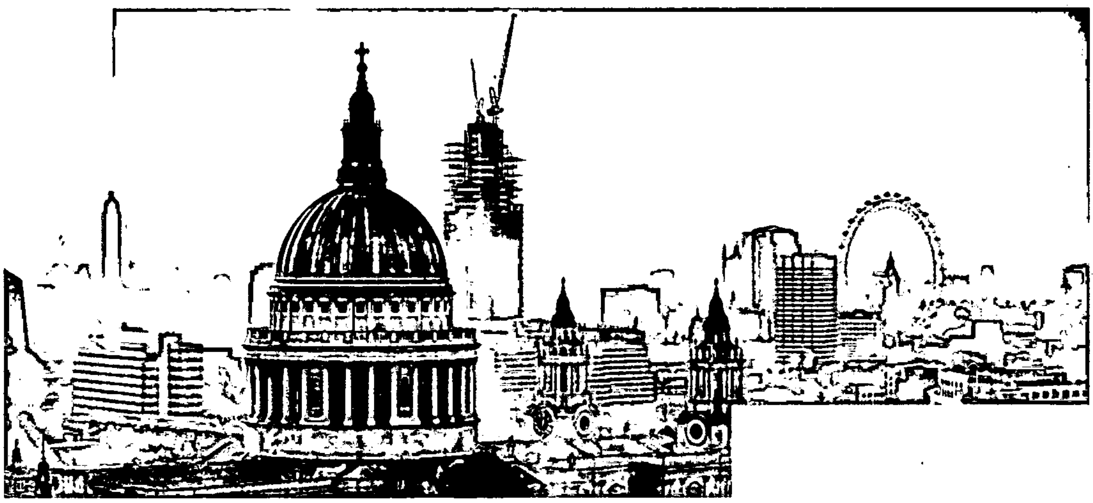
Credit Suisse Asset Management (UK) Holding Limited

CREDIT SUISSE

Annual Report 2019



Company Registration Number 03045295

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CREDIT SUISSE

Company Information

Board of Directors as at 16 April 2020 (forms part of the Directors' Report)
Stephen Foster (Chair)
Timothy Bradshaw
Tracy Cherrington
Caron Hughes

Company Secretary
Paul E. Hare

Company Registration Number
03045295

Registered Office
One Cabot Square London E14 4QJ

Independent Auditor
KPMG LLP Statutory auditor 15 Canada Square Canary Wharf London E14 5GL

Strategic Report

Credit Suisse Asset Management (UK) Holding Limited at a Glance

Business Model

Entity Structure

Credit Suisse Asset Management (UK) Holding Limited (the 'Company' or 'CSAMH') is a limited company domiciled in the United Kingdom ('UK'), and is partly (77.52%) owned by Credit Suisse AG ('CSAG') and partly (22.48%) by Credit Suisse Holding Europe (Luxembourg) S.A. CSAG is domiciled in Switzerland and its ultimate parent is Credit Suisse Group AG ('CSG'), which is the parent of a worldwide group of companies (collectively referred to as the 'CS group'). CSAG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

The principal activity of the CSAMH is that of a holding company for its subsidiary, Credit Suisse Asset Management Limited ('CSAML'). CSAML is a limited company domiciled in the UK and is authorised and regulated by the Financial Conduct Authority ('FCA'). CSAML's principal activities are the provision of management and advisory services, as well as placement agency and advisory services to third party private equity managers.

On 1 January 2018, the Quantitative Trading ('QT') Group at Credit Suisse transferred its five UK employees ('QT UK') into CSAMH. Whilst employed by CSAMH, these employees have been seconded to G10 Capital Limited ('G10'), a regulatory hosting platform for the purposes of acting as sub-investment manager to Credit Suisse's QT Fund Ltd ("QT Fund"), which is domiciled in the Cayman Islands and is a quantitative fund specialising in systematic trading strategies. The QT Fund aims to deliver uncorrelated, low volatility returns by developing and deploying systematic data-driven investment strategies. The trading strategies tend to focus on profit opportunities from distortions in the relative valuations of large and diverse global portfolios or react to real-time demand for global securities by providing liquidity.

Financial Statements

The CSAMH Annual Financial Statements are presented in Great British Pounds ('GBP' and '£'), which is the functional currency of CSAMH and in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The Directors present their Annual Strategic Report, Directors' Report and the Annual Financial Statements for the year ended 31 December 2019. The Annual Financial Statements were authorised for issue by the Directors on 16 April 2020.

Operating Environment

CSAMH is impacted by a range of political, macroeconomic, regulatory and accounting developments. The operating environment continues to evolve rapidly resulting in the need for CSAMH to continue evaluating, assessing and adapting its strategy.

Economic Environment

The outbreak of COVID-19 has resulted in a very sharp shock to global activity and the measures taken by governments and regulators have evolved significantly in the first quarter of 2020. Economic measures taken by the UK and other governments along with the deterioration in asset and commodity prices will impact clients' investment decisions and the valuation of CSAML's investments in CLOs. The impact of these economic and other measures cannot be estimated precisely and CSAML will continue to monitor the situation closely.

CREDIT SUISSE

For further information on the Board's consideration of the impact of COVID-19, refer to Note 2 - Significant accounting policies, which provides an explanation of the basis of preparation of these financial statements and the Board's assessment of going concern, Note 3 - Critical accounting estimates and judgements and Note 24 - Subsequent events.

Performance

Key Performance Indicators ('KPIs')

CSAMH *uses a range of* KPIs *to manage its financial position.*

	2019	2018
Earnings and Profitability		
Net profit/(loss) after tax (£k)	114	(3,600)
Statement of Financial Position		
Total Assets (£k)	162,801	162,986

Performance

Earnings and Profitability
For the year ended 31 December 2019, CSAMH reported a net profit after tax of £114k (2018: loss of £3,600k).

Statement of Financial Position
As at 31 December 2019, CSAMH had total assets of £162,801k (2018: £162,986k) and total shareholders' equity of £160,243k (2018: £160,129k).

Principal Risks and Uncertainties

CSAMH is a holding company and its main risk is that of impairment of its investment in its subsidiary and operational risk on its QT business. CSAMH also faces credit risk on its receivables, which are primarily from other CS group companies. CSAMH's financial risk management objectives and policies are outlined in Note 22 - Financial risk management. The risks for CSAMH are actively managed within its subsidiary.

Outlook

CSAMH actively monitors the performance of the subsidiary, which is projecting profitability going forward from the strategies it has implemented. Whilst the medium- to long-term economic consequences of COVID-19 and the measures taken by governments and regulators cannot be estimated reliably this early in the outbreak, CSAMH is closely monitoring the spread of COVID-19 and the effects on its operations and businesses.

UK EU exit

CSAMH expects minimal impact from a no-deal UK exit from the EU on the QT UK business, as it neither sells nor distributes into Europe and has a trading-only relationship under a sub-investment management arrangement. The QT UK business uses a host for its regulated execution responsibilities and this host would facilitate the QT UK business through its existing relationships with other providers. In terms of contingency arrangements, QT in the UK can transfer its execution responsibilities to the US with minimal impact on its current business.

Liquidity

The CS group considers a strong and efficient liquidity position to be a priority. The CS group continues to provide confirmation that it will provide sufficient funding to CSAMH to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations.

