

**DLJ UK PROPERTIES LIMITED**

Annual Report  
For the year ended 31 December 2016



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**Board of Directors**

Stuart Beety

Director

Paul E. Hare

Director

**Company Secretary**

Paul E. Hare

Secretary

## Strategic Report for the year ended 31 December 2016

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2016.

### Business profile

DLJ UK Properties Limited ("the Company") is incorporated in the United Kingdom. The Company is a wholly owned subsidiary of DLJ UK Investment Holdings Limited.

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

### Principal activities

The Company's principal activity comprises holding and renting fixed assets to related companies.

### Business review

The Company leases assets to Credit Suisse International ("CSI"). There has been no change in the Company's principal activities as 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

For the year ended 31 December 2016, the Company reported a loss for the year of US\$('000) 207 (2015: US\$('000) 725). The losses are mainly driven by interest expense and depreciation charge.

#### Statement of Financial Position

As at 31 December 2016, the Company had total assets of US\$('000) 10,310 (2015: US\$('000) 13,050), which primarily comprise of deferred tax asset and other assets.

As at 31 December 2016, the Company had total negative equity of US\$('000) 7,392 (2015: US\$('000) 7,185).

#### 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

Refer to Note 19 on the market risk, credit risk, liquidity risk and operational risk of the Company. The assets of the Company are mainly deferred tax assets, cash and short term money market deposits with related companies. The principal risk of the Company relates mainly to the utilisation of its deferred tax assets.

Approved by the Board of Directors on 5 September 2017 and signed on its behalf by



Paul E. Hare  
Company Secretary

One Cabot Square  
London E14 4QJ  
5 September 2017

## **Directors' Report for the year ended 31 December 2016**

### **International Financial Reporting Standards**

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

The Financial Statements were approved and authorised for issue by the Directors on 5 September 2017.

### **Going concern basis**

The Financial Statements have been prepared on a going concern basis, notwithstanding the deficiency in the net 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**

There were no movements in share capital during the year (2015: US\$ Nil).

### **Dividends**

No dividends were paid or are proposed for the year ended 31 December 2016 (2015: 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 2015 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 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 Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with IFRSs 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 IFRSs as adopted by the EU; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Disclosure of information to auditor**

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

**Subsequent events**

In August 2017, the Company sold its generator to Credit Suisse International for US\$('000) 545 and the existing Operating Lease has been terminated.

In addition to this, the Company acquired two Cooling plant assets for purchase value of US\$('000) 1,251 and the same has been leased back to Credit Suisse International under an operating lease.

Approved by the Board of Directors on 5 September 2017 and signed on its behalf by:



Stuart Beety  
Director

One Cabot Square  
London E14 4QJ  
5 September 2017

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

We have audited the Financial Statements of DLJ UK Properties Limited for the year ended 31 December 2016 set out on pages 10 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 6 - 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 website 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Based solely on the work required to be undertaken in the course of the audit of the Financial Statements and from reading the Strategic report and the Directors' report:

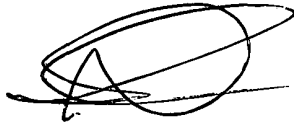
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.



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

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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.



Alexander Snook  
(Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory auditor  
Chartered Accountants  
15 Canada Square, London  
E14 5GL  
5 September 2017

**Statement of Income for the year ended 31 December 2016**

	Note	2016 US\$'000	2015 US\$'000
Revenue		52	51
Interest income		1	-
Interest expense		(103)	(46)
Other income	4	86	2
<b>Operating and other income</b>		<b>36</b>	<b>7</b>
Operating expenses	5	(49)	(55)
<b>Loss before tax</b>		<b>(13)</b>	<b>(48)</b>
Income tax charge	6	(194)	(677)
<b>Loss attributable to shareholders of the Company</b>		<b>(207)</b>	<b>(725)</b>

All losses for 2016 and 2015 are from continuing operations.

There is no other comprehensive income in the current and previous year. Accordingly, Statement of Other Comprehensive income has not been prepared.

The notes on pages 14 to 30 form an integral part of these Financial Statements.

