Credit Suisse European Mortgage Capital Designated Activity Company

Directors' report and audited financial statements

For the financial year ended 31 December 2018

Registered number: 512992

Credit Suisse European Mortgage Capital Designated Activity Company

Contents

Credit Suisse European Mortgage Capital Designated Activity Company

Directors and other information

Directors	John Dunleavy (Irish) (Appointed on 27 September 2018) Adrienne Lonergan (Irish) (Appointed on 28 June 2018) Niall Vaughan (Irish) (Resigned on 28 June 2018) David McGuinness (Irish) (Resigned on 27 September 2018)	
Registered Office	*(Effective as from 15 July 2018)* Block A George's Quay Plaza George's Quay Dublin 2 Ireland	*(Effective up to 14 July 2018)* Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland
Administrator & Company Secretary	Vistra Alternative Investments (Ireland) Limited *(Effective as from 15 July 2018)* Block A George's Quay Plaza George's Quay Dublin 2 Ireland Deutsche International Corporate Services (Ireland) Limited *(Effective up to 14 July 2018)* Pinnacle 2 Eastpoint Business Park Dublin Ireland	
Arranger	Credit Suisse Securities (Europe) Limited One Cabot Square London E14 4QJ United Kingdom	
Trustee	HSBC Corporate Trustee Company (UK) Limited 8 Canada Square London E14 5HQ United Kingdom	
Custodian, Banker & Paying Agent	HSBC Bank Plc Corporate Trust and Loan Agency 8 Canada Square London E14 5HQ United Kingdom	
Independent Auditor	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland	
Solicitor	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland	

Directors' report

The directors present the annual report and audited financial statements of Credit Suisse European Mortgage Capital Designated Activity Company (the "Company") for the financial year ended 31 December 2018.

Principal activities and business review
The Company is a limited Company incorporated in Ireland on 10 May 2012, registered number 512992. The Company commenced trading on 11 June 2012. The Company has been established as a special purpose vehicle ("SPV"). On 7 September 2016, the Company changed its name from Credit Suisse European Mortgage Capital Limited to Credit Suisse European Mortgage Capital Designated Activity Company. The principal activities of the Company involve issuing debt securities, acquisition of financial assets and the entering into other legally binding arrangements.

The Company has been established to enter into structured finance transactions whereby it would establish a programme for the issuance of notes arranged by Credit Suisse Securities (Europe) Limited, and approved by the Company's directors. The Company's activities are as set out in the relevant legal documents, as approved by the Company's directors. Under the terms of the note issuance programme, the Company's directors have the authority to determine which transactions it enters into, from those proposed for their review. All the parties forming part of the programme are listed on page 1 and agreements have been entered into with each of them.

The Company has established a USD 5,000,000,000 Multi-Issuance Programme (the "Programme") to issue notes (the "Notes") and/or other secured limited recourse indebtedness. Notes issued under the Programme will be issued in series (each a "Series") and the terms and conditions of the Notes of each Series will be set out in a supplemental information memorandum for such Series (each a "Supplemental Information Memorandum"). The terms and conditions of alternative investments (the "Alternative Investments") will be set out in a manner appropriate for that type of debt instrument. There are four Series in issue at year end.

The Notes will constitute secured, limited recourse obligations of the Company and are payable solely from the proceeds of the charged assets (the "Charged Assets"). The recourse of noteholders (the "Noteholders") for payment of principal and interest on the Notes is limited to the proceeds of realisation of the Charged Assets. No other assets of the Company will be available to satisfy claims of Noteholders.

The Company has the corporate power and capacity to issue Notes, to acquire the underlying assets and to enter into and perform the agreements to which it is or may become party as described in the programme memorandum (the "Programme Memorandum").

General information regarding the Company is further described in note 1 of the financial statements.

Series 2015-1 is listed on the Vienna Stock Exchange. Series 2018-1 and Series 2018-2 are listed on the Cayman Islands Stock Exchange.

Key performance indicators
During the financial year:

- the Company made a profit before tax of EUR 3,000 (2017: EUR nil);
- the following Series of Notes were issued:

S2018-1	EUR 109,209,461 Class A Receivables Linked Notes due 2022
S2018-1	EUR 14,506,978 Class B Receivables Linked Notes due 2022
S2018-1	EUR 109,209,461 in Notional Amount IO Certificates due 2022
S2018-2	EUR 250,000,000 Asset Backed Notes due 2024

- there were partial redemptions on the below Series of Notes:

Series	Nominal	Description
S2015-1A	EUR 6,506,912	Series 2015-1A Notes due 2020
S2015-1B	EUR 3,630,088	Series 2015-1B Notes due 2020
S2018-2	EUR 27,815,000	Asset Backed Notes due 2024

- a buyback has occurred on 13 December 2018 for Series 2018-2. The Arranger has purchased with the Company a proportion of the Notes equal to EUR 167,172,000.

