# OAKWOOD HOMELOANS LIMITED

## Annual Report and Financial Statements
## For the year ended 31 December 2017

## Registered number 05092310

# Report and Financial Statements

**Contents**

## BOARD OF DIRECTORS

| | |
|---|---|
| Leonora Daniel | Director |
| David Jerrard | Director |

## COMPANY SECRETARY

| | |
|---|---|
| Roger Lansdowne | Company Secretary |

# STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

**Principal activity**

The principal activity of Oakwood Homeloans Limited (the "Company") is making arrangements and entering into 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 the activities of a mortgage lender, mortgage broker or administrator. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

**Review of business**

The Statement of Profit or Loss and Other Comprehensive Income for the year is set out on page 9. Trading conditions continue to be challenging within the mortgage sector. The resulting loss for the year and the financial position at the year-end were considered satisfactory by the directors.

**Measurement/Key Performance Indicators**

Primary indicators tracked are:

- Pre-Tax Losses ('PTL') on a total business level: as in line with management expectation the Company has made a loss for the period under review.
- Regulatory Capital: is reviewed by management on a continual basis to ensure compliance with regulatory capital requirements.
- Primary Servicer reporting: details of customer and servicing performance against targets are reviewed by management on a regular basis.

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

**Results**

The Company's loss for the year is £1,171,027 (2016: £1,218,436). As at 31 December 2017, the Company had total assets of £3,428,287 (2016: £3,657,939), which comprise mainly of cash balances held with Credit Suisse group companies, and amounts receivable from the group loss relief negotiated with fellow group companies. Total shareholders' equity was £3,111,961 (2016: £3,232,988).

**Risks and Uncertainties**

The risks facing the Company are liquidity risk, on cash balances, market risk and credit risk, primarily on revenue and related receivables and operational risk, arising from inadequate or failed internal processes, people or systems, or from external events. In relation to credit risk, the majority of total assets are held with other Credit Suisse Group companies, and accordingly, this is not considered to be a significant risk. The Company's financial risk management objectives and policies are outlined in Note 20 to the financial statements. The Company is exposed to minimal operational risk.

**Capital Resources**

During the period, the Company issued £1.05 million additional share capital (2016: £1.5 million). The Company continues to closely monitor its capital and funding requirements and maintain an actively managed capital base to support the business risks. Credit Suisse AG, Zurich has confirmed its intention to provide the necessary financial support to the Company to continue operations and meet its liabilities as and when they fall due.

**Strategy**

Notwithstanding any changes to the present economic environment and challenging conditions being experienced in the mortgage sector, the directors continue to monitor the performance of the Company carefully and continue to deliver appropriate services to its customers.

**Signed on behalf of the Board of Directors on 19 April 2018 by:**

**David Jerrard,**
**Director.**

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

**International Financial Reporting Standards**

Oakwood Homeloans Limited 2017 annual accounts have been prepared in accordance with International Financial Reporting Standards and its interpretations ('IFRS') as adopted for use in the European Union ('EU').

The financial statements were authorised for issue by the Directors on 19 April 2018.

**Going Concern Basis**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Credit Suisse AG, Zurich has confirmed its intention to provide the necessary financial support to the Company to continue operations and meet its liabilities as and when they fall due. The directors continue to adopt the going concern basis of accounting in preparing the financial statements. In forming their view the directors have considered a period of more than twelve months from the date of approving the financial statements.

**Results and dividends**

The Company's loss for the year is £1,171,027 (2016: £1,218,436). The directors do not recommend the payment of a final dividend (2016: £nil).

**Directors**

The Directors who held office at the date of approval of this report are listed on page 3.

There have been no changes to the directorate since 1 January 2017 and up to the date of this report.

The directors did not receive any remuneration in respect of their services as directors of the Company. The directors are employees of its related companies and the Company does not reimburse its related companies for the services rendered by these directors.

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

**Statement of directors' responsibilities in respect of the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("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 judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Disclosure of information to Auditor**
The directors who held office at the date of approval of this directors' report confirm that, so far as they 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.

**Auditor**
Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

David Jerrard
Director

The Watermill
Broughton
Skipton
North Yorkshire
BD23 3AG
United Kingdom

19 April 2018

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKWOOD HOMELOANS LIMITED

**Opinion**
We have audited the financial statements of Oakwood Homeloans Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of profit or loss and other comprehensive income; Statement of financial position; Statement of changes in equity, and 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 2017 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**
We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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

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

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

**Matters on which we are required to report by exception**
Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Directors' responsibilities**
As explained more fully in their statement set out on page 5, 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.