**Statement of Financial Position as at 31 December 2016**

	Note	2016 US\$'000	2015 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Other assets	7	3,616	4,507
Cash and cash equivalents	8	134	141
<b>Total current assets</b>		<b>3,750</b>	<b>4,648</b>
<b>Non-current assets</b>			
Property and equipment	9	404	445
Deferred tax asset	10	6,156	7,957
<b>Total non-current assets</b>		<b>6,560</b>	<b>8,402</b>
<b>Total assets</b>		<b>10,310</b>	<b>13,050</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term borrowings	11	17,208	19,634
Other liabilities	12	7	114
<b>Total current liabilities</b>		<b>17,215</b>	<b>19,748</b>
<b>Non-current liabilities</b>			
Long term borrowings	11	487	487
<b>Total non-current liabilities</b>		<b>487</b>	<b>487</b>
<b>Total liabilities</b>		<b>17,702</b>	<b>20,235</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	13	80,000	80,000
Capital contribution reserve	14	8,800	8,800
Accumulated losses		(96,192)	(95,985)
<b>Total shareholder's equity</b>		<b>(7,392)</b>	<b>(7,185)</b>
<b>Total liabilities and shareholder's equity</b>		<b>10,310</b>	<b>13,050</b>

The notes on pages 14 to 30 form an integral part of these Financial Statements.

Approved by the Board of Directors on 5 September 2017 and signed on its behalf by



Stuart Beety  
Director

**Statement of Changes in Equity for the year ended 31 December 2016**

	<b>Share Capital</b>	<b>Capital contribution reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Balance at 1 January 2016	80,000	8,800	(95,985)	(7,185)
Loss for the year	-	-	(207)	(207)
<b>Balance at 31 December 2016</b>	<b>80,000</b>	<b>8,800</b>	<b>(96,192)</b>	<b>(7,392)</b>
Balance at 1 January 2015	80,000	8,800	(95,260)	(6,460)
Loss for the year	-	-	(725)	(725)
<b>Balance at 31 December 2015</b>	<b>80,000</b>	<b>8,800</b>	<b>(95,985)</b>	<b>(7,185)</b>

The notes on pages 14 to 30 form an integral part of these Financial Statements.

**Statement of Cash Flows for the year ended 31 December 2016**

	Note	2016 US\$'000	2015 US\$'000
<b>Cash flow from operating activities</b>			
Loss before tax		(13)	(48)
<b>Adjustments to reconcile net income to net cash generated from operating activities:</b>			
<b>Non-cash items included in loss before tax and other adjustments</b>			
Depreciation and amortisation		41	41
Interest expense		103	46
<b>Operating profit before working capital changes</b>		<b>131</b>	<b>39</b>
<b>Net movement in operating assets/liabilities:</b>			
Other assets		-	(26)
Short term borrowings		(2,426)	24
Other liabilities		(107)	(484)
Interest paid		(103)	(46)
<b>Cash used in operating activities:</b>			
Group relief received		2,498	-
<b>Net cash used in operating activities</b>		<b>(7)</b>	<b>(493)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7)</b>	<b>(493)</b>
Cash and cash equivalents at the beginning of the year		141	634
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>134</b>	<b>141</b>

The notes on pages 14 to 30 form an integral part of these Financial Statements.

## Notes to the Financial Statements for the year ended 31 December 2016

### 1. General

DLJ UK Properties Limited ("the Company") is incorporated in the United Kingdom. The Company's principal activity is to hold and lease fixed assets to related companies. The Company has leased assets to CSi.

### 2. Going concern basis

The Financial Statements have been prepared on a going concern basis, notwithstanding the deficiency in the net 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.

### 3. Significant accounting policies

#### a) Statement of compliance

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

The Financial Statements were authorised for issue by the Directors on 5 September 2017.

#### b) Basis of preparation

The Financial Statements are presented in United States Dollars (US\$), which is the functional currency of the Company, rounded to the nearest thousands, unless otherwise stated. They are prepared on historical cost basis.

The preparation of Financial Statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 3(o) - Critical accounting estimates and judgements in applying accounting policies.

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

### Standards and interpretations effective in the current period

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

- Annual Improvements to IFRSs 2012-2014 Cycle: In September 2014, the IASB issued 'Annual Improvements to IFRSs 2012-2014 cycle' (Improvements to IFRSs 2012-2014). The adoption of the Improvements to IFRSs 2012-2014 on 1 January 2016, did not have an impact to the Company's financial position, results of operation or cash flows.