As at 31 December 2018:

- the net assets of the Company was EUR 2,536 (2017: EUR 286);
- the Company had the following Series in issue:

Series	Description	Maturity Date	Ccy	Nominal
Pass-through Notes				
S2015-1	Series 2015-1A Notes due 2020	20-May-20	EUR	120,373,224
S2015-1	Series 2015-1B Notes due 2020	20-May-20	EUR	67,154,028
S2018-1	Class A Receivables Linked Notes due 2022	06-Nov-22	EUR	109,209,461
S2018-1	Class B Receivables Linked Notes due 2022	06-Nov-22	EUR	14,506,978
S2018-1	IO Certificates due 2022	06-Nov-22	EUR	109,209,461
S2018-2	Asset Backed Notes due 2024	30-Aug-24	EUR	55,013,000

Pass-through Notes
As at 31 December 2018, the guidance of IFRS 9 for appropriate treatment of pass-through transactions has been applied. IFRS 9 proposes three conditions that must be met for treating a contractual arrangement as a pass-through transaction:

- the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. However, the entity is allowed to make short-term advances to the eventual recipient so long as it has the right of full recovery of the amount lent plus accrued interest;
- the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- the entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, during the short settlement period, the entity is not entitled to reinvest such cash flows except for investments in cash or cash equivalents and where any interest earned from such investments is remitted to the eventual recipients.

Series 2015-1
On 29 May 2015, the Company had issued pass-through Series 2015-1 A EUR 162,400,000 Notes due 2020 and Series 2015-1 B EUR 90,600,000 Notes due 2020. The proceeds of the issuance have been used to invest in a loan provided under a facility agreement dated 14 April 2015 between, amongst others, Alcmena Pledgeco II Borrower S.C.S., Credit Suisse AG, London Branch, Situs Asset Management Limited and Credit Suisse AG, London Branch. Any interest income received on the investment securities are transferred to the Noteholders as interest expense on the Notes. The investment securities can only be sold during the life of the transaction based on pre-determined contractually agreed events and the sale proceeds will be used to redeem the Notes without any material delay.

After considering the above conditions of IFRS 9, the directors concluded that Series 2015-1 A Notes and 2015-1 B Notes did not meet the recognition criteria since inception and fully meets the conditions mentioned in IFRS 9 for pass-through transactions. The nominal of the Notes issued amounting to EUR 162,400,000 and EUR 90,600,000 have accordingly not been recognised for that particular Series in the financial statements for the year ended 31 December 2015, 2016, 2017 and 2018. The corresponding loan investment has also not been recognised in the financial statements for the year ended 31 December 2015, 2016, 2017 and 2018.

As at 31 December 2018, the outstanding amount for the Notes issued were Series 2015-1 A EUR 120,373,224 and Series 2015-1 B EUR 67,154,028 (31 December 2017: Series 2015-1 A EUR 126,880,136 and Series 2015-1 B EUR 70,784,115) and the corresponding loan investment amounted to EUR 187,527,252 (31 December 2017: EUR 197,664,252).

Interest receivable on the loan investment amounted to EUR 292,574 for Series 2015-1 A Notes and EUR 326,443 for Series 2015-1 B Notes. Interest payable on the Notes amounted to EUR 292,574 for Series 2015-1 A Notes and EUR 326,443 for Series 2015-1 B Notes. Interest received during the financial year on the loan investment amounted to EUR 3,079,134 for Series 2015-1 A Notes and EUR 3,435,584 for Series 2015-1 B Notes. Interest paid on the Notes amounted to EUR 3,079,134 for Series 2015-1 A Notes and EUR 3,435,584 for Series 2015-1 B Notes during the financial year.

Series 2018-1
On 15 June 2018, the Company has issued pass-through Series 2018-1 A EUR 109,209,461 Notes due 2022, Series 2018-1 B EUR 14,506,978 Notes due 2022 and Series 2018-1 EUR 109,209,461 IO Certificates due 2022. The proceeds of the issuance have been used to invest in:

a) payment of an amount to acquire an equitable interest in the Repackaged Receivables, pursuant to a receivables declaration of trust granted by Credit Suisse International as trustee:
   - Receivables relating to the transfer fees between The Liverpool Football Club & Athletic Grounds Limited (the "Receivables Transferor") and Futbol Club Barcelona (the "Receivables Debtor") the rights in respect of such receivables having been assigned in favour of Credit Suisse International.
   - interest amounts to be payable by the Futbol Club Barcelona (the "Receivables Debtor") to Credit Suisse International pursuant to a letter agreement dated on or around the Issue Date between both parties.

b) purchase of an insurance from the syndicate of re-insurers in order to insure against losses arising with respect to non-payment of the Repackaged Receivables.

Any instalments and interest income received on the investment securities are transferred to the Noteholders as interest expense on the Notes. The investment securities can only be sold during the life of the transaction based on pre-determined contractually agreed events and the sale proceeds will be used to redeem the Notes without any material delay.

After considering the above conditions of IFRS 9, the directors concluded that Series 2018-1 Class A Notes, Series 2018-1 Class B Notes and Series 2018-1 OI Certificates did not meet the recognition criteria since inception and fully meets the conditions mentioned in IFRS 9 for pass-through transactions. The nominal of the Notes issued amounting to EUR 109,209,461, EUR 14,506,978 and EUR 109,209,461 have accordingly not been recognised for that particular Series in the financial statements for the year ended 31 December 2018. The corresponding Repackaged Receivables has also not been recognised in the financial statements for the year ended 31 December 2018.