R. Faulkner

Richard Faulkner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
19 April 2018

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| **Revenue** | 4 | **2,116,455** | **2,306,618** |
| Cost of sales | 5 | (3,220,576) | (3,437,758) |
| Gross loss | | (1,104,121) | (1,131,140) |
| Administrative expenses | 6 | (346,192) | (392,086) |
| Operating loss | | **(1,450,313)** | **(1,523,226)** |
| Interest income | 7 | 186 | 181 |
| **Loss before tax** | 8 | **(1,450,127)** | **(1,523,045)** |
| Taxation | 12 | 279,100 | 304,609 |
| **Loss and total comprehensive income for the year** | | **(1,171,027)** | **(1,218,436)** |

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

Losses for both 2017 and 2016 are derived from continuing operations.

The notes on pages 13 to 27 form an integral part of the Financial Statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Trade and other receivables | 13 | 20,190 | 170,165 |
| Total non-current assets | | 20,190 | 170,165 |
| **Current assets** | | | |
| Cash and cash equivalents | 14 | 2,464,639 | 2,825,452 |
| Group relief receivable | 15 | 919,830 | 640,730 |
| Trade and other receivables | 13 | 7,658 | 5,305 |
| Prepayments and accrued income | 16 | 15,970 | 16,287 |
| Total current assets | | 3,408,097 | 3,487,774 |
| **TOTAL ASSETS** | | **3,428,287** | **3,657,939** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 99,404 | 189,148 |
| Accruals | | 190,792 | 205,643 |
| Provisions | 17 | 12,461 | 14,946 |
| Total current liabilities | | 302,657 | 409,737 |
| **Non-current liabilities** | | | |
| Provisions | 17 | 13,669 | 15,214 |
| Total non-current liabilities | | 13,669 | 15,214 |
| **TOTAL LIABILITIES** | | **316,326** | **424,951** |
| **SHAREHOLDERS' EQUITY** | | | |
| Called up share capital | 18 | 7,300,000 | 6,250,000 |
| Share premium | | 4,940,000 | 4,940,000 |
| Accumulated losses | | (9,128,039) | (7,957,012) |
| **TOTAL SHAREHOLDERS' EQUITY** | | **3,111,961** | **3,232,988** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **3,428,287** | **3,657,939** |

The notes on pages 13 to 27 form part of the Financial Statements.

These financial statements were approved by the Board of Directors on 19 April 2018 and were signed on its behalf by:

David Jerrard
*Director*
*Company Registered Number: 05092310*

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

**2017**

| | **Share Capital** | **Share Premium** | **Accumulated Losses** | **Total Equity** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Balance at 1 January 2017 | 6,250,000 | 4,940,000 | (7,957,012) | 3,232,988 |
| Net loss for the year | - | - | (1,171,027) | (1,171,027) |
| Total comprehensive loss for the year | - | - | (1,171,027) | (1,171,027) |
| Issue of share capital | 1,050,000 | - | - | 1,050,000 |
| **Balance at 31 December 2017** | **7,300,000** | **4,940,000** | **(9,128,039)** | **3,111,961** |

| **2016** | **Share Capital** | **Share Premium** | **Accumulated Losses** | **Total Equity** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Balance at 1 January 2016 | 4,750,000 | 4,940,000 | (6,738,576) | 2,951,424 |
| Net loss for the year | - | - | (1,218,436) | (1,218,436) |
| Total comprehensive loss for the year | - | - | (1,218,436) | (1,218,436) |
| Issue of share capital | 1,500,000 | - | - | 1,500,000 |
| **Balance at 31 December 2016** | **6,250,000** | **4,940,000** | **(7,957,012)** | **3,232,988** |

The notes on pages 13 to 27 form part of the Financial Statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017 £ | 2016 £ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before tax for the period | (1,450,127) | (1,523,045) |
| | (1,450,127) | (1,523,045) |
| Decrease / (increase) in trade and other receivables | 147,622 | (29,037) |
| Decrease in prepayments and accrued income | 317 | 2,527 |
| Decrease in trade and other payables | (89,744) | (192,238) |
| (Decrease) / increase in accruals | (14,851) | 40,410 |
| Decrease in provisions | (4,030) | (7,256) |
| Net cash received for Group relief receivable | - | 356,922 |
| **Net cash used in operating activities** | **(1,410,813)** | **(1,351,717)** |
| **Cash flows from financing activities** | | |
| Issue of shares | 1,050,000 | 1,500,000 |
| **Net cash from financing activities** | **1,050,000** | **1,500,000** |
| **Net increase/(decrease) in cash and cash equivalents** | **(360,813)** | **148,283** |
| **Cash and cash equivalents at 1 January** | **2,825,452** | **2,677,169** |
| **Cash and cash equivalents at 31 December** | **2,464,639** | **2,825,452** |

The notes on pages 13 to 27 form part of the Financial Statements.

