CREDIT SUISSE

DLJ Group

Annual Report
For the year ended 31 December 2021

Company Registration Number: 02479336

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COMPANY INFORMATION

Ahmed Kubba	Director
Lawrence Fletcher	Director
Paul Hare	Director

COMPANY SECRETARY

Paul Hare

Registered Office

One Cabot Square
London E14 4QJ

Registration number

02479336

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Strategic Report for the year ended 31 December 2021

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 December 2021.

Business Profile

DLJ Group (the "Company") is an unlimited private company having a share capital , domiciled in the United Kingdom. Its shareholders are DLJ International Group Limited, Credit Suisse Shimada Investments (Gibraltar) and DLJ UK Holding.

The ultimate holding company is Credit Suisse Group AG ("CS group"), which is incorporated in Switzerland.

Principal activities

The principal source of income is interest on money market deposits held by the Company with group companies.

Business review

The Company holds interest bearing deposits with Credit Suisse International (CSi) and Credit Suisse AG, London Branch (CSLB). There has been no significant change in the Company's principal activities compared to previous years. The Directors are not aware of any significant developments or factors which will have a major impact on the continued success or operation of the business in the future.

Section 172 Statement

The Board complies with the duty outlined in section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and having regard to the consequences of decisions and the interests of stakeholders.

The Company is part of the CS group which strives to comply with the values and standards set out in its Code of Conduct in every aspect of work, including its relationships with stakeholders. Credit Suisse AG publishes a comprehensive Corporate Responsibility Report which can be found on Credit Suisse's website at www.credit-suisse.com/crr. Further information can also be found in Credit Suisse AG's Annual Report 2021 at www.credit-suisse.com/about-us/en/reports-research/annual-reports.html.

Performance

The performance of the Company is explained through the key movements in its Statement of Income and Statement of Financial Position.

Statement of Income

For the year ended 31 December 2021, the Company reported a profit after tax of US$ 10,365k (2020 : US$ 16,878k). The variation is mainly on account of the interest income earned during the year.

Statement of Financial Position

As at 31 December 2021, the Company has total assets of US$ 2,699,095k (2020: US$ 2,718,390k).

As at 31 December 2021, the Company has equity of US$ 2,695,518k (2020: US$ 2,685,153k).

Key performance indicators

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

Principal risks and uncertainties

The assets of the Company mainly comprise of cash and cash equivalents and interest bearing deposits held by the Company with non-EU CS group companies. The Company is not exposed to any significant risks and uncertainties. The Company's financial risk management policies are outlined in note 18 to the Financial Statements.

COVID-19 pandemic

The COVID-19 pandemic continued to affect the economic environment throughout 2021. Infection rates ebbed and flowed across countries during the course of 2021. Vaccination programs during the year continued to significantly reduce the correlation between COVID-19 infection and serious illness, although booster shots were increasingly required to sustain a high level of protection. In addition, in the fourth quarter of 2021 an additional challenge arose with the emergence of the COVID Omicron variant, which is more transmissible than previous variants. However, in February 2022, due to the success of vaccination programme, government has lifted social and economic activity restrictions.

However, COVID-19 has had a limited impact on the Company and the Directors are of the opinion that the Company would continue as a going concern for at least 12 months from the date of approval of the financial statements on the basis of continued financial support from the Company's parent, Credit Suisse AG. Further to this, Credit Suisse AG has provided a letter of intent dated 23 June 2022, which confirms that it will ensure that the Company is able to meet its debt obligations and maintain a sound financial position for the next 18 months.

Replacement of Interbank Offered Rates ('IBOR')

A major milestone of the (L)IBOR transition has been passed at the end of 2021. From January 1, 2022 most non-USD (CHF, EUR, GBP and JPY) and select USD LIBOR (1week and 2month) settings have ceased publication. These rates have been in use for decades and the cessation impacted millions of transactions and thousands of market participants.

The transition of the USD markets was given an 18-month extension, with the remaining USD LIBOR settings scheduled to be discontinued at the end of June 2023. Secured Overnight Financing Rate (SOFR), the alternative reference rate recommended by the Alternative Reference Rate Committee (ARRC) has already gained a significant foothold in the markets and with the prohibition of new LIBOR trading other than for risk management purposes, is now becoming the dominant market rate even ahead of the official cessation date for USD LIBOR. The entity has not materially impacted with change in LIBOR rates.

For further details, refer to Note 19 – Financial Risk Management

Modern Slavery and Human Trafficking

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

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

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

Approved by the Board of Directors on 24 August 2022 and signed on its behalf by:

Paul Hare
Director

One Cabot Square
London E14 4QJ
24 August 2022

Directors' Report for the year ended 31 December 2021

The Directors present the Directors' report and the Financial Statements for the year ended 31 December 2021.

International Financial Reporting Standards

The Financial Statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards ('UK-adopted IFRSs') in conformity with the requirements of Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

The Annual Report and Financial Statements were approved and authorised for issue by the Directors on 24 August 2022. As permitted by section 414C(11) of the Companies Act 2006, certain information is not shown in the Directors' Report because it is shown in the Strategic Report. Refer "Section 172 statement" in Strategic report.

Going concern basis

The Financial Statements have been prepared on a going concern basis, since the Directors have every reason to believe that the Company has adequate resources in place to continue in operation for the foreseeable future. Refer section "Principal risk and uncertainties" in Strategic report.

Share capital

No additional share capital was issued by the Company during the year (2020: US$ Nil).