Pass-through Notes (continued)

Series 2018-1 (continued)

As at 31 December 2018, the outstanding amount for the Notes issued were Series 2018-1 Class A Notes EUR 109,209,461 and Series 2018-1 Class B Notes EUR 14,506,978 and the Series 2018-1 IO Certificates were EUR 109,209,461 and the corresponding Repackaged Receivables investment amounted to EUR 120,000,000.

Interest receivable on the investment amounted to EUR EUR 1,833,739 and interest payable on the Notes amounted to EUR 1,509,214 for Series 2018-1 Class A Notes, EUR 561,339 for Series 2018-1 Class B Notes and EUR 181,106 for Series 2018-1 OI Certificates. The Company did not receive any interest income during the financial year and hence there was no interest expense.

Series 2018-2

On 26 June 2018, the Company has issued pass-through Series 2018-2 EUR 250,000,000 Asset Backed Notes due 2024. The proceeds of the issuance have been initially placed in a deposit with Natixis and subsequently used to invest in a Senior Note issued by Penelope SPV S.r.l. Any interest income received on the investment securities are transferred to the Noteholders as interest expense on the Notes. On 13 December 2018, the Arranger has purchased an amount of notes equal to EUR 188,100,000 from the Company. The investment securities can only be sold during the life of the transaction based on pre-determined contractually agreed events and the sale proceeds will be used to redeem the Notes without any material delay.

After considering the above conditions of IFRS 9, the directors concluded that Series 2018-2 Notes did not meet the recognition criteria since inception and fully meets the conditions mentioned in IFRS 9 for pass-through transactions. The nominal of the Notes issued amounting to EUR 61,900,000 have accordingly not been recognised for that particular Series in the financial statements for the year ended 31 December 2018. The corresponding security investment has also not been recognised in the financial statements for the year ended 31 December 2018.

As at 31 December 2018, the outstanding amount for the Series 2018-2 Notes issued were EUR 55,013,000 and the corresponding Senior Notes investment amounted to EUR 55,013,000.

Interest receivable on the investment amounted to EUR 124,085 and interest payable on the Notes EUR 124,085. The Company received interest income amounting to EUR 3,611,111 during the financial year and paid out interest expenses under Series 2018-2 Notes 3,222,222.

Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future. The Board of directors (the "Board") will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company. It is anticipated that while some Series will redeem or mature, it is also expected that new issuances will be made.

Going concern

The Company's financial statements for the financial year ended 31 December 2018 have been prepared on a going concern basis. Due to the nature of the Notes, each asset is referenced to a specific note, and any loss derived from the asset will be ultimately borne by the Noteholders. The directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Company liabilities as they fall due. The Notes in issue as at 31 December 2018 have maturities in 2024. For these reasons, the directors believe that the going concern basis is appropriate.

Business risks and principal uncertainties

The Company is subject to various risks. The key risks facing the Company are set out in note 13 to the financial statements.

Results and dividends for the financial year

The results for the financial year are set out on page 14. The directors do not recommend the payment of a dividend for the financial year (2017: EUR nil).

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risk arises from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceeding paragraphs. All management and administration functions are outsourced to Vistra Alternative Investments (Ireland) Limited ("VAIIL").

Change in directors, secretary and registered office during the financial year

On 28 June 2018, Niall Vaughan resigned as director of the Company and on the same date, Adrienne Lonergan was appointed as director of the Company. On 27 September 2018, David McGuinness resigned as director of the Company and on the same date, John Dunleavy was appointed as director of the Company.

Deutsche International Corporate Services (Ireland) Limited ("DICSIL") agreed to sell its corporate services business to VAIIL pursuant to a business transfer agreement dated 14 September 2017. As part of the sale, the rights and obligations of DICSIL under the corporate services agreement entered into between the Company and DICSIL were novated to VAIIL pursuant to a Deed of Novation dated 15 July 2018. In connection with the novation, DICSIL resigned as secretary of the Company and VAIIL was appointed as the new secretary of the Company with effect from 15 July 2018. The registered office of the Company also changed from Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland to Block A, George's Quay Plaza, George's Quay, Dublin 2, Ireland with effect from 15 July 2018.

There were no other changes in directors, secretary and registered office during the financial year.

Directors, secretary and their interests

None of the directors and secretary who held office for the financial year from 1 January 2018 and 31 December 2018 held any shares in the Company at that date, or during the financial year. Except for the Administration agreement entered into by the Company with VAIIL, there were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Section 309 of the Companies Act 2014 as amended (the "Act"), at any time during the financial year.