## Notes to the Financial Statements for the year ended 31 December 2016

- Disclosure Initiative (Amendments to IAS 1): In December 2014, the IASB issued Amendments to IAS 1 as part of their Disclosure Initiative. The Amendments clarify guidance regarding materiality, notes to the Financial Statements and the presentation of the Statement of Financial Position and Statement of Profit or Loss. The Amendments allow entities to use more judgement when preparing and presenting Financial Statements. As the Amendments to IAS 1 impact disclosures only, the adoption on 1 January 2016 did not have an impact to the Company's financial position, results of operation or cash flows.

### Standards and interpretations endorsed by the EU and 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.

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

At a group level a cross-functional implementation team and governance structure for the project has been established. The Company has decided on an expected credit loss ("ECL") methodology, it is currently in the process of building the ECL models. Once completed this will be followed by a test phase and subsequently a parallel-run. The Company expects that the new ECL methodology would generally result in increased and more volatile allowance for loan losses. The main impact drivers include:

- the requirement to measure lifetime expected credit losses, if there is a significant increase in credit risk since initial recognition on a financial instrument;
- the point of time in the economic cycle at the adoption date because of the new requirement to incorporate reasonable and supportable forward looking information and macroeconomic factors; and
- the credit quality of the financial instruments in scope at the adoption date.

Under IFRS 9, financial assets will be classified on the basis of two criteria 1) the business model of how the financial assets are managed and 2) the contractual cash flow characteristics of the financial asset. These factors will determine whether the financial assets are measured at Amortized Cost, Fair value through Other Comprehensive Income or Fair value through Profit & Loss. The accounting for financial liabilities remains largely unchanged except for those financial liabilities which are fair value option elected, where the gains and losses arising from changes in credit risk will be presented in Other Comprehensive Income rather than profit or loss. The Company has not yet identified any material changes to the classification and measurement of financial instruments however this review remains ongoing.

## **Notes to the Financial Statements for the year ended 31 December 2016**

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However certain sections of IFRS 9 relating to fair value option elected financial liabilities can be early adopted in isolation. Upon adoption the Company expects an adjustment to be posted to retained earnings for any changes in loan losses. As the implementation progresses, the Company will continue evaluating the extent of the impact of adopting IFRS 9 however, it is not practical to disclose reliable financial impact estimates until the implementation programme is further advanced.

### **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 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 CSi group 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 CSi group has established a cross-functional implementation team and governance structure for the project. The CSi group is currently reviewing its existing contracts to determine the impact of the adoption of IFRS 16. The CSi group expects an increase in total assets and total liabilities as a result of recognising 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 CSi group's results of operations and cash flows.
- **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 will not have a material impact to the Company's financial position, results of operation or cash flows.
- **Disclosure Initiative (Amendments to IAS 7):** In January 2016, the IASB issued amendments to IAS 7 as part of their Disclosure Initiative. The Amendments require enhanced 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 will not have an impact to the Company's financial position, results of operation or cash flows.
- **IFRIC 22:** In December 2016, the IASB issued IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (IFRIC 22). IFRIC 22 clarifies the date of the transaction for the purposes of determining the exchange rate used on initial recognition of related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. IFRIC 22 is effective for annual periods beginning on or after 1 January 2018. The Company is currently evaluating the impact of adopting IFRIC 22.



## **Notes to the Financial Statements for the year ended 31 December 2016**

- 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 Improvements to IFRSs 2014-2016 are effective for annual periods beginning on or after 1 January 2017. The Company is currently evaluating the impact of adopting the Improvements to IFRSs 2014-2016.

### **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.

### **d) Other assets and liabilities**

Other assets and liabilities are receivables and payables which are non derivative financial instruments 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. They are initially measured at fair value plus incremental direct transaction costs, and are subsequently measured at their amortised cost on an effective yield basis.

### **e) Income tax**

Income tax on the profit or loss 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 the Statement of Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Income.

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

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

Information as to the calculation of income tax on the profit and loss for the periods presented is included in note 6 – Income tax charge.

