

DLJ UK PROPERTIES LIMITED

Annual Report
For the year ended 31 December 2019



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Board of Directors

Per Skjoedstrup Hansen	Director
Martin Stuart Welstead	Director
Paul Edward Hare	Director

Company Secretary

Paul Edward Hare	Secretary
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Strategic Report for the year ended 31 December 2019

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2019.

Business profile

DLJ UK Properties Limited ("the Company") is a Private Limited Company limited by shares and 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 (CS Group), 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.

Section 172 Statement

The Board complies with the Companies Act Section 172 general duty to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and having regard to the consequences of decisions and the interests of stakeholders. The Directors' have not taken any such key decisions during the year.

The Company is part of the CS group which strives to comply with the values and standards set out in its Code of Conduct in every aspect of work, including its relationships with stakeholders. CSG publishes a comprehensive Corporate Responsibility Report which can be found on Credit Suisse's website at www.credit-suisse.com/crr. Further information can also be found in CSG's Annual Report 2019 at www.credit-suisse.com/about-us/en/reports-research/annual-reports.html.

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 2019, the Company reported a loss after tax for the year of US\$('000) 280 (loss after tax of 2018: US\$('000) 426). The decrease in losses is primarily due to interest expense which is offset by an income tax benefit in 2019.

Statement of Financial Position

As at 31 December 2019, the Company had total assets of US\$('000) 7,762 (2018: US\$('000) 7,606), the increase is primarily due to increase in group relief receivable during the year and which has been offset by a decrease in Deferred Tax Asset.

As at 31 December 2019, the Company had total negative equity of US\$('000) 8,001 (2018: US\$('000) 7,721).

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 20 on the market risk, credit risk, liquidity risk and operational risk of the Company. The assets of the Company are mainly property and equipment, deferred tax assets, cash and short term money market deposits with related companies and group relief receivable. The principal risk of the Company relates mainly to the utilisation of its deferred tax assets.

The Company is not materially impacted by the UK's exit from the EU as it is an investment holding company which does not hold any investments in the EU and is not party to any material transactions with EU counterparties.

The spread of COVID-19 is expected to have a significant impact on the global economy and may affect the business performance of the Company in at least the first half of 2020 and going forward. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business. However, the Directors are of the opinion that the Company would continue as a going concern for at least 12 months from the date of approval of the financial statements on the basis of continued financial support from the Company's ultimate parent, Credit Suisse AG. Credit Suisse AG has confirmed that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future.

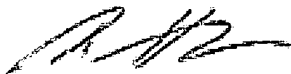
Modern Slavery and Human Trafficking

In its role as an employer, and as a user and provider of services, CS group is committed to human rights and respects them as a key element of responsible business conduct. CS group voluntarily commits to uphold certain international agreements relating to human rights, including: the Equator Principles, Principles for Responsible Investment and UN Global Compact.

A number of internal policies, commitments and controls which are already in place help to eradicate modern slavery and human trafficking in the supply chain and across the business. In addition, CS group Supplier Code of Conduct aims to ensure that the CS group's external business partners, including their employees, subsidiaries and subcontractors, respect human rights, labour rights, employment laws and environmental regulations. In 2016, CS group introduced a formal Third Party Risk Management ('TPRM') framework to scrutinise and monitor the operational, financial and reputational risk associated with third party relationships. The TPRM framework provides for structured due diligence assessments of all suppliers to identify where modern slavery and human trafficking risks may exist.

The complete statement, made pursuant to section 54, Part 6 of the Modern Slavery Act 2015, is publicly available and can be found at www.credit-suisse.com.

Approved by the Board of Directors on 20 May 2020 and signed on its behalf by



Per Skjoedstrup Hansen
Director

One Cabot Square
London E14 4QJ
20 May 2020

Directors' Report for the year ended 31 December 2019

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 20 May 2020.

Going concern basis

The financial statements have been prepared on a going concern basis. Notwithstanding the recent market developments caused by COVID-19, the net current liability position of US\$'000 12,459 as at 31 December 2019 and loss for the year of US\$'000 280, the Directors are of the opinion that the going concern basis is still appropriate taking account of reasonably possible downside scenarios. The validity of the going concern assumption is dependent upon continued financial support from the Company's ultimate parent, Credit Suisse AG. Credit Suisse AG has confirmed that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future. The Directors have also considered Credit Suisse AG's ability to provide such financial support and concluded that it has the financial capacity to provide the financial support as may be required. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Share capital

There were no movements in share capital during the year (2018: US\$ Nil).

Dividends

No dividends were paid or are proposed for the year ended 31 December 2019 (2018: US\$ Nil).

Directors

The names of the Directors as at the date of this report are set out on page 3. Changes in the directorate since 31 December 2018 and up to the date of this report are as follows:

Resignation	Hayley Joanna Marsh	22 February 2019
Appointment	Per Skjoedstrup Hansen	22 February 2019
Resignation	Andrew David Poole	18 April 2019
Appointment	Martin Stuart Welstead	14 May 2019

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 International Financial Reporting Standards as adopted by the European Union (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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Statement on Directors' Relationships with Clients, Suppliers and Other Stakeholders

Information pertaining to the Directors' engagement with clients, suppliers and other stakeholders can be found in the Strategic Report.