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

### 1. REPORTING ENTITY

The principal activity of the Company is making arrangements and entering into 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 the activities of a mortgage lender, mortgage broker or administrator. As at 31 December 2017 the Company is a wholly owned subsidiary of Oakwood Homeloans Holdings Limited and its ultimate parent company is Credit Suisse Group AG., incorporated in Switzerland, which prepares consolidated financial statements.

Oakwood Homeloans Limited is a limited company incorporated and domiciled in the United Kingdom. The Company's registered office is:

The Watermill
Broughton
Skipton
North Yorkshire
BD23 3AG
United Kingdom

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The financial statements have been prepared on a going concern basis and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS').

#### BASIS OF PREPARATION

The Financial Statements are presented in pounds sterling ('GBP') which is the Company's functional currency. They are prepared on the historical cost basis.

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

These financial statements have been prepared on a going concern basis, notwithstanding the fact that the Company had incurred a loss of £1.2 million for the year ended 31 December 2017 (31 December 2016: £1.2 million). Accordingly, the validity of the going concern assumption is dependent upon future profitable operations and continued financial support from its ultimate parent. Credit Suisse AG have confirmed that they will provide the Company with such financial support as may be required to meet the Company's obligations as they arise in the foreseeable future.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### STANDARDS AND INTERPRETATIONS

**Standards and Interpretations effective in the current period**

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

- Amendments to IAS 12: Income Taxes: In January 2016 the IASB issued 'Recognition of Deferred Tax Assets for Unrealised Losses' (Amendments to IAS 12). The Amendments clarify how to account for deferred tax assets related to Debt instruments measured at fair value. The adoption of the Amendments to IAS 12 on 1 January 2017 did not have an impact to the Company's financial position, results of operation or cash flows.

- Disclosure Initiative (Amendments to IAS 7): In January 2016, the IASB issued amendments to IAS 7 as part of their Disclosure Initiative. The Amendments require enhanced statement of cash flow disclosures regarding changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. As the Amendments to IAS 7 impact disclosures only, the adoption on 1 January 2017, did not have an impact to the Company's financial position, results of operation or cash flows.

- Annual Improvements to IFRSs 2014-2016 Cycle: In December 2016, the IASB issued 'Annual Improvements to IFRSs 2014-2016 cycle' (Improvements to IFRSs 2014-2016). The adoption of the Improvements to IFRSs 2014-2016 on 1 January 2017, did not have an impact on the Company's financial position, results of operation or cash flows.

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

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

- IFRS 9 Financial Instruments: In November 2009 the IASB issued IFRS 9 'Financial Instruments' (IFRS 9) covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities. In July 2014, the IASB issued IFRS 9 as a complete standard. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The amendments to IFRS 7 resulting from IFRS 9 also require new disclosures as well as the revision of current disclosure requirements. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.
- Under IFRS 9, financial assets will be classified on the basis of two criteria: 1) the business model of how the financial assets are managed and 2) the contractual cash flow characteristics of the financial asset. These factors will determine whether the financial assets are measured at Amortized Cost, Fair value through Other Comprehensive Income (FVOCI) or Fair value through Profit & Loss (FVTPL). The accounting for financial liabilities remains largely unchanged except for those financial liabilities designated at fair value through profit or loss, where the gains and losses arising from changes in credit risk will be presented in Other Comprehensive Income rather than profit or loss.
- Under IFRS 9, the new impairment requirements will primarily apply to financial assets measured at amortized cost and fair value through other comprehensive income as well as certain loan commitments and financial guarantee contracts. The impairment requirements will change from an incurred loss model to an expected credit loss ("ECL") model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. In terms of short-term cash balances, the Company will measure expected credit losses by applying a probability to default/loss-given default approach ("PD/LGD approach"). Under the PD/LGD approach, term structures of point-in-time, forward-looking PDs, LGDs and exposure at defaults will be estimated. These PD, LGD and EAD parameters will form the basis to estimate expected credit losses for the short remaining life of the cash balances.

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

**2. SIGNIFICANT ACCOUNTING POLICIES** ***(continued)***

**STANDARDS AND INTERPRETATIONS** ***(continued)***

**Standards and Interpretations endorsed by the EU and not yet effective** ***(continued)***

- The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all fee receivables. To measure the expected credit losses, the Company will apply a provision matrix in the form of aging analysis, including relevant forward looking information. The adoption of IFRS 9 is not expected to result in any material change in the classification of financial assets when compared to the classification under IAS 39. The Company estimates that the impact of implementing IFRS 9 on its 1 January 2018 balance sheet will be nil given it does not have loans portfolios and receivables are mainly related to group relief receivable.