Capital resources

As the parent of a firm authorised and regulated by the FCA, CSAMH is required at all times to monitor and demonstrate compliance with the FCA's regulatory capital requirements. CSAMH has put in place processes and controls to monitor and manage its capital adequacy. No breaches were reported to the FCA during the year.

The Pillar 3 disclosures can be found separately at www.credit-suisse.com.

Corporate and Social Responsibility

Overview

For CS group and CSAML, corporate responsibility is about sustainable value for clients, shareholders, employees and other stakeholders. CS group 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.

Environmental Matters

CS group and CSAML believe that it is in the interests of both CSAML and its clients to develop and support measures that contribute to a more environmentally sustainable economy. These commitments are based on the Code of Conduct, which lists "Sustainability" as one of the six professional standards. The "Statement on Sustainability" explains the aims relating to the balancing of economic, environmental and social issues when performing financial services activities. The UN Global Compact and the Sustainable Development Goals adopted by the UN in 2015 are other important points of references.

Further information:

- Risk Management and Sustainability: www.credit-suisse.com/riskmanagement
- Climate Protection: "Statement on Climate Change": www.credit-suisse.com/climate
- Responsible Investments Products and Services: www.credit-suisse.com/conservationfinance
- Environmental Management: www.credit-suisse.com/environmentalmanagement

Economy and Society

The primary function of CS group is to be a reliable and professional partner to the clients around the world, offering them a range of financial products and services to meet their individual needs. In this context, CS group performs functions that are viewed as systemically relevant, including deposit-taking and lending. CS group plays an important role as a financial intermediary, bringing together borrowers and lenders of capital globally, from companies and public sector bodies to private individuals and institutions. CS group supplies businesses with the capital resources they need to expand their activities and finance innovation, thus helping to drive economic growth and job creation.

More details can be found at www.credit-suisse.com/responsibility/society.

Employee Matters

The success of CSAMH has a significant dependency on the skills, experience and conduct of its employees. In order to offer clients best-in-class solutions and services, CSAMH needs to attract and retain highly talented professionals. CS group offers exciting and challenging career prospects, progressive terms and conditions of employment and wide-ranging training and development opportunities. As a result, CSAMH employees benefit from attractive long-term career prospects in an international working environment.

CSAMH also recognises many of its workforce balance their career with caring responsibilities outside of the workplace and has introduced a range of different options to help support this balance. This includes enhanced emergency childcare options and provisions to take time out of the office to perform caregiver duties. CSAMH also encourages discussions between employees and managers around potential flexible working arrangements (applies to all employees).

Corporate Employee Policy

CSAMH adopts CS group's policies which are committed to providing equal opportunities for all employees, irrespective of factors such as race, gender, sexual orientation, gender reassignment, religion or belief, age, marital or family status, disability or any other characteristic protected by applicable law.

CSAMH is committed to delivering on the global Diversity and Inclusion strategy, ensuring a working environment free from discrimination and bias. This commitment can be seen in many programmes and networks in place, which are firmly embedded within the UK businesses and are an essential element of the CSAMH working culture.

Internal experts work closely with the businesses across all regions to ensure that the Diversity and Inclusion strategy is firmly embedded in CS group's corporate culture. Managers have access to the necessary guidance and support to ensure CS group offers an inclusive working environment that is free from discrimination and bias, and takes into account the needs of its clients. CSAMH's subsidiary, CSAML, has been a sponsor of and an active participant in a number of diversity initiatives, including the Real Returns programme, and in 2018 CSAML began the implementation of a number of targeted measures aimed at improving diversity across the businesses at all levels.

CSAMH is committed to ensuring it has an appropriate corporate culture, reflecting a focus on risk, ethics and values and believes having the right culture will deliver a number of other benefits including the opportunity to create a competitive advantage. The UK Culture Program was set up to articulate the culture aspired to for CS in the UK and also to create the right environment for those who work here, encouraging individuals to behave consistently in line with these aspirations.

CS group is committed to its policies on equal employment opportunity and dignity at work for all employees. In the event that an employee becomes disabled during employment, CS group makes every effort to enable their employment to continue, putting in place reasonable adjustments and training where required. CS group aims to treat such employees no differently from employees without a disability throughout their career, including in relation to training, career development and promotion opportunities. CS group offers a range of flexible medical benefits and also income protection benefits for employees who, whether temporarily or permanently, are unable to work due to disability. In 2019, a Wellbeing Programme was launched in the UK, which introduced a number of initiatives designed to support employees' financial, physical and mental wellbeing.

CSAMH is committed to keeping employees informed of changes within the organisation, including, but certainly not limited to, financial and economic factors affecting the performance of the company. This is achieved using many different approaches, such as town hall meetings with senior management, management meetings, webcasts, a dynamic intranet, active employee networks and electronic bulletins focused on specific issues. Employee consultation takes place in various forms on certain topics. Employee feedback is frequently sought and is encouraged. CS group's compensation policy includes a performance-related employee share plan.

Respect for Human Rights

CS group strives to assume responsibilities in the area of human rights in accordance with the International Bill of Human Rights as well as the corresponding principles on human and labour rights set out in the UN Global Compact. CS group takes account of these principles in its own policies, with which CSAML complies, and its business activities. The "Statement on Human Rights" describes the foundations of our responsibility to respect human rights and the approaches, processes and tools we use to implement it. Equally, CS group expects its business partners to recognise and uphold human rights.

CS group considers human rights issues in its risk management processes and is aware of its responsibilities as an employer. Furthermore, its Modern Slavery and Human Trafficking Transparency Statement sets out the steps that CS group is taking to prevent the occurrence of modern slavery and human trafficking in our business operations and within our supply chain. CS group has been a Living Wage Employer since 2017. Further information on the topic of human rights, including the CS group's Modern Slavery and Human Trafficking Transparency Statement, can be found at: www.credit-suisse.com/humanrights.

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 pledged to uphold to international human rights-related agreements, including: Equator Principles, Principles for Responsible Investment and UN Global Compact.

CSAMH adopts 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, the 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. CSAMH operates within this framework in respect of its supplier relationships.

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/humanrights.

Anti-Corruption and Bribery Matters

CS group strives to prevent the improper use of products and service by third parties. As part of the efforts to fulfill its due diligence requirements, CS group uses strict internal control policies, which govern topics such as business relations with politically exposed persons, the prevention of money laundering and terrorist financing, and adherence to applicable economic and trade sanctions laws. Furthermore, the CS group is actively involved in the development and implementation of industry standards to combat money laundering and corruption.

The CS group undergoes a bank-wide standardised Reputational Risk Review Process. Employees are required to regularly complete mandatory online training courses on topics ranging from the prevention of money laundering, terrorist financing and corruption to compliance with economic sanctions. Additionally, employees have a duty to report concerns of potential legal, regulatory or ethical misconduct to their line managers or to Financial Crime Compliance and Regulatory Affairs. Employees worldwide also have the option of calling a CS group Integrity Hotline, where they can report such issues anonymously, where permitted by local law.

Corporate Governance

Members of the Board and Board Committees

The Board of Directors ('Board') is responsible for governance arrangements that ensure effective and prudent management of CSAMH, including the segregation of duties and the prevention of conflicts of interest.

Board and Management

Maura Sullivan resigned as Chief Finance Officer ('CFO') and Executive Director on 30 June 2019. Caron Hughes was appointed as CFO and Executive Director on 10 March 2020.