Dividends

No dividends were paid or are proposed for the year ended 31 December 2021 (2020: US$ Nil).

Directors

The names of the Directors as at the date of this report are set out on page 3. There are no changes in the Directorate since 31 December 2020 and up to the date of this report.

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

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have prepared the financial statements in accordance with UK-adopted International Accounting Standards.

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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed and subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it presumes that the Company will not continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Information pertaining to the Directors' engagement with clients, suppliers and other stakeholders can be found in the Strategic Report, paragraph 'Section 172 statement'.

Political Contributions

No political donations or political expenditure was incurred during the year 2021 (2020: Nil)

Disclosure of information to Auditors

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

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office as external auditors.

Subsequent events

Subsequent events following the year ended 31 December 2021 are set out in Note 21 - Subsequent events

Approved by the Board of Directors on 24 August 2022 and signed on its behalf by:

Ahmed Kubba
Director
One Cabot Square
London E14 4QJ
24 August 2022

Company Registration Number: 02479336

pwc

Independent auditors' report to the directors of DLJ Group

Report on the audit of the financial statements

Opinion

In our opinion, DLJ Group's financial statements:

a. give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
b. have been properly prepared in accordance with UK-adopted international accounting standards; and
c. have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2021; the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act of 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act of 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance. Audit procedures performed by the engagement team included:

a. Enquiries of management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud
b. Reviewing Board meeting and other relevant committee meeting minutes to identify any significant or unusual transactions
c. Identifying and, where relevant, testing journal entries, including those posted with particular descriptions, relating to particular dates or with other unusual characteristics
d. Incorporating unpredictability into the nature, timing and extent of audit procedures performed

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Amena Shaista (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
01 September 2022

Statement of Income for the year ended 31 December 2021

	Notes	2021 US$'000	2020 US$'000
Interest income	3	3,155	17,673
- of which Interest income from instruments at amortised cost		3,155	17,673
Interest expense	3	(7)	(14)
- of which Interest expense from instruments at amortised cost		(7)	(14)
Net interest income		**3,148**	**17,659**
(Provision)/reversal for credit losses	4, 15	(99)	128
Net interest income after provision for credit losses		**3,049**	**17,787**
Other income	5	229	—
Foreign exchange gain	7	3	10
Administrative expenses	6	(34)	(239)
Profit before tax		**3,247**	**17,558**
Income tax benefit/(expense)	8	7,118	(680)
Profit after tax		**10,365**	**16,878**

There is no other comprehensive income in the current and prior year. Accordingly, a Statement of Other Comprehensive Income has not been provided.

Results for the year 2021 and 2020 are from continuing operations.

The notes on pages 16 to 35 form an integral part of these Financial Statements.

Statement of Financial Position as at 31 December 2021

	Notes	2021 US$'000	2020 US$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	261,491	161,240
Interest-bearing deposits	11	2,403,601	128,343
Other assets	10	1,973	1,231
Total current assets		**2,667,065**	**290,814**
Non-current assets			
Interest-bearing deposits	11	–	2,403,701
Deferred tax asset	8	32,030	23,875
Total non-current assets		**32,030**	**2,427,576**
Total assets		**2,699,095**	**2,718,390**
LIABILITIES			
Current liabilities			
Short term borrowings	12	2,026	21,780
Other accruals	13	1,551	11,457
Total liabilities		**3,577**	**33,237**
EQUITY			
Share capital	14	2,745,588	2,745,588
Share premium		176	176
Accumulated losses		(50,246)	(60,611)
Total shareholders' equity		**2,695,518**	**2,685,153**
Total liabilities and equity		**2,699,095**	**2,718,390**

The notes on pages 16 to 35 form an integral part of these Financial Statements.

The financial statements on pages 13 to 35 were approved by the Board of Directors on 24 August 2022 and signed on its behalf by:

Ahmed Kubba
Director

Company Registration Number: 02479336

Statement of Changes in Equity for the year ended 31 December 2021

	Attributable to equity holders of the Company			
	Share capital	Share premium	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2021	**2,745,588**	**176**	**(60,611)**	**2,685,153**
Profit for the year	—	—	10,365	10,365
Balance at 31 December 2021	**2,745,588**	**176**	**(50,246)**	**2,695,518**

	Attributable to equity holders of the Company			
	Share capital	Share premium	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2020	**2,745,588**	**176**	**(77,489)**	**2,668,275**
Profit for the year	—	—	16,878	16,878
Balance at 31 December 2020	**2,745,588**	**176**	**(60,611)**	**2,685,153**

The notes on pages 16 to 35 form an integral part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2021

	Notes	2021 US$'000	2020 US$'000
Operating activities			
Profit before tax		3,247	17,558
Adjustments to reconcile net income to net cash generated from operating activities			
Non-cash items included in profit before tax and other adjustments:			
Interest income		(3,155)	(17,673)
Interest expense		7	14
Provision/(reversal) for credit losses		99	(128)
Foreign exchange gain		(3)	(10)
Operating result before working capital changes		**195**	**(239)**
Net movement in operating assets and liabilities:			
Interest bearing deposits		128,343	(127,962)
Other accruals		(7,639)	4,195
Interest received		3,153	18,391
Other assets		(1,925)	27
Interest Paid		(7)	(14)
Cash generated/(used in) from operating activities		**122,120**	**(105,602)**
Group relief paid		(2,114)	(15,513)
Net cash generated/(used in) from operating activities		**120,006**	**(121,115)**
Cash flow from financing activities			
Issuance of short term borrowings		2,026	21,780
Repayment of short term borrowings		(21,780)	(276)
Net cash (outflow)/inflow from financing activities		**(19,754)**	**21,504**
Net increase/(decrease) in cash and cash equivalents		**100,252**	**(99,611)**
Cash and cash equivalents at the beginning of year		**161,240**	**260,852**
Effect of provision for credit losses		(1)	(1)
Cash and cash equivalents at the end of year	**9**	**261,491**	**161,240**

The notes on pages 16 to 35 form an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2021

1 General

The Company is domiciled in the United Kingdom. The Company's registered office is at One Cabot Square, London, E14 4QJ. The Company's activities comprise the holding of investments. The principal source of income is interest on money market deposits held by the Company.