- IFRS 15 Revenue from Contracts with Customers: In May 2014, the IASB issued IFRS 15 'Revenue from Contracts with Customers' (IFRS 15). IFRS 15 establishes a single, comprehensive framework for revenue recognition. The core principle of IFRS 15 requires that an entity recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes disclosure requirements that enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.
- In April 2016, the IASB issued Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Clarifications to IFRS 15), The Clarifications to IFRS 15 are intended to address implementation questions that were discussed by the Joint Transition Resource Group for Revenue Recognition on licenses of intellectual property, identifying performance obligations, principal versus agent application guidance and transition. IFRS 15 replaces existing revenue guidance in IFRS.
- IFRS 15 and Clarifications to IFRS 15 are effective for annual reporting periods beginning on or after 1 January 2018.
- The Company does not expect any material impact arising from the adoption of IFRS 15 as the majority of its revenue is outside the scope of the standard.

- IFRS 16 Leases: In January 2016 the IASB issued IFRS 16 'Leases' (IFRS 16) which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. IFRS 16 includes disclosure requirements to provide more information about the amount, timing and uncertainty of cash flows arising from leases. Lessor accounting is substantially unchanged compared to the current accounting guidance. Under the current lessee accounting model the Company is required to distinguish between finance leases, which are recognised on the balance sheet, and operating leases, which are not. IFRS 16 will require lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with a lease term of greater than twelve months, unless the underlying asset is of low value. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Company is currently evaluating the extent of the impact of the adoption of IFRS 16 although it does not expect the adoption of IFRS 16 will have a material impact on the Company's financial position, results of operations and cash flows.

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

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

**STANDARDS AND INTERPRETATIONS** (*continued*)

**Standards and Interpretations not endorsed by the EU and not yet effective** (*continued*)

- Amendments to IFRS 2: Share-based Payment: In June 2016, the IASB issued narrow scope amendments to IFRS 2 Share based payments (Amendments to IFRS 2). The Amendments clarify how to account for certain types of share-based payment transactions. The Amendments to IFRS 2 are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Amendments to IFRS 2 will not have any impact to the Company's financial position, results of operation or cash flows.

- IFRIC 23: In June 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments" (IFRIC 23). IFRIC 23 clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. The Company is currently evaluating the impact of adopting IFRIC 23 on the Company's financial position, results of operations and cash flows.

- 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 Company is currently evaluating the impact of adopting the Improvements to IFRSs 2015-2017.

The accounting policies have been applied consistently by the Company.

**REVENUE**
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided, stated net of discounts and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

**COSTS OF SALES**
Costs of sales has been recognised on an accrual basis.

**INTEREST INCOME**
Interest income includes interest income on the Company's short-term and long-term cash deposits. Interest income is accrued on an effective yield basis.

**TAXATION**
Income tax recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year comprises current tax.

Income tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Statement of Profit or Loss and Other Comprehensive Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Profit or Loss and Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

**TAXATION** (*continued*)

Information as to the calculation of income tax recognised in Statement of Profit or Loss and Other Comprehensive Income for the periods presented is included in Note 12 Taxation.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the components of cash and amounts 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. This includes cash placed in interest bearing deposits with other Credit Suisse group entities for the purpose of liquidity management.

**TRADE AND OTHER RECEIVABLES**

Trade and other receivables are initially recorded at fair value, plus any directly attributable transaction costs and subsequently are amortised on an effective interest method, less impairment losses. In the event of an impairment loss the effective interest will be re-estimated. When calculating the effective interest, the Company estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not future credit losses. The majority of the receivables are intercompany.

**PROVISIONS**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event which can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The expense recognised when provisions are established, is recorded in 'Administrative expenses' in the Statement of Profit or Loss and Other Comprehensive Income. Movement in provisions are set out in note 17.

**CONTINGENT LIABILITIES**

Contingent liabilities are either possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or are present obligations where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised as a liability but is disclosed, unless the possibility is remote, except for those acquired under business combinations, which are recognised at fair value. Management make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Charges, other than those taken periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated.

**STRUCTURED ENTITIES**

As part of normal business, the Company engages in various transactions that include entities which are considered structured entities. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Transactions with structured entities are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, the Company may hold interests in the structured entities. If the Company controls the structured entity then that entity is regarded as a subsidiary. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### STRUCTURED ENTITIES *(continued)*

The Company discloses information about significant judgements and assumptions made in determining whether the Company has control over another entity including structured entities. The Company also provides disclosures with regards to unconsolidated structured entities such as when it sponsors or has an interest in such an entity.

Structured entities which the Company is exposed to are not consolidated as these are consolidated by other entities, and albeit the Company has servicing contracts with these entities, these do not give rise to access to assets, or control of any description of those entities.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES.

In order to prepare the financial statements in accordance with IFRS, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgement and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in determining the amount of provision for future insurance refunds within the financial statements are prudent, reasonable and consistently applied.