Internal Control and Financial Reporting

CSAMH has reviewed the principles of corporate governance contained in the Wates Corporate Governance Principles ('Wates') issued by the Financial Reporting Council in December 2018. The Company observes the principles of Wates where practical and relevant.

Board Responsibility

The Directors are ultimately responsible for the effectiveness of internal control. Policies and procedures have been designed for safeguarding assets, for maintaining proper accounting records; and for assuring the reliability of financial information used within the business, and for that provided to external users. Such policies and procedures are designed to mitigate and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. Internal control procedures for the ongoing identification, evaluation and management of the significant risks faced by CSAMH have been in place throughout the year and up to the date of approval of the Annual Report for 2019.

The Board receives regular reports on any risk and strategic matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. Reports are presented regularly to the Board detailing the performance of CSAMH and its subsidiary, CSAML, including details of any variances against budget, prior year and other performance data.

Board Diversity

CSAMH recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse board. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between Directors. The Board considers these attributes in determining the optimum composition of the Board and when possible will be balanced appropriately. Following the resignation of Maura Sullivan, female representation on the Board temporarily decreased but has now reverted to 50 percent female representation. The Board continues to monitor its diversity through periodic reviews of structure, size, composition and performance.

Board Meetings

Five Board meetings were held in 2019, with only one Director absent for a Meeting during the year. All members of the Board are expected to spend the necessary time outside of these meetings needed to discharge their responsibilities appropriately. The Chair calls the meetings with sufficient notice and prepares an agenda for each meeting. The Chair has the discretion to invite members of management or others to attend the meetings.

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 employees and stakeholders.

The Strategic Report - specifically the Corporate and Social Responsibility section - includes details on how the Board has discharged its duty under Section 172, and how it has engaged and addressed the interests of its stakeholders, and how this has informed the Board's decision-making.

By Order of the Board

S Foster

Stephen Foster
Director

One Cabot Square
London E14 4QJ
23 April 2020

Directors' Report

The Financial Statements were authorised for issue by the Directors on 16 April 2020.

Dividends

No dividends were paid or are proposed for the year ended 31 December 2019 (2018: £nil).

Political Donations

No political donations were made or political expenditure incurred during the 2019 financial year (2018: nil).

Directors

The names of the Directors as at the date of this report are set out on page 3. Changes in the Directorate from 1 January 2019 to the date of this report are as follows:

Appointments and Resignations

Maura Sullivan resigned on 30 June 2019. Caron Hughes was appointed as at 10 March 2020.

None of the directors who held office at the end of the financial year were directly 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

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

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with IFRS 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 its 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 a 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.

Fair, Balanced and Understandable

The Directors confirm to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of CSAMH and the undertakings;
- The Strategic Report includes a fair, balanced and understandable review of the development and performance of the business and the position of CSAMH and the undertakings, together with a description of the principal risks and uncertainties faced.

Risk and Capital

The way in which the risks are managed is detailed in the Strategic Report, and the risks are detailed in Note 22 - Financial risk management. Changes made to the capital structure are set out in Note 15 - Called-up share capital.

Future Developments and Employees

Further developments impacting CSAMH's and information in relation to employees, including details on the employment of disabled persons and employee engagement, is detailed in the Strategic Report.

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 CSAMH's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and establishing that CSAMH's auditor is aware of that information.

Auditor

In December 2018, following a tender of the CSG audit mandate and structured evaluation and selection process, the CSG Board of Directors approved that PricewaterhouseCoopers LLP ('PwC') be proposed as the new statutory auditor to the CSG Annual General Meeting in April 2020. The appointment is proposed to be effective for the fiscal year ending 31 December 2020 and is subject to CSG shareholder approval.

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

Exemption from Preparation of Group Accounts

Pursuant to section 401 of the Companies Act, 2006, CSAMH is exempt from preparing and delivering group financial statements as the company is a wholly-owned indirect subsidiary of CSG, incorporated in Switzerland, which prepares consolidated financial statements.

Subsequent events

Subsequent events following the year ended 31 December 2019 are set out in Note 24 - Subsequent events.

By Order of the Board

S Foster

Stephen Foster
Director

One Cabot Square
London E14 4QJ
23 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

Opinion

We have audited the financial statements of Credit Suisse Asset Management (UK) Holding Limited ("the Company") for the year ended 31 December 2019, which comprise the statement of financial position as at 31 December 2019, and the related statements of income, changes in equity, and cash flows for the year then ended, 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 12, 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.

Alison Allen

Alison Allen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
24 April 2020

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Interest income	4	127	78
- of which relates to financial instruments held at amortised cost		127	78
Interest expense	4	(49)	(70)
- of which relates to financial instruments held at amortised cost		(49)	(70)
Net interest revenue		**78**	**8**
Management advisory, performance and other service fees	5	1,366	1,839
Allowance for credit losses	6	(1)	—
Net revenue		**1,443**	**1,847**
Operating expense	7	(1,265)	(1,845)
Decrease in deferred sales proceeds from sale of subsidiary		—	(3,699)
Unrealised gain on equity method investment		7	44
Net foreign exchange (loss)/gain		(13)	148
Profit/(Loss) before tax		**172**	**(3,505)**
Income tax benefit/(charge)	8	(58)	(95)
Profit/(Loss) after tax		**114**	**(3,600)**
Profit/(Loss) attributable to equity holders of the Company		**114**	**(3,600)**

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

The notes on pages 21 to 45 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Assets			
Cash and due from banks	9	26,700	26,868
Current tax assets		567	1,395
Deferred tax assets	8	891	1,092
Amounts owed by CS group companies	10	2,423	1,143
Other receivables	11	—	7
Equity Method Investment *		301	562
Investment in subsidiary	12	131,919	131,919
Total assets		**162,801**	**162,986**
Liabilities			
Amounts owed to CS group companies		964	616
Other liabilities	13	1,544	2,188
Short-term borrowings	14	50	53
Total liabilities		**2,558**	**2,857**
Shareholders' equity			
Called-up share capital	15	144,199	144,199
Share premium account		23,198	23,198
Capital reserve		114,617	114,617
Retained earnings		(121,771)	(121,885)
Total shareholders' equity		**160,243**	**160,129**
Total liabilities and shareholders' equity		**162,801**	**162,986**

The notes on pages 21 to 45 form an integral part of these Financial Statements.

* The Equity Method investment is an investment the Company has made in the QT Fund Ltd for the purposes of hedging the deferred compensation liability that arises in respect of awards made to certain QT employees in the UK whose compensation is indexed to the QT Fund Ltd.

