CREDIT SUISSE

1022927

Credit Suisse Securities (Nederland) B.V.

(formerly known as CREDIT SUISSE FIRST BOSTON SECURITIES B.V.)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

These Financial Statements were adopted and determined by the Annual General Meeting held on July 6, 2007

Chamber of Commerce, Amsterdam, No. 33.141.283

CREDIT SUISSE

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OFFICERS AND REGISTERED OFFICE

Board of Directors

M.J.M. Jochems	Director
W.G. Bosch	Director
J.P. Egan	Director

Registered Office

Honthorststraat 19

1071DC Amsterdam

Netherlands

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and the financial statements for the year ended 31 December 2006.

Change of Name

Credit Suisse Securities (Nederland) B.V. (the Company) changed its name from Credit Suisse First Boston Securities B.V. on 10 August 2006.

Activities

The primary activity of the Company is to issue Credit Linked Notes.

The Company is a wholly owned subsidiary of Credit Suisse (International) Holding AG, formerly Credit Suisse First Boston (International) Holding AG, which is incorporated in Switzerland. The ultimate holding company is Credit Suisse Group, which is incorporated in Switzerland.

The Company employed no staff during the year and has no intention of recruiting any employees.

Directors

The names of the directors as at the date of this report are set out on page three.

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 or had any disclosable interest in shares of Credit Suisse Group companies.

Results

The profit for the year was EUR 56,000 (2005: loss EUR 33,000). No dividends were paid or are proposed for 2006 (2005: EUR Nil).

Share Capital

During the year no additional share capital was issued (2005: EUR Nil).

International Financial Reporting Standards

The Company's 2006 annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Amsterdam, 6 July 2007

Directors:

M.J.M. Jochems W.G. Bosch J.P. Egan

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CREDIT SUISSE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare Company financial statements for each financial year. Under that law the directors have elected to prepare Company financial statements in accordance with IFRS as adopted by the EU.

Law requires the financial statements and IFRS as adopted by the EU to present fairly the financial position of the Company and the performance for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRS as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and prevent and detect fraud and other irregularities.

CREDIT SUISSE SECURITIES (NEDERLAND) B.V.
(formerly known as CREDIT SUISSE FIRST BOSTON SECURITIES B.V.)

CREDIT SUISSE

INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER 2006

	Note	2006 EUR'000	2005 EUR'000
Revenues	4	97	27
Other income	5	11	2
Operating Income		**108**	**29**
Administrative expenses	6	(27)	(53)
Profit / (Loss) before tax		**81**	**(24)**
Income tax expense	7	(25)	(9)
Profit / (Loss) for the year		**56**	**(33)**

All profits for both 2006 and 2005 are from Continuing Operations.

The notes on pages 10 to 23 form an integral part of these financial statements.

CREDIT SUISSE SECURITIES (NEDERLAND) B.V.
(formerly known as CREDIT SUISSE FIRST BOSTON SECURITIES B.V.)

CREDIT SUISSE

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 EUR'000	2005 EUR'000
ASSETS			
Non current assets			
Deposits with group companies	8	25,117	32,144
Current assets			
Tax recoverable		29	10
Other receivables		45	-
Deposits with group companies	8	2,993	-
Cash and cash equivalents	9	-	72
Total assets		**28,184**	**32,226**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	18	18
Retained earnings		93	37
Total equity		**111**	**55**
LIABILITIES			
Non current liabilities			
Liabilities designated at fair value	10	24,009	31,761
Current liabilities			
Cash and cash equivalents	9	1,524	-
Other liabilities	13	81	53
Payables to group companies	12	1,396	-
Derivative financial instruments	11	1,063	357
Total liabilities		**28,073**	**32,171**
Total equity and liabilities		**28,184**	**32,226**

The notes on pages 10 to 23 form an integral part of these financial statements.