Political Contributions

Neither the Company nor any of its subsidiaries made any political donation or incurred any political expenditure during the year.

Auditors

The Board and shareholders proposed PricewaterhouseCoopers LLP ('PwC') as the new statutory auditor for the Company, effective for the fiscal year ending 31 December 2020.

In December 2018, the Credit Suisse Group AG Board of Directors approved that PwC be proposed as the new statutory auditor of the Group's Financial Statements at the CS Group AG's Annual General Meeting in April 2020. The appointment is proposed to be effective for the fiscal year ending December 31, 2020 and is subject to CSG shareholder approval.

The current auditor, KPMG LLP will resign after the approval of these Financial Statements.

Subsequent events

The spread of COVID-19 is expected to have a significant impact on the global economy and may affect the business performance of the Company in at least the first half of 2020 and going forward. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business. However, the Directors are of the opinion that the Company would continue as a going concern for at least 12 months from the date of approval of the financial statements on the basis of continued financial support from the Company's ultimate parent, Credit Suisse AG. Credit Suisse AG has confirmed that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future.

The Company is not materially impacted by the UK's exit from the European Union ('EU') as it is an investment holding company which does not hold any investments in the EU and is not party to any material transactions with EU counterparties.

In the UK budget announcement of 11 March 2020, the UK government announced its intention to maintain the UK corporation tax rate at 19% and the previously enacted legislation to reduce the tax rate to 17% with effect from 1 April 2020 would be repealed. This tax rate increase was enacted in March 2020. If this tax rate increase had been substantively enacted as at 31 December 2019 it would have had the impact of increasing the deferred tax asset recorded by approximately USD 481k.

Apart from the above, 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 20 May 2020 and signed on its behalf by:



Per Skjoedstrup Hansen
Director

One Cabot Square
London E14 4QJ
20 May 2020

Company Registration Number: 03530382

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

Opinion

We have audited the financial statements of DLJ UK Properties Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



Matthew Green (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
21 May 2020

Statement of Income for the year ended 31 December 2019

	Note	2019 US\$'000	2018 US\$'000
Revenue	16	106	106
Total Revenue		106	106
Interest income	3	4	1
- of which Interest income from instruments at amortised cost		4	1
Interest expense	3	(416)	(454)
- of which Interest expense from instruments at amortised cost		(416)	(454)
Net interest expense		(412)	(453)
Other income	4	1	—
Operating and other expense		(305)	(347)
Operating expenses	5	(79)	(81)
Total expense		(384)	(428)
Loss before tax		(384)	(428)
Income tax benefit	6	104	2
Loss for the year		(280)	(426)

All losses for 2019 and 2018 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 15 to 34 form an integral part of these Financial Statements.

DLJ UK Properties Limited
Financial Statements for the year ended 31 December 2019

Statement of Financial Position as at 31 December 2019

	Note	2019 US\$'000	2018 US\$'000
ASSETS			
Current assets			
Other assets	7	2,433	1,337
Cash and cash equivalents	8	122	104
Interest bearing deposit	9	39	—
Total current assets		2,594	1,441
Non-current assets			
Property and equipment	10,16	1,080	1,151
Deferred tax asset	11	4,088	5,014
Total non-current assets		5,168	6,165
Total assets		7,762	7,606
LIABILITIES			
Current liabilities			
Short term borrowings	12	15,025	14,587
Other liabilities	13	28	29
Bank overdraft	8	—	1
Total current liabilities		15,053	14,617
Non-current liabilities			
Long term borrowings	12	710	710
Total non-current liabilities		710	710
Total liabilities		15,763	15,327
SHAREHOLDER'S EQUITY			
Share capital	14	80,000	80,000
Capital contribution reserve	15	8,800	8,800
Accumulated losses		(96,801)	(96,521)
Total shareholder's equity		(8,001)	(7,721)
Total liabilities and shareholder's equity		7,762	7,606

The notes on pages 15 to 34 form an integral part of these Financial Statements.

Approved by the Board of Directors on 20 May 2020 and signed on its behalf by



Per Skjoedstrup Hansen
Director

Company Registration Number: 03530382

DLJ UK Properties Limited
Financial Statements for the year ended 31 December 2019

Statement of Changes in Equity for the year ended 31 December 2019

	Share Capital	Capital contribution reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2019	80,000	8,800	(96,521)	(7,721)
Loss for the year	—	—	(280)	(280)
Balance at 31 December 2019	80,000	8,800	(96,801)	(8,001)
Balance at 1 January 2018	80,000	8,800	(96,095)	(7,295)
Loss for the year	—	—	(426)	(426)
Balance at 31 December 2018	80,000	8,800	(96,521)	(7,721)

