

Registered Number 5092310

Oakwood Homeloans Limited
Annual report and accounts
for the year ended 31 December 2006



Oakwood Homeloans Limited

Annual report and accounts for the year ended 31 December 2006

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Oakwood Homeloans Limited

Company Information

Directors

Michael Culhane

Lawrence Huff (resigned 16 June 2006)

Jason Miller (appointed 21 June 2006)

Adrian Carr (appointed 21 June 2006)

James Bamber (appointed 21 June 2006)

Company Secretary

Roger Lansdowne

Company number

5092310

Registered office

180 Brompton Road

London

SW3 1HQ

Auditor

KPMG Audit Plc

1 The Embankment

Neville Street

Leeds

LS1 4DW

Business address

180 Brompton Road

London

SW3 1HQ

Oakwood Homeloans Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

Principal activity

The principal activity of Oakwood Homeloans Limited ("company") is to advise and arrange regulated mortgage contracts, to provide administration of regulated mortgage contracts and facilitate the financing and realisation of mortgage assets along with related services which are incidental to activities of a mortgage lender, mortgage broker or administrator. The company is authorised and regulated by the Financial Services Authority.

Review of business and future developments

The profit and loss account for the year is set out on page 8. The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Risk Management

The Credit Suisse group ("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.

Risk management principles: The prudent taking of risk is fundamental to the business of the CS group. The primary objectives of risk management are to protect the financial strength and the reputation of the CS group, while looking to ensure that capital is well deployed to maximise income and shareholder value. CS group's risk management framework is based on the following principles, which apply universally across all businesses and risk types:

- Protection of financial strength: CS group manages risk in order to limit the impact of potentially adverse events on CS group's capital and income. CS group's risk appetite is to be consistent with its financial resources.
- Protection of reputation: The value of the CS group franchise depends on its reputation. Protecting a strong reputation is both fundamental and an overriding concern for all staff members.
- Risk transparency: Risk transparency is essential so that risks are well understood by senior management and members of the CSG Board of Directors and can be balanced against business goals.
- Management accountability: CS group is organised into segments that own the comprehensive risks assumed through their operations. Management of each segment is responsible for the ongoing management of their respective risk exposures and earning a sufficient long term return for the risks taken.
- Independent oversight: Risk management is a structured process to identify, measure, monitor and report risk. The risk management, controlling and legal and compliance functions operate independently of the front office to ensure the integrity of the CS group's control processes. The risk management functions are responsible for implementing all relevant risk policies, developing tools to assist senior management to determine risk appetite and assessing the overall risk profile of CS group.

Oakwood Homeloans Limited

Directors' report for the year ended 31 December 2006 (continued)

Risk management in the context of the company

Based upon the holistic risk management framework described above, the risks faced by the company are considered in the wider context of the CS group. For the purpose of the company, the following risks are presumed to fall to other entities within the product/supply chain and are not discussed further within these financial statements

Currency Risk,

Credit Risk (including Counterparty Risk)

Country Risk

Settlement Risk

Legal Risk

Reputational Risk

Liquidity Risk

Cash flow and Fair Value Interest Rate Risk

Market and operational Risks which are considered within the context of the company are mitigated by the company working closely with its parent, Credit Suisse Group

The company constantly reviews its sourcing of available mortgage portfolios and as Oakwood's reputation as an efficient operator in this market grows, the company has moved towards sourcing portfolios itself through direct contact with lenders as they seek to diversify their funding strategies. Using refined analysis and pricing techniques, such as applying proprietary modelling and stress-testing of each potential new mortgage portfolio, the company ensures that while the offered price is fair and competitive, the risk is adequately priced and the Group's investment objectives are met. Partnering with Credit Suisse has significantly enhanced Oakwood's ability to access flexible and well priced financing options, enabling excellent opportunities for credit risk management during the portfolio acquisition process and beyond.

Further steps taken include stringent due diligence on each portfolio which focuses intently on the credit quality of target portfolios. Rigorous analysis of the originating lender's underwriting criteria plus broad sampling of loans enables insight over the credit strength of the underlying assets. Due diligence is also performed on the documentation used to originate the loans to ensure enforceability. The company outsources all of its Corporate, Special and Mortgage Servicing, and works closely with all the various parties to ensure that they deliver a consistently high quality service.

In addition to its financing and servicing partners, the company has excellent working relationships with a variety of firms who assist in the servicing of mortgage portfolios which ensures that the complete life cycle of the mortgages is handled speedily, efficiently and fairly in order to minimise the borrower's costs and reduce the impact from losses to the funding partners.

In this manner, the company manages the risks arising from organisational and operational areas

Oakwood Homeloans Limited

Directors' report for the year ended 31 December 2006 (continued)

2006 and Future developments

During the year, the company acquired mortgage portfolios from GMAC-RFC as well as from Kensington Mortgage Company. In June, Credit Suisse London Branch purchased a controlling interest in the group and at the same time the company issued its second securitisation of non-conforming mortgage loans through Alba 2006-1 PLC.