Shares and shareholders

The authorised share capital of the Company is USD 100,000,000 divided into 100,000,000 shares of USD 1 each (the "Shares") of which USD 3 has been issued. The issued Shares are held in trust by Registered Shareholder Services No. 1 Company Limited by Guarantee, Registered Shareholder Services No. 2 Company Limited by Guarantee and Registered Shareholder Services No. 3 Company Limited by Guarantee each holding one share (the "Share Trustees") under the terms of a declaration of trust (the "Declaration of Trust") dated 22 May 2012 under which the Share Trustees hold the benefit of the Shares on trust for charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit from its holding of the Shares. There are no other rights that pertain to the shares and the shareholders.

Corporate Governance Statement

Introduction

The Company is subject to and complies with Irish Statute comprising the Act and the Listing rules of the Vienna Stock Exchange and Cayman Islands Stock Exchange. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the administrator (the "Administrator"), VAIIL, to maintain the accounting records of the Company independently of Credit Suisse International (the "Arranger"), HSBC Bank plc (the "Custodian") and HSBC Corporate Trustee Company (UK) Limited (the "Trustee"). The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodian. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view. Listed debt SPVs prepare annual financial statements which would have been reviewed by the Board before approving these.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Corporate Governance Statement (continued)

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. More specifically:

- the Administrator has a review procedure in place to ensure errors and omissions in the financial statements are identified and corrected.
- regular training on accounting rules and recommendations is provided to the accountants employed by the Administrator.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Capital Structure

The principal shareholders in the Company are Registered Shareholder Services No. 1 Company Limited by Guarantee, Registered Shareholder Services No. 2 Company Limited by Guarantee and Registered Shareholder Services No. 3 Company Limited by Guarantee each holding 1 Share. Other than that, no person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

The directors confirm that Share Trustees have entered into a share trust agreement whereby they have agreed not to exercise their voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, Irish Statute comprising the Act and the Listing Rules of the Vienna Stock Exchange and Cayman Islands Stock Exchange. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the directors. The directors have delegated the day to day administration of the Company to the Administrator.

Audit committee

Under Section 1551 (11) (c) of the Act as amended, all public-interest entities are required to establish an audit committee, subject to certain exemptions. Section 167 of the Act also requires the directors of a large company (as such term is defined in the Act) to establish an audit committee or to state the reasons for not establishing such a committee.

As set out in Section 1551 (11) (c) of the Act, a Company issuing asset backed securities may avail itself of an exemption from the requirements to establish an audit committee. The sole business of the Company relates to the issuing of asset-backed securities. Given the contractual obligations of the administrator and the limited recourse nature of the securities issued by the Company and considering that the Company is operating within the balance sheet and turnover threshold limits as set out under Section 167(1) of the Act, the Board has concluded that there is currently no need for the Company to have a separate audit committee in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process and the monitoring of the statutory audit and the independence of the statutory auditors. Accordingly, the Company has availed itself of the exemption under Section 1551 (11) (c) of the Act not to establish an audit committee.

Accounting records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Act with regards to keeping adequate accounting records by utilising accounting personnel employed by the Administrator with appropriate experience and expertise and by providing resources to the financial function. The accounting records of the Company are maintained at Block A, George's Quay Plaza, George's Quay, Dublin 2, Ireland.

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over EUR 200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year to 31 December 2018.

Subsequent events

Subsequent events have been disclosed in note 15 to the financial statements.

Independent auditor

Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, have been appointed as auditors in accordance with Sections 383(2) of the Act for the financial year and have signified their willingness to continue in office.

Each director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

Directors' compliance statement

At this present time the Company is operating within the balance sheet and turnover threshold limits as set out under Section 225 (7) of the Act, which enables the Company to avail of an exemption to the Compliance Policy Statement obligations. Accordingly the directors are not required to include a Compliance Statement in their statutory directors' report for the current financial year ending 31 December 2018.

On behalf of the board

Adrienne Lonergan
Director

John Dunleavy
Director

Date: 23/4/19

Directors' responsibilities statement

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

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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 assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Act.

International Accounting Standard 1 'Presentation of Financial Statements', requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Act and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CREDIT SUISSE EUROPEAN MORTGAGE CAPITAL DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion on the financial statements of Credit Suisse European Mortgage Capital Designated Activity Company (the 'company')

In our opinion the financial statements:
- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018, and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 16, including a summary of significant accounting policies as set out in note 3.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current financial year were: • *Derecognition of the Passthrough Debt Securities*
Materiality	The materiality that we used in the current financial period was 2% of the passthrough debt securities
Scoping	We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined.
Significant changes in our approach	This is our second year auditing the company. There were no changes in our approach from the prior year.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of ccounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Derecognition of Passthrough Debt Securities	
Key audit matter description	For the financial year ended 31 December 2018 the Company had issued six passthrough series which did not meet the recognition criteria of IFRS 9 since inception. The debt securities and related investments for this series have been derecognised from the financial statements. The derecogntion of such passthrough debt securities is considered a key audit matter as the derecogntion of the series debt securities and investments requires considerable management judgement. The derecognition of the passthrough debt securities impacts the statement of financial position and the statement of comprehensive income with related income and expenses also not recognised. The derecognition has been identified as a significant risk of material misstatement, the risk being that they may not be classified correctly in accordance with the financial reporting framework. Refer also to note 2 and 3 in the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding and assessed the design and implementation of the key controls that have been implemented over the derecognition process of passthrough debt securities. We challenged whether the derecognition policy adopted for the passthrough debt securities is in line with IFRS 9 and considered the appropriateness of the management judgement in the assessment. We reviewed the series documentation in considering the appropriateness of the derecognition of the debt securities. We assessed the disclosure of the passthrough series of debt securities for compliance with financial reporting standards.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be €9,510,000 or 2% of the value of the passthrough debt securities at year end. We have considered total assets to be the critical component for determining materiality because the main objective of the company is to provide investors with a long term risk adjusted return. We have considered quantitative and qualitative factors such as understanding the company and its environment, complexity of the company and the reliabity of control environment.