## 4. REVENUE

The total revenue of the Company for the year was derived from its principal activity wholly undertaken in the United Kingdom. The Company earns servicing and sundry fees and commission income arising from mortgage books on an on-going basis.

## 5. COST OF SALES

The Company pays servicing and sundry fees and commission expenditure in respect to mortgage books on an on-going basis.

## 6. ADMINISTRATIVE EXPENSES

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Other corporate expenses | 346,192 | 392,086 |
| **Total** | **346,192** | **392,086** |

## 7. INTEREST INCOME

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Bank interest receivable | 186 | 181 |
| **Total** | **186** | **181** |

## 8. LOSS BEFORE TAXATION

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Loss before taxation is stated after charging | | |
| Auditior's remuneration for: | | |
| Audit of these financial statements | **6,337** | **6,337** |

## 9. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, associate, as well as the Company's key management, who are also directors of the Company.

The Company's immediate parent undertaking is Oakwood Homeloans Holdings Limited, a company incorporated in the United Kingdom. Copies of the financial statements of the immediate parent company can be obtained from its registered office, Oakwood Homeloans Holdings Limited, The Watermill, Broughton, Skipton, North Yorkshire, BD23 3AG, United Kingdom.

The Company's ultimate parent company which consolidates the results of the Company is Credit Suisse Group AG, a company incorporated in Switzerland. Copies of the financial statements of the ultimate parent company can be obtained from its registered office, Credit Suisse Group AG, Paradeplatz, PO Box 1, 8070 Zurich, Switzerland.

### a) Related party assets and liabilities

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. In addition, a short term deposit was also placed with a group company.

The Company enters into these transactions in the ordinary course of business and at arm's length.

| **Assets** | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| **Parent** | | |
| Trade and other trade receivables | - | 149,975 |
| **Fellow Credit Suisse group companies** | | |
| Interest bearing deposit | **2,321,088** | 2,450,000 |
| Group relief receivable | **919,830** | 640,730 |
| Trade and other trade receivables | **595** | 741 |
| **Other** | | |
| Trade and other trade receivables | **5,788** | **4,564** |
| **Total assets** | **3,247,301** | **3,246,010** |

| **Related party income statement** | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| **Fellow Credit Suisse group companies** | | |
| Revenue | **114,912** | 124,638 |
| Interest income | **186** | 181 |
| Group relief receivable | **279,147** | **304,609** |
| **Other** | | |
| Revenue | **1,986,997** | **2,158,881** |

| **Related party expenditure statement** | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| **Fellow Credit Suisse group companies** | | |
| Administrative expenses | **11,000** | **5,000** |

## 9. RELATED PARTY TRANSACTIONS *(Continued)*

### b) 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 (2016: £ 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.

### c) Liabilities due to pension funds

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

## 10. EMPLOYEE INFORMATION

The Company had no employees during the year (2016: nil).

## 11. INTERESTS IN OTHER ENTITIES

**Unconsolidated structured entities**
The Company holds an interest in structured entities which are not consolidated. An interest is either contractual or non-contractual involvement that exposes the Company to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.
The Company does not have an interest in another entity solely because of a typical customer supplier relationship. An example of a typical customer supplier relationship are fees other than management and performance fees that are passively earned and are typically one-off in nature.

Type of structured entity

**Securitisations**
Securitisations are primarily Residential mortgage backed securities ("RMBS") vehicles. The Company was the original Seller of the mortgages, Initial Instrument Holder and/or is the Special Servicer to structured entities related to certain securitisation transactions which are funded by bonds issued on a recognised exchange.

The maximum exposure to loss is the exposure arising from the net cost of outsourced servicing less servicing costs payable by the structured entities which cannot be calculated with any reasonable certainty.

As at December 31, 2017 there is a trade receivable amount due from these entities of £5,788 (2016: £4,564).

The following table provides the carrying amounts and classifications of the assets and liabilities recorded in the unconsolidated structured entities.

**Interests in unconsolidated structured entities**
**31 December**

| | *Type of structured entity* | |
|---|---|---|
| Balance sheet line item | **Securitisations 2017 £** | **Securitisations 2016 £** |
| Other loans and receivables | **774,733,291** | **854,877,762** |
| **Unconsolidated structured entity assets** | **774,733,291** | **854,877,762** |

The Company has no exposure to loss arising from the assets held by these entities and has not transferred any assets to, or received assets transferred from, these entities during the current or prior years.

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

### 11. INTERESTS IN OTHER ENTITIES (*continued*)

These amounts typically represent the assets of the entities themselves and are typically unrelated to the exposures the Company has with the entity and thus are not amounts that are considered for risk management purposes.