## **Notes to the Financial Statements for the year ended 31 December 2016**

### **f) Deferred tax**

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

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

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

Information as to the calculation of income tax on the profit and loss for the periods presented is included in note 6 – Income tax charge.

### **g) 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 expense relates to the interest incurred on the borrowings from Credit Suisse AG, London branch. The interest income relates to short-term deposits placed with Credit Suisse AG, London branch during the year.

### **h) Revenue**

Revenue represents the rental charges received for providing property and equipment.

### **i) Property and equipment**

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying value or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably.

## **Notes to the Financial Statements for the year ended 31 December 2016**

All other repairs and maintenance are charged to the Statement of Income during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Property and equipment – 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Income if they arise.

### **j) 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.

### **k) Loans and receivables**

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

### **l) Cash and cash equivalents**

For the purpose of preparation and presentation of the Cash Flow Statement, 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.

### **m) Non derivative financial liabilities**

Financial liabilities comprise borrowings and other liabilities. 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.

## Notes to the Financial Statements for the year ended 31 December 2016

### n) Fair value

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

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

### o) 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.

### *Income taxes - deferred tax valuation*

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

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

### p) Operating Lease

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially remain with the lessor are recognised as operating leases. Lease rentals incomes under operating leases are recognised in the Statement of Income on a straight line basis over the term of the lease.

## 4. Other income

	2016 US\$'000	2015 US\$'000
Foreign exchange gain	11	2
Miscellaneous income	75	-
<b>Total</b>	<b>86</b>	<b>2</b>

**Notes to the Financial Statements for the year ended 31 December 2016**

**5. Operating expenses**

	2016 US\$'000	2015 US\$'000
Auditor's remuneration in relation to statutory audit of these Financial Statements	(8)	(9)
Professional fees	-	(5)
Depreciation (note 9)	(41)	(41)
<b>Total</b>	<b>(49)</b>	<b>(55)</b>

Bank charges for the year 2016 amount to US\$ 86 (2015: US\$ 26).

**6. Income tax**

**a. Components of income tax**

	2016 US\$'000	2015 US\$'000
<b>Current tax</b>		
Current tax on profits of the period	(1,607)	(1,981)
Adjustment in respect of previous period	-	(2,570)
<b>Total current tax benefit</b>	<b>(1,607)</b>	<b>(4,551)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,599	1,976
Adjustment in respect of previous period	-	2,392
Effect of change in tax rate	202	860
<b>Total deferred tax charge</b>	<b>1,801</b>	<b>5,228</b>
<b>Income tax charge</b>	<b>194</b>	<b>677</b>

**b. An explanation of the relationship between tax charge and the accounting profit**

The income tax for the year can be reconciled to the standard rate of corporation tax in the UK of 20% (2015: 20.25%) as follows:

	2016 US\$'000	2015 US\$'000
<b>Loss before Tax</b>	<b>(13)</b>	<b>(48)</b>
Loss before tax multiplied by the UK statutory rate of corporation tax of 20% (2015: 20.25%)	(3)	(10)
Non-deductible expenses	10	5
Other tax adjustments	(15)	-
Adjustments to current tax in respect of previous periods	-	(2,570)
Adjustments to deferred tax in respect of previous periods	-	2,392
Effect of change in tax rate	202	860
<b>Total income tax charge</b>	<b>194</b>	<b>677</b>

**c. Deferred taxes**

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 17% (2015: 18%). Further information about deferred income tax is presented in Note 10 – Deferred tax assets.

**Notes to the Financial Statements for the year ended 31 December 2016**

**7. Other assets**

	2016 US\$'000	2015 US\$'000
Group relief receivable	3,589	4,480
Dues from related parties	27	27
<b>Total</b>	<b>3,616</b>	<b>4,507</b>

**8. Cash and cash equivalents**

	2016 US\$'000	2015 US\$'000
Cash at bank	85	58
Short term money market deposits	49	83
<b>Total</b>	<b>134</b>	<b>141</b>

Cash and cash equivalents represent balances in bank accounts held with Credit Suisse AG, Zurich and deposits held with Credit Suisse AG, London Branch.

The interest rate as at 31 December 2016 on the GBP denominated deposit was 0% (2015: 0%), with an average maturity of 32 days (2015: 30 days). Refer note 18 for fair value disclosures.