Approved by the Board of Directors on 6 July 2007 and signed on its behalf by:

J.M. Jochems W.G. Bosch J.P. Egan

CREDIT SUISSE SECURITIES (NEDERLAND) B.V.
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J.M. Jochems W.G. Bosch John Egan J.P. Egan

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Share Capital	Retained Earnings	Total
	EUR'000	EUR'000	EUR'000
Balance at 31 December 2004	18	70	88
Loss for the year	-	(33)	(33)
Total recognised income and expense for the year	-	(33)	(33)
Balance at 31 December 2005	18	37	55

	Share Capital	Retained Earnings	Total
	EUR'000	EUR'000	EUR'000
Balance at 31 December 2005	18	37	55
Profit for the year	-	56	56
Total recognised income and expense for the year	-	56	56
Balance at 31 December 2006	18	93	111

The notes on pages 10 to 23 form an integral part of these financial statements.

CREDIT SUISSE SECURITIES (NEDERLAND) B.V.
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CREDIT SUISSE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	31-Dec-06 EUR'000	31-Dec-05 EUR'000
Profit / (Loss) before tax for the year		81	(24)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities			
Net increase in operating assets:			
Decrease / (increase) in deposits with group companies		4,034	(32,144)
(Increase) / decrease in other receivables		(45)	36
Net decrease in operating liabilities:			
Decrease in liabilities designated at fair value		(7,752)	-
Increase in derivative financial instruments		706	32,118
Increase/ (Decrease) in payables to group companies		1,396	(48)
Increase in other liabilities		28	53
Cash used in operations		**(1,552)**	**(9)**
Income taxes (paid) / refunded		(44)	32
Net cash flow (used in) / from operating activities		**(1,596)**	**23**
Net (decrease) / increase in cash and cash equivalents		**(1,596)**	**23**
Cash and cash equivalents at beginning of year		72	49
Cash and cash equivalents at end of year	**9**	**(1,524)**	**72**

The notes on pages 10 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. General

Credit Suisse Securities (Nederland) B.V. was incorporated on 18 December 1974 and is a Company domiciled in the Netherlands.

The primary purpose of the Company is to issue Credit Linked Notes. The Company was previously engaged in structured finance transactions. The Company sold its principal transaction group investments in 2001 and was dormant until 2005. In 2005, the Company began trading in Credit linked Notes.

2. Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB), Interpretations issued by the International Financial Reporting Standards Interpretations Committee of the IASB and the requirements of the Dutch Companies Law and are for the year ended 31 December 2006.

b) Basis of preparation

The Company adopted the requirements of International Financial Reporting Standards and International Accounting Standards (collectively, IFRS) for the purpose of preparing financial statements for the year ending 31 December 2006. The standards applied are those issued by the International Accounting Standards Board and endorsed by the European Union (EU) as at 31 December 2006 and are in compliance withTitle 9, Book 2 of the Dutch Civil Code.

The financial statements are presented in Euros (EUR), rounded to the nearest thousand.

In 2006, the Company adopted the following revised IFRSs which are relevant to its operations:
IAS 32 (revised) *Financial Instruments: Disclosure and Presentation*
IAS 39 (revised) *Financial Instruments: Recognition and Measurement*

The adoption of the above IFRSs did not have a significant impact to the financial statements of the Company.

Except for the above changes, the accounting policies set out below have been applied consistently by the Company. The accounting policies used by the Company have been applied consistently to all years presented in these financial statements.

The financial statements have been prepared on a historical cost basis except for the following: deposits (non-current), notes issued and derivative financial instruments.

c) Foreign currency

Transactions denominated in currencies other than the functional currency of the Company are recorded by translating to the functional currency of the Company at the exchange rate on the date of the transaction. At the balance sheet date, monetary assets and liabilities are translated to functional currency at the spot exchange rate applicable at the reporting date. Exchange rate differences are reported in the income statement. Non-monetary assets and liabilities are reported at historical exchange rates.