2 Significant accounting policies

a) Statement of compliance

The Financial Statements have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies using those standards.

The Financial Statements were approved and authorised for issue by the Directors on 24 August 2022.

Credit Suisse AG has confirmed its intention to provide the necessary financial support to the Company to continue operations and meet its liabilities as and when they fall due. As such, notwithstanding the deficiency in the net current assets, the Financial Statements have been prepared on a going concern basis.

b) Basis of preparation

The Financial Statements are presented in United States dollars (US$), which is the Company's functional currency and have been rounded to the nearest thousand, unless otherwise stated. They are prepared on historical cost basis.

The financial statements have been prepared on a going concern basis, the Directors are of the opinion that the going concern basis is still appropriate taking account of reasonably possible downside scenarios. The validity of the going concern assumption is dependent upon continued financial support from the Company's parent, Credit Suisse AG. Further to this, Credit Suisse AG has provided a letter of intent, which confirms that it will ensure that the Company is able to meet its debt obligations and maintain a sound financial position for the next 18 months.

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

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

Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 2(h) Critical accounting estimates and judgements in applying accounting policies.

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

Notes to the Financial Statements for the year ended 31 December 2021

2 Significant accounting policies (continued)

Standards and interpretations effective in the current year

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

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2:** In August 2020, The IASB issued 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2' in order to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual years beginning on or after 1 January 2021. Earlier application is permitted. The amendments will not have a material impact to the Company's financial position, results of operation or cash flows.

c) Foreign currency

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

d) Financial assets and liabilities

Financial assets includes cash & cash equivalents, interest bearing deposits and interest accrued on money market deposits. Financial liabilities include short-term borrowings.

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

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2021

2 Significant accounting policies (continued)

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

The Company does not have any financial assets which are under the 'Hold to Collect and Sell' business model.

These criteria determine how a financial asset is subsequently measured.

Amortised Cost

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

The company do not have material amount of Expected Credit Loss.

e) 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.

f) Interest income and expense

Interest income and expense includes interest income and expense on the Company's loans, deposits, borrowings, debt issuances, reverse repurchase and repurchase agreements and securities borrowed and securities lending transactions. Interest income and expense does not include interest flows on the Company's trading derivatives (except for hedging relationships) and certain financial instruments classified as at fair value through profit or loss which are included in 'Net gains from financial assets/liabilities at fair value through profit or loss'. Interest income and expense on instruments measured at amortised cost is accrued, and any related net deferred premiums, discounts, origination fees or costs are amortized as an adjustment to the yield over the life of the related asset or liability. When a financial asset becomes credit-impaired (or 'Stage 3'), interest income is calculated by applying the effective interest rate to the amortised cost (i.e. net of the expected credit loss provision).

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

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

Notes to the Financial Statements for the year ended 31 December 2021

For UK corporation tax purposes the Company may surrender or claim certain losses from another UK group company. The surrendering company will be compensated in full for the tax losses surrendered to the claimant company. 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 amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the Statement of Financial Position, using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the Statement of Financial Position date.

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

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

Information as to the calculation of income tax on the profit and loss for the years presented is included in note 8 – Income tax charge / benefit.

Other taxes include tax on Shareholder's funds and net wealth tax. The tax on shareholder's funds and net wealth tax are tax payable on the net wealth of the Company at pre-enacted rates.

h) Critical accounting estimates and judgements in applying accounting policies

In order to prepare the Financial Statements in accordance with UK-adopted International Accounting Standards, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgements the information available at the time, and actual results may differ from these estimates. Management believes that the estimates and the assumptions used in the preparation of financial statements are prudent, reasonable and consistently applied.

Notes to the Financial Statements for the year ended 31 December 2021

3 Interest income and expense

	2021 US$'000	2020 US$'000
Money market deposits	3,155	17,673
Total interest income	**3,155**	**17,673**
Short term borrowings	(7)	(14)
Total interest expense	**(7)**	**(14)**
Net interest income	**3,148**	**17,659**
Interest income from Financial assets at amortised cost	3,155	17,673
Interest expense from Financial assets at amortised cost	(7)	(14)

The interest income represents interest earned on the deposits with CSi and CSLB. The interest expense represents interest expense of US$ 7k on borrowings with CSLB (2020: US$ 14k).

4 (Provision)/reversal for credit losses

	2021 US$ '000	2020 US$ '000
Reversal of Provision for credit losses on other assets	0	1
(Provision)/reversal for credit losses on interest bearing deposits	(99)	127
(Provision)/reversal for credit losses	**(99)**	**128**

5 Other income

	2021 US$'000	2020 US$'000
UK bank levy*	229	—
Total	**229**	**—**

*A Bank levy true up was booked in the 2021 ledger and is relating to the year 2020.

