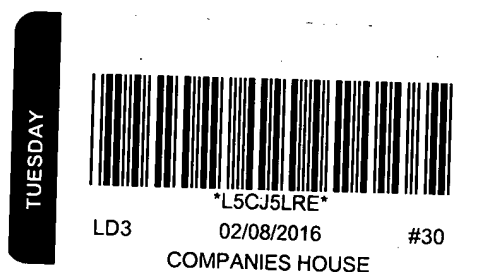


**DLJ UK INVESTMENT HOLDINGS LIMITED**

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



Company Registration Number: 03424583

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**BOARD OF DIRECTORS**

David Long

Lawrence Fletcher

Paul E. Hare

**COMPANY SECRETARY**

Paul E. Hare

## Strategic Report for the year ended 31 December 2015

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

### Profile

DLJ UK Investment Holdings Limited (the "Company") is an investment holding company domiciled in the United Kingdom. The Company is a wholly owned subsidiary of Credit Suisse AG, incorporated in Switzerland.

The ultimate parent of the Company is Credit Suisse Group AG, which is incorporated in Switzerland.

### Principal activities

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

The Company's interests include:

- DLJ UK Properties Limited, whose principal activity comprises the holding of fixed assets and the rental of those fixed assets to related companies;
- Glenstreet Property Management Limited, whose principal activity is property services management;
- Credit Suisse BG Strategy Investments (UK), which is engaged in financing activities; and,
- DLJ International Group Limited, which is the holding company for:
  - DLJ UK Holding, whose principal activity is that of an investment holding company;
  - DLJ Group, whose activities comprise holding of investments and deriving interest on money market deposits;
  - DLJ Investment Partner II Limited, which is indirectly held through DLJ Group; and
  - Credit Suisse Shimada Investments (Gibraltar) which is indirectly held through DLJ UK Holding.

### Business review

There has been no significant change in the Company's principal activities compared to previous years. The Directors are not aware of any significant developments or factors which will have a major impact on the continued success or operation of the business in the future.

### Performance

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

#### Statement of Income

The Company reported a net profit after tax for the year of US\$ ('000) 74,165 (2014: US\$ ('000) 79,133). The variation is mainly on account of impairment of its investment in Glenstreet Property Management Limited amounting to US\$ ('000) 227 and reversal of impairment of its investment in DLJ International Group Limited amounting to US\$ ('000) 34,830 (2014: US\$ ('000) 41,574).

#### Statement of Financial Position

As at 31 December 2015, the Company had total assets of US\$ ('000) 4,381,019 (2014: US\$ ('000) 4,429,729).

As at 31 December 2015, the Company had positive equity of US\$ ('000) 47,660 (2014: negative equity of US\$ ('000) 26,505).

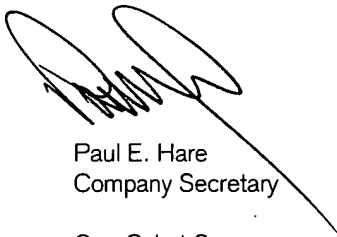
Key performance indicators

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

**Principal risks and uncertainties**

The Company is a holding company and the main risk facing the Company is impairment of investment in subsidiaries. Apart from this, the assets of the Company mainly comprise of loans and receivables facing fellow group companies under common control. Hence, the Company is not exposed to any significant credit risk. The Company's financial risk management policies are outlined in note 14 to the Financial Statements.

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



Paul E. Hare  
Company Secretary

One Cabot Square  
London E14 4QJ  
26 July 2016

## **Directors' Report for the year ended 31 December 2015**

### **International Financial Reporting Standards**

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

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

### **Going concern**

The Financial Statements have been prepared on a going concern basis, notwithstanding the deficiency in the net current assets, as Credit Suisse AG, Zurich has confirmed its intention to provide the necessary financial support to the Company to continue operations and meet its liabilities as and when they fall due.

### **Share capital**

During the year, no additional share capital was issued by the Company (2014: US\$ nil).

### **Dividends**

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

### **Directors**

The names of the Directors as at the date of this report are set out on page 3. There has been no change in the directorate since 31 December 2014 and up to the date of this report.

All Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. None of the Directors who held office at the end of the financial year were beneficially interested, at any time during the year, in the shares of the Company.

### **Statement of Directors' Responsibilities**

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

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

Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors 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;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company with a description of the principal risks and uncertainties faced.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **Disclosure of information to the auditor**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

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

#### **Exemption for group accounts**

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

#### **Subsequent events**

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

There are no other material subsequent events that require disclosure in, or adjustment to, the Financial Statements as at the date of this report.