2. Significant accounting policies (continued)

d) Interest income and interest expense recognition

Interest received and paid is recognised on an accrual basis using effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

e) Classfication of financial instruments

i) Financial Assets and Liabilities at fair value through profit or loss - designated at fair value

Financial assets and liabilities are classified as "at fair value through profit or loss - designated at fair value" when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or,
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

This is applicable for non-current deposits and notes issued.

ii) Loans and receivables

Loans and receivables (i.e. current deposits from group companies) are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

f) Recognition and derecognition

The Company recognises financial assets or liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Regular way purchase or sale of financial assets/financial liabilities is recognised/derecognised using trade date accounting.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially the risks and rewards of ownership of the financial asset. The Company enters into transactions whereby it transfers assets recognised on the balance sheet but retains either substantially all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include securities lending and repurchase transactions.

A financial liability is removed from the balance sheet when the obligations specified in the contract are discharged or cancelled or expired.

2. Significant accounting policies (continued)

g) Measurement

Financial instruments are measured initially at fair value plus transaction costs (transaction costs are not included in initial measurement of financial asset/financial liability at fair value through profit and loss) that are directly attributable to the acquisition or issue of the financial instrument.

Gains or losses arising from subsequent measurements of financial asset/liability classified as financial asset/financial liability at fair value through profit or loss are recognised in the income statement.

Loans and receivables are subsequently carried at amortised cost using the effective interest method less impairment losses.

Other than financial liabilities classified as at fair value through profit or loss, all other financial liabilities after initial recognition are recognised at amortised cost using the effective interest rate method.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

h) Fair Value

Fair value of financial instruments is based on their quoted price in an active market (including recent market transactions) at balance sheet date without any deduction for transaction cost. If a quoted market price is not available, the fair value of the instrument is estimated using valuation techniques. Valuation techniques include recent arm's length prices, comparison to similar instruments for which market observable prices exist, valuation models or discounted cash flow techniques.

The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Where the input parameters cannot be validated using observable market data, reserves are established for unrealised gains or losses evident at the inception of the contracts so that no gain or loss is recorded at inception. Such Reserves are amortised to income over the life of the instrument or released into income when observable market data becomes available.

For subsequent measurement of financial assets or financial liabilities at fair value through profit or loss, the Company fair values such assets/liabilities using bid or offer rates.

2. Significant accounting policies (continued)

i) Derivative financial instruments

All derivative contracts are recognised initially at fair value on the date on which the derivatives are entered into. Subsequent to initial recognition, the derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in income statement.

When derivative features embedded in certain contracts that meet the definition of a derivative are not considered clearly and closely related to the host instrument, the embedded feature will be accounted for separately at fair value, with changes in fair value recorded in the income statement. Once separated, the derivative is recorded in the same line in the balance sheet as the host instrument. Alternatively the whole contract may be elected under fair value, with changes in fair value recorded in the income statement.

Assets, including gains, resulting from off-balance-sheet financial instruments which are marked-to-market are included in "Assets: Derivatives financial instruments". Liabilities, including losses, resulting from such contracts, are included in "Liabilities: Derivatives financial instruments".

j) Offsetting

The Company only offsets financial assets and liabilities and presents the net amount in the balance sheet where it:

- Currently has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and liability simultaneously.

k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the income statement, the related income tax initially recognised in equity is also subsequently recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences arise from the following: depreciation of property, plant and equipment; revaluation of certain financial assets and liabilities including derivative contracts, provisions for pensions and other employee compensation and benefits. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities in the balance sheet, using tax rates enacted or substantively enacted at the balance sheet date.

2. Significant accounting policies (continued)

k) Income tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Information as to the calculation of income tax on the profit or loss for the years presented is included in Note 6.

l) Cash and cash equivalents

Cash and cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less.

m) Contingent liabilities

Contingent liabilities are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability is not recognised as a liability but only disclosed. However, provisions are recognised (assuming that a reliable estimate can be made) if they are current obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

n) Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair Value

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 2(h). For financial instruments that trade infrequently and have little price transparency, fair value may be subjective and require varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

3. Segmental Analysis

Primary segmental reporting

The Company has defined the primary segment reporting as geographical segments. The Company operates in only one geographical segment, namely Europe.

