)	2	(2)	(282)	282
<b>Total</b>	<b>91</b>	<b>(91)</b>	<b>2</b>	<b>(2)</b>	<b>(282)</b>	<b>282</b>

***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. The maximum exposure of this balance is £22.4m (2016: £8.2m). 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 £90k/(£90k) (2016: £33k/(£33k)).

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 19.25% (2016: 20%).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### **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.

### **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 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).

### **i) Reputational risk**

The Company complies with the CSG policy 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 CSG, the relevant business proposal is required to be submitted to CSG Reputational Risk Review Process. This involves a vetting of the proposal by senior business management, and its subsequent referral to one of CSG 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

**21. Subsequent events**

Subsequent to the 31 December 2017, five employees transferred from CSAM into the Company.



**CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED**  
One Cabot Square  
London, E14 4QJ  
**[credit-suisse.com](http://credit-suisse.com)**

This communication is for informational purposes only. It is not intended as investment advice, or an offer or solicitation for the purchase or sale of any financial instrument. All market data and other information are not warranted. Please contact the offices listed in this communication for further information.  
© 2017 CREDIT SUISSE GROUP AG and/or its affiliates. All rights reserved.