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



David Long  
Director

One Cabot Square  
London E14 4QJ  
26 July 2016

Company Registration Number: 03424583

## **Independent Auditor's Report to the Members of DLJ UK Investment Holdings Limited**

We have audited the Financial Statements of DLJ UK Investment Holdings Limited for the year ended 31 December 2015 which comprises the Statement of Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU.

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

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 6-7, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the Financial Statements**

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://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 profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Alexander Snook

(Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square  
London  
United Kingdom  
E14 5GL  
26 July 2016



**Statement of Income for the year ended 31 December 2015**

	Note	2015 US\$'000	2014 US\$'000
Interest income		71,571	70,291
Interest expense		(22,500)	(21,074)
<b>Net interest income</b>		<b>49,071</b>	<b>49,217</b>
Administrative expenses	3	(12)	(19)
Impairment of investment in subsidiary	7	(227)	-
Reversal of impairment of investment in subsidiary	7	34,830	41,574
<b>Profit before tax</b>		<b>83,662</b>	<b>90,772</b>
Income tax charge	4	(9,497)	(11,639)
<b>Profit after tax</b>		<b>74,165</b>	<b>79,133</b>

Results for 2015 and 2014 are from continuing operations.

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

The notes on pages 13 to 29 form an integral part of these Financial Statements.

**Statement of Financial Position as at 31 December 2015**

	Note	2015 US\$'000	2014 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	32,338	105,966
Other assets	6	6,772	2,510
<b>Total current assets</b>		<b>39,110</b>	<b>108,476</b>
<b>Non-current assets</b>			
Investment in subsidiaries	7	2,321,495	2,286,892
Loans and receivables	8	2,000,000	2,000,000
Deferred tax asset	4	20,414	34,361
<b>Total non-current assets</b>		<b>4,341,909</b>	<b>4,321,253</b>
<b>Total assets</b>		<b>4,381,019</b>	<b>4,429,729</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term borrowings	9	2,360,877	2,487,047
Other accruals	10	869	1,316
<b>Total current liabilities</b>		<b>2,361,746</b>	<b>2,488,363</b>
<b>Non-current liabilities</b>			
Long term borrowings	9	1,971,613	1,967,871
<b>Total non-current liabilities</b>		<b>1,971,613</b>	<b>1,967,871</b>
<b>Total liabilities</b>		<b>4,333,359</b>	<b>4,456,234</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	11	115,978	115,978
Capital contribution reserve	11	5,426	5,426
Accumulated losses		(73,744)	(147,909)
<b>Total shareholder's equity</b>		<b>47,660</b>	<b>(26,505)</b>
<b>Total liabilities and shareholder's equity</b>		<b>4,381,019</b>	<b>4,429,729</b>

The notes on pages 13 to 29 form an integral part of these Financial Statements.

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



David Long  
Director

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

	Share capital US\$'000	Capital contribution reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
<b>Balance at 1 January 2015</b>	<b>115,978</b>	<b>5,426</b>	<b>(147,909)</b>	<b>(26,505)</b>
Profit for the year	-	-	74,165	74,165
<b>Balance at 31 December 2015</b>	<b>115,978</b>	<b>5,426</b>	<b>(73,744)</b>	<b>47,660</b>

	Share capital US\$'000	Capital contribution reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
<b>Balance at 1 January 2014</b>	<b>115,978</b>	<b>5,426</b>	<b>(227,042)</b>	<b>(105,638)</b>
Profit for the year	-	-	79,133	79,133
<b>Balance at 31 December 2014</b>	<b>115,978</b>	<b>5,426</b>	<b>(147,909)</b>	<b>(26,505)</b>

The notes on pages 13 to 29 form an integral part of these Financial Statements.

## Statement of Cash Flows for the year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
<b>Operating activities</b>			
Profit before tax		83,662	90,772
<b>Adjustments to reconcile net profit to net cash (used in)/ generated from operating activities</b>			
Interest income		(71,571)	(70,291)
Interest expense		22,500	21,074
Reversal of impairment of investment in subsidiary		(34,830)	(41,574)
Impairment of investment in subsidiary		227	-
Foreign exchange (gain)/ loss		(1)	1
<b>Operating loss before working capital changes</b>		<b>(13)</b>	<b>(18)</b>
Net movement in operating assets/ liabilities:			
Short term borrowings		(126,166)	7,456
Other accruals		-	17
Interest received		71,759	70,290
Interest paid		(22,947)	(21,099)
Group relief paid		-	(23,062)
<b>Net cash flow (used in)/ generated from operating activities</b>		<b>(77,367)</b>	<b>33,584</b>
<b>Financing activities</b>			
Increase in long term borrowings		3,742	3,121
<b>Net cash generated from financing activities</b>		<b>3,742</b>	<b>3,121</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(73,625)</b>	<b>36,705</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>105,966</b>	<b>69,267</b>
Effects of movements in exchange rates on cash held		(3)	(6)
<b>Cash and cash equivalents at end of the year</b>	<b>5</b>	<b>32,338</b>	<b>105,966</b>

The notes on pages 13 to 29 form an integral part of these Financial Statements.