The company considers that there is a healthy development of the whole loan market in the UK at this time and subject to pricing being agreeable to Oakwood, Oakwood expects to see a steady growth in volumes being transacted in 2006 and 2007.

Furthermore, the growth prospects for whole loan sales look positive in the UK as the Residential Mortgage Backed Securitisation (RMBS) market continues to develop making this a viable alternative funding option. Wider understanding of the market has fostered the development of new markets in pricing, selling and managing mortgage credit risk.

Key Performance Indicators - Company

Loans acquired and under management	No of Loans	Value - £m
Number / Value brought forward	3,322	385.4
Net mortgages acquired and sold in the year	9,929	1,349.1
Number / Value carried forward	13,251	1,734.5

Results and Dividends

The company's profit for the year is £60,781 (2005: £9,915) and is set out on page 8. The directors do not recommend the payment of a final dividend (2005: £nil).

Directors and their interests

The directors who held office during the year are set out on page 1.

Changes to the directorate since 1 January 2006 and up to the date of this report are as follows:

Lawrence Huff (resigned 16 June 2006)

Jason Miller (appointed 21 June 2006)

Adrian Carr (appointed 21 June 2006)

James Bamber (appointed 21 June 2006)

None of the directors was beneficially interested, at any time during the year, in the shares of the Company. A number of directors received entitlements to Credit Suisse Group Shares under long-term incentive schemes in their capacity as officers of Credit Suisse Group companies.

Audit information

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

Oakwood Homeloans Limited

Directors' report for the year ended 31 December 2006 (continued)

Going concern

The Directors are satisfied that Oakwood Homeloans Limited has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the accounts

Supplier Payment Policy

There is not a defined policy in place with respect to payment of third party invoices. It is usual that the company pays invoices in accordance with contractual and payments terms

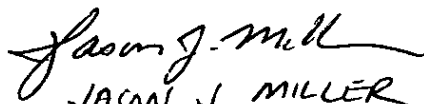
Subsequent Events

On March 23rd, in the normal course of business, the company purchased a mortgage portfolio at a cost of £629,081,102

Auditor

The auditor, The Gallagher Partnership LLP, resigned with effect from 12 January 2007. The Board accepted their resignation and appointed KPMG Audit Plc as new auditor. A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditor of the company

By order of the Board


JASON J MILLER
DIRECTOR

27 March 2007

Oakwood Homeloans Limited

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare Oakwood Homeloans Limited financial statements for each financial year. Under that law they have elected to prepare the Oakwood Homeloans Limited financial statements in accordance with UK Accounting Standards.

The Oakwood Homeloans Limited financial statements are required by law and UK Accounting Standards to present fairly the financial position of Oakwood Homeloans Limited and the performance for that period, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the Oakwood Homeloans Limited 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 UK Accounting Standards, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that Oakwood Homeloans Limited will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Oakwood Homeloans Limited and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of Oakwood Homeloans Limited and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and a Business Review.

Oakwood Homeloans Limited

Independent auditors' report to the members of Oakwood Homeloans Limited

We have audited the financial statements of Oakwood Homeloans Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities on page 6, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit plc
Chartered Accountants and Registered Auditor

Date 27 March 2007

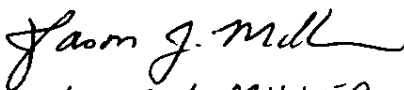
Oakwood Homeloans Limited

Balance Sheet as at 31 December 2006

	Notes	2006 £	2005 £
Current assets			
Debtors amounts falling due within one year	8	132,254	32,562
Cash at bank and in hand		217,376	588,531
		349,630	621,093
Creditors amounts falling due within one year	9	(138,934)	(501,178)
Total assets less current liabilities		210,696	119,915
Capital and reserves			
Called up share capital	10	140,000	110,000
Profit and loss account	11	70,696	9,915
Equity shareholders' funds	12	210,696	119,915

The notes on pages 10 to 15 form an integral part of these financial statements

The financial statements on pages 8 to 15 were approved by the board of directors on 27 March 2007 and were signed on its behalf by


JASON J MILLER
DIRECTOR

Oakwood Homeloans Limited

Notes to the financial statements for the year ended 31 December 2006

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Cash Flow exemption

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Turnover

Turnover represents amounts receivable for administration services provided in the normal course of business and transaction fees relating to the purchase and sale of mortgage loans. Revenue is recognised in line with accruals accounting based on fees received for services provided during the financial year

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with FRS 19 deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. During the year the company bought and sold mortgage loan portfolios amounting to £1,457,149,616 (2005 £718,380,000). The company earns fee income from these books on an ongoing basis in respect of the provision of special services