**9. Property and equipment**

	2016 US\$'000	2015 US\$'000
<b>Cost</b>		
Balance at beginning of the year	1,073	1,073
<b>Balance at end of the year</b>	<b>1,073</b>	<b>1,073</b>
<b>Depreciation</b>		
Balance at beginning of the year	628	587
Charge for the year	41	41
<b>Balance at end of the year</b>	<b>669</b>	<b>628</b>
<b>Net book value</b>		
Balance at beginning of the year	445	486
Depreciation during the year	(41)	(41)
<b>Balance at end of the year</b>	<b>404</b>	<b>445</b>

## Notes to the Financial Statements for the year ended 31 December 2016

### 10. Deferred tax assets

	2016 US\$'000	2015 US\$'000
Deferred tax asset	6,156	7,957
The movement for the year on the deferred tax position was as follows:		
At 1 January	7,957	13,185
Charge to income for the year	(1,599)	(1,976)
Adjustment in respect of previous period	-	(2,392)
Effect of change in tax rate charged to statement of income	(202)	(860)
<b>At 31 December</b>	<b>6,156</b>	<b>7,957</b>

#### Deferred tax assets are attributable to the following items:

Decelerated tax depreciation	6,156	7,957
<b>At end of year</b>	<b>6,156</b>	<b>7,957</b>

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

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

The Finance Act 2016, which was enacted on 15 September 2016, further reduced the UK corporation tax rate from 18% to 17% with effect from 1 April 2020.

The above tax rate reductions resulted in a charge to the income statement of \$202k (2015: \$860k)

### 11. Borrowings

	2016 US\$'000	2015 US\$'000
Long term money market borrowings	487	487
Short term money market borrowings	17,208	19,634
<b>Total</b>	<b>17,695</b>	<b>20,121</b>

The interest rate as at the 31 December 2016 on the USD long term money market borrowing from Credit Suisse AG, London Branch was 1.82% (2015: 1.82%) with maturity on 23 December 2019. Refer note 18 for fair value disclosures.

The interest rate as at the 31 December 2016, on the USD short term money market borrowing from Credit Suisse AG, London Branch was 0.65% (2015: USD 0.24%) with an average maturity of 32 days (2015: 30 days).

## Notes to the Financial Statements for the year ended 31 December 2016

### 12. Other liabilities

	2016 US\$'000	2015 US\$'000
Intercompany payable	-	97
Audit fees payable	7	17
<b>Total</b>	<b>7</b>	<b>114</b>

No interest was charged in respect of payable to related companies (2015: US\$ Nil) as they are non-interest bearing in nature. Refer note 18 for fair value disclosures.

### 13. Share capital

	2016 US\$'000	2015 US\$'000
<b>Authorised:</b>		
400,000,000 Ordinary shares of US\$ 1.00 each	400,000	400,000
<b>Allotted, called up and paid up:</b>		
80,000,001 Ordinary shares of US\$ 1.00 each	80,000	80,000
<b>Total</b>	<b>80,000</b>	<b>80,000</b>

The holders of ordinary shares have voting rights and the right to receive dividends. There were no movements in share capital during the year (2015: US\$ Nil) and no dividends were paid or are proposed (2015: 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.

The Company funds its operations and growth through equity and debt. 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.

### 14. Capital contribution reserve

	2016 US\$'000	2015 US\$'000
Capital contribution reserve	8,800	8,800
<b>Total</b>	<b>8,800</b>	<b>8,800</b>

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



## Notes to the Financial Statements for the year ended 31 December 2016

### 15. Operating Lease

The Company has leased an asset to CSi and rent of US\$('000) 52 (2015: US\$('000) 51) was received. The leasing agreement has been executed for 5 years and is non-cancellable. The title to ownership of the asset remains with the Company.

Lease income is computed based on depreciation charge and factoring in cost of funding.