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

### 1. General

DLJ UK Investment Holdings Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The Company's registered office is at One Cabot Square, London, E14 4QJ. The Company's activities comprise the holding of investments in Credit Suisse group companies.

### 2. Significant accounting policies

#### a) Statement of compliance

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

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

Credit Suisse AG, Zurich has confirmed its intention to provide the necessary financial support to the Company to continue operations and meet its liabilities as and when they fall due. As such, notwithstanding the deficiency in the net current assets, the financial statements have been prepared on a going concern basis.

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

#### b) Basis of preparation

The Financial Statements are presented in United States Dollars (US\$) which is the Company's functional currency and have been rounded to the nearest thousand. Unless otherwise stated, they are prepared on historical cost basis.

The preparation of Financial Statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these Financial Statements are set out in note 2(h) Critical accounting estimates and judgements in applying accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision has a significant effect on both current and future periods. Management believes that the estimates and assumptions used in the preparation of the Financial Statements are reasonable and consistently applied.

### Standards and interpretations effective in the current year

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 a material impact on the Company's financial position, results of operation or cash flows.
- Annual Improvements to IFRSs 2010-2012 Cycle: In December 2013, the IASB issued 'Annual Improvements to IFRSs Cycle 2010-2012' (Improvements to IFRSs 2010-2012). The adoption of the Improvements to IFRSs 2010-2012 on 1 January 2015 did not have a material impact on the Company's financial position, results of operation or cash flows.

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

### Standards and interpretations endorsed by the EU but not yet effective

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

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

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

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

- IFRS 9 Financial Instruments: In November 2009 the IASB issued IFRS 9 'Financial Instruments' (IFRS 9) covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities. In July 2014, the IASB issued IFRS 9 as a complete standard. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company is currently evaluating the impact of adopting IFRS 9.
- Amendments to IAS 12: Income Taxes: In January 2016, the IASB issued 'Recognition of Deferred Tax Assets for Unrealised Losses' (Amendments to IAS 12). The Amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2017, with retrospective application required. The Company is currently evaluating the impact of adopting the Amendments to IAS 12.
- Disclosure Initiative (Amendments to IAS 7): In January 2016, the IASB issued amendments to IAS 7 as part of their Disclosure Initiative. The Amendments require enhanced disclosures regarding changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The Amendments are effective for annual periods beginning on or after 1 January 2017. The Company is currently evaluating the impact of adopting the Amendments to IAS 7.

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

### c) Foreign currency

The functional currency of the Company is United States Dollar (US\$). Transactions denominated in currencies other than the functional currency of the Company are recorded by remeasuring to the functional currency of the Company at the exchange rate on the date of the transaction. At the reporting date, monetary assets and liabilities such as receivables and payables are reported using the spot exchange rates applicable at that date. Non-monetary assets and liabilities denominated in foreign currencies at reporting date are not revalued for movements in foreign exchange rates. Foreign exchange differences arising from re-measurement are recognised in the Statement of Income.

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

### d) Interest income and expense

Interest income and expense are recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

The interest income mainly relates to the interest earned on the deposit with Credit Suisse AG, London Branch and on the loan given to Credit Suisse Investments (UK). Interest expense mainly relates to interest incurred on the borrowings from Credit Suisse AG, London Branch and Credit Suisse International.

### e) Income tax and deferred tax

Income tax recognised in the Statement of Income for the year comprises current and deferred tax. Income tax is recognised in the Statement of Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in Statement of Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of the previous year. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

For UK corporation tax purposes the Company may surrender or claim certain losses from another UK group Company. The surrendering Company will be compensated in full for the tax losses surrendered to the claimant Company.

Deferred tax is provided using the balance sheet method, accounting for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the Statement of Financial Position, using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the Statement of Financial Position date.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax assets and liabilities of the same type (current or deferred) are offset when they arise from the same tax reporting group, they relate to the same tax authority, the legal rights to offset exists, and they are intended to be settled net or realised simultaneously. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay related dividend arises.