6 Administrative expenses

	2021 US$'000	2020 US$'000
Fees payable to the company's auditors for the audit of the company's annual financial statements	(18)	(12)
UK bank levy	—	(227)
Other expenses	(16)	—
Total	**(34)**	**(239)**

7 Foreign exchange gain

	2021 US$'000	2020 US$'000
Foreign exchange gain	3	10
Total	**3**	**10**

Notes to the Financial Statements for the year ended 31 December 2021

8 Income tax charge

a) Components of tax expense

	2021 US$'000	2020 US$'000
Current tax		
Current tax on profits of the year	(593)	(1,670)
Adjustment in respect of previous years	(444)	(209)
Total current tax expense	**(1,037)**	**(1,879)**
Deferred tax		
Credit/(Debit) to Statement of Income for the year	156	(1,677)
Adjustment in respect of previous year	468	186
Effect of change in tax rate	7,531	2,690
Total deferred tax benefit	**8,155**	**1,199**
Income tax benefit/(expense)	**7,118**	**(680)**

During 2021, the UK government enacted legislation to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

b) An explanation of the relationship between tax expense and the accounting profit

The income tax for the year can be reconciled to the standard rate of corporation tax in the UK of 19% as follows:

	2021 USD '000	2020 USD '000
Profit before Tax	**3,247**	**17,558**
Profit before tax multiplied by the UK statutory rate of corporation tax of 19%	(617)	(3,336)
Adjustment for interest payable to Group Companies	(1)	–
Other permanent differences	25	(11)
Adjustments to current tax in respect of previous periods	(444)	(209)
Adjustments to deferred tax in respect of previous periods	468	186
Effect on deferred tax resulting from changes to tax rates	7,531	2,690
Differential in movement in deferred taxes to that at statutory tax rate	156	–
Income tax benefit/(expense)	**7,118**	**(680)**

c) Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2020: 19%).

Notes to the Financial Statements for the year ended 31 December 2021

8 Income tax charge (continued)

	2021 USD '000	2020 USD '000
Deferred tax assets		
The movement for the year on the deferred tax position was as follows:		
Balance at 1 January	23,875	22,676
Credit/(Debit) to Statement of Income for the year	156	(1,677)
Adjustments related to previous periods	468	186
Effect of change in tax rate	7,531	2,690
At end of the year	**32,030**	**23,875**
Deferred tax assets are attributable to the following items:		
Tax losses	32,030	23,875
Deferred tax benefit/(expense) in the income statement comprises the following temporary differences:		
Tax losses	8,155	1,199

The company has estimated tax losses US$ 128,119k (2020: US$ 125,656k) as at 31 December 2021 to carry forward against future taxable income. These tax losses have no expiry date. The benefit for the tax losses carried forward is recognised in full as the company expects future taxable income will be available against which the unused tax losses will be utilised.

The Company also has capital losses of US$ 2,462k [£1,823k] (2020: 2,489k [£1,823k]) to carry forward against future expensable gains and these have no expiry date. The benefit of the capital losses has not been recognised in these financial statements due to the uncertainty of their reconverablilty.

9 Cash and cash equivalents

	2021 US$'000	2020 US$'000
Cash at bank	915	4,961
Short term money market deposits	260,577	156,280
Allowance for credit losses	(1)	(1)
Cash and cash equivalents in the Statement of Financial Position	**261,491**	**161,240**
of which foreign	260,577	156,280
of which domestic	915	4,961
Allowance for credit losses	(1)	(1)
Cash and cash equivalents in the Statement of Cash flow	**261,491**	**161,240**

Cash and cash equivalents represent nostro accounts held with Credit Suisse AG, Zurich and short-term money market deposits held with CSLB. All the bank accounts are repayable on demand. The effective interest rate on money market deposits of US$ 260,181k as at 31 December 2021 was 0.28% (2020: 0.39%), with an average maturity of 61 days (2020: 31 days) and of US$ 396k was 0.18% (2020: 0.25%) with an average interest period of 365 days (2020: 229 days).

The amount borrowed represents Bank overdraft with Credit Suisse AG, Zurich in previous year.

Notes to the Financial Statements for the year ended 31 December 2021

9 Cash and cash equivalents (continued)

Short term money market deposits

2021	Counterparty	Effective rate of interest	Maturity date	Average interest reset period	US$'000
Short term Money market Deposits	CSLB	0.28	29 March 2022	61 days	260,181
Short term Money market Deposits	CSLB	0.18	30 March 2022	365 days	396
Total					**260,577**

2020	Counterparty	Effective rate of interest	Maturity date	Average interest reset period	US$'000
Short term Money market Deposits	CSLB	0.39	28 January 2021	31 days	156,280
Total					**156,280**

10 Other assets

	2021 US$'000	2020 US$'000
Interest accrued on money market deposits	46	44
Current income tax receivable	—	1,188
Intercompany receivable*	1,928	—
Total	**1,974**	**1232**
Allowance for credit losses	—	(1)
Total	**1,973**	**1,231**

*Intercompany receivable is from CSi in respect of CIT receivable for the year 2020.

11 Interest-bearing deposits

	2021 US$'000	2020 US$'000
Current Asset		
Money market deposit	2,404,697	128,343
Allowance for credit losses	(1,096)	—
Total	**2,403,601**	**128,343**
Non-Current Asset		
Money market deposit	—	2,404,697
Allowance for credit losses	—	(996)
Total	**—**	**2,403,701**

The money market deposit is held with CSi and is due to mature on 29 December 2022. The interest rate, which is linked to IBOR rate, is reset every month. The effective interest rate on the money market deposit of US$ 2,404,697k was 0.10% (2020: 0.15%) as at 31 December 2021 with an average interest period of 30 days (2020: 29 days).