As at 31 December 2006	**Europe EUR'000**	**Total EUR'000**
Total operating income	108	108
Total assets	28,184	28,184
Total liabilities	28,073	28,073
As at 31 December 2005		
Total operating income	29	29
Total assets	32,226	32,226
Total liabilities	32,171	32,171

Secondary segmental reporting

The Company has defined the secondary segment reporting as business segments. Management believes that the Company operates only in one business segment, namely the trading of credit linked notes.

As at 31 December 2006	**Credit linked notes EUR'000**	**Total EUR'000**
Trading revenue	97	97
Trading assets	28,110	28,110
Trading liabilities	25,072	25,072
As at 31 December 2005		
Trading revenue	27	27
Trading assets	32,144	32,144
Trading liabilities	32,118	32,118

4. Revenues

	2006 EUR'000	2005 EUR'000
Interest income on deposits	962	16
Interest expense on notes issued	(2,671)	(24)
Interest income on bank balances	3	-
Net interest expense	(1,706)	(8)
Gain on deposits designated at fair value	21	40
Gain / (loss) on notes issued	35,908	(31,762)
(Loss) / gain on derivatives	(34,126)	31,757
Total revenues	**97**	**27**

The above revenues are derived from transactions with group companies.

5. Other Income

	2006 EUR'000	2005 EUR'000
Foreign exchange gain	11	2
Total other income	**11**	**2**

6. Administrative expenses

	2006 EUR'000	2005 EUR'000
Auditors remuneration for audit services	(27)	(53)
Total administrative expenses	**(27)**	**(53)**

7. Income Tax Expense

	2006 EUR'000	2005 EUR'000
Current tax		
Current tax on profits for the year	24	8
Adjustments in respect of previous years	(49)	(17)
Total current tax	**(25)**	**(9)**

7. Income Tax Expense (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2006 EUR'000	2005 EUR'000
Income tax expense computed at the statutory tax rate at 29.6% (2005: 31.5%)	24	8
Adjustments in respect of previous years	(49)	(17)
Tax expense	**(25)**	**(9)**

8. Deposits with group companies

	2006 EUR'000	2005 EUR'000
Non current		
At fair value through income statement – designated at fair value	25,117	32,144
Current		
At fair value through income statement – designated at fair value	2,993	-
Total deposits with group companies	**28,110**	**32,144**

The currency exposure, interest rate and maturity on the deposits with group companies are as follows:

2006	**Principal**	**Effective interest rate**	**Maturity**
Deposits	EUR10,000,000	3M EURIBOR + 0.05%	20 March 2008
Deposits	USD 2,922,000	3M LIBOR + 0.05%	20 September 2009
Deposits	USD 10,911,850	3M LIBOR + 0.05%	20 December 2010
Deposits	USD 6,002,500	3M LIBOR + 0.05%	20 December 2010
Deposits	USD 2,958,618	0.9%	Open
Deposits	EUR 747,304	1.1%	Open

2005	**Principal**	**Effective interest rate**	**Maturity**
Deposits	USD 2,922,000	3M LIBOR + 0.05%	20 September 2009
Deposits	EUR 29,655,000	3M EURIBOR	20 December 2006

9. Cash and Cash Equivalents

	2006 EUR'000	2005 EUR'000
Cash at bank with group company	-	72
Bank overdrafts with group company	(1,524)	-
Cash and cash equivalents	**(1,524)**	**72**

Cash and Cash Equivalents are accounted for at nominal value. Of the cash and cash equivalents, EUR 1,302,000 (2005: NIL) is USD denominated. The bank overdrafts and Cash at bank are due to and receivable from Credit Suisse Zurich.

10. Liabilities designated at fair value

These liabilities represent credit linked notes issued by the Company to Credit Suisse International, who acts as agent for the distribution of these notes. These notes are ultimately held by third party investors and are designated at fair value through the income statement.