The notes on pages 15 to 34 form an integral part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 US\$'000	2018 US\$'000
Cash flow from operating activities			
Loss before tax		(384)	(428)
Adjustments to reconcile net income to net cash generated from operating activities:			
Non-cash items included in loss before tax and other adjustments			
Depreciation and amortisation		71	71
Interest income		(4)	(1)
Foreign exchange gain		(1)	(2)
Interest expense		416	454
Operating profit before working capital changes		98	94
Net movement in operating assets/liabilities:			
Other assets		(53)	(11)
Other liabilities		—	(9)
Cash used in operating activities:			
Group relief (paid)/received		(12)	3,589
Net cash generated from operating activities		33	3,663
Investing activities			
Interest-bearing deposits		(39)	—
Net cash used in investing activities		(39)	—
Financing activities			
Long term borrowings		—	(487)
Short term borrowings		438	(2,738)
Interest paid		(414)	(448)
Net cash generated from/(used in) from financing activities		24	(3,673)
Net increase/(decrease) in cash and cash equivalents		18	(10)
Cash and cash equivalents at the beginning of the year		104	114
Cash and cash equivalents at the end of the year	8	122	104

The notes on pages 15 to 34 form an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2019

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. Significant accounting policies

a) Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") on a going concern basis.

The Financial Statements were approved and authorized for issue by the Board of Directors on 20 May 2020.

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. The Financial Statements are prepared on historical cost basis.

The financial statements have been prepared on a going concern basis. Notwithstanding the recent market developments caused by COVID-19, the net current liability position of US\$'000 12,459 as at 31 December 2019 and loss for the year of US\$'000 280, the Directors are of the opinion that the going concern basis is still appropriate taking account of reasonably possible downside scenarios. The validity of the going concern assumption is dependent upon continued financial support from the Company's ultimate parent, Credit Suisse AG. Credit Suisse AG has confirmed that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future. The Directors have also considered Credit Suisse AG's ability to provide such financial support and concluded that it has the financial capacity to provide the financial support as may be required. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

The preparation of Financial Statements which conform to the adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 2(k) - 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:

- IFRS 16 Leases: In January 2016 the IASB issued IFRS 16 'Leases' (IFRS 16) superseding IAS 17 'Leases', IFRIC 4 'Determining whether and Arrangement contains a Lease', SIC-15 'Operating Lease-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

Notes to the Financial Statements for the year ended 31 December 2019

2. Significant accounting policies (continued)

- IFRS 16 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 previous accounting guidance. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption was permitted for entities that apply IFRS 15 at or before the initial application of IFRS 16. The company adopted IFRS 16 on 1 January 2019 and used the practical expedient for lease definition and is reporting on the modified retrospective approach.
- IFRIC 23: In June 2017, the IASB issued IFRIC 23 'Uncertainty over Income Tax Treatments' (IFRIC 23). IFRIC 23 clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. The adoption of IFRIC 23 on 1 January 2019 did not have a material impact on the Company's financial position, results of operations or cash flows.
- Annual Improvements to IFRSs 2015-2017 Cycle: In December 2017, the IASB issued 'Annual Improvements to IFRSs 2015-2017 Cycle' (Improvements to IFRSs 2015-2017). The Improvements to IFRSs 2015-2017 are effective for annual periods beginning on or after 1 January 2019. The adoption of Annual Improvements to 'IFRSs 2015-2017 Cycle' on 1 January 2019 did not have a material impact on the Company's financial position, results of operations or cash flows.

Standards and Interpretations 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 been endorsed by the EU.

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform: In September 2019, the IASB issued 'Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform' (Amendments to IFRS 9, IAS 39 and IFRS 7) in order to address the financial reporting consequences of the interest rate benchmark reform in the period before the replacement of an existing interest rate benchmark with an alternative reference rate. The amendments are effective for annual periods beginning on or after 1 January 2020 with an early adoption permitted. The adoption on 1 January 2020 will not have a material impact on the Company's financial position, results of operations 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 standard and interpretation which are issued by the IASB but not yet effective and have not yet been endorsed by the EU.

- Amendments to the definition of Business (IFRS 3): In October 2018, the IASB 'Definition of a Business' (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. The adoption on 1 January 2020 will not have a material impact on the Company's financial position, results of operations or cash flows.

c) Foreign currency

The Company's functional currency is United States Dollar (US\$). Transactions denominated in currencies other than the functional currency of the reporting entity are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to US\$ at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Statement of Income. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates

Notes to the Financial Statements for the year ended 31 December 2019

2. Significant accounting policies (continued)

d) Financial assets and liabilities

The Company's financial assets are classified on the basis of two criteria: 1) the business model which refers to how the Company manages a financial asset in order to generate cash flows and 2) the contractual cash flow characteristics of the financial asset.

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations. All relevant and objective evidence are considered while performing the business model assessments, for example:

- How the performance of the financial assets are evaluated and reported to key management personnel.
- The risks that affect the performance of the financial assets and how those risks are managed.
- How managers of the business are compensated.

The 'Hold to Collect' business model is a model with the objective to hold a financial asset to collect contractual cash flows. Sales are incidental to the objective of this model. The 'Hold to Collect and Sell' business model is a model with the objective to both hold financial assets to collect contractual cash flows and to sell financial assets. This model has a greater frequency of sales than a 'Hold to Collect' business model. The Company does not have any financial assets which are under the 'Hold to Collect and Sell' business model.