3 Directors' emoluments

None of the directors directly receive any emoluments from the company. Messrs James Bamber and Adrian Carr are employed and remunerated by Credit Suisse and are appointed to the board as non-executive directors of the company by that entity. Messrs Mike Culhane and Jason Miller are partners in Oakwood Global Finance LLP and are appointed to the board as non-executive directors of the company by that entity

4 Employee information

The company had no employees during the year (2005 nil)

Oakwood Homeloans Limited

5 Interest

	2006	2005
Other Interest receivable and similar income	£	£
Bank interest receivable	467	758
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	2006	2005
Interest Payable and similar charges	£	£
On bank loans and overdrafts	17	-
<hr/>		

6 Profit on ordinary activities before taxation

	2006	2005
	£	£
<hr/>		
Profit on ordinary activities before taxation is stated after charging		
Auditor remuneration for		
Audit	11,000	6,169
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Oakwood Homeloans Limited

7 Taxation

(a) Analysis of charge in the year

	2006	2005
	£	£
The taxation charge based on the profit for the year at 30% (2005 30%) is		
UK corporation tax		
Current year	26,500	4,250
Adjustments in respect of prior periods	965	-
Total current tax	27,465	4,250

(b) Factors affecting tax charge for the year

The tax charge for the year is higher than (2005 equal to) the standard rate of corporation tax in the UK (30%) for the following reasons

	2006	2005
	£	£
Profit on ordinary activities before taxation	88,246	14,165
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	26,474	4,250
Effects of		
Adjustment in respect of prior year	965	-
Other	26	-
Current tax charge for the year (note 7a)	27,465	4,250

(c) Factors that may affect future tax charges

There are no factors which are expected to materially affect future tax charges

Oakwood Homeloans Limited

8 Debtors

	2006	2005
	£	£
Amounts falling due within one year:		
Trade debtors	72,086	10,660
Other debtors	4,168	7,237
Prepayments and accrued income	56,000	14,665
	132,254	32,562

9 Creditors: amounts falling due within one year

	2006	2005
	£	£
Trade creditors	101,134	489,506
Corporation tax	26,500	4,250
Accruals and deferred income	11,300	7,422
	138,934	501,178

10 Called up share capital

	2006	2005
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called-up and fully paid		
140,000 ordinary shares of £1 each	140,000	110,000

During the year 30,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital

Oakwood Homeloans Limited

11 Reserves

	Profit and loss account
	2006
On 1 January 2006	9,915
Profit for the year	60,781
31 December 2006	70,696

12 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	60,781	9,915
Proceeds for the issue of shares	30,000	109,999
Increase in shareholders' funds	90,781	119,914
Opening shareholders' funds	119,915	1
Closing shareholders' funds	210,696	119,915

13 Related party transactions

The company receives administration and operational support from Oakwood Global Finance LLP ('LLP'). During the year the company was charged a total of £364,760 (2005 £420,203) for services rendered and at the balance sheet date the company owed the LLP £95,299 (2005 £487,884).

Michael Culhane and Jason Miller, both directors of the company are partners of the LLP and have a beneficial interest in the LLP.

In addition to the above, the company earns income from the ultimate funding entities which own the beneficial and economic interest in the mortgage portfolios that the company has sourced. Goods and/or services supplied during the year and balances remaining at the year end from these companies are as follows:

- Goods or services amounting to £12,782 (2005 - £10,948) were supplied and charged to Oakwood Mobius PLC
- Goods or services amounting to £134,430 (2005 - £43,366) were supplied and charged to Alba 2005 - 1 PLC
- Goods or services amounting to £120,740 (2005 - £nil) were supplied and charged to Alba 2006 - 1 PLC
- Goods or services amounting to £10,068 (2005 - £nil) were supplied and charged to Alba 2006 - 2 PLC
- Goods or services amounting to £132,769 (2005 - £nil) were supplied and charged to Credit Suisse
- Balances of £5,384 (2005 - £12,282) remained outstanding from Alba 2005 - 1 PLC
- Balances of £22,308 (2005 - £nil) remained outstanding from Alba 2006 - 1 PLC
- Balances of £44,394 (2005 - £nil) remained outstanding from Credit Suisse

Oakwood Homeloans Limited

14 Post Balance Sheet event

On March 23rd, in the normal course of business, the company purchased a mortgage portfolio at a cost of £629,081,102

15 Parent undertaking

The company's immediate parent undertaking is Oakwood Homeloans Holdings Limited, a company incorporated in the UK

The company's ultimate parent company which consolidates the results of the company is Credit Suisse Group, Copies of the financial statements of this company can be obtained from Credit Suisse, Paradeplatz, PO Box 1, 8070 Zurich, Switzerland