Information as to the calculation of income tax on the profit and loss for the periods presented is included in note 4 – Income tax charge.

### f) Investment in subsidiaries

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

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

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

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

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

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

Investment in subsidiaries is carried at cost and is reviewed for impairment on each reporting date to determine whether there is any indication that the carrying amount may not be recoverable. If such an indication exists, the carrying amount of the investment is written down to its recoverable amount (i.e. the higher of the fair value less costs to sell and the value in use). Any charges relating to the impairment of investment in subsidiary is recognised in the Statement of Income in the period in which the impairment occurs. When an investment is disposed of, the profit or loss resulting from the disposal is recognised in the Statement of Income.

At each reporting date, the Company assesses whether there is an indication that a previously recognized impairment loss has reversed. If such an indication exists, the entity estimates the recoverable amount of the asset. Reversal, if any on such assessment, of an impairment loss is recognized in the Statement of Income to the extent of the impairment loss booked earlier on the same asset.

### g) Financial instruments

#### • Recognition and derecognition

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

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

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

#### • Financial assets

##### Loans and receivables

Loans and receivables comprise loans, short-term deposits and interest accrued thereon, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to the initial recognition, they are measured at amortised cost using the effective interest method.



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

### Cash and cash equivalents

For the purpose of preparation and presentation of the statement of cash flows, cash and cash equivalents are defined as short term, highly liquid instruments with original maturities of three months or less, which are subject to an insignificant risk of changes in their fair value and that are held for cash management purposes.

- **Financial liability**

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

### h) Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Impairment of investment in subsidiaries

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

### Tax contingencies

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

### Income taxes - deferred tax valuation

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

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

### Fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

The fair value of the financial instruments is based on quoted prices in active markets or observable inputs. For all financial instruments which are carried at amortised cost, the determination of fair value requires subjective assessment and judgement depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own judgements about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

### 3. Administrative expenses

	2015 US\$'000	2014 US\$'000
Auditor's remuneration in relation to statutory audit of these financial statements	(12)	(12)
Other expenses	-	(7)
<b>Total</b>	<b>(12)</b>	<b>(19)</b>

### 4. Income tax charge

#### a. Components of tax charge

	2015 US\$'000	2014 US\$'000
<b>Current tax</b>		
Adjustments in respect of previous periods	4,450	-
<b>Current tax benefit</b>	<b>4,450</b>	<b>-</b>
<b>Deferred tax</b>		
Tax impact of utilisation of tax losses	(11,823)	(12,508)
Effect of change in tax rate	(2,124)	869
<b>Deferred tax charge</b>	<b>(13,947)</b>	<b>(11,639)</b>
<b>Total income tax charge</b>	<b>(9,497)</b>	<b>(11,639)</b>

#### b. An explanation of the relationship between tax credit and the accounting profit/ (loss)

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

	2015 US\$'000	2014 US\$'000
<b>Profit before tax</b>	<b>83,662</b>	<b>90,772</b>
Profit before tax multiplied by the UK statutory rate of corporation tax of 20.25% (2014: 21.49%)	(16,939)	(19,510)
Non-taxable of reversal of impairment in subsidiary	7,006	8,936
Other permanent differences	(1,890)	(1,934)
Adjustments to current tax in respect of previous periods	4,450	-
Effects of change in tax rate	(2,124)	869
<b>Total income tax charge</b>	<b>(9,497)</b>	<b>(11,639)</b>

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

### c. Deferred tax

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

	2015 US\$'000	2014 US\$'000
<b>Deferred tax assets</b>		
The movement for the year on the deferred tax position was as follows:		
As at 1 January	34,361	46,000
Debit to statement of income for the year	(11,823)	(12,508)
Effect of change in tax rate	(2,124)	869
<b>As at 31 December</b>	<b>20,414</b>	<b>34,361</b>

Deferred tax assets are attributable to the following items:

	2015 US\$'000	2014 US\$'000
Tax losses	20,414	34,361
<b>Total</b>	<b>20,414</b>	<b>34,361</b>

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. Tax losses carried forward on which no deferred tax assets have been recognised is US\$ 403,607,735 (2014: US\$ 429,891,825). The deferred tax asset not recognised on these losses carried forward is US\$ 72,649,392 (2014: US\$ 85,978,365). The losses carried forward have no expiry date.

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

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.

### 5. Cash and cash equivalents

	2015 US\$'000	2014 US\$'000
Cash at bank	18,338	64
Short-term money market deposit	14,000	105,902
<b>Total</b>	<b>32,338</b>	<b>105,966</b>

Cash and cash equivalents relate to nostro accounts held with Credit Suisse AG, Zurich and short-term money market deposit held with Credit Suisse AG, London Branch. The effective interest rate on money market deposits as at 31 December 2015 was 0% (2014: 0.01%) with maturity of 3 months or less (2014: 3 months or less).