The financial assets which are not classified under the 'Hold to Collect' and 'Hold to Collect and Sell' business models are measured at fair value. These include financial assets that meet the trading criteria; those that are managed on a fair value basis or designated at fair value as well as equity instruments where an irrevocable election is made on initial recognition to present changes in fair value in other comprehensive income (OCI). Refer to sections below for further guidance.

For 'Hold to Collect' and 'Hold to Collect and Sell' business model, the contractual cash flows of the financial assets are assessed to determine if they consist of solely payments of principal and interest. For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

These criteria determine how a financial asset is subsequently measured.

Amortised Cost

Financial assets which have contractual cash flows which consist solely of payments of principal and interest and are held in a 'Hold to Collect' business model are subsequently measured at amortised cost and are subject to impairment. (Refer note 2(e)).

e) Impairment of financial assets

The impairment requirements apply primarily to financial assets measured at amortised cost as well as certain loan commitments & financial guarantee contracts. The impairment requirements are based on a forward-looking expected credit loss ('ECL') model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. This requires considerable judgement over how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

For financial instruments that include both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component, the expected credit losses on the loan commitment is recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses is recognised as a provision.

Notes to the Financial Statements for the year ended 31 December 2019

2. Significant accounting policies (continued)

All financial assets attract a 12 month ECL on origination (Stage 1) except for loans that are purchased or originated credit-impaired. When credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement is changed from 12-month expected credit losses (Stage 1) to lifetime expected credit losses (Stage 2).

The assessment of a significant increase in credit risk since initial recognition is based on different quantitative and qualitative factors that are relevant to the particular financial instrument in scope. If the financial assets are credit-impaired they are then moved to Stage 3. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Measurement of ECLs

ECLs are a probability-weighted estimate of potential credit losses and application of measurement is as follows:

- Financial assets that are not credit-impaired at the reporting date (Stage 1 or Stage 2), apply the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. The Company applies a PD/LGD approach under which term structures of point-in-time probability of defaults ("PDs"), point-in-time loss given defaults ("LGDs") and exposure at defaults ("EADs") are estimated;
- Financial assets that are credit-impaired at the reporting date (Stage 3), apply the difference between the gross carrying amount and the present value of estimated future cash flows.

Definition of default

The definition of default is aligned with the regulatory definition of default which is based on 90 days past due and unlikely to pay on material obligation.

In assessing whether a borrower is in default, the Company considers indicators that are:

- Qualitative: e.g. breaches of covenants;
- Quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Company;
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Forward looking information

The estimation and application of forward-looking information requires significant judgment. The Company's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios to capture the point of non-linearity of losses: a base scenario, an upside scenario, and a downside scenario. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes, such as strategic planning and budgeting. Currently, the other scenarios represent more optimistic and more pessimistic outcomes with the downside scenario being more severe than the upside scenario.

Scenarios are probability-weighted according to the Company's best estimate of their relative likelihood based on historical frequency and current trends and conditions and macroeconomic factors such as interest rates, gross domestic product and unemployment rates. Probability weights are reviewed and updated (if required) on a quarterly basis.

Notes to the Financial Statements for the year ended 31 December 2019

2. Significant accounting policies (continued)

Significant increases in credit risk ("SICR")

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The Company has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Company's internal credit risk management process. The criteria for determining whether credit risk has increased significantly varies by portfolio.

The assessment of significant increases in credit risk is generally based on two indicators:

- changes in probability-weighted forward-looking lifetime PD, using the same macroeconomic scenarios as the calculation of expected credit losses for newly originated financial instruments (forward book); or changes in credit rating for financial instruments originated prior to the effective date of IFRS 9 (back book), and
- credit watch list as specific qualitative information.

The rebuttable presumption of more than 30 days past due has not been used because financial instruments are considered credit-impaired and therefore transferred into Stage 3 earlier than 30 days past due, unless credit risk management determines the default to be operational in nature and it is rectified in a short period of time (normally within a week).

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

A financial instrument is transferred from Stage 2 to Stage 1, if it no longer meets the stage transition criteria. The stage transition criteria implicitly reflect a probation period, either by the idiosyncratic nature of PDs or by the credit watch list process.

A financial instrument is transferred from Stage 3 to Stage 2 or 1 after a probation period in line with the Company's credit risk management practices. If the financial instrument has not met the criteria to be considered credit-impaired for a minimum number of months, it will be returned to either Stage 2 or Stage 1 depending on the characteristics of the financial instrument.

The low credit risk exemption has not been used in the context of determining significant increases in credit risk.

Reverse repurchase agreements and securities borrowing transactions are not impacted by the SICR process due to the risk management practices adopted, including regular margin calls. If margin calls are not satisfied, positions will be closed out immediately with any shortfall generally classified as a Stage 3 position.

Expected life

The maximum period to consider when measuring expected credit losses is the maximum contractual period (including borrower-only extension options) over which the Company is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice.