**Income from interests in unconsolidated structured entities**

| | | *Income* |
|---|---|---|
| *Structured entity type* | **Commission and fees** | |
| | **2017** | **2016** |
| | **£** | **£** |
| Securitisations | **1,986,997** | 2,158,881 |
| **Total** | **1,986,997** | **2,158,881** |

The table above shows the income from interests in unconsolidated structured entities during the reporting and prior period, including commission and fees.

The Company has servicing obligations in relation to the assets and receives income from the unconsolidated structured entities which does not cover the servicing costs incurred by the Company.

The Company does not currently have the intention to provide financial or other support to unconsolidated structured entities that it is not contractually required to provide.

### 12. TAXATION

**a) Current tax**

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Current tax credit on loss in the year | **(279,100)** | (304,609) |
| **Total tax benefit** | **(279,100)** | **(304,609)** |

**b) Factors affecting tax benefit for the year**

The current tax for the year can be reconciled to the standard rate of corporation tax in the UK of 19.25% (2016: 20%) as follows:

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| **Loss before tax** | **(1,450,127)** | (1,523,045) |
| Loss before tax multiplied by the UK statutory rate of corporation tax of 19.25% (2016: 20%) | **(279,100)** | (304,609) |
| **Total** | **(279,100)** | (304,609) |

**c) Factors that may affect future tax (benefits) / charges**

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

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

## 13. TRADE AND OTHER RECEIVABLES

| | 2017 £ | 2016 £ |
|---|---|---|
| Trade receivables | **6,382** | 5,305 |
| Other receivables | **21,466** | 170,165 |
| **Total trade and other receivables** | **27,848** | **175,470** |

## 14. CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|---|---|---|
| Cash at bank | **143,551** | 375,452 |
| Cash deposits with other group companies | **2,321,088** | 2,450,000 |
| **Total cash and cash equivalents** | **2,464,639** | **2,825,452** |

Cash at bank relate to accounts held with Barclays Bank Plc. Cash deposits relate to cash placed with other Credit Suisse group companies for the purpose of liquidity management, and this is available for recall with no notice and earns a variable interest rate reflecting the nature of the deposit. The fair value of cash and cash equivalents approximates the book value.

## 15. GROUP RELIEF RECEIVABLE

| | 2017 £ | 2016 £ |
|---|---|---|
| Group relief receivable | **919,830** | 640,730 |
| **Total group relief receivable** | **919,830** | **640,730** |

## 16. PREPAYMENTS AND ACCRUED INCOME

| | 2017 £ | 2016 £ |
|---|---|---|
| Prepayments | **6,060** | 6,960 |
| Accrued Income | **9,910** | 9,327 |
| **Total prepayments and accrued income** | **15,970** | **16,287** |

## 17. PROVISIONS

| Insurance commission | 2017 £ | 2016 £ |
|---|---|---|
| Balance at 1 January | **30,160** | 37,416 |
| Provisions used during the year | **(14,547)** | (23,103) |
| Provisions established during the year | **10,517** | 15,847 |
| **Balance at 31 December** | **26,130** | **30,160** |

When mortgage customers do not provide evidence of buildings insurance cover, the Company arranges Lender Insurance Only (LIO) insurance in place of the customers own cover to protect the Company from uninsured secured property loss risks. If a mortgage customer subsequently provides proof of existing buildings insurance cover, the premiums and commissions previously charged for the LIO insurance may be refunded. The Company maintains a provision for future refunds. This provision is based on historical experience with most refunds occurring within a short period of time from a property being placed onto the insurance programs, however there are uncertainties relating to both timing and amount of refund activity.

## 18. CALLED UP SHARE CAPITAL

| | 2017 £ | 2016 £ |
|---|---|---|
| Allotted, called-up and fully paid: 7,300,000 ordinary shares (2016: 6,250,000 shares) of £1 each | **7,300,000** | **6,250,000** |

During the year the Company issued 1,050,000 Ordinary shares (2016: 1,500,000) of £1 each, for a total cash consideration of £1,050,000 (2016: £1,500,000).

## 19. FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets and financial liabilities. The information presented herein represents estimates of fair values of financial assets and financial liabilities. All non-financial instruments such as prepayments are excluded. For interest bearing deposits, trade and other receivables and trade and other payables, fair value is assumed to approximate to book value, given the short nature of these financial instruments.

The table below analyses financial instruments by accounting category. 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 are not based on observable market data (unobservable inputs).

As at 31 December 2017 and 2016 the company does not have financial assets and liabilities measured at fair value.