Approved by the Board of Directors on 16 April 2020 and signed on its behalf on 23 April 2020 by

S Foster

Stephen Foster
(Director)

COMPANY REGISTRATION NUMBER: 03045295

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called-up share capital	Share premium	Capital reserve	Retained earnings	Total shareholders' equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2019	**144,199**	**23,198**	**114,617**	**(121,885)**	**160,129**
Net profit for the year	—	—	—	114	**114**
Balance as at 31 December 2019	**144,199**	**23,198**	**114,617**	**(121,771)**	**160,243**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called-up share capital	Share premium	Capital reserve	Retained earnings	Total shareholders' equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2018	**144,199**	**23,198**	**114,617**	**(118,284)**	**163,730**
Adjustment for initial application for IFRS 9 (net of tax)	—	—	—	(1)	**(1)**
Adjusted balance as at 1 January 2018	144,199	23,198	114,617	(118,285)	**163,729**
Net loss for the year	—	—	—	(3,600)	**(3,600)**
Balance as at 31 December 2018	**144,199**	**23,198**	**114,617**	**(121,885)**	**160,129**

The notes on pages 21 to 45 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		£000	£000
Cash flows from operating activities			
Profit/(Loss) before tax for the year		172	(3,505)
Adjustments to reconcile net profit to net cash (used in)/ generated from operating activities			
Non-cash items included in profit before tax:			
Decrease in deferred sales proceeds from sale of subsidiary		—	3,699
Allowance for credit losses	6	1	—
Unrealised gain on equity method investment		(7)	(44)
Net foreign exchange loss/(gain)		46	(182)
Cash (used in)/ generated from before changes in operating assets and liabilities		**212**	**(32)**
Amount owed by CS group companies	10	(1,281)	2,169
Other receivables	11	7	448
Net (decrease)/increase in operating assets		**(1,274)**	**2,617**
Amount owed to CS group companies		348	434
Other liabilities	13	(644)	(2,293)
Net decrease in operating liabilities		**(296)**	**(1,859)**
Group relief received		971	3,207
Net cash (used in)/ generated from operating activities		**(387)**	**3,933**
Cash flows from investing activities			
Equity method investment		252	349
Net cash (used in)/ generated from investing activities		**252**	**349**
Cash flows from financing activities			
Issuance of short-term borrowings	14	—	53
Repayment of short-term borrowings	14	(3)	—
Net cash (used in)/ generated from financing activities		**(3)**	**53**
Net increase/(decrease) in cash and cash equivalents		**(138)**	**4,335**
Cash and cash equivalents at the beginning of the year	9	26,868	22,411
Effect of exchange rate fluctuations on cash and cash equivalents held		(30)	122
Cash and cash equivalents at the end of the year		**26,700**	**26,868**

The notes on pages 21 to 45 form an integral part of these Financial Statements.

Notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General

Credit Suisse Asset Management (UK) Holding Limited is a company domiciled in the United Kingdom. The address of the Company's registered office is One Cabot Square, London E14 4QJ. The Financial Statements were authorised for issue by the Directors on 16 April 2020.

2. Significant accounting policies

a) Statement of compliance

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

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering group financial statements as the Company is a wholly-owned indirect subsidiary of CSG, incorporated in Switzerland, which prepares Consolidated Financial Statements.

b) *Basis of preparation*

The Company's financial statements are presented in Great British Pounds ('£' or 'GBP') rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments designated by the Company as at fair value through profit and loss. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the periods presented in these Financial Statements.

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.

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.

Going concern

Credit Suisse AG continues to provide confirmation that it will provide sufficient funding to CSAMH to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future. Consequently, the directors are confident that CSAMH 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.

CFO has reassessed the financial and capital plan of CSAMH's subsisiary, CSAML, in light of the recent market developments caused by COVID-19. This reassessment was completed with reference to the stress testing processes within the subsidiary's ICAAP, in conjunction with sensitivity analysis, to review the adequacy of capital and liquidity. This review demonstrated that CSAML continues to have sufficient capital and liquidity to withstand the current market conditions.

During the current market stress, CSG has activated its Contingency Funding Plans ('CFP') and is taking steps to raise additional funding, limit new business usage of funding/liquidity and prepare for possible reduction of existing funding/liquidity usage.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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' superseding IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Lease-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

  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. Under the IAS 17 lessee accounting model, the Institution was required to distinguish between finance leases, which were recognised on balance sheet, and operating leases, which were not. IFRS 16 introduced a single, on-balance sheet lessee accounting model and require a lessee to present a right-of-use asset and a corresponding lease liability on the balance sheet.

  IFRS 16 was effective for annual periods beginning on or after 1 January 2019. The Company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach with the cumulative effect adjustment recognised in retained earnings without restating comparatives. The adoption did not have any impact to the Company's financial position, results of operation or cash flows. Whilst occupancy costs are borne by Company, as shown in Note 7 to the Financial Statements, such costs relate entirely to an allocation of cost from other Credit Suisse group companies that own and operate the assets, such as buildings. The Company has no right of substitution and therefore the arrangement does not meet the definition of a lease under IFRS 16.

- IFRIC 23: In June 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". IFRIC 23 clarifies the accounting for uncertainties in income taxes and is to be applied when there is uncertainty over income tax treatments under IAS 12 for the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. The adoption of IFRIC 23 did not have an impact on the Company's financial position, results of operations and cash flows as the Company already accounts for uncertainties as per this clarification.

- 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 did not have any impact to the Company's financial position, results of operation or cash flows.

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement: In February 2018, the IASB issued 'Plan Amendment, Curtailment or Settlement' (Amendments to IAS 19) that specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. The Amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2019. The adoption did not have any impact to 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 and have been endorsed by the EU.

- Amendment to definition of Business (IFRS 3): In October 2018, the IASB issued '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 Company does not currently apply IFRS 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Certain reclassifications have been made to the prior year Financial Statements of the Company to confirm to the current year's presentation and had no impact on net income/(loss) or total shareholders' equity. These reclassifications are not material.

c) Financial assets and liabilities

Financial assets are classified on the basis of two criteria: 1) the business model of why the financial assets are held and how they are managed and 2) the contractual cash flow characteristics of the financial asset. These factors determine whether the financial assets are measured at Amortised Cost, Fair value through Other Comprehensive Income ('FVOCI') or Fair value through Profit & Loss ('FVTPL'). For equity investments that are not held for trading, the CSi group may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income ('OCI').

Financial liabilities include intra-group borrowings and payables. Intra-group borrowings, demand deposits and payables are recognised initially at fair value net of transaction costs. These liabilities are subsequently stated at amortised cost using the effective interest rate method. Financial liabilities are classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

d) Impairment of financial assets

The impairment requirements apply primarily to financial assets measured at amortised cost and fair value through other comprehensive income The impairment requirements have changed from an incurred loss model under IAS 39 to an expected credit loss ("ECL") model under IFRS 9 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.

Impairment on receivables
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.

e) Dividends

Dividends on ordinary shares would be recognised as a liability and deducted from equity when they are declared.

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.

Cash and cash equivalents are measured at amortised cost and are subject to impairment.

g) Income tax

Income tax recognised in the Statement of Income for the year comprises current and deferred taxes.

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

CREDIT SUISSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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. Withholding taxes are also treated as income taxes.

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. The surrendering entity will show a benefit received for the losses surrendered which will be recorded as a reduction to current tax expense and taxes payable whereas the claimant entity will have an increase in current tax expense and taxes payable respectively.

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 principal temporary differences arise from deferred compensation. 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 in the Statement of Financial Position, using tax rates enacted or substantively enacted at the reporting date.