Grouping financial assets measured on a collective basis

For Stage 1 and Stage 2 ECLs, financial assets are grouped based on shared credit risk characteristics, e.g. product type and geographic location. However, for each financial asset within the grouping an ECL is calculated based on the PD/LGD approach. Financial assets are grouped as follows:

- Financial institutions
- Corporates
- Fallback (assets not included in any of the above categories)

Notes to the Financial Statements for the year ended 31 December 2019

2. Significant accounting policies (continued)

For all Stage 3 assets, regardless of the class of financial assets, the Company calculates ECL on an individual basis.

Write-off of loans

When it is considered certain that there is no reasonable prospect of recovery and all collateral has been realised or transferred to the Company, the loan and any associated allowance is written off. If the amount of loss on write-off is greater than the accumulated loss allowance, the differences result in an additional impairment loss. The additional impairment loss is first recognised as an addition to the allowance that is then applied against the gross carrying amount. Any repossessed collateral is initially measured at fair value. The subsequent measurement depends on the nature of the collateral.

f) Cash and due from banks

For the purpose of preparation and presentation of the Statement of Cash Flows, cash and cash equivalents comprise the components of cash and due from banks that are short term, highly liquid instruments with original maturities of three months or less which are subject to an insignificant risk of changes in their fair value and that are held or utilised for the purpose of cash management.

g) Interest income and expense

Interest income and expense includes interest income and expense on the Company's loans, deposits, borrowings, debt issuances, reverse repurchase and repurchase agreements and securities borrowed and securities lending transactions. Interest income and expense does not include interest flows on the Company's trading derivatives (except for hedging relationships) and certain financial instruments classified as at fair value through profit or loss which are included in 'Net gains from financial assets/liabilities at fair value through profit or loss'. However, there were no such financial instruments classified as at fair value through profit or loss during the current year. Interest income and expense on instruments measured at amortised cost is accrued, and any related net deferred premiums, discounts, origination fees or costs are amortized as an adjustment to the yield over the life of the related asset or liability. When a financial asset becomes credit-impaired (or 'Stage 3'), interest income is calculated by applying the effective interest rate to the amortised cost (i.e. net of the expected credit loss provision).

h) Income 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 previous year. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The 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.

Notes to the Financial Statements for the year ended 31 December 2019

2. Significant accounting policies (continued)

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.

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 benefit.

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.

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 – 17.5 years

The carrying amounts of property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment charge is recorded in the Statement of Income to the extent the recoverable amount, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset. After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. The carrying amount of an asset for which an impairment loss has been recognised in prior years shall be increased to its recoverable amount only in the event of a change of estimate in the asset's recoverable amount.

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) 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.

Lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. ROU assets are initially measured based on the lease liability, adjusted for any initial direct costs, any lease payments made prior to lease commencement and for any lease incentives.

Lease payments which depend on an index or a referenced rate are considered to be unavoidable and are included in the lease liability. Subsequent changes in the index or reference rate result in a remeasurement of the lease liability.

Notes to the Financial Statements for the year ended 31 December 2019

2. Significant accounting policies (continued)

Lease ROU assets are amortized on straight-line basis over the lease term. Amortization expense on ROU assets are recognized in general, administrative and trading expenses. Interest expense on lease liabilities is recognized in interest expense. ROU assets are subject to the same impairment guidance as property and equipment.

k) 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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In making the key judgement to determine whether deferred tax assets can be realised, management considers both positive and negative evidence, including projected future taxable income, the scheduled reversal of deferred tax liabilities and tax planning strategies. This evaluation requires significant management judgement, primarily with respect to projected taxable income, also taking into account the history of losses of the Bank. These key judgements that have been made in related to any specific deferred tax transactions on share-based compensation, decelerated tax depreciation, other provisions and unpaid interest.

The future taxable income can never be predicted with certainty, but management also evaluates the factors contributing to the losses and considers whether or not they are temporary or indicate an expected permanent decline in earnings.

The critical accounting estimate is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management's control, such as the fiscal and regulatory environment and external economic growth conditions.

Substantial variance of actual results from estimated future taxable profits, or changes in Company's estimate of future taxable profits and potential restructuring, could lead to changes in the amount of deferred tax assets that are realisable, or considered realisable, and would require a corresponding adjustment to the level of recognised DTA.

Notes to the Financial Statements for the year ended 31 December 2019

3. Interest Income and expense

	2019 US\$'000	2018 US\$'000
Cash at Bank	4	1
Total interest income	4	1
Short term borrowings	(389)	(427)
Long term borrowings	(27)	(27)
Total interest expense	(416)	(454)
Net interest of which		
Interest income from Financial assets at amortised cost	4	1
Interest expense from Financial assets at amortised cost	(416)	(454)

The interest income represents interest earned on the bank accounts. The interest expense represents interest expense on short term and long term borrowings with Credit Suisse AG, London branch.