<b>2016</b>	<b>Not later than 1 year US\$'000</b>	<b>Between 1 -5 years US\$'000</b>	<b>Later than 5 years US\$'000</b>	<b>Total US\$'000</b>
Minimum Lease Payments Receivable	52	103	-	155
<b>Total</b>	<b>52</b>	<b>103</b>	<b>-</b>	<b>155</b>

<b>2015</b>	<b>Not later than 1 year US\$'000</b>	<b>Between 1 -5 years US\$'000</b>	<b>Later than 5 years US\$'000</b>	<b>Total US\$'000</b>
Minimum Lease Payments Receivable	51	155	-	206
<b>Total</b>	<b>51</b>	<b>155</b>	<b>-</b>	<b>206</b>

### 16. Related party transactions

The Company is a wholly owned subsidiary of DLJ UK Investment Holdings Limited. The ultimate holding 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 has related party balances with subsidiaries and affiliates of Credit Suisse Group AG. The Company generally enters into these transactions in the ordinary course of business and these transactions are on market terms that could be obtained from unrelated parties.

Notes to the Financial Statements for the year ended 31 December 2016

a) Related party assets and liabilities

	2016 Fellow group companies US\$'000	2015 Fellow group companies US\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Other assets	27	27
Cash and cash equivalents	134	141
<b>Total current assets</b>	<b>161</b>	<b>168</b>
<b>Total assets</b>	<b>161</b>	<b>168</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term borrowings	487	487
<b>Total non-current liabilities</b>	<b>487</b>	<b>487</b>
<b>Current liabilities</b>		
Short term borrowings	17,208	19,634
Other liabilities	-	97
<b>Total current liabilities</b>	<b>17,208</b>	<b>19,731</b>
<b>Total liabilities</b>	<b>17,695</b>	<b>20,218</b>

For UK corporation tax purposes, the Company may surrender or claim certain losses from another UK group Company. The Group relief receivable as of 31 December 2016 is US\$('000) 3,589 (2015: US\$('000) 4,480).

b) Related party revenues and expenses

	2016 Fellow group companies US\$'000	2015 Fellow group companies US\$'000
<b>Related party revenues</b>		
Revenue	52	51
Interest income	1	-
Miscellaneous income	75	
<b>Total</b>	<b>128</b>	<b>51</b>
<b>Related party expenses</b>		
Interest expense	(103)	(46)
<b>Total</b>	<b>(103)</b>	<b>(46)</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 (2015: 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.

## Notes to the Financial Statements for the year ended 31 December 2016

### 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 (2015: US\$ Nil).

### e) Liabilities due to pension funds

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

## 17. Employees' remuneration

The Company had no employees during the year (2015: Nil). The Company receives a range of administrative services from related companies within the Credit Suisse Group AG. Credit Suisse Group companies have borne the cost of these services.

## 18. 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);
- 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.

## Notes to the Financial Statements for the year ended 31 December 2016

For cash and other liquid assets and short term borrowings and other liabilities the fair value is assumed to approximate book value, given the short term nature of these instruments. For long term instruments (borrowings), fair value is calculated using the discounted cash flow methodology. The information presented herein represents estimates of fair values of accrual accounted instruments as at the statement of financial position date.

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

**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).

2016 (US\$'000)	Carrying Amount		Fair Value			Total
	Loans and receivables	Other amortised cost	Level 1	Level 2	Level 3	
<b>Financial assets</b>						
Other assets	27	-	-	27	-	<b>27</b>
Cash and cash equivalents	-	134	134	-	-	<b>134</b>
<b>Total</b>	<b>27</b>	<b>134</b>	<b>134</b>	<b>27</b>	-	<b>161</b>
<b>Financial liabilities</b>						
Short term borrowings	-	17,208	-	17,208	-	<b>17,208</b>
Long term borrowings	-	487	-	480	-	<b>480</b>
Other liabilities	-	7	-	7	-	<b>7</b>
<b>Total</b>	-	<b>17,702</b>	-	<b>17,695</b>	-	<b>17,695</b>
<b>2015 (US\$'000)</b>						
<b>Financial assets</b>						
Other assets	27	-	-	27	-	<b>27</b>
Cash and cash equivalents	-	141	141	-	-	<b>141</b>
<b>Total</b>	<b>27</b>	<b>141</b>	<b>141</b>	<b>27</b>	-	<b>168</b>
<b>Financial liabilities</b>						
Short term borrowings	-	19,634	-	19,634	-	<b>19,634</b>
Long term borrowings	-	487	-	473	-	<b>473</b>
Other liabilities	-	114	-	114	-	<b>114</b>
<b>Total</b>	-	<b>20,235</b>	-	<b>20,221</b>	-	<b>20,221</b>

## Notes to the Financial Statements for the year ended 31 December 2016

### 19. Financial risk management

The Company's activities expose it to the following financial risks.