The currency exposure, repayment of principal amount, outstanding fair value, effective interest rates, and maturity on the deposits with group companies are as follows:

2006	Principal	Repayment of principal amount	Outstanding Fair Value in Euro	Effective interest rate	Maturity
Credit linked notes	EUR 10,000,000	-	EUR9,940,765	5.17%	20 March 2008
Credit linked notes	USD 3,000,000	-	EUR2,274,444	6%	20 September 2009
Credit linked notes	USD 2,817,500	-	EUR4,131,529	10.08%	20 December 2010
Credit linked notes	USD 5,267,000	-	EUR7,662,806	10.08%	20 December 2010
TOTAL		-	EUR24,009,544		

2005	Principal	Repayment of principal amount	Outstanding Fair Value in Euro	Effective interest rate	Maturity
Credit linked notes	USD 3,000,000	-	EUR2,458,336	6%	20 September 2009
Credit linked notes	EUR 30,000,000	-	EUR29,302,910	3.4%	20 December 2006
TOTAL		-	EUR31,762,246		

Credit Link Notes with the principal value of USD 3,000,000 has been listed in the Irish Stock Exchange with effect 29 September 2005 and is traded as Series 2005-1 6 per cent first to Default Credit Linked Notes due 20 September 2009 (SEDOL: B0XC1C1).

11. Derivative financial instruments

The following table sets forth details of derivatives instruments which are all contracted with group companies:

	2006 Notional amount	2006 Positive replacement value	2006 Negative replacement value	2005 Notional amount	2005 Positive replacement value	2005 Negative replacement value
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Total return swaps	25,055	-	1,063	32,120	-	357
Total derivative instruments	**25,055**	**-**	**1,063**	**32,120**	**-**	**357**

The currency exposure, contractual repricing, effective interest rate and maturity on the derivative instruments are as follows:

2006	**Notional principal amount**	**Interest rate**	**Maturity**
Total return swaps	EUR 10.000.000	3M EURIBOR + 0.05%	20 March 2008
Total return swaps	USD 2,922,000	3M LIBOR + 0.05%	20 September 2009
Total return swaps	USD 10,911,850	3M LIBOR + 0.05%	20 December 2010
Total return swaps	USD 6,002,500	3M LIBOR + 0.05%	20 December 2010

2005	**Notional principal amount**	**Interest rate**	**Maturity**
Total return swaps	USD 2,922,000	3M LIBOR - 0.02%	20 September 2009
Total return swaps	EUR 29,655,000	6M EURIBOR - 0.07%	20 December 2006

12. Payables to group companies

The book value approximates the fair value due to the short-term nature of these instruments. Of the payables to group companies, EUR 700,000 (2005: NIL) is USD denominated.

13. Other Liabilities

Other liabilities mainly relate to the accrual of the 2006 and 2005 audit fee.

14. Share Capital

Authorised:	2006 EUR'000	2005 EUR'000
Equity		
90,000 ordinary voting shares of EUR 1 each	90	91
Allotted, called up and fully paid:	**18**	**18**

Number of shares	**Number of ordinary shares**	**Nominal value per share in EUR**
At 1 January 2005	1,000	18
At 31 December 2005	1,000	18
At 31 December 2006	18,152	1

The capital of the Company was converted from Dutch guilders into Euro by deed of amendment of the articles of association executed on 10 August 2006, resulting in 18,152 shares of EUR 1 each. As at 31 December 2005, 1000 shares against NLG 40 (EUR 18) were issued and fully paid.

The authorised share capital consists of 90,000 ordinary shares of a nominal value of EUR 1 per shares, totaling EUR 90,000. The issued and fully paid share capital amounts to 18,152 ordinary shares of a nominal value of EUR 1 per share, totaling EUR 18,152.

15. Related Party Transactions

Credit Suisse (International) Holding AG, incorporated in Switzerland, which owns 100% of the ordinary shares, controls the Company. The ultimate parent of the Company is Credit Suisse, incorporated in Switzerland.