### 6. Other assets

	2015 US\$'000	2014 US\$'000
Interest accrued on loans and deposits	2,322	2,510
Group relief receivable	4,450	-
<b>Total</b>	<b>6,772</b>	<b>2,510</b>

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

### 7. Investment in subsidiaries

	2015 US\$'000	2014 US\$'000
As at 1 January	2,286,892	2,245,319
Impairment of investment in Glenstreet Property Management Limited	(227)	-
Reversal of impairment of investment in DLJ International Group Limited	34,830	41,574
Write off of investment in Credit Suisse BG Strategy Investments (UK)	-	(1)
<b>As at 31 December</b>	<b>2,321,495</b>	<b>2,286,892</b>

The Company holds 100% equity of DLJ International Group Limited. Investment in subsidiaries is carried at cost less impairment. The recoverable amount of the investment is estimated based on its fair value less costs of disposal. The investment was impaired to the extent of US\$ ('000) 76,404 in the year 2013. Due to improvement in its business prospects and reduction in accumulated losses, the impairment on the investment in DLJ International Group Limited was reversed during the year amounting to US\$ ('000) 34,830 (2014: US\$ 41,574). The Company holds 100% equity shares of Glenstreet Property Management Limited. The investment was impaired to the extent of US\$ ('000) 227 during the year (2014: US\$ nil).

The level of the fair value hierarchy applied to the investment is level 3. The Directors consider net asset value to be an appropriate basis in determining the fair value of the investment for impairment purposes as the investment doesn't trade in the active market and the inputs for the assets and liabilities that the investment holds are not based on observable market data. The assumptions that are used are those that the market participants would consider when determining the fair value of the investment.

Details of the investment are as follows:

2015 % of equity	2014 % of equity	Company name	Domicile	2015 US\$'000	2014 US\$'000
100	100	DLJ International Group Limited	UK	2,318,948	2,284,118
100	100	Credit Suisse BG Strategy Investments (UK)	UK	-	-
100	100	DLJ UK Properties Limited	UK	-	-
100	100	Glenstreet Property Management Limited	UK	2,547	2,774
100	100	DLJ UK Holding	UK	Indirect	Indirect
98.35	98.35	DLJ Group	UK	Indirect	Indirect
98.35	98.35	DLJ Investment Partner II Limited	UK	Indirect	Indirect
90.10	90.10	Credit Suisse Shimada Investments (Gibraltar)	Gibraltar	Indirect	Indirect

\* The small investment in Credit Suisse BG Strategy Investments (UK) has been rounded off to US\$ nil while the investment in DLJ UK Properties Limited has been fully impaired.

### 8. Loans and receivables

	2015 US\$'000	2014 US\$'000
<b>Non-current</b>		
Money market loan	2,000,000	2,000,000
<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>

The loan represents amount lent to Credit Suisse Investments (UK) due to mature on 19 September 2022. The interest rate, which is linked to USD LIBOR rate, is reset every 3 months and a spread above USD LIBOR is applied. The effective interest rate on the money market loan as at 31 December 2015 was 3.80% (2014: 3.47%) with an average interest reset period of 90 days (2014: 90 days).

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

### 9. Borrowings

	2015 US\$'000	2014 US\$'000
<b>Current</b>		
Short term borrowings	2,360,877	2,487,047
<b>Total</b>	<b>2,360,877</b>	<b>2,487,047</b>
<b>Non-current</b>		
Long term borrowings	1,971,613	1,967,871
<b>Total</b>	<b>1,971,613</b>	<b>1,967,871</b>

The short term borrowings relate to amounts payable to Credit Suisse AG, London Branch. The effective interest rate on these borrowings as at 31 December 2015 was 0.74% (2014: 0.72%) with an average interest reset period of 90 days (2014: 90 days).

The long-term borrowings relate to amounts payable to Credit Suisse International. The effective interest rate and contractual repricing period for the US\$ loans are as follows:

	Balances (US\$'000)	Effective interest rates	Contractual repricing period (if applicable)	Maturity date
<b>2015</b>				
US\$ loans	1,971,613	0.42%	Every month	27 February 2018
<b>2014</b>				
US\$ loans	1,967,871	0.17%	Every month	29 February 2016

The interest rate for the long term borrowings, which is linked to LIBOR rate, is reset as mentioned above.