Notes to the Financial Statements for the year ended 31 December 2021

12 Short term borrowing

	2021 US$'000	2020 US$'000
Short term borrowings	2,026	21,780
Total	**2,026**	**21,780**

2021		Cash Flows		
Short term borrowings	**Balance as at 1 January 2021**	**Issuances**	**Repayments**	**Balance as at 31 December 2021**
Credit Suisse AG, London Branch	21,780	2,026	(21,780)	2,026
Total	**21,780**	**2,026**	**(21,780)**	**2,026**

The effective interest rate on the short term borrowings with CSLB was 0.01% (2020: 0.33%) as at 31 December 2021 with an average interest period of 31 days (2020: 33 days).

13 Other accruals

	2021 US$'000	2020 US$'000
UK bank levy payable*	1	403
Intercompany payable**	0	7,243
Audit fees payable	18	12
Group relief payable***	1,532	3,799
Total	**1,551**	**11,457**

*UK Bank levy expenses are accrued on monthly basis by the bank levy team. Accrued bank levy expenses are re-classed to Inter-company account (Intercompany payable) at the time of settlement.
**IC payable is due to CSi in respect of group relief settlement made on behalf of the Company.
***Group Relief Payable includes current income tax payable.

14 Share capital

	2021	2020
Authorised:	**US$**	**US$**
Ordinary shares		
1,353,322 ordinary shares of GBP 0.10 each	218,115	218,115
100,000,000 ordinary A shares of US$ 1.00 each	100,000,000	100,000,000
2,700,000,000 ordinary B shares of US$ 1.00 each	2,700,000,000	2,700,000,000
Total	**2,800,218,115**	**2,800,218,115**

Allotted, called up and paid up:		
Ordinary shares		
580,623 ordinary shares of GBP 0.10 paid up to GBP 0.001 each	936	936
90,000,000 ordinary A shares of US$ 1.00 paid up to US$ 1.00 each	90,000,000	90,000,000
2,655,586,770 ordinary B shares of US$ 1.00 paid up to US$ 1.00 each	2,655,586,770	2,655,586,770
Total	**2,745,587,706**	**2,745,587,706**

Notes to the Financial Statements for the year ended 31 December 2021

14 Share capital (continued)

GBP ordinary shares and ordinary A shares carry voting rights and the right to receive dividends and are held by DLJ International Group Limited. Ordinary B shares, which carry right to receive dividends but don't carry any voting rights, and are held by Credit Suisse Shimada Investments (Gibraltar) (458,058,924 shares of US$ 1 each) and DLJ UK Holding (2,197,527,846 shares of US$ 1 each).

There is no change in number of shares during current year.

No additional share capital was issued by the Company during the year (2020: US$ Nil).

Capital management

The Board's policy is to maintain an adequate capital base so as to enable smooth operation of the Company's activities.

The capital structure of the Company consists of equity attributable to equity holders of the Company comprising issued capital, reserves and accumulated losses.

The Company funds its operations and growth through equity. This includes assessing the need to raise additional equity where required.

The Company is not subject to externally imposed capital requirements.

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

15 Expected Credit Loss Measurement

The following table shows reconciliations from the opening to the closing balance of the loans allowance by class of financial instrument as well as a reconciliation of the gross carrying amount.

31 December 2021	**12 Month ECL Amount**
Cash and due from banks	**US$ '000**
Opening Balance	1
Net remeasurement of Loss Allowance	0
Foreign Exchange	0
Closing Balance	**1**

31 December 2021	**12 Month ECL Amount**
Interest-bearing assets	**US$ '000**
Opening Balance	996
Net remeasurement of Loss Allowance	99
Foreign Exchange	1
Closing Balance	**1,096**

31 December 2021	**12 Month ECL Amount**
Other assets	**US$ '000**
Opening Balance	1
Net remeasurement of Loss Allowance	0
Foreign Exchange	(1)
Closing Balance	**–**
Total Provision	**1,097**

Notes to the Financial Statements for the year ended 31 December 2021

15 Expected Credit Loss Measurement (continued)

31 December 2020	**12 Month ECL Amount**
Cash and due from banks	**US$ '000**
Opening Balance	1
Net remeasurement of Loss Allowance	—
Foreign Exchange	—
Closing Balance	**1**

31 December 2020	**12 Month ECL Amount**
Interest-bearing assets	**US$ '000**
Opening Balance	1123
Net remeasurement of Loss Allowance	(127)
Foreign Exchange	—
Closing Balance	**996**

31 December 2020	**12 Month ECL Amount**
Other assets	**US$ '000**
Opening Balance	2
Net remeasurement of Loss Allowance	(1)
Foreign Exchange	—
Closing Balance	**1**
Total Provision	**998**

16 Related party transactions

The Company is domiciled in the United Kingdom. It is a subsidiary of DLJ International Group Limited incorporated in the United Kingdom. The ultimate holding company is CS group, which is incorporated in Switzerland.

Copies of Financial Statements of Credit Suisse AG and CS group, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from CS group, Paradeplatz 8, 8070 Zurich, Switzerland.

The Company is involved in financing and other transactions, and has significant related party balances, with subsidiaries and affiliates of CS group. The Company generally enters into these transactions in the ordinary course of business and these transactions are on market terms that could be obtained from unrelated parties.