The Company has significant related party balances, with subsidiaries and affiliates of Credit Suisse Group. The Company generally enters into these transactions in the ordinary course of business and believes that these transactions are generally on market terms that could be obtained from unrelated parties.

The related party transactions are disclosed in the respective notes.

16. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate 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.

16. Financial Risk Management (continued)

Risk management is carried out by a central treasury department (of Credit Suisse Group Treasury) under policies approved by the Credit Suisse Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

a) Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risks arise from future commercial transactions and are recognised assets and liabilities.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts.

b) Credit Risk

The Company is exposed to credit risk from other Credit Suisse group companies, with the maximum exposure being EUR 28,110,000. The Company has policies that limit the amount of credit exposure to any financial institution.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

d) Cash Flow and Fair Value Interest Rate Risk

As the Company has interest-bearing liabilities arising from credit linked notes and total return swaps, the Company's expenses and operating cash flows are not independent of changes in market interest rates. However, these risks have been largely eliminated by setting up total return swaps.

e) Price Risk

The Company is exposed to price risk because of the credit-linked notes and derivative instruments held and issued by the Company. These are classified on the balance sheet as "Derivative financial instruments" which are marked to market through the income statement.

17. Employees

The Company has no employees during the year (2005: EUR Nil) and receives a range of administrative services from related companies within the Credit Suisse Group. Credit Suisse Group companies have borne the cost of these services.

18. Directors' Emoluments

The directors did not receive any remuneration in respect of their services as directors of the Company (2005: EUR Nil). There were no loans or advances made to directors during the year (2005: EUR Nil).

19. IFRS not yet adopted

Certain new accounting standards and interpretations have been issued and are mandatory for accounting periods beginning on or after 1 January 2006. The Company has assessed those standards and interpretations issued. The initial application of these standards and interpretations is not expected to have any material impact on the Company's financial statements.

The Company has not considered the impact of accounting standards issued after the balance sheet date.

- IFRS 7 *Financial Instruments: Disclosures* and the Amendment to IAS 1 *Presentation of Financial Statements: Capital Disclosures* requires disclosure of information that enables users of the Company's financial statements to evaluate the significance of financial instruments for its financial position, performance, nature and extent of risks arising from financial instruments to which the Company is exposed during the year and at the reporting date, and how these risks are managed. IFRS 7 will become mandatory for the Company's 2008 financial statements.

20. Subsequent events

On 5 April 2007, the Company issued Clipper Linked notes due June 2012, Series 2007-2, in the amount of USD 20,000,000.

On 10 April 2007 the Company issued First to Default Credit Linked Notes due 20 March 2012, Series 2007-1 in the amount of USD 12,000,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

Provisions of the Articles of Association for the appropriation of profits

Profits are appropriated in accordance with article 18 of the Articles of Association of Credit Suisse Securities (Nederland) B.V., of which the text is stated below.

1. The profit as disclosed in the Profit and Loss Account shall be at the disposal of the general meeting of the shareholders.

2. The Company can pay dividends to shareholders and others entitled to the distributable profits, only insofar as its paid-up capital and retained earnings exceed the paid-up part of the capital increased by the reserves which have to be maintained by law or under the articles of association, provided these mention a statutory reserve.

3. The general meeting of shareholders can, in the course of a financial year, pay out an interim dividend if the requirement of paragraph 2 hereof is fulfilled.

Appropriation of the results

In accordance with articles of association, the amount of EUR 56.000 being the profit for 2006 (2005: loss of EUR 33,000) will be allocated to retained earnings in accordance with the determination reached at the General Meeting.

To: Shareholder and Board of Directors of Credit Suisse Securities (Nederland) B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying 2006 financial statements of Credit Suisse Securities (Nederland) B.V., Amsterdam, as set out on pages 6 to 22 which comprise the income statement for the year ended 31 December 2006, the balance sheet as at 31 December 2006, the statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Credit Suisse Securities (Nederland) B.V., as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 6 July 2007

KPMG ACCOUNTANTS N.V.

S.A. Tross RA