**2017**

| | **Carrying Amount (£)** | | **Fair Value (£)** | | | |
|---|---|---|---|---|---|---|
| | **Loans and receivables** | **Other amortised cost items** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets** | | | | | | |
| Trade receivables | 27,848 | - | - | 27,848 | - | 27,848 |
| Group relief receivable | 919,830 | - | - | 919,830 | - | 919,830 |
| Cash and cash equivalents | - | 2,464,639 | 2,464,639 | - | - | 2,464,639 |
| **Total** | **947,678** | **2,464,639** | **2,464,639** | **947,678** | **-** | **3,412,317** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | - | 99,404 | - | 99,404 | - | 99,404 |
| Accruals | - | 190,792 | - | 190,792 | - | 190,792 |
| **Total** | **-** | **290,196** | **-** | **290,196** | **-** | **290,196** |

## 19. FINANCIAL ASSETS AND LIABILITIES (continued)

**2016**

| | Carrying Amount (£) | | Fair Value (£) | | | |
|---|---|---|---|---|---|---|
| | Loans and receivables | Other amortised cost items | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | |
| Trade receivables | 175,470 | - | - | 175,470 | - | 175,470 |
| Group relief receivable | 640,730 | - | - | 640,730 | - | 640,730 |
| Cash and cash equivalents | - | 2,825,452 | 2,825,452 | - | - | 2,825,452 |
| **Total** | **816,200** | **2,825,452** | **2,825,452** | **816,200** | **-** | **3,641,652** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | - | 189,148 | - | 189,148 | - | 189,148 |
| Accruals | - | 205,643 | - | 205,643 | - | 205,643 |
| **Total** | **-** | **394,791** | **-** | **394,791** | **-** | **394,791** |

The carrying amounts of financial assets and liabilities approximate to fair value.

There were no (2016: no) transfers between level 1 and level 2 during the year.

## 20. FINANCIAL RISKS

The Company's mortgage activities expose it to a variety of financial risks which are categorised as follows:

- Liquidity risk
- Credit risk
- Market risk
- Operational risk

**Liquidity risk**

Liquidity risk is the risk that a company is unable to fund assets to meet obligations as they fall due under both normal and stressed market conditions. The Company has limited liquidity risk. The Company's major asset types are its short term cash deposits and group relief receivable values. It has no major liabilities to fund (either on or off balance sheet).

The Company's liquidity risk management is fully integrated with management of liquidity globally in the Credit Suisse Group and documented in the global Liquidity Policy and Investment of Excess Funds Policy.

The table below shows the maturity of financial liabilities the Company is exposed to, and the undiscounted contractual maturity of the liabilities it faces:

| 2017 | Not later than one month £ | Over one month but not more than 3 months £ | Over 3 months but not more than 1 year £ | Due between 1 and 5 years £ | Due after 5 years £ | Total £ |
|---|---|---|---|---|---|---|
| Accruals | 2,820 | 166,870 | 21,102 | - | - | **190,792** |
| Trade payables | - | 99,404 | - | - | - | **99,404** |
| **Total financial liabilities** | **2,820** | **266,274** | **21,102** | **-** | **-** | **290,196** |

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

## 20. FINANCIAL RISKS (*continued*)

| 2016 | Not later than one month £ | Over one month but not more than 3 months £ | Over 3 months but not more than 1 year £ | Due between 1 and 5 Years £ | Due after 5 years £ | Total £ |
|---|---|---|---|---|---|---|
| Accruals | 2,843 | 168,457 | 34,343 | - | - | **205,643** |
| Trade payables | - | 189,148 | - | - | - | **189,148** |
| **Total financial liabilities** | **2,843** | **357,605** | **34,343** | **-** | **-** | **394,791** |

The directors consider that the carrying value of financial liabilities approximates to their fair value.

**Credit risk**
Credit risk is the risk of suffering financial loss, should any of the Company's clients or market counterparties fail to fulfil their contractual obligations to the Company. The Company's working capital, for day-to-day expenses, is held with Credit Suisse AG. Therefore the maximum exposure to credit risk that the Company has is £3,412,317 comprising £143,551 (2016: £375,452) of cash and cash equivalents held with Barclays Bank Plc, £2,321,088 (2016: £2,450,000) of deposit held with Credit Suisse AG, £919,830 (2016: £640,730) of group relief receivable and £27,848 (2016: £175,470) of trade and other receivables. The majority of trade receivables are intercompany or related parties and are settled within 3 months and therefore are considered as low risk.

| **Maximum exposure to credit risk** | **2017** £ | 2016 £ |
|---|---|---|
| Cash equivalents held with Barclays Bank Plc | **143,551** | 375,452 |
| Deposit held with Credit Suisse AG | **2,321,088** | 2,450,000 |
| Group relief receivable | **919,830** | 640,730 |
| Trade and other receivables | **27,848** | 175,470 |
| **Maximum exposure to credit risk** | **3,412,317** | **3,641,652** |

- The Company does not directly provide loans or any form of financing to its clients.
- The Company does not hold any forms of investments other than cash deposits.