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. A deferred tax liability is recognised on taxable temporary differences arising on un-remitted earnings of subsidiary except to the extent that it is probable that such temporary differences will not reverse in the foreseeable future.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 8 - Taxation.

h) Foreign currency

The Company's functional currency is GBP. Transactions denominated in currencies other than GBP 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 GBP 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.

i) Interest income and expense

Interest income and expense is recognised for all financial assets and liabilities measured at amortised cost using the effective interest method.

j) Other receivables

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.

k) Allocation of expenditure

Administrative expenses include amounts recharged from other CSG subsidiary undertakings on a basis which appropriately reflects the costs applicable to the Company.

l) 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 in the principal (or most advantageous) market at the measurement date. The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Fair value can be based on: quoted market prices (unadjusted); observable inputs other than quoted prices; or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

unobservable inputs. The inputs that are used to calculate the fair value, determine which level of the fair value hierarchy the instrument is categorised in.

m) Contingent liabilities

Contingent liabilities are 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.

n) Provisions

Provisions are recognised for present obligations as a result of past events which can be reliably measured, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

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 general and administrative expenses on the statement of income. Provisions for loan losses are recorded in provision for credit losses in the Statement of Income.

o) Investment in subsidiary

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the financial statements for the Company, investments in subsidiaries are recorded at cost and are assessed for impairment on an annual basis. Any charges relating to the impairment of investments in subsidiaries are recognised in the Statement of Income in the period in which the impairment occurs. When investments are disposed, the profit or loss resulting from the disposal is recognised in the statement of income. Pre-acquisition dividends received from subsidiary undertakings are treated as a reduction in the value of the subsidiary.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

p) Equity method Investments

The Company has made an investment in the QT Fund Ltd for the purposes of hedging deferred compensation liability associated with the Notional Co-Investment Awards ('NCIA') provided to certain QT UK employees. NCIA represent a general, unsecured obligation of the CS Group to pay an amount of cash equal to the value of a hypothetical investment in the QT Fund Ltd. The investment is accounted for as an equity method investment and is initially recorded at cost.

q) Going concern

There is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis in preparing the financial statements continues to be adopted.

In considering going concern, the directors have reviewed the financial position of CSAMH with reference to the recent market developments caused by the COVID-19 outbreak.

3. Critical accounting estimates and judgements

Management is required to make certain accounting estimates to ascertain the value of assets and liabilities in order to prepare the financial statements in accordance with IFRS. These estimates are based upon judgement and the information available at the time. Actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the financial statements are reasonable and consistently applied.

Management believes that the critical accounting estimates discussed below involve the most significant judgements and assessments. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

The outbreak of COVID-19 has resulted in a very sharp shock to global activity and the measures taken by governments and regulators have evolved significantly in the first quarter of 2020 and continues to evolve. The medium- to long-term impacts of the outbreak cannot be estimated precisely and could impact the assessment of certain accounting estimates, such as the valuation of CSAMH's investment in the QT Fund.

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. 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 to the extent that it is probable that future taxable profits will be available against which the unused carry forward tax losses can be utilised.

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

Tax contingencies

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

Transfer pricing

Transfer pricing charges are determined based on arm's length pricing principles. These net charges are adjusted as required due to evolving facts and changes in tax laws, progress of tax authority audits as well as tax authority negotiated arrangements for current and prior periods. Management continuously assesses these factors and makes adjustments as required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Share-based compensation

The Company uses the liability method to account for its share-based payment plans, which requires the Company's obligation under these plans to be recorded at its current estimated fair value. Share awards and share unit awards that contain market conditions are marked-to-market based on the latest share price information reflecting the terms of the award. Share unit awards that contain earnings performance conditions are marked-to-market based on CSG's actual earnings performance to date and CSG's internal earnings projections over the remaining vesting period of the award. In determining the final liability, CSG also estimates the number of forfeitures over the life of the plan based on management's expectations for future periods, which also considers past experience.

4. Interest income and expenses

Interest income is earned on cash and cash equivalents held with other CS group companies. Interest expense incurred is primarily on short-term borrowings.

5. Management advisory, performance and other service fees

The management advisory, performance and other service fees comprises of a fee sharing arrangement with Credit Suisse Asset Management LLC, whereby the Company recovers all costs associated with the QT UK business.

6. Allowance for credit losses

The allowance for credit losses on amounts owed by CS group companies is £1k (2018: £nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Operating expenses

The following table sets forth the details of compensation and benefits:

	2019	2018
	£000	£000
Salaries and bonuses	(1,008)	(2,380)
Social Security	(55)	16
Pension	(71)	(77)
Other*	(19)	(19)
Total Compensation and benefits	**(1,153)**	**(2,460)**

* Other primarily includes personnel costs.

The following table sets forth the details of other expenses:

	2019	2018
	£000	£000
Occupancy[1]	–	(75)
IT and Machinery	–	(6)
Travel & Entertainment	(17)	(37)
Professional services	(859)	(601)
Market Data	(183)	(167)
Expenses reimbursed by/(to) other CS group companies	16	(29)
Expenses reimbursed by the Company's subsidiary	1,036	1,662
Others[2]	(105)	(132)
Net other expenses	**(112)**	**615**
Total operating expenses	**(1,265)**	**(1,845)**

[1] represents an allocation of charges from fellow CS group companies.

[2] others include UK Bank Levy and VAT expenses.

The Company charges certain costs to its subsidiary, including deferred compensation expenses, in respect of a range of administrative services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Taxation

a) Analysis of tax charge for the year

	2019	2018
	£000	£000
Current tax		
Current tax for the period	125	425
Adjustments in respect of previous periods	18	74
Total current tax benefit	**143**	**499**
Deferred tax		
Origination and reversal of temporary differences	(162)	(431)
Adjustments in respect of previous periods	(39)	(163)
Total deferred tax expense	**(201)**	**(594)**
Income tax expense	**(58)**	**(95)**

The income tax expense for the year can be reconciled to the profit per the statement of income as follows:

	2019	2018
	£000	£000
Profit / (Loss) before tax	172	(3,505)
Profit / (Loss) before tax multiplied by the UK statutory rate of corporation tax at the rate of 19%	(32)	666
Non-deductible expenses	(24)	(20)
Non-deductible write-off of receivables re sale of QSAM	—	(703)
Adjustments to current tax in respect of previous periods	18	74
Adjustments to deferred tax in respect of previous periods	(39)	(163)
Impact of differential in deferred tax rate and statutory tax rate	19	51
Income tax expense	**(58)**	**(95)**

b) Deferred taxes

Deferred tax assets are recognised on deductible temporary differences and tax losses carry forward only to the extent that the realisation of the related tax benefit is probable.

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

	2019	2018
	£000	£000
Opening Balance	1,092	1,685
(Expense) / benefit to income for the year	(162)	(431)
Adjustments in respect of previous periods	(39)	(162)
At the end of the year	**891**	**1,092**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Deferred tax assets are attributable to the following items:

	2019	2018
	£000	£000
Deferred tax assets		
Decelerated tax depreciation	737	899
Employee benefits	5	7
Other short-term temporary differences	149	186
At the end of year	**891**	**1092**

The deferred tax expense in the statement of income are comprised of the following temporary differences:

	2019	2018
	£000	£000
Decelerated tax depreciation	162	197
Employee benefits	2	119
Other short-term temporary differences	37	278
Total deferred tax expense in the statement of income	**201**	**594**

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 17%.

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.

9. Cash and due from banks

Cash and due from banks are held with CS group companies and earn interest at floating rates based on daily bank deposit rates.