We agreed with the Board of Directors (the "Board") that we would report to the Board any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Deloitte.

An overview of the scope of our audit

Our audit is a risk based approach taking into account the structure of the company, types of financial assets, the involvement of the third party service providers, the accounting processes and controls in place, and the industry in which the company operates.

We have conducted our audit based on the books and records maintained by the corporate administrator, Vistra Alternative Investments (Ireland) Limited. We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Deloitte.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the company's shareholders, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 5 to 6 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014.

- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Sinéad Moore

Sinéad Moore
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 23 September 2019

Statement of comprehensive income
For the financial year ended 31 December 2018

	Notes	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Other income	4	18,014	48
Other expenses	5	(15,014)	(48)
Profit before tax		3,000	-
Income tax expense	6	(750)	-
Result for the financial year		2,250	-
Other comprehensive income		-	-
Total comprehensive income for the financial year		2,250	-

Statement of financial position
As at 31 December 2018

	Notes	31-Dec-18 EUR	31-Dec-17 EUR
Assets			
Other receivables	7	3,286	272
Cash and cash equivalents	8	-	14
Total assets		3,286	286
Liabilities and equity			
Liabilities			
Other payables	9	750	-
Total liabilities		750	-
Equity			
Called up share capital presented as equity	10	2	2
Retained earnings		2,534	284
Total equity		2,536	286
Total liabilities and equity		3,286	286

These financial statements were approved by the Board and signed on its behalf by

On behalf of the Board

Adrienne Lonergan
Director

John Dunleavy
Director

Date: 23/9/19

Statement of changes in equity
For the financial year ended 31 December 2018

	Share capital EUR	Retained earnings EUR	Total equity EUR
Balance as at 1 January 2017	2	284	286
Total comprehensive income for the financial year			
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	-	-
Balance as at 31 December 2017	**2**	**284**	**286**
Balance as at 1 January 2018	2	284	286
Total comprehensive income for the financial year			
Result for the financial year	-	2,250	2,250
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	2,250	2,250
Balance as at 31 December 2018	**2**	**2,534**	**2,536**

Credit Suisse European Mortgage Capital Designated Activity Company

Statement of cash flows
For the financial year ended 31 December 2018

	Notes	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Cash flows from operating activities			
Profit on ordinary activities before taxation		3,000	-
Movements in working capital			
Increase in other receivables		(3,014)	(8)
Net cash used in operating activities		(14)	(8)
Decrease in cash and cash equivalents		(14)	(8)
Cash and cash equivalents at start of the financial year		14	22
Cash and cash equivalents at end of the financial year	8	-	14

The notes on pages 18 to 25 form an integral part of the financial statements.

Notes to the financial statements
For the financial year ended 31 December 2018

1 **General information**

The Company is a limited Company incorporated in Ireland on 10 May 2012, registered number 512992 and registered office at Block A, George's Quay Plaza, George's Quay, Dublin 2, Ireland. The Company commenced trading on 11 June 2012. The Company has been established as a special purpose vehicle ("SPV"). On 7 September 2016, the Company changed its name from Credit Suisse European Mortgage Capital Limited to Credit Suisse European Mortgage Capital Designated Activity Company. The principal activities of the Company involve issuing debt securities, acquisition of financial assets and the entering into other legally binding arrangements.

The Company has been established to enter into structured finance transactions whereby it would establish a programme for the issuance of notes arranged by Credit Suisse Securities (Europe) Limited, and approved by the Company's directors. The Company's activities are as set out in the relevant legal documents, as approved by the Company's directors. Under the terms of the note issuance programme, the Company's directors have the authority to determine which transactions it enters into, from those proposed for their review. All the parties forming part of the programme are listed on page 1 and agreements have been entered into with each of them.

The Company has established a USD 5,000,000,000 Multi-Issuance Programme (the "Programme") to issue notes (the "Notes") and/or other secured limited recourse indebtedness. Notes issued under the Programme will be issued in series (each a "Series") and the terms and conditions of the Notes of each Series will be set out in a supplemental information memorandum for such Series (each a "Supplemental Information Memorandum"). The terms and conditions of alternative investments (the "Alternative Investments") will be set out in a manner appropriate for that type of debt instrument. There are four Series in issue at year end.

The Notes will constitute secured, limited recourse obligations of the Company and are payable solely from the proceeds of the charged assets (the "Charged Assets"). The recourse of noteholders (the "Noteholders") for payment of principal and interest on the Notes is limited to the proceeds of realisation of the Charged Assets. No other assets of the Company will be available to satisfy claims of Noteholders.