4. Other income

	2019 US\$'000	2018 US\$'000
Foreign exchange gain	1	—
Total	1	—

5. Operating expenses

	2019 US\$'000	2018 US\$'000
Auditor's remuneration in relation to statutory audit of these Financial Statements	(8)	(8)
Depreciation	(71)	(71)
Other expenses	—	(2)
Total	(79)	(81)

6. Income tax benefit

a) Components of income tax

	2019 US\$'000	2018 US\$'000
Current tax		
Current tax on losses of the period	1,055	1,297
Adjustment in respect of previous period	(25)	(1,315)
Total current tax benefit / (expense)	1,030	(18)
Deferred tax		
Origination and reversal of temporary differences	(926)	(1,132)
Adjustment in respect of previous period	—	1,152
Total deferred tax (expense)/ benefit	(926)	20
Income tax benefit	104	2

In the UK budget announcement of 11 March 2020, the UK government announced its intention to maintain the UK corporation tax rate at 19% and the previously enacted legislation to reduce the tax rate to 17% with effect from 1 April 2020 would be repealed.

Notes to the Financial Statements for the year ended 31 December 2019

6. Income tax benefit (continued)

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 19% as follows:

	2018 US\$'000	2018 US\$'000
Loss before Tax	(384)	(428)
Loss before tax multiplied by the UK statutory rate of corporation tax of 19%	73	81
Non-deductible expenses	(53)	(49)
Adjustments to current tax in respect of previous periods	(25)	(1,315)
Adjustments to deferred tax in respect of previous periods	—	1,152
Differential in movement in deferred taxes to that at statutory tax rate	109	133
Total income tax benefit	104	2

c) Deferred taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 17%. Further information about deferred income tax is presented in Note 11– Deferred tax assets.

7. Other assets

	2019 US\$'000	2018 US\$'000
Group relief receivable	2,326	1,283
Rent receivable	107	54
Total	2,433	1,337

8. Cash and cash equivalents

	2019 US\$'000	2018 US\$'000
Cash at bank	122	53
Short term money market deposits	—	51
Total	122	104

Cash at bank represent balances in bank accounts held with Credit Suisse (Switzerland) Ltd & Credit Suisse AG, Zurich and short term money market deposits having original maturity not exceeding 3 months, held with Credit Suisse AG, London Branch.

Bank overdraft is Nil (2018: US\$ 1,065 with Credit Suisse AG, Zurich)

The interest rate as at 31 December 2018 on the GBP denominated deposit was 0.79% with the maturity of 32 days. Refer note 19 for fair value disclosures.

Notes to the Financial Statements for the year ended 31 December 2019

9. Interest-bearing deposits

	2019 US\$'000	2018 US\$'000
Current Assets		
Short term money market deposits	39	—
Total	39	—

Interest bearing deposits include money market deposits having original maturity exceeding 3 months, held with Credit Suisse AG, London Branch.

The interest rate as at 31 December 2019 on the GBP denominated deposit was 1.20% with the maturity of 365 days. Refer note 19 for fair value disclosures

10. Property and equipment

	2019 Plant and Equipment US\$'000	2018 Plant and Equipment US\$'000
Cost		
Balance as at 1st January	1,837	1,837
Retirements during the year	—	—
Acquired during the year	—	—
Cost at 31st December	1,837	1,837
Accumulated Depreciation		
Balance at beginning of the year	686	615
Charge for the year	71	71
Retirements during the year	—	—
Accumulated depreciation as at 31st December	757	686
Net Assets as at 1st January	1,151	1,222
Net Assets as at 31st December	1,080	1,151

11. Deferred tax assets

	2019 US\$'000	2018 US\$'000
Deferred tax asset	4,088	5,014

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

At 1 January	5,014	4,994
Charge to income for the year	(926)	(1,132)
Adjustment in respect of previous period	—	1,152
At 31 December	4,088	5,014

Deferred tax assets are attributable to the following items:

Decelerated tax depreciation	4,088	5,014
At end of year	4,088	5,014

Notes to the Financial Statements for the year ended 31 December 2019

12. Borrowings

	2019 US\$'000	2018 US\$'000
Long term money market borrowings	710	710
Short term money market borrowings	15,025	14,587
Total	15,735	15,297

The interest rate as at the 31 December 2019 on the long term money market borrowing of US\$ ('000) 710 from Credit Suisse AG, London Branch was 2.51% (2018: 2.51%) with maturity on 9 August 2022. Refer note 19 for fair value disclosures.

The interest rate as at the 31 December 2019, on the US\$ 15,025 short term money market borrowing from Credit Suisse AG, London Branch was 2.03% (2018: US\$ 2.80%) with an average maturity of 33 days (2018: 31 days).

13. Other liabilities

	2019 US\$'000	2018 US\$'000
Interest accrued on borrowings	20	22
Audit fees payable	8	7
Total	28	29

14. Share capital

	2019 US\$'000	2018 US\$'000
Authorised:		
400,000,000 Ordinary shares of US\$1.00 each	400,000	400,000
Allotted, called up and paid up:		
80,000,001 Ordinary shares of US\$1.00 each	80,000	80,000
Total	80,000	80,000

The holders of ordinary shares have voting rights and the right to receive dividends. There were no movements in share capital during the year (2018: US\$ Nil) and no dividends were paid or are proposed (2018: 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.