10. Amounts owed by CS group companies

	2019	2018
	£000	£000
Amount owed by CS group companies	2,425	1,144
Provision for expected credit losses	(2)	(1)
Net Amount	**2,423**	**1,143**

The amount owed by CS group companies can be paid on demand, however, in practice they are settled periodically.

11. Other receivables

The Company did not have any other receivables during the year 2019 (2018: £7k with maturity of "Over 90 days")

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. Investment in subsidiary

The Company has the following investment in a subsidiary as at 31 December 2019.

Direct subsidiary:	Nature of Business	Status
Credit Suisse Asset Management Limited	Management of a range of asset classes and investment vehicles	Going concern

Impairment of investment in subsidiaries

There were no indicators of impairment identified during the year ending 31 December 2019 (2018 : Nil) and therefore no impairment of the investment in the subsidiary was deemed necessary.

	2019	2018
	£000	£000
Carrying value at 1 January	131,919	131,919
Carrying value as at 31 December	**131,919**	**131,919**

13. Other liabilities

	2019	2018
	£000	£000
Accruals for deferred compensation	1,056	1,402
Accruals for bonus and social security on bonus	167	326
Accruals for operating expenses	321	460
Total other liabilities	**1,544**	**2,188**

14. Short-term borrowings

Short-term borrowings of £50k (2018 : £53k) are held with CS group companies.

15. Called-up share capital

	2019 No of Shares	2019 £000	2018 No of Shares	2018 £000
Authorised:				
Ordinary shares of £1 each	150,000,000	150,000	150,000,000	150,000
Called up, allotted, fully paid:				
Ordinary shares of £1 each	144,198,587	144,199	144,198,587	144,199

The Company's wholly-owned subsidiary, CSAML, is authorised and regulated by the FCA and as a consequence the Company heads up a UK regulatory consolidation group. Although the Company is not regulated in its own right, it must have regard to the regulatory capital requirements of both its regulatory consolidation group and that of CSAML.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Pillar 3 disclosure

Certain regulatory disclosures are required to be made by the Company under the Capital Requirements Regulation. These can be found on the Credit Suisse website at www.credit-suisse.com.

17. Related party transactions

The Company is an indirectly wholly-owned subsidiary of the ultimate parent company, Credit Suisse Group AG, which is incorporated in Switzerland. Copies of group financial statements of Credit Suisse AG and Credit Suisse Group AG, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from Credit Suisse Group AG, Paradeplatz 8, 8070 Zurich, Switzerland.

The following table sets forth the details of related party balances and transactions:

a) Related party assets and liabilities

	2019 £000 Parent, Subsidiary and Fellow *subsidiary*	2018 £000 Parent, Subsidiary and Fellow *subsidiary*
Assets		
Cash and due from banks	26,700	26,868
Investment in subsidiary	131,919	131,919
Amounts owed by CS group companies*	2,425	1,144
Total assets	**161,044**	**159,931**
Liabilities		
Short-term borrowings	50	53
Amounts owed to CS group companies	964	616
Other liabilities	(17)	(17)
Total liabilities	**997**	**652**

* The Amounts owed by CS group companies of £2,425k (2018: £1,144k) do not include a provision for expected credit losses of £2k (2018: £1k).

b) Related party revenues and expenses

	2019 £000 Parent, Subsidiary and Fellow subsidiary	2018 £000 Parent, Subsidiary and Fellow subsidiary
Net interest income	78	8
Management advisory, performance and other service fees	1,366	1,839
Total operating revenues	**1,444**	**1,847**
Other expenses	768	275
Cost allocation (to)/from subsidiary	(1,036)	(1,662)
Total operating expenses	**(268)**	**(1,387)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Employee Share-based Compensation and Other Compensation Benefits

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred Compensation is solely at the discretion of senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees for forfeited awards from previous employers upon joining the Company. It is the Company's policy not to make multi-year guarantees.

Compensation expense for share-based and other awards that were granted as deferred compensation is recognized in accordance with the specific terms and conditions of each respective award and is primarily recognized over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees, two-year moratorium periods on early retirement and certain other terms. All deferred compensation plans are subject to restricted covenants, which generally include non-compete and non-solicit provisions. Compensation expense for share based and other awards that were granted as deferred compensation also includes the current estimated outcome of applicable performance criteria, estimated future forfeitures and mark-to-market adjustments for certain awards that are still outstanding.

Total compensation (income)/expense for cash-settled share-based compensation plans recognised during 2019 and 2018 were £31k and (£89k), respectively. The total stock award liability recorded as at 31 December 2019 was £35k (2018: £46k). The fair value used to calculate the stock award liability was the closing CSG share price as at 31 December 2019 CHF 13.10 (2018: CHF 10.80). The average weighted fair value of awards granted in 2019 was CHF 11.75 (2018: 17.22). The intrinsic value of vested share based awards outstanding as at year end was nil (2018: nil).

The recognition of compensation expense for the deferred compensation awards granted in February 2020 began in 2020 and thus had no impact on the 2019 financial statements.

Phantom Share awards

Share awards granted in February 2020 are similar to those granted in February 2019. Each share award granted entitles the holder of the award to receive one Credit Suisse Group ("CSG") share, subject to service conditions. Share awards vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting), with the exception of awards granted to individuals classified as risk managers or senior managers under the UK PRA Remuneration Code or similar regulations in other jurisdictions. Share awards granted to risk managers vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date, while share awards granted to senior managers vest over five years commencing on the third anniversary of the grant date, with one fifth of the award vesting on each of the third to seventh anniversaries of the grant date. Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the CSG share price at the time of delivery.

The share awards include other awards, such as blocked shares and special awards, which may be granted to new employees. These awards entitle the holder to receive one CSG share, are subject to continued employment with the Company, contain restrictive covenants and cancellation provisions and generally vest between zero and five years.

The number of share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as shares by the average price of CSG share over the five business days ended 5 March 2020. The fair value of each share award was CHF 10.81, the CSG share price on the grant date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The majority of share awards granted include the right to receive dividend equivalents on vested shares.

Movements in the number of Phantom Share outstanding were as follows:

	2019 '000	**2018** '000
As at 1 January	5	2
Granted	3	4
Shares Transferred in/(out)	—	17
Delivered	(4)	(11)
Forfeited	—	(7)
As at 31 December	**4**	**5**

Performance share awards ('PSA')

Certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions.

Performance share awards are subject to a negative adjustment in the event of a divisional loss by the division in which the employees worked as of 31 December 2019, or a negative CS Group ROE, whichever results in a larger adjustment. For employees in Corporate Functions and the Asset Resolution Unit, the negative adjustment only applies in the event of a negative CS Group ROE and is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the CS Group Compensation Committee's determination for the year in which the performance shares are granted.

The number of performance share awards was determined by dividing the deferred component of variable compensation being granted as performance shares by the average price of a CSG share over the five business days ended 5 March 2020. The fair value of each performance share award was CHF 10.81, the CSG share price on the grant date.

The majority of performance share awards granted include the right to receive dividend equivalents on vested shares.