The Company has the corporate power and capacity to issue Notes, to acquire the underlying assets and to enter into and perform the agreements to which it is or may become party as described in the programme memorandum (the "Programme Memorandum").

2 **Basis of preparation**

(a) **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as adopted by the EU and as applied in accordance with the Act.

These financial statements have been prepared on a going concern basis as defined in the Directors' report.

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis. The Series in issue meet the criteria for recognition as a pass-through transaction in line with IFRS 9 and accordingly the directors have not recognised the investment purchases and Notes in issue.

(c) **Functional and presentation currency**

These financial statements are presented in Euro (EUR) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. Both the financial liabilities issued and the financial assets acquired by the Company are denominated in EUR. The directors of the Company believe that EUR most faithfully represents the economic effects of the underlying transactions, events and conditions.

(d) **Use of estimates and judgements**

The preparation of financial statements in conformity with 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 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.

After considering the conditions of IFRS 9, the directors concluded that Series 2015-1, 2018-1 and 2018-2 fully meets the conditions for pass-through transaction. The Notes issued and investments accordingly have not been recognised per IFRS 9 since

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

2 **Basis of preparation (continued)**

(d) **Use of estimates and judgements**

Pass-through Notes

As at 31 December 2018, the guidance of IFRS 9 for appropriate treatment of pass-through transactions has been applied. IFRS 9 proposes three conditions that must be met for treating a contractual arrangement as a pass-through transaction:

- the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. However, the entity is allowed to make short-term advances to the eventual recipient so long as it has the right of full recovery of the amount lent plus accrued interest;
- the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- the entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, during the short settlement period, the entity is not entitled to reinvest such cash flows except for investments in cash or cash equivalents and where any interest earned from such investments is remitted to the eventual recipients.

(e) **New standards and interpretations**

(i) *The following new standards, amendments and interpretations issued became effective as of 1 January 2018:*

Standards/interpretations	Effective date*
IFRS 1: First-time Adoption of International Financial Reporting Standards	1 January 2018
Amendments to IFRS 2: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9: Financial Instruments	1 January 2018
IFRS 15: Revenue from contracts with customers	1 January 2018
Amendments to IAS 40: Transfers of Investment Property	1 January 2018
IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018

None of the above standards, amendments and interpretations had a significant impact on the Company's financial statements except IFRS 9 which is detailed below.

IFRS 9: Financial Instruments (effective date: financial year beginning 1 January 2018)

Transition to IFRS 9 - effective 1 January 2018

IFRS 9, the new financial instrument standard issued by the IASB in July 2014, replaces IAS 39, and was endorsed for adoption in the European Union on 22 November 2016. IFRS 9 has been implemented by the Company with effect from 1 January 2018, in line with the Standard's requirements. As permitted, the Company will not restate comparative periods on initial application of IFRS 9 and will recognise any measurement difference between the previous carrying amount and the new carrying amount at the transition date, through an adjustment to opening retained earnings. The Company has reflected the application of the requirements of the new standard and related changes to other accounting standards in its financial statements as at, and from, the adoption date.

The Company does not recognise any investments or notes in issue.

Trade receivables

Trade receivables are financial instruments that typically arise from a revenue contract with a customer and the right to receive the consideration is unconditional and are receivable on demand.

As at 31 December 2018, the Company had trade receivable amounting to EUR 3,286 (2017: EUR 272) which comprise of corporate benefit receivable and arranger's income receivable. The trade receivables are short term and receivable on demand.

IFRS 9 introduces a new impairment model based on expected credit losses. This is different from IAS 39 Financial Instruments: Recognition and Measurement where an incurred loss model was used.

The complexity of the 'general approach' in IFRS 9 necessitated some simplifications for trade receivables, whereby certain accounting policy choices apply.

2 **Basis of preparation (continued)**

(e) **New standards, amendments or interpretations (continued)**

(i) The following new standards, amendments and interpretations issued became effective as of 1 January 2018 (continued):

Accounting policy choices that are available to trade receivables:

• Trade receivables that do not contain a significant financing component under IFRS 15	The 'simplified approach' would always apply.
• Trade receivables that do contain a significant financing component under IFRS 15	Either the 'general approach' or the 'simplified approach' would apply.

The Company's trade receivables do not contain a significant financing component, therefore the 'simplified approach' is used to calculate the expected credit losses. The resulting loss is not material and hence has no impact on the financial

IFRS 15: Revenue from contracts with customers

Given the nature of the Company's operations, this standard is not expected to have a pervasive impact on the Company's financial statements as the Company has not recognised as per IFRS 9 the Notes issued and investments accordingly since inception.