### 10. Other accruals

	2015 US\$'000	2014 US\$'000
Audit fees payable	26	13
Accrued interest on borrowings	842	1,289
Inter-company payables	1	14
<b>Total</b>	<b>869</b>	<b>1,316</b>

### 11. Share capital and capital contribution reserve

	2015 US\$'000	2014 US\$'000
<b>Authorised:</b>		
<b>Equity</b>		
500,000,000 Ordinary Shares of US\$1 each	500,000	500,000
<b>Allotted, called up and fully paid:</b>		
115,978,421 Ordinary Shares of US\$1 each	115,978	115,978

The holders of ordinary shares have voting rights and the right to receive dividends. During the year, no additional share capital was issued (2014: US\$ nil). No dividends were paid or are proposed for the year ended 31 December 2015 (2014: US\$ nil).

### Capital management

The Board's policy is to maintain an adequate capital base so as to enable smooth operation of the Company's activities.

The capital structure of the Company consists of equity attributable to equity holders of the Company comprising issued capital, capital contribution reserve and accumulated losses.

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

The Company funds its operations and growth through equity. This includes assessing the need to raise additional equity where required.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

### Capital contribution reserve

Capital contribution reserve represents contributions made by the parent company to the Company's reserves. This reserve is distributable by way of dividends.

### 12. Related party transactions

The Company is wholly owned by Credit Suisse AG, incorporated in Switzerland. The ultimate parent of the Company is Credit Suisse Group AG, which is incorporated in Switzerland.

Copies of group financial statements of Credit Suisse AG and Credit Suisse Group AG, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from Credit Suisse Group AG, Paradeplatz 8, 8070 Zurich, Switzerland.

The Company is involved in financing and other transactions, and has significant related party balances, with subsidiaries and affiliates of Credit Suisse Group AG. The Company generally enters into these transactions in the ordinary course of business and these transactions are on market terms that could be obtained from unrelated parties.

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

a) Related party assets and liabilities

	2015 (US\$'000)				2014 (US\$'000)			
	Parent	Fellow Group companies	Subsidiaries	Total	Parent	Fellow Group companies	Subsidiaries	Total
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents	32,338	-	-	32,338	105,966	-	-	105,966
Other assets	-	2,322	-	2,322	-	2,510	-	2,510
<b>Total current assets</b>	<b>32,338</b>	<b>2,322</b>	<b>-</b>	<b>34,660</b>	<b>105,966</b>	<b>2,510</b>	<b>-</b>	<b>108,476</b>
<b>Non-current assets</b>								
Investment in subsidiaries	-	-	2,321,495	2,321,495	-	-	2,286,892	2,286,892
Loans and receivables	-	2,000,000	-	2,000,000	-	2,000,000	-	2,000,000
<b>Total non-current assets</b>	<b>-</b>	<b>2,000,000</b>	<b>2,321,495</b>	<b>4,321,495</b>	<b>-</b>	<b>2,000,000</b>	<b>2,286,892</b>	<b>4,286,892</b>
<b>Total related party assets</b>	<b>32,338</b>	<b>2,002,322</b>	<b>2,321,495</b>	<b>4,356,155</b>	<b>105,966</b>	<b>2,002,510</b>	<b>2,286,892</b>	<b>4,395,368</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Short-term borrowings	2,360,877	-	-	2,360,877	2,482,600	4,447	-	2,487,047
Other accruals	773	69	1	843	1,261	42	-	1,303
<b>Total current liabilities</b>	<b>2,361,650</b>	<b>69</b>	<b>1</b>	<b>2,361,720</b>	<b>2,483,861</b>	<b>4,489</b>	<b>-</b>	<b>2,488,350</b>
<b>Non-current liabilities</b>								
Long-term borrowings	-	1,971,613	-	1,971,613	-	1,967,871	-	1,967,871
<b>Total non-current liabilities</b>	<b>-</b>	<b>1,971,613</b>	<b>-</b>	<b>1,971,613</b>	<b>-</b>	<b>1,967,871</b>	<b>-</b>	<b>1,967,871</b>
<b>Total related party liabilities</b>	<b>2,361,650</b>	<b>1,971,682</b>	<b>1</b>	<b>4,333,333</b>	<b>2,483,861</b>	<b>1,972,360</b>	<b>-</b>	<b>4,456,221</b>

For UK corporation tax purposes the Company may surrender or claim certain losses from another UK group company. The group relief receivable for year ended 31 December 2015 is US\$ ('000) 4,450 (2014: US\$ nil).