15. Capital Contribution reserve

	2019 US\$'000	2018 US\$'000
Capital contribution reserve	8,800	8,800
Total	8,800	8,800

Capital contribution reserve represents contribution made by the parent company to the Company's reserves.

Notes to the Financial Statements for the year ended 31 December 2019

16. Operating Lease

The Company has leased assets to CSi and rent of US\$ ('000) 106 was earned.

The leasing agreement has been executed for 5 years and is non-cancellable. The title to ownership of the asset remains with the Company.

a) Operating lease income

Year end 31 December:	2019
Operating leases:	US\$'000
Lease income:	106

b) Maturity Analysis of Operating Leases

Lease Payments Receivable	2019
	US\$'000
Receivable within 1 year	106
Receivable between 1 and 2 years	106
Receivable between 2 and 3 years	62
Total	274

The Company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach.

c) Operating Leases of Property Plant and Equipment

- i. Measurement bases used for determining the gross carrying amount - **Purchase Cost**
- ii. Depreciation method used - **Straight Line Method**
- iii. Useful lives or depreciation rates used - **17.5 Years**
- iv. Gross carrying amount and the accumulated depreciation at the beginning and end of the period

Particulars	December 31, 2019	December 31, 2018
	US\$'000	US\$'000
Gross Carrying Amount	1,251	1,251
Accumulated Depreciation	171	100

- v. Reconciliation of the carrying amount at the beginning and end of the period

CS determines the gross carrying amount of operating leases by taking the balance and increasing and decreasing by the items noted in the movements table. Amortization is taken on a straight-line basis according to the useful lives outlined in Significant Accounting Policies note 2(i).

For the movements in the leased asset during the year refer to Note 10.

17. Related party transactions

The Company is a wholly owned subsidiary of DLJ UK Investment Holdings Limited. The ultimate holding company is CS group, which is incorporated in Switzerland.

Copies of group Financial Statements of Credit Suisse AG and CS group, 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 CS group, Paradeplatz 8, 8070 Zurich, Switzerland.

The Company has related party balances with subsidiaries and affiliates of CS group. 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 2019

17. Related party transactions (continued)

a) Related party assets and liabilities

	2019		2018	
	Parent*	Fellow group companies	Parent*	Fellow group companies
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Other Assets**	—	107	—	54
Cash at bank	41	81	—	53
Short term money market deposit	39	—	51	—
Total current assets	80	188	51	107
Non-Current assets				
Property and equipment	—	1,080	—	1,151
Total non-current assets	—	1,080	—	1,151
Total assets	80	1,268	51	1,258
LIABILITIES				
Current liabilities				
Short term borrowings	15,025	—	14,587	—
Other Liabilities	20	—	22	—
Bank Overdraft	—	—	—	1
Total current liabilities	15,045	—	14,609	1
Non-current liabilities				
Long term borrowings	710	—	710	—
Total non-current liabilities	710	—	710	—
Total liabilities	15,755	—	15,319	1

* Above table includes Cash at bank with Credit Suisse AG and Short term money market deposits, Short term borrowings, Other liabilities, and Long term borrowings with Credit Suisse AG, London Branch.

** 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 2019 is US\$('000) 2,326 (2018: US\$('000) 1,283).

b) Related party revenues and expenses

	2019		2018	
	Parent*	Fellow group companies	Parent*	Fellow group companies
		US\$'000		US\$'000
Related party revenues				
Revenue	—	106	—	106
Interest income	—	4	—	1
Total	—	110	—	107
Related party expenses				
Interest expense	(416)	—	(454)	—
Total	(416)	—	(454)	—

* Above table includes Interest expense on short term and long term borrowings with Credit Suisse AG, London Branch.

Notes to the Financial Statements for the year ended 31 December 2019

17. Related party transactions (continued)

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 (2018: 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 (2018: 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.

18. Employees' remuneration

The Company had no employees during the year (2018: Nil). The Company receives a range of administrative services from related companies within the CS Group. CS Group companies have borne the cost of these services.

19. 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.

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.

Notes to the Financial Statements for the year ended 31 December 2019

19. Fair values of financial assets and liabilities (continued)

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).

2019 (US\$'000)	Carrying Amount Amortised cost	Level 1	Fair Value Level 2	Level 3	Total
Financial assets					
Other assets	107	—	107	—	107
Cash and cash equivalents	122	122	—	—	122
Interest bearing deposit	39	—	39	—	39
Total	268	122	146	—	268

Financial liabilities					
Short term borrowings	15,025	—	15,025	—	15,025
Long term borrowings	710	—	710	—	710
Other liabilities	28	—	28	—	28
Total	15,763	—	15,763	—	15,763

2018 (US\$'000)					
Financial assets					
Other assets	54	—	54	—	54
Cash and cash equivalents	104	104	—	—	104
Total	158	104	54	—	158

Financial liabilities					
Short term borrowings	14,587	—	14,587	—	14,587
Long term borrowings	710	—	710	—	710
Other liabilities	29	—	29	—	29
Total	15,326	—	15,326	—	15,326

Notes to the Financial Statements for the year ended 31 December 2019

20. 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 program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

CS Group, of which the Company is a part, manages its risks under global policies. The CS Group risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with CS Group's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with CS Group'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

During the current year, the Company holds only fixed interest rate bearing assets and liabilities. Accordingly, no sensitivity analysis has been performed.