Notes to the Financial Statements for the year ended 31 December 2021

16 Related party transactions (continued)

a) Related party assets and liabilities

	2021			2020		
	Parent[1]	Fellow group companies	Total	Parent[1]	Fellow group companies	Total
Current assets	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cash and cash equivalents	261,491[2]	–	**261,491**	161,240[2]	–	**161,240**
Interest-bearing deposits	–	2,403,601	**2,403,601**	128,343	–	**128,343**
Other assets	25	1,948	**1,973**	14	30	**44**
Non-current assets						
Interest-bearing deposits	–	–	–	–	2,403,701	**2,403,701**
Total	**261,516**	**2,405,549**	**2,667,065**	**289,597**	**2,403,731**	**2,693,328**
Current liabilities						
Short term borrowing	2,026	–	**2,026**	21,780	–	**21,780**
Other accruals	–	0	0	–	7,243	**7,243**
Total	**2,026**	**–**	**2,026**	**21,780**	**7,243**	**29,023**

[1]Above table includes other assets, short term borrowing balances relating to CSLB.
[2]Out of the above balances, US$ 915k (2020: US$ 4,961k) of Cash and cash equivalents relates to Credit Suisse AG, Zurich and US$ 260,577k (2020: US$ 156,280k) relates to CSLB.

b) Related party revenues and expenses

	2021			2020		
	Parent[1]	Fellow group companies	Total	Parent[1]	Fellow group companies	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Interest income	663	2,492	**3,155**	2,643	15,028	**17,671**
Interest expense	(7)	–	**(7)**	(14)	–	**(14)**
Total	**656**	**2,492**	**3,148**	**2,629**	**15,028**	**17,657**

[1]Above table includes interest income and expense balances relating to CSLB.
For UK corporation tax purposes, the Company may surrender or claim certain losses from another UK group company. The Group relief payable as at 31 December 2020 is US$ 1,532k (2020: US$ 3,799k).

c) Remuneration to Directors and Key Management Personnel

The Directors and Key Management Personnel did not receive any remuneration in respect of their services as Directors of the Company (2020: US$ Nil). The Directors and Key Management Personnel are employees of its related companies and the Company does not reimburse its related companies for the services rendered by these Directors and Key Management Personnel. All Directors benefited from qualifying third party indemnity provisions.

Notes to the Financial Statements for the year ended 31 December 2021

16 Related party transactions (continued)

d) Loans and advances to Directors and Key Management Personnel

There were no loans or advances made to Directors or Key Management Personnel during the year (2020: US$ Nil).

e) Liabilities due to pension funds

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

f) Charge securing loans to related parties

The Company has charged in favour of CSi the interest bearing deposit of the Company held with CSi which matures on 29 December 2022 in order to secure liabilities of DLJ UK Investment Holdings Limited US$ 1,984,971k (2020: US$ 1,984,971k) and DLJ International Group Limited US$ 518,926k (2020: US$ 518,926k) to CSi arising under loan facility agreements. As at 31 December 2021 and 2020, the Company did not recognise any liability in relation to this charge.

17 Employee Remuneration

The Company had no employees during the year (2020: Nil). The Company receives a range of administrative services from related companies within the CS group. CS group companies have borne the cost of these services.

18 Financial instruments

The disclosure of the Company's financial instruments below includes the following sections:

- Analysis of financial instruments by categories;
- Fair value measurement (including fair value hierarchy;
- Fair value of financial instruments not carried at fair value.

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

The fair value of financial assets and liabilities is impacted by factors such as contractual cash flows and observable inputs like the benchmark interest rates and foreign exchange rates. Unobservable inputs used are credit spreads which is a part of the risk-adjusted discount factors. Valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of counterparty, and are applied to debt instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments or CVA) is considered when measuring the fair value of assets and the impact of changes in the Company's own credit spreads (known as debit valuation adjustments or DVA) is considered when measuring the fair value of its liabilities. The adjustments also take into account contractual factors designed to reduce the Company's credit exposure to counterparty.

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

Notes to the Financial Statements for the year ended 31 December 2021

18 Financial instruments (continued)

For cash and other liquid assets, the fair value is assumed to approximate book value, given the short term nature of these instruments. For long term instruments (loans and advances and debt instruments), fair value is calculated using the discounted cash flow methodology. The information presented herein represents estimates of fair values of accrual accounted instruments as at the Statement of Financial Position date.

The financial instruments carried at fair value were categorized under the three levels of the IFRS 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). 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.

Financial instruments are measured on an on-going basis either at fair value or at amortised cost. The following table sets outs the carrying amounts and fair value of the Company's financial instruments.

The levels in the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured at fair value in the Statement of Financial Position are as follows:

2021 (US$'000)	**Carrying Amount**		**Fair Value**		
	Amortized cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Cash and due from banks	261,491	261,491		–	**261,491**
Short term interest bearing deposit	2,403,601	–	2,402,365	–	**2,402,365**
Other assets	1,973	–	1,973	–	**1,973**
Total	**2,667,065**	**261,491**	**2,404,338**	**–**	**2,665,829**
Financial liabilities					
Short term borrowings	2,026	–	2,026	–	2,026
Other accruals	18	–	18	–	18
Total	**2,044**	**–**	**2,044**	**–**	**2,044**

Notes to the Financial Statements for the year ended 31 December 2021

18 Financial instruments (continued)

2020 (US$'000)	Carrying Amount		Fair Value		
	Amortized cost	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and due from banks	161,240	161,240	–	–	**161,240**
Short term Interest bearing deposit	128,343	–	128,343	–	**128,343**
Other assets	43	–	43	–	**43**
Long term Interest-bearing deposits	2,403,701	–	2,401,948	–	**2,401,948**
Total	**2,693,327**	**161,240**	**2,530,334**	**–**	**2,691,574**
Financial liabilities					
Short term borrowings	21,780	–	21,780	–	**21,780**
Other accruals	7,255	–	7,255	–	**7,255**
Total	**29,035**	**–**	**29,035**	**–**	**29,035**

19 Financial risk management

The Company's activities expose it to a variety of financial risks.