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

b) Related party income and expenses

	2015 (US\$'000)					2014 (US\$'000)			
	Parent	Fellow Group companies	Subsidiaries	Total	Parent	Fellow Group companies	Subsidiaries	Total	
Interest income	63	71,508	-	71,571	9	70,282	-	70,291	
Reversal of impairment of investment in subsidiary	-	-	34,830	34,830	-	-	41,574	41,574	
<b>Total related party income</b>	<b>63</b>	<b>71,508</b>	<b>34,830</b>	<b>106,401</b>	<b>9</b>	<b>70,282</b>	<b>41,574</b>	<b>111,865</b>	
Interest expense	(18,714)	(3,786)	-	(22,500)	(17,971)	(3,103)	-	(21,074)	
Impairment of investment in subsidiary	-	-	(227)	(227)	-	-	-	-	
<b>Total related party expenses</b>	<b>(18,714)</b>	<b>(3,786)</b>	<b>(227)</b>	<b>(22,727)</b>	<b>(17,971)</b>	<b>(3,103)</b>	<b>-</b>	<b>(21,074)</b>	

c) Remuneration of Directors and Key Management Personnel

The Directors and Key Management Personnel did not receive any remuneration in respect of their services as Directors of the Company (2014: US\$ nil). The Directors and Key Management Personnel are employees of its related companies and the Company does not reimburse its related companies for the services rendered by these Directors and Key Management Personnel.

All Directors benefited from qualifying third party indemnity provisions.

d) Loans and advances to Directors and Key Management Personnel

There were no loans or advances made to Directors or Key Management Personnel during the year (2014: US\$ nil).

e) Liabilities due to pension funds

The Company has no employees and therefore does not have any liabilities with regard to pension funds.



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

### 13. Fair values of financial assets and liabilities

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

- Analysis of financial instruments by categories;
- Fair value measurement (including fair value hierarchy; transfers between levels; qualitative and quantitative disclosures of valuation techniques;
- Fair value of financial instruments not carried at fair value.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

The table below analyses financial instruments by valuation method. The different levels in the fair value hierarchy in which fair value measurements are categorised for financial assets and liabilities have been defined as follows:

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

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

There have been no transfers between level 2 and level 1 in the year (2014: No Transfers).

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

2015 (US\$'000)	Carrying amount		Level 1	Level 2	Fair value		Total
	Loans and receivables	Other amortised cost			Level 3		
<b>Financial assets</b>							
Cash and cash equivalents	-	32,338	32,338	-	-		<b>32,338</b>
Other assets	2,322	-	-	2,322	-		<b>2,322</b>
Loans and receivables	2,000,000	-	-	2,027,909	-		<b>2,027,909</b>
<b>Total</b>	<b>2,002,322</b>	<b>32,338</b>	<b>32,338</b>	<b>2,030,231</b>	-		<b>2,062,569</b>
<b>Financial liabilities</b>							
Short term borrowings	-	2,360,877	-	2,360,877	-		<b>2,360,877</b>
Other accruals	-	869	-	869	-		<b>869</b>
Long term borrowings	-	1,971,613	-	1,964,917	-		<b>1,964,917</b>
<b>Total</b>	-	<b>4,333,359</b>	-	<b>4,326,663</b>	-		<b>4,326,663</b>
<b>2014 (US\$'000)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	-	105,966	105,966	-	-		<b>105,966</b>
Other assets	2,510	-	-	2,510	-		<b>2,510</b>
Loans and receivables	2,000,000	-	-	2,140,063	-		<b>2,140,063</b>
<b>Total</b>	<b>2,002,510</b>	<b>105,966</b>	<b>105,966</b>	<b>2,142,573</b>	-		<b>2,248,539</b>
<b>Financial liabilities</b>							
Short term borrowings	-	2,487,047	-	2,487,047	-		<b>2,487,047</b>
Other accruals	-	1,316	-	1,316	-		<b>1,316</b>
Long term borrowings	-	1,967,871	-	1,969,111	-		<b>1,969,111</b>
<b>Total</b>	-	<b>4,456,234</b>	-	<b>4,457,474</b>	-		<b>4,457,474</b>

### 14. Financial risk management

The Company's activities expose it to a variety of financial risks.

- Market risk (including foreign exchange risk and interest rate risk)
- Credit risk
- Liquidity risk
- Operational risk

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

#### a) Market risk

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

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

### (i) Interest rate risk

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

The Company holds no other significant interest-bearing assets and liabilities and the remaining Company expenses and operating cash flows are substantially independent of changes in interest rates.