- Market risk (including interest rate risk and foreign exchange 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, commodity prices and other relevant market parameters, such as market volatilities.

##### (i) Interest rate risk

The Company has interest bearing financial assets and liabilities in the form of other assets and short and long term borrowings. Interest rates on amounts due from related companies and short term borrowings typically resets within 1 month which minimises the risk to changes in interest rates.

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 turn out due to the inherent uncertainties in global financial markets. In practice, market risks rarely change in isolation and are likely to be interdependent. The methods and assumptions used are the same for both periods to period and comparative period.

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

**Notes to the Financial Statements for the year ended 31 December 2016**

<b>2016 (US\$'000)</b>	<b>+25%</b>	<b>-25%</b>
Change in equity and income or (loss) with interest rate fluctuation in short term borrowings	(28)	28
<b>Total</b>	<b>(28)</b>	<b>28</b>

<b>2015 (US\$'000)</b>	<b>+25%</b>	<b>-25%</b>
Change in equity and income or (loss) with interest rate fluctuation in short term borrowings	(12)	12
<b>Total</b>	<b>(12)</b>	<b>12</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 arising from GBP exposure. 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.

<b>2016 (US\$'000)</b>	<b>GBP Impact</b>	
	<b>+25%</b>	<b>-25%</b>
Change in equity and income or (loss) with foreign exchange fluctuation	(8)	8
<b>Total</b>	<b>(8)</b>	<b>8</b>

<b>2015 (US\$'000)</b>	<b>GBP Impact</b>	
	<b>+25%</b>	<b>-25%</b>
Change in equity and income or (loss) with foreign exchange fluctuation	(7)	7
<b>Total</b>	<b>(7)</b>	<b>7</b>

**b) Credit risk**

Credit risk is the possibility of a loss being incurred by the Company as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. The Company is exposed to credit risk from Credit Suisse Group companies and third parties. The carrying value of the intercompany receivables 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. Transactions are limited to fellow group companies and high credit quality financial institutions.

Counterparty Exposure by Rating:

	<b>2016 US\$'000</b>	<b>2015 US\$'000</b>
AAA	-	-
AA+ to AA-	-	-
A+ to A-	161	168
BBB+ to BBB-	-	-
BB+ to BB-	-	-
B+ and below	-	-
<b>Total</b>	<b>161</b>	<b>168</b>

## Notes to the Financial Statements for the year ended 31 December 2016

### c) Liquidity risk

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

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

<b>2016 (US\$'000)</b>	<b>Carrying amount</b>	<b>Gross nominal outflow</b>	<b>On demand</b>	<b>Due within 3 months</b>	<b>Due between 1 to 5 years</b>	<b>Total</b>
Long term borrowings	487	514	-	-	514	<b>514</b>
Short term borrowings	17,208	17,210	-	17,210	-	<b>17,210</b>
Other liabilities	7	7	7	-	-	<b>7</b>
<b>Total financial liabilities</b>	<b>17,702</b>	<b>17,731</b>	<b>7</b>	<b>17,210</b>	<b>514</b>	<b>17,731</b>

<b>2015 (US\$'000)</b>						
Long term borrowings	487	523	-	-	523	<b>523</b>
Short term borrowings	19,634	19,634	-	19,634	-	<b>19,634</b>
Other liabilities	114	114	114	-	-	<b>114</b>
<b>Total financial liabilities</b>	<b>20,235</b>	<b>20,271</b>	<b>114</b>	<b>19,634</b>	<b>523</b>	<b>20,271</b>

### 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.

## 20. Subsequent events

In August 2017, the Company sold its generator to Credit Suisse International for US\$('000) 545 and the existing Operating Lease has been terminated.

In addition to this, the Company acquired two Cooling plant assets for purchase value of US\$('000) 1,251 and the same has been leased back to Credit Suisse International under an operating lease.