(ii) Standards not yet effective, but available for early adoption

Description	Effective date*
IFRS 9: Prepayment features with negative compensation	1 January 2019
IFRS 16: Leases	1 January 2019
IFRS 3: Business Combinations	1 January 2020**
IFRS 11 Joint Arrangements	1 January 2019**
IAS 1: Presentation of Financial Statements	1 January 2020**
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020**
IAS 12: Income Taxes	1 January 2019**
IAS 19: Employee Benefits	1 January 2019**
IAS 23: Borrowing Costs	1 January 2019**
IAS 28 Investments in Associates and Joint Ventures	1 January 2019**
IFRIC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

*Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

** Not endorsed.

The directors have considered the new standards, amendments and interpretations as detailed in the above table and does not plan to adopt these standards early. The application of all of these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the Company.

The Company has not adopted any other new standards or interpretations that are not mandatory. The directors anticipate that the adoption of those standards or interpretations will have no material impact on the financial statements of the Company in the period of initial application.

3 **Significant accounting policies**

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 31 December 2018, the comparative information presented in these financial statements is for the financial year ended 31 December 2017.

(a) **Financial assets and financial liabilities**

After considering the requirements of IFRS 9, the directors concluded that Series 2015-1, Series 2018-1 and Series 2018-2 fully meet the conditions for pass-through transaction. The Notes issued and investment securities have accordingly not been recognised per IFRS 9 since inception.

3 **Significant accounting policies (continued)**

(b) **Other income and expenses**
All other income and expenses are accounted for on an accrual basis.

(c) **Cash and cash equivalents**
Cash and cash equivalents includes bank draft which are subject to insignificant risk of changes in their fair value and are used by the Company in the management of its short term commitments.

Cash and cash equivalents are carried at amortised cost in the Statement of financial position.

(d) **Share capital**
Share capital is issued in United States Dollar (USD). Dividends are recognised as a liability in the period in which they are approved.

(e) **Other receivables**
Other receivables do not carry any interest and are short-term in nature. The 'simplified approach' has been used to calculate the expected credit losses. The resulting loss is not material and hence has no impact on the financial statements. Refer to note 2 (e)(i).

Other receivables are accounted at amortised cost.

(f) **Segment reporting**
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company has only one business unit and all administrating and operating functions are carried out and reviewed by the Administrator and Company Secretary, VAIIL.

The Company's principal activity is to invest in financial instruments which are the revenue generating segment of the Company. The Chief Operating Decision Maker (CODM) of the operating segment is the Board. The Company is a special purpose vehicle whose principal activities are the issuance of Notes and investment in securities. The CODM does not consider each underlying Series of Notes as a separate segment, rather they look at the structure as a whole. Based on that fact, the directors confirm that there is only one segment.

(g) **Foreign currency transaction**
Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

4 **Other income**

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Arranger income	15,014	48
Corporate benefit	3,000	-
	18,014	48

5 **Other expenses**

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Other Fees	(15,000)	-
Bank charges	(14)	(48)
	(15,014)	(48)

5 Other expenses (continued)

Auditor's remuneration in respect of the financial year (excluding VAT):

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Audit of individual Company accounts	(15,500)	(15,000)
Other assurance services	-	-
Tax advisory services	(4,000)	(4,000)
Other non-audit services	-	-
	(19,500)	(19,000)

The Company is administered by VAIIL and accordingly has no employees. The costs excluding VAT, associated with the Company are paid directly by the Arranger, Credit Suisse International, including the audit fee of EUR 15,500 (2017: EUR 15,000) and tax advisory fees of EUR 4,000 (2017: EUR 4,000). No fees are paid to the directors (2017: EUR nil).

Pursuant to Section 305A(1)(a) of the Act, requires disclosure that VAIIL received EUR 2,000 per director included in administration fees as consideration for the making available of individuals to act as directors of the Company. The terms of the corporate services agreement in place between the Company and VAIIL (the "CSP") provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, John Dunleavy and Adrienne Lonergan do not receive any remuneration for acting as directors of the Company as they are employees of VAIIL. Similarly, Niall Vaughan and David McGuinness did not receive any remuneration for acting as directors of the Company as they were employees of DICSIL during the financial year to the date of their resignation. The Company has no employees and services required are contracted from third parties.

6 Income tax expense

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Profit before tax	3,000	-
Current tax at standard rate of 25%	(750)	-
Current tax charge	(750)	-

The Company will continue to be taxed at 25% (2017: 25%) in accordance with Section 110 of the Taxes Consolidation Act, 1997.

7 Other receivables

	31-Dec-18 EUR	31-Dec-17 EUR
Corporate benefit receivable	3,171	171
Income receivable from arranger	115	101
	3,286	272

8 Cash and cash equivalents

	31-Dec-18 EUR	31-Dec-17 EUR
Bank draft	-	14

During the year, the bank draft held with VAIIL as Administrator of the Company was deposited in a bank account with HSBC Bank plc. The Company held bank accounts with HSBC Bank Plc.

Refer to note 13(b) for credit risk disclosure relating to cash and cash equivalents.