Movements in the number of PSA outstanding were as follows:

	2019 '000	**2018** '000
As at 1 January	—	31
Granted	—	—
Shares Transferred in/(out)	—	—
Delivered	—	(29)
Forfeited	—	(2)
As at 31 December	—	—

Contingent Capital Awards ('CCA')

Contingent Capital Awards (CCA) were granted from 2013 as part of deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by CSG in the market. CCA are scheduled to vest on the third anniversary of the grant date and will be expensed over the vesting period. CCA provide a conditional right to receive semi-annual cash payments of interest equivalents until settled, with rates being dependent upon the vesting period and currency of denomination. CCA granted since 2014 are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

denominated in US dollars receive interest equivalents, at a rate ranging from 3.05% to 5.75% per annum over the six-month US dollar London Interbank Offered Rate (LIBOR) and vest three years from the date of grant.

The rates were set in line with market conditions at the time of grant and existing high-trigger and low-trigger contingent capital instruments that CSG has issued.

As CCA qualify as going-concern loss-absorbing capital of CSG, the timing and form of distribution upon settlement is subject to approval by FINMA. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by CSG. In the case of a cash settlement, the CCA award will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited if any of the following trigger events were to occur:

- CSG's reported common equity tier 1 (CET1) ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that CSG requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

Total compensation expense/(income) recognised for CCA during the year ended 31 December 2019 was £ 0.005m (2018: £ 0.003m).

Capital Opportunity Facility awards

As part of the 2011 annual compensation process, CSG awarded a portion of deferred variable compensation for certain employees in the form of 2011 Partner Asset Facility (PAF2) units. PAF2 units were essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in CSG's derivative activities, including both current and possible future swaps and other derivative transactions.

PAF2 awards were linked to a portfolio of CSG's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be available. As a result, CSG restructured the awards, requiring PAF2 holders to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to one of the following options, or a combination thereof:

i. Capital Opportunity Facility ('COF'): participants elected for their award to be referenced to a COF. The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions, to be entered into with CSG, chosen by a COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants who elect the COF will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021; and

ii. CCA: participants elected to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards.

Total compensation expense recognised for the COF during the year ended 31 December 2019 was £ 0.004m (2018: £ 0.01m).

Notional Hedge Fund ('HFN') Awards

Certain employees received a portion of their deferred variable compensation in the form of Notional Hedge Fund (HFN) awards. These awards essentially provide employees with compensation that will be determined by reference to the returns on an investment in one or more Credit Suisse sponsored hedge funds. Each award vests over three years, such that the awards vest equally on each of the three anniversaries of the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Total compensation (income)/expense recognised for the HFN during the year ended 31 December 2019 was £nil (2018: £(0.02m)).

Notional Co-Investment Awards ('NCIA')

Notional Co-Investment Awards ('NCIA') are provided to certain QT UK employees and represent a general, unsecured obligation of the CS Group to pay an amount of cash equal to the value of a leveraged investment in the QT Fund Ltd. Participation in this award generally will, therefore, offer an earning power correlated to an investment in the QT Fund Ltd. Eligible employees will receive a payment (if any) with respect to their NCIA as soon as reasonably practicable after the third anniversary of the date when awards are made.

Total compensation (income)/expense recognised for NCIA during the year ended 31 December 2019 was £0.004m (2018: £0.02m).

19. Employees

The average number of persons employed during the year was 4 (2018: 4). The average number of employees is calculated using 12 months as the base.

20. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	35	64
Total	**35**	**64**

The fees for the year ending 31 December 2019 were lower than 2018 as the prior year included additional fees associated with the final audit of a subsidiary that was disposed of on 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Financial Instruments

The disclosure of the Company's financial instruments below includes the following sections:
- Analysis of financial instruments by categories; and
- Fair value of financial instruments not carried at fair value.

a) Analysis of financial instruments by categories

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of the Company's financial assets and liabilities by categories.

As at 31 December 2019 £000	**Designated at Fair Value**	**Other amortised cost**	**Total carrying amount**	**Fair Value**
Financial Assets				
Cash and due from banks	–	26,700	26,700	26,700
Investments	301	–	301	301
Amount owed by CS group companies*	–	2,425	2,425	2,425
Total financial assets at fair value	**301**	**29,125**	**29,426**	**29,426**
Financial Liabilities				
Other liabilities	–	(356)	(356)	(356)
Short-term borrowings	–	(50)	(50)	(50)
Amount owed to CS group companies	–	(964)	(964)	(964)
Total financial liabilities at fair value	**–**	**(1,370)**	**(1,370)**	**(1,370)**

* The Amounts owed by CS group companies of £2,425k do not include the associated provision for expected credit losses of £2k.

As at 31 December 2018 £000	**Designated at Fair Value**	**Other amortised cost**	**Total carrying amount**	**Fair Value**
Financial Assets				
Cash and due from banks	–	26,868	26,868	26,868
Investments	562	–	562	562
Amount owed by CS group companies*	–	1,144	1,144	1,144
Other receivables	–	7	7	7
Total financial assets at fair value	**562**	**28,019**	**28,581**	**28,581**
Financial Liabilities				
Other liabilities	–	639	639	639
Short-term Borrowings	–	53	53	53
Amounts owed to CS group companies	–	616	616	616
Total financial liabilities at fair value	**–**	**1,308**	**1,308**	**1,308**

* The Amounts owed by CS group companies of £1,144k do not include the associated provision for expected credit losses of £1k.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

b) Fair value of financial instruments not carried at fair value

Fair value hierarchy

The financial instruments carried at fair value are categorised under the three levels of the fair value hierarchy 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 or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or similar liabilities in markets that are not active, that is, markets in which there are few transactions for the asset and liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) input other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).
These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the statements of financial position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

The following table presents the carrying value of the financial instruments that are not held at fair value across the three levels of the fair value hierarchy.

As at 31 December 2019

£000	Level 1	Level 2	Level 3	Total at fair value
Financial assets				
Cash and due from banks	26,700	–	–	26,700
Investments	–	301	–	301
Amount owed by other CS group companies*	–	2,425	–	2,425
Total financial assets at fair value	**26,700**	**2,726**	**–**	**29,426**
Financial liabilities				
Other liabilities	–	356	–	356
Short-term borrowings	–	50	–	50
Amount owed to other CS group companies	–	964	–	964
Total financial liabilities at fair value	**–**	**1,370**	**–**	**1,370**

* The Amounts owed by CS group companies of £2,425k do not include the associated provision for expected credit losses of £2k.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

As at 31 December 2018

£000	Level 1	Level 2	Level 3	Total at fair value
Financial assets				
Cash and due from banks	26,868	—	—	26,868
Other receivables	—	562	—	562
Amounts owed by CS group companies*	—	1,144	—	1,144
Total financial assets at fair value	**26,868**	**1,706**	**—**	**28,574**
Financial liabilities				
Other liabilities	—	639	—	639
Short term borrowing	—	53	—	53
Amounts owed to CS group companies	—	616	—	616
Total financial liabilities at fair value	**—**	**1,308**	**—**	**1,308**

* The Amounts owed by CS group companies of £1,144k do not include the associated provision for expected credit losses of £1k.

22. Financial risk management

a) Overview

The Company is part of the CS group and its risks are managed in accordance with the group's policies and procedures.

b) Credit risk

Overview

Credit risk is the risk that financial obligations due from counterparties are not met. The Company is a holding company and credit risk arises on its receivables from third-parties and other CS group companies. The Company deposits cash only with other CS group companies.

Maximum exposure to Credit Risk	**2019**	**2018**
	£000	£000
Cash and due from banks	26,700	26,868
Other receivables	—	7
Amounts owed by CS group companies	2,423	1,143
Total financial assets	**29,123**	**28,018**

No collateral or credit enhancements are held against cash and due from banks or other receivables.