The sensitivity analysis is prepared based on financial instruments that are recognised at the reporting dates. The sensitivity assumes changes in certain market conditions. These assumptions may differ materially from the actual events due to the inherent uncertainties in global financial markets. In practice, market risks rarely change in isolation and are likely to be interdependent. There is no change in the methods and assumptions used for both the reporting period and the comparative period.

Sensitivity analysis for changes in interest rate, which is given below, assume an instantaneous increase or decrease by 25% as at the reporting date, with all other variables remaining constant:

<b>2015 (US\$'000)</b>	<b>+25%</b>	<b>-25%</b>
Change in equity and income/(loss) with interest rate fluctuation in money market deposits and loans	18,998	(18,998)
Change in equity and (loss)/income with interest rate fluctuation in borrowings	(8,065)	8,065
<b>Total</b>	<b>10,933</b>	<b>(10,933)</b>
 <b>2014 (US\$'000)</b>	 <b>+25%</b>	 <b>-25%</b>
Change in equity and income/(loss) with interest rate fluctuation in money market deposits and loans	17,379	(17,379)
Change in equity and (loss)/income with interest rate fluctuation in borrowings	(5,311)	5,311
<b>Total</b>	<b>12,068</b>	<b>(12,068)</b>

### (ii) Foreign exchange risk

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

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

The Company had the following assets and liabilities denominated in currencies other than USD:

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

2015	GBP'000	JPY'000	EUR'000
<b>Monetary assets</b>			
Cash and cash equivalents	20	2,370	11
<b>Total monetary assets</b>	<b>20</b>	<b>2,370</b>	<b>11</b>
<b>Monetary liabilities</b>			
Short term borrowings	51	-	-
Other accruals	9	-	-
<b>Total monetary liabilities</b>	<b>60</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(40)</b>	<b>2,370</b>	<b>11</b>

2014	GBP' 000	JPY' 000	EUR' 000
<b>Monetary assets</b>			
Cash and cash equivalents	20	2,370	11
<b>Total monetary assets</b>	<b>20</b>	<b>2,370</b>	<b>11</b>
<b>Monetary liabilities</b>			
Short term borrowings	50	-	-
Other accruals	9	-	-
<b>Total monetary liabilities</b>	<b>59</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(39)</b>	<b>2,370</b>	<b>11</b>

Since the Company has a limited exposure to foreign exchange risk, sensitivity analysis has not been performed by the Company.

**b) Credit risk**

Credit risk is the possibility of a loss being incurred by us as the result of a borrower or counterparty failing to meet its obligations or as a result of deterioration in the credit quality of the borrower or counterparty. The Company is exposed to credit risk from other Credit Suisse group companies. Transactions are limited to fellow group companies and high-credit-quality financial institutions. The carrying value of amounts due from related companies represents the maximum credit exposure of the Company to counterparties. The Company has policies that limit the amount of credit exposure to any financial institution.

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

Counterparty Exposure by Rating:	Banks	
	2015 US\$'000	2014 US\$'000
A+ to A-	2,034,660	2,108,476
<b>Total</b>	<b>2,034,660</b>	<b>2,108,476</b>

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

**c) Liquidity risk**

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

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

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

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

2015 (US\$'000)	Carrying amount	Gross nominal outflow	On demand	Due within 3 months	Due between 3 to 12 months	Due between 1 and 5 years
Short term borrowings	2,360,877	2,366,429	-	2,366,429	-	-
Other accruals	869	869	26	843	-	-
Long term borrowings	1,971,613	1,989,023	-	2,009	6,026	1,980,988
<b>Total</b>	<b>4,333,359</b>	<b>4,356,321</b>	<b>26</b>	<b>2,369,281</b>	<b>6,026</b>	<b>1,980,988</b>
<b>2014 (US\$'000)</b>						
Short term borrowings	2,487,047	2,490,285	-	2,490,285	-	-
Other accruals	1,316	1,316	27	1,289	-	-
Long term borrowings	1,967,871	1,971,798	-	786	2,548	1,968,464
<b>Total</b>	<b>4,456,234</b>	<b>4,463,399</b>	<b>27</b>	<b>2,492,360</b>	<b>2,548</b>	<b>1,968,464</b>

Interest amount till the fixed maturity date is calculated by considering the LIBOR rate as per existing interest reset arrangement.

### d) Operational Risk

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

### 15. Employees

The Company had no employees during the year (2014: nil). The Company receives a range of administrative services from related companies within the Credit Suisse group. Credit Suisse group companies have borne the cost of these services.

### 16. Subsequent events

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

There are no other material subsequent events that require disclosure in, or adjustment to, the Financial Statements as at the date of this report.