9 Other payables

	31-Dec-18 EUR	31-Dec-17 EUR
Corporation tax payable	750	-

Notes to the financial statements (continued)
For the financial year ended 31 December 2018

		31-Dec-18	31-Dec-17
10	**Called up share capital presented as equity**		
	Authorised:	USD	USD
	100,000,000 ordinary shares of USD 1 each	100,000,000	100,000,000
	Issued:	EUR	EUR
	3 ordinary shares of USD 1 each	2	2
	Presented as follows:	EUR	EUR
	Called up share capital presented as equity	2	2

11 Ownership of the Company

The shareholders of the Company are Registered Shareholder Services No. 1 Company Limited by Guarantee, Registered Shareholder Services No. 2 Company Limited by Guarantee and Registered Shareholder Services No. 3 Company Limited by Guarantee (the "Share trustees") who hold 1 share of EUR 1 each. All shares are held in under the terms of Declarations of Trust pursuant to which the Share Trustees hold the relevant shares on trust for charitable purposes.

A Board of directors has been appointed to run the day to day activities of the Company. The Board have considered the issue as to who is the ultimate controlling party. It has been determined that control over the 'relevant activities' as defined under IFRS 10 Consolidated Financial Statements, rests with Credit Suisse Securities (Europe) Limited which is the Arranger under the various transaction agreements. It has been determined that the control of the day to day activities of the Company rests with the Board.

12 Transactions with Administrator and Arranger

Transactions with Administrator

During the financial year, administration services provided at commercial rates were paid to VAIIL. Both directors are employees of VAIIL, which is the Administrator of the Company. No fees are paid to the directors. As at 31 December 2018, no amount is due to the Administrator of the Company (2017: EUR nil).

Transactions with Arranger

Credit Suisse International as the Arranger for each Series, paid the Company EUR 1,500 for each new Series issued. All costs associated with the Company are paid directly by the Arranger. During the financial year, a fee relating to administration services provided at commercial rates, and fees exlcuding VAT of EUR 15,500 (2017: EUR 15,000) relating to audit fees and EUR 4,000 (2017: EUR 4,000) relating to tax advisory fees were incurred by the Company and paid for by the Arranger.

There were no other transactions with the administrator or arranger that require disclosure in the financial statements.

13 Financial risk management

Introduction and overview

The Company is a designated activity Company incorporated in Ireland on 10 May 2012, registered number 512992. The Company commenced trading on 11 June 2012. The Company has been established as a special purpose vehicle. The principal activities of the Company involve issuing debt securities, acquisition of financial assets and the entering into other legally binding arrangements.

The Company has the corporate power and capacity to issue Notes, to acquire the underlying assets and to enter into and perform the agreements to which it is or may become party as described in the Programme Memorandum.

The Company has exposure to the following risks from its use of financial instruments:

(a) Market risk;
(b) Credit risk; and
(c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

(a) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns on risk.

13 Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk

The Company's maximum exposure to interest rate risk is on its cash and cash equivalents. The Company is not exposed to interest rate risk on any other financial instruments since it has not recognised any of its investments and Notes issued.

(ii) Currency risk

Currency risk is the risk that the future cash flows will fluctuate because of changes in foreign exchange rates. The financial statements are presented in Euro (EUR) and the Company's functional currency is also in EUR.

No sensitivity analysis has been disclosed in the financial statements as the Company does not bear any currency risk.

The Company is not exposed to price risk since it has derecognised its investments and Notes issued.

(b) Credit risk

Credit risk is the risk of the financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets.

The Company's maximum exposure to credit risk is on its cash and cash equivalents.

Credit quality of financial assets

Cash and cash equivalents

The Company held cash and cash equivalent of EUR Nil as at 31 December 2018 (2017: EUR 14).

The Company held bank account with HSBC Bank Plc which has the following ratings:

	Long term 2018	Short term 2018	Long term 2017	Short term 2017
Standard & Poor's	AA-	A-1+	AA-	A-1+
Moody's	Aa3	P-1	Aa3	P-1
Fitch	AA-	F1+	AA-	F1+

Other receivables

Other receivables include mainly corporate benefit receivable and arranger's income receivable.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to the Company's reputation.

The Company does not face any liquidity risks as all the Notes and assets of the Company have not been recognised in the financial statements.

14 Capital management

The Company views the share capital as its capital. The Company is a special purpose vehicle set up to issue debt for the purpose of making investments as defined under the Programme Memorandum and in each of the series memorandum ("the Series Memorandum") agreements. Share capital of USD 3 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

15 Subsequent events

The following Series of Notes were partially redeemed post the financial year end:

Series Name	Description	Maturity date	CCY	Nominal
S2018-1	Class A Receivables Linked Notes due 2022	06-Nov-22	EUR	22,576,235
S2018-1	Class B Receivables Linked Notes due 2022	06-Nov-22	EUR	3,323,896
S2015-1A	Series 2015-1A Notes due 2020	20-May-20	EUR	15,861,436
S2015-1B	Series 2015-1B Notes due 2020	20-May-20	EUR	8,848,807

15 Subsequent events (continued)

A buyback has occurred on 26 June 2019 for Series 2018-2. The Arranger has purchased with the Company the remaining proportion of the Notes equal to EUR 55,013,000.

There were no other significant events after financial year end up to the date of signing this report that require disclosure and/or adjustment in the financial statements.

16 Approval of financial statements

The Board approved these financial statements on 23 September 2019