**Market risk**
Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates and foreign exchange rates. The Company has minimal direct market risk. The Company is not affected by the movement of foreign exchange rates because its activities are all in Sterling.

**Interest rate risk**
Interest rate risk which is the possibility that changes in interest rates will result in higher financing costs and/or reduced income from the Company's interest bearing financial assets and liabilities. As the Company does not hold any investments other than very short term fixed rate cash deposits, and has no borrowing, it is not exposed to movements in interest rates.

A change of 1 basis point in interest rates at the year-end would have increased/(decreased), equity and profit or loss by £199 / (£199) (2016: £226 / (£226)).

**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.

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

## 20. FINANCIAL RISKS (*continued*)

**Regulatory risk**
In line with FCA guidance FG17/4 "The fair treatment of mortgage customers in payment shortfall: impact of automatic capitalisations": During the year the Company has reviewed its calculation of contractual monthly instalments (CMI) for mortgage customers with payment shortfalls and has subsequently revised the calculation basis. Oakwood Homeloans Limited is committed to the fair treatment of its customers and will review customer accounts and, where applicable, redress will be made to those customers. The Company does not expect that this will impact the Company financial position as these mortgages are beneficially owned by Residential mortgage backed securities ("RMBS") vehicles.

## 21. CAPITAL MANAGEMENT

The capital of the Company is represented by 7,300,000 ordinary shares (2016: 6,250,000 ordinary shares).

The Company's lead regulator, the Financial Conduct Authority (FCA), sets and monitors capital requirements for the Company. In implementing current capital requirements the FCA requires the Company to have capital in excess of its capital requirements.

The capital balances and capital requirements are monitored on a regular basis by the regulatory reporting departments and the directors of the Company. Funding is provided when necessary to meet capital requirements and is approved by the Credit Suisse group Treasury Department.

The Board of Directors monitor the capital base and the return of capital to investors.

The Company has complied with all externally imposed capital requirements throughout the year.

There were no changes in the Company's approach to capital management during the year.

## 22. COUNTRY BY COUNTRY REPORTING

Article 89 of the Capital Requirements Directive IV (Directive 2013/36/EU) requires institutions – credit institutions or investment firms, their branches, and subsidiaries - to disclose annually: their name, the nature of their activities and geographic location, number of employees, and their turnover, pre-tax profit or loss, taxes paid and public subsidies received, on a country-by-country basis for the year ended 2017. For ease of comparison, 2016 is disclosed below.

All amounts are reported in GBP, (the functional currency of the Company).

**Basis of preparation**

Country: The geographical location of the Company considers the country of incorporation or residence as well as the relevant tax jurisdiction. The entity is in the United Kingdom

Entity details: the name of the entity, the entity type, and the nature of activity is detailed below. The Company makes arrangements to, and enters into regulated mortgage contracts, provides administration of regulated mortgage contracts and facilitates the financing and realisation of mortgage assets.

Average Number of Employees: Defined as the number of employees on a full time equivalent basis.

Turnover: Defined as net revenues, and is consistent with the Company's financial statements. Net revenue includes total income before impairment and operating expenses, but after net interest.

Pre Tax Profit/(Loss): Definition of profit/(loss) before tax is consistent with that within the Company's financial statements, which includes net revenues, less total operating expenses.

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

### 22. COUNTRY BY COUNTRY REPORTING (*continued*)

Corporation Taxes Paid: Defined as the corporation tax paid for the Company in 2017.

Public Subsidies Received: Interpreted as direct support by the government and there were no public subsidies received by the Company in 2017 (2016: Nil).

**Country by Country Report - Year ended 31st December 2017**

| Geographical Location | Name of Entity | Parent, Subsidiary or Branch | Nature of Activity | Average Number of Employees | Turnover Gain/(Loss) | Pre Tax Profit/(Loss) | Taxes Paid | Public Subsidies Received |
|---|---|---|---|---|---|---|---|---|
| United Kingdom | Oakwood Homeloans Limited | Parent | Mortgage Administration | Nil | GBP (1.1)m | GBP (1.4)m | Nil | Nil |

**Country by Country Report - Year ended 31st December 2016**

| Geographical Location | Name of Entity | Parent, Subsidiary or Branch | Nature of Activity | Average Number of Employees | Turnover Gain/(Loss) | Pre Tax Profit/(Loss) | Taxes Paid | Public Subsidies Received |
|---|---|---|---|---|---|---|---|---|
| United Kingdom | Oakwood Homeloans Limited | Parent | Mortgage Administration | Nil | GBP (1.1)m | GBP (1.5)m | Nil | Nil |

### 23. SUBSEQUENT EVENTS

None.