- Market risk (including foreign exchange risk and interest rate risk)
- Credit risk
- Liquidity risk
- Operational risk

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management of the Company is carried out by the Central Group Treasury department of CS group under policies approved by its Board of Directors. Group Treasury identifies, evaluates and hedges financial risks. The Board provides written principles for risk, credit risk, use of derivative financial instruments and non-derivative financial instruments as well as written policies covering specific areas such as foreign exchange risk, investing excess overall risk management and interest-rate liquidity.

a) Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant market parameters, such as market volatilities.

i) Interest rate risk

The Company has interest bearing financial assets and liabilities, which are mainly in the form of net loans, cash and cash equivalents and debt issued and borrowings. The interest rates on these instruments typically resets within 3 months which minimises the risk to changes in interest rates. As the Company's interest-bearing assets and liabilities are against group companies, the Company is not exposed to any third party counter party interest rate risks.

The Company holds no other significant interest-bearing assets or liabilities and the remaining expenses and operating cash flows are independent of changes in interest rates.

19 Financial risk management (continued)

The sensitivity analysis is prepared based on financial instruments that are recognised at the reporting dates. The sensitivity assumes changes in certain market conditions. These assumptions may differ materially from the actual turn out due to the inherent uncertainties in global financial markets. In practice, market risks rarely change in isolation and are likely to be interdependent. The methods and assumptions used are the same for both reporting years.

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

2021 (US$'000)	25%	-25%
Change in equity and income/(loss) with interest rate fluctuation in interest bearing deposits	613	(613)
Change in equity and income/(loss) with interest rate fluctuation in cash and cash equivalents	182	(182)
Change in equity and income/(loss) with interest rate fluctuation in short term borrowing	0	-0
Total	**795**	**(795)**

2020 (US$'000)	25%	-25%
Change in equity and income/(loss) with interest rate fluctuation in interest bearing deposits	971	(971)
Change in equity and income/(loss) with interest rate fluctuation in cash and cash equivalents	152	(152)
Change in equity and income/(loss) with interest rate fluctuation in short term borrowing	18	(18)
Total	**1,141**	**(1,141)**

Replacement of Interbank Offered Rates ('IBOR')

A major milestone of the (L)IBOR transition has been passed at the end of 2021. From 1 January , 2022 most non-USD (CHF, EUR, GBP and JPY) and select USD LIBOR (1week and 2month) settings have ceased publication. These rates have been in use for decades and the cessation impacted millions of transactions and thousands of market participants.

The transition of the USD markets was given an 18-month extension, with the remaining USD LIBOR settings scheduled to be discontinued at the end of June 2023. SOFR, the alternative reference rate recommended by the ARRC has already gained a significant foothold in the markets and with the prohibition of new LIBOR trading other than for risk management purposes, is now becoming the dominant market rate even ahead of the official cessation date for USD LIBOR.

Under the leadership of members of the Group Executive Board and our business and functional leaders across the entire CS group, the IBOR Transition Program remains fully engaged to facilitate the transition away from USD LIBOR by mid-2023. With respect to USD, work remains focused on the key areas identified in 2019:

- **Legal contract assessment and repapering:** while most of the remaining legacy contracts have undergone an initial review by our legal team, work remains to capture, analyse and re-paper key LIBOR-terms in a significant amount of contracts, primarily related to cash products. Resources are in place to accommodate contract re-negotiations when our clients are ready to engage.

- **Product development and industry engagement:** Credit Suisse continues to participate in national working groups in all of our main markets and actively supports the initiatives developed in these forums. In industry and client interactions we seek to build consensus with our clients, peers and national regulators to strengthen the integrity and robustness of our core markets through the transition to alternative reference rates.

Notes to the Financial Statements for the year ended 31 December 2021

- **Risk management and mitigation:** to manage transition risk, CS group implemented a group-wide policy to limit new LIBOR-referencing business and control the wind-down of legacy exposures in advance of July 2023. Accordingly, divisional plans were developed to ensure timely compliance with the policy and limits therein. Certain milestones (e.g. operational readiness, communications, etc.) were put in place and are monitored to ensure the transition is progressed in a timely fashion. Modelling and risk management systems have been revised to accommodate the transition and were successfully tested in 2021. Pricing models have been reviewed and updated where needed. While most of the remaining legacy LIBOR portfolio has reduced transition risk, we continue our client outreach efforts to actively transition or de-risk the residual portfolio by adding robust fallback provisions.

- **Strategic Transition Planning and Communication:** aligned with regulatory guidance on the transition, Credit Suisse's businesses have developed and ratified their own transition plans. While certain product details and conventions remain to be agreed upon across the markets, we believe that these plans position us to be prepared and to optimally service our clients during the next 18-months and after the transition. Over forty thousand of CS group's employees have been trained for taking our clients on this journey and we continue to inform our clients about the progress of the transition.