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:

2019 (US\$'000)	+25%	-25%
Change in equity and income or (loss) with interest rate fluctuation in short term borrowings	—	—
Total	—	—
2018 (US\$'000)	+25%	-25%
Change in equity and income or (loss) with interest rate fluctuation in short term borrowings	(100)	100
Total	(100)	100

Notes to the Financial Statements for the year ended 31 December 2019

20. Financial risk management (continued)

(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 CS Group through the Foreign Currency Exposure Management ('FCEM') process, utilising currency hedges at the CS Group level.

2019	GBP'000
Non US\$ denominated assets	
Cash and cash equivalents	34
Total monetary assets	34
Non US\$ denominated liabilities	
Other liabilities	6
Total monetary liabilities	6
Net exposure	28

2018	GBP'000
Non US\$ denominated assets	
Cash and cash equivalents	40
Total monetary assets	40
Non US\$ denominated liabilities	
Bank overdraft	1
Other liabilities	6
Total monetary liabilities	7
Net exposure	33

Sensitivity analysis for changes in exchange rates assume an instantaneous increase or decrease of 25% for foreign currency to USD rates at the reporting date, with all other variables remaining constant.

2019 (US\$'000)	+25%	-25%
Change in equity and income or (loss) with foreign exchange fluctuation	9	(9)
Total	9	(9)

2018 (US\$'000)	+25%	-25%
Change in equity and income or (loss) with foreign exchange fluctuation	11	(11)
Total	11	(11)

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 CS 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.

Notes to the Financial Statements for the year ended 31 December 2019

20. Financial risk management (continued)

Counterparty Exposure by Rating:

Cash and Due from Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchase d credit impaired	Total
2019	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
A+ to A-	122	—	—	—	122
Gross Carrying Amount	122	—	—	—	122
Loss allowance	—	—	—	—	—
Net Carrying amount	122	—	—	—	122

Other Assets	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchase d credit impaired	Total
2019	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
A+ to A-	107	—	—	—	107
Gross Carrying Amount	107	—	—	—	107
Loss allowance	—	—	—	—	—
Net Carrying amount	107	—	—	—	107

Interest-bearing deposits	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchase d credit impaired	Total
2019	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
A+ to A-	39	—	—	—	39
Gross Carrying Amount	39	—	—	—	39
Loss allowance	—	—	—	—	—
Net Carrying amount	39	—	—	—	39

Cash and Due from Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchase d credit impaired	Total
2018	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
A+ to A-	104	—	—	—	104
Gross Carrying Amount	104	—	—	—	104
Loss allowance	—	—	—	—	—
Net Carrying amount	104	—	—	—	104

Other Assets	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchase d credit impaired	Total
2018	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
A+ to A-	54	—	—	—	54
Gross Carrying Amount	54	—	—	—	54
Loss allowance	—	—	—	—	—
Net Carrying amount	54	—	—	—	54

Notes to the Financial Statements for the year ended 31 December 2019

20. Financial risk management (continued)

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 CS group reflects the risk appetite, business activities, strategy, the markets and overall operating environment. CS group 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 group. This approach enhances CS group's ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet any stress situation.

2019 (US\$'000)	Carrying amount	Gross nominal outflow	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 to 5 years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Long term borrowings	710	710	—	—	—	710	710
Short term borrowings	15,025	15,025	—	15,025	—	—	15,025
Other liabilities	28	103	8	41	18	36	103
Total financial liabilities	15,763	15,838	8	15,066	18	746	15,838

2018 (US\$'000)	Carrying amount	Gross nominal outflow	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 to 5 years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Long term borrowings	710	781	—	—	—	781	781
Short term borrowings	14,587	14,609	—	14,609	—	—	14,609
Other liabilities	29	29	7	22	—	—	29
Bank Overdraft	1	1	—	1	—	—	1
Total financial liabilities	15,327	15,420	7	14,632	—	781	15,420

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.

21. Subsequent events

The spread of COVID-19 is expected to have a significant impact on the global economy and may affect the business performance of the Company in at least the first half of 2020 and going forward. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business. However, the Directors are of the opinion that the Company would continue as a going concern for at least 12 months from the date of approval of the financial statements on the basis of continued financial support from the Company's ultimate parent, Credit Suisse AG. Credit Suisse AG has confirmed that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future.

The Company is not materially impacted by the UK's exit from the European Union ('EU') as it is an investment holding company which does not hold any investments in the EU and is not party to any material transactions with EU counterparties.

In the UK budget announcement of 11 March 2020, the UK government announced its intention to maintain the UK corporation tax rate at 19% and the previously enacted legislation to reduce the tax rate to 17% with effect from 1 April 2020 would be repealed. This tax rate increase was enacted in March 2020. If this tax rate increase had been substantively enacted as at 31 December 2019 it would have had the impact of increasing the deferred tax asset recorded by approximately USD 481k.

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