The amounts in the above table are based on carrying values. Refer to Note 11 - Other receivables for disclosure of past due receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Credit-impaired financial assets

Financial assets carried at amortised cost should be assessed for impaired at each reporting date. A financial asset is 'credit-impaired' when there is evidence that one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is credit-impaired includes but is not limited to the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of an advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company had no credit-impaired financial assets as at 31 December 2019 (2018: Nil).

Maximum exposure to credit risk and credit quality analysis-

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless indicated otherwise, the amounts in the table represent gross carrying amounts.

Explanations of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3 - Critical accounting estimates and judgements .

Amounts owed by CS group companies and Other receivable

Credit risk exposures by external rating grades

12-month ECL (Stage 1)	**2019**	**2018**
	£000	£000
A+ to A-	2,132	843
BBB+ to BBB-	293	301
BB+ to BB-	—	7
Sum	2,425	1,151
Loss allowance	(2)	(1)
Carrying amount	2,423	1,150

Cash and cash equivalents

The Company held cash and cash equivalents of £26,700k (2018: £26,868k). The cash and cash equivalents are held with CS group companies that are rated at A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or its financial condition. The following table sets out details of the remaining undiscounted contractual maturities for financial liabilities.

As at 31 December 2019

£000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Amounts owed to CS group companies	–	964	–	–	–	964
Other liabilities at amortised cost	–	237	652	655	–	1,544
Short-term borrowings	–	50	–	–	–	50
Total financial liabilities	**–**	**1,251**	**652**	**655**	**–**	**2,558**

As at December 2018

£000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Amounts owed to CS group companies	–	616	–	–	–	616
Other liabilities at amortised cost	–	551	687	950	–	2,188
Short-term borrowings	–	53	–	–	–	53
Total financial liabilities	**–**	**1,220**	**687**	**950**	**–**	**2,857**

d) Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, and other relevant market parameters, such as market volatilities. The Company does not trade on its own behalf and does not take proprietary market risk positions.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP.

As at 31 December 2019, the Company had CHF 420k net assets (2018: CHF 426k net assets), EUR (55)k net liabilities (2018: EUR (54)k net liabilities), US$(92)k net liabilities (2018: US$656k net assets) foreign currency exposure.

The sensitivity analysis, which is for illustrative purposes only, 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 results 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 reporting periods.

A change of 25% in the foreign exchange rates at the reporting date would have increased / (decreased), equity and profit or loss by the following:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2019

	CHF +25% £000	CHF -25% £000	EUR +25% £000	EUR -25% £000	USD +25% £000	USD -25% £000
Change in equity and profit or loss with foreign currency fluctuation	82	(82)	(12)	12	(18)	18
Total	**82**	**(82)**	**(12)**	**12**	**(18)**	**18**

2018

	CHF +25% £000	CHF -25% £000	EUR +25% £000	EUR -25% £000	USD +25% £000	USD -25% £000
Change in equity and profit or loss with foreign currency fluctuation	85	(85)	(12)	12	(129)	129
Total	**85**	**(85)**	**(12)**	**12**	**(129)**	**129**

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances. The maximum exposure of this balance is £26,700k (2018: £26,868k). The Company manages the interest rate risk monthly, by financing overdrafts with short-term borrowings through Treasury team.

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased), equity and income or loss by £108k/(£108k) (2018: £109k/(£109k)).

This calculation assumed that the change occurred at the reporting date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 19% (2018: 19%).

e) Country risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets.

f) Legal risk

The Company faces legal risks in its businesses. Legal risks include, among other things, disputes over the terms of trades and other transactions in which the Company participates; the unenforceability or inadequacy of the documentation used to give effect to transactions in which the Company participates; investment suitability concerns; compliance with the laws and regulations (including change in laws or regulations) of the many countries in which the Company does business; and disputes with its employees. Some of these transactions or disputes may result in potential or actual litigation that the Company must incur legal expenses to defend.

The Company seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training sessions, the use of appropriate legal documentation and the involvement of the Legal and Compliance department and outside legal counsel.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

g) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk is inherent in most aspects of the Company's business, including the systems and processes that support its activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Particularly relevant examples of operational risk include the risk of trade processing errors, business disruptions, and failures in regulatory compliance, defective transactions, and unauthorised trading events. Operational risk can arise from human error, inappropriate conduct, failures in systems, processes and controls, or natural and man-made disasters.

h) Conduct risk

Conduct risk is the risk that the conduct of Credit Suisse, its employees, associates or representatives gives rise to:

- Financial or non-financial detriment to clients, customers, or counterparties, whether dealt with directly or via third parties;
- Damage to the integrity of the financial markets;
- Ineffective competition in the markets in which Credit Suisse participates; or
- Non-compliance with the law or the requirements and expectations of regulators, shareholders or other relevant stakeholders (e.g. Government bodies and tax authorities).

i) Reputational risk

The Company complies with the CSG policy to avoid any action or transaction that brings with it a potentially unacceptable level of risk to its reputation. Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk for CSG, the relevant business proposal is required to be submitted to CSG Reputational Risk Review Process. This involves a vetting of the proposal by senior business management, and its subsequent referral to one of CSG Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on CS group's participation.

23. Non-current assets and liabilities

Assets and liabilities disclosed below are non-current:

	2019	**2018**
	£000	**£000**
Assets		
Deferred tax assets	891	1,092
Equity Method Investment	301	562
Investment in subsidiaries	131,919	131,919
Total assets	133,111	133,573
Other liabilities	655	950
Total liabilities	655	950

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

24. Subsequent events

In February 2020, four employees transferred into CSAMH from Credit Suisse's Investment Bank and Capital Markets division in connection with the launch of a new business, Private Credit Opportunities, an alternative business with a focus on direct lending. As with QT, these individuals will be seconded to G10. No regulated activities will be performed by any individuals within CSAMH. In March 2020, the business was transferred to CSAML and the four individuals remain employed by CSAMH. No business activity has taken place in CSAMH.

The outbreak of COVID-19 has resulted in a very sharp shock to global activity and the measures taken by governments and regulators have evolved significantly in the first quarter of 2020 and continues to evolve. The medium- to long-term impacts of the outbreak cannot be estimated precisely and could impact the assessment of certain accounting estimates, such the valuation of the Company's investment in the QT Fund.

The deterioration in risk appetite and in the UK growth outlook have resulted in a significant reduction in asset and commodity prices and government bond yields during March 2020. In response to this, the Bank of England announced on 11 March 2020 a series of measures to respond to the economic shock from COVID-19. This included with immediate effect a reduction in the UK countercyclical capital buffer rate to 0% of banks' exposures to UK borrowers. The UK's Monetary Policy Committee also voted unanimously to reduce the base rate by 50 basis points to 0.25% and then voted subsequently to reduce the base rate further to 0.10%.

The UK government announced on 11 March 2020 its intention to maintain the UK corporation tax rate at 19% and to repeal the previously enacted legislation to reduce the tax rate to 17%, with effect from 1 April 2020. This tax rate increase is expected to be substantively enacted in 2020. If this increase had been substantively enacted as at 31 December 2019, it would have increased the deferred tax asset by approximately £105k.

CREDIT SUISSE

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