Credit Suisse continues to focus on identifying the potential impact this transition may have on clients, and new risks that may arise to assist them through the whole of the transition period.

(ii) Foreign exchange risk

Foreign currency risk is the risk that the value of monetary assets / liabilities will fluctuate because of changes in foreign currency exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from GBP exposures.

Foreign exchange risk related to expenses and net assets is centrally and systematically managed with a focus on risk reduction and diversification. Any currency risk that materialises will be managed centrally by the CS group through the Foreign Currency Exposure Management ('FCEM') process, utilising currency hedges at the CS group level.

The Company had the following assets and liabilities denominated in currencies other than US$:

	2021	2020
	GBP'000	GBP'000
Cash and cash equivalents	331	4,188
Short term money market deposit	293	4,200
Other assets	1,428	3
Total	**2,052**	**8,391**
Monetary liabilities		
Other accruals	1,514	5,607
Borrowings	—	3,500
Total	**1,514**	**9,107**
Net exposure	**538**	**(716)**

Considering that the Company has limited exposure to foreign exchange risk, sensitivity analysis has not been performed.

b) Credit risk

Credit risk is the possibility of a loss being incurred by the Company as a result of a borrower or counter-party failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counter-party.

Notes to the Financial Statements for the year ended 31 December 2021

19 Financial risk management (continued)

The Company is exposed to credit risk from third parties. The carrying value of loans from third parties represents the maximum credit exposure of the Company to counter-parties. The Company has policies that limit the amount of credit exposure to any financial institution. Transactions are limited to fellow group companies and high credit quality financial institutions.

There are no amounts due from related companies which are no credit impaired.

Cash and due from banks	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2021	**(US$'000)**	**(US$'000)**	**(US$'000)**	**(US$'000)**	**(US$'000)**
A+ to A-	261,492	–	–	–	**261,492**
Gross Carrying amount	**261,492**	**–**	**–**	**–**	**261,492**
Loss allowance	(1)	–	–	–	**(1)**
Net Carrying amount	**261,491**	**–**	**–**	**–**	**261,491**

Interest-bearing deposits	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2021	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
A+ to A-	2,404,697	–	–	–	**2,404,697**
Gross Carrying amount	**2,404,697**	**–**	**–**	**–**	**2,404,697**
Loss allowance	(1,096)	–	–	–	**(1,096)**
Net Carrying amount	**2,403,601**	**–**	**–**	**–**	**2,403,601**

Other assets	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2021	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
A+ to A-	46	–	–	–	**46**
Gross Carrying amount	**46**	**–**	**–**	**–**	**46**
Loss allowance	–	–	–	–	**–**
Net Carrying amount	**46**	**–**	**–**	**–**	**46**

Cash and due from banks	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2020	**(US$'000)**	**(US$'000)**	**(US$'000)**	**(US$'000)**	**(US$'000)**
A+ to A-	161,241	–	–	–	**161,241**
Gross Carrying amount	**161,241**	**–**	**–**	**–**	**161,241**
Loss allowance	(1)	–	–	–	**(1)**
Net Carrying amount	**161,240**	**–**	**–**	**–**	**161,240**

Notes to the Financial Statements for the year ended 31 December 2021

19 Financial risk management (continued)

Interest-bearing deposits	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2020	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
A+ to A-	2,533,040	—	—	—	**2,533,040**
Gross Carrying amount	**2,533,040**	**—**	**—**	**—**	**2,533,040**
Loss allowance	(996)	—	—	—	**(996)**
Net Carrying amount	**2,532,044**	**—**	**—**	**—**	**2,532,044**

Other assets	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2020	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
A+ to A-	44	—	—	—	**44**
Gross Carrying amount	**44**	**—**	**—**	**—**	**44**
Loss allowance	(1)	—	—	—	**(1)**
Net Carrying amount	**43**	**—**	**—**	**—**	**43**

For the entities which are not individually rated, ratings have been derived using the Credit Suisse AG rating.

c) Liquidity risk

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

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

The following table sets out details of the remaining un-discounted contractual maturity for financial liabilities.

	Carrying Amount	Gross Nominal Outflow	On demand	Due within 3 months	Total
2021 (US$'000)					
Short term borrowings	2,026	2,026	—	2,026	**2,026**
Other accruals	18	18	18	—	**18**
Total	**2,044**	**2,044**	**18**	**2,026**	**2,044**
2020 (US$'000)					
Short term borrowings	21,780	21,780	—	21,780	**21,780**
Other accruals	7,255	7,255	7,255	—	**7,255**
Total	**29,035**	**29,035**	**7,255**	**21,780**	**29,035**

d) Operational risk

Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events. The Company is exposed to minimal operational risk.

Notes to the Financial Statements for the year ended 31 December 2021

20 Contingent liabilities

The Company has charged in favour of CSi the interest bearing deposit of the Company held with CSi which matures on 29 December 2022 in order to secure liabilities of DLJ UK Investment Holdings Limited US$ 1,984,971k (2020: US$ 1,984,971k) and DLJ International Group Limited US$ 518,926k (2020: US$ 518,926k) to CSi arising under loan facility agreements. As at 31 December 2021 and 2020, the Company did not recognise any liability in relation to this charge.

21 Subsequent events

In late February 2022, the Russian Government launched a military attack on Ukraine. In response to Russia's military attack, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system and on Russian government officials and Russian business leaders. The Company does not expect that these recent developments will have a material impact on its financial performance, results of operation or cash flows, and will continue to monitor the situation closely.

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