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**DB UK HOLDINGS LIMITED**

**Company number: 03650236**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

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## STRATEGIC REPORT

For the year ended 31 December 2018

The Directors of DB UK Holdings Limited ("the Company") present their annual report and audited financial statements for the year ended 31 December 2018. These financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* ("FRS 101"). In so doing, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("IFRSs"), but has made amendments, where necessary, in order to comply with the requirements of Companies Act 2006.

### Objectives

The primary objective of the Company is to act as a holding company and to provide funding to various Special Purpose Vehicles set up by the Structured Capital Markets business of Deutsche Bank AG. The Company also holds several investments of a strategic nature on behalf of the Group.

The Company is one of the subsidiaries of Deutsche Bank Aktiengesellschaft ("Deutsche Bank AG"). Deutsche Bank AG and its other subsidiaries are collectively referred to as "the Group" in these financial statements.

### Principal risks and uncertainties

The management of the business is subject to a number of risks. While the Directors acknowledge their responsibility for the overall management of these risks, as a wholly owned subsidiary of the Group, they are centrally managed within the risk and control functions of the Group.

The Directors note that the key business risks and uncertainties affecting the Company stem from the market and credit risks associated with its investments and amounts owed by group undertakings. Management of any market and credit risks will involve undertaking transactions with the ultimate parent and fellow subsidiary undertakings of the Company.

### Market and Credit Risk

The Company's market and credit risk is primarily attributable to unsecured amounts owed by the Group and the risk of losses in its subsidiaries, impacting the carrying value of investments and their potential for impairment.

The Company's activities expose it to the risk of changes in foreign currency exchange rates and interest rates. The Company's foreign exchange exposures are sold-off on a monthly basis while interest bearing assets and liabilities are rolled on a quarterly basis, in order to mitigate these risks.

### Key performance indicators

Key business metrics for the Company which are regularly monitored by the Board include:

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Pre-tax Profit	22,123,511	58,311,091
Net Assets	432,159,127	547,917,419

### Current period performance

The result of the Company for the year ended 31 December 2018 shows a post-tax profit of €23,241,708 (2017: €61,010,913).

As a holding company, the profit or loss is driven by events in relation to the Company's fixed assets. During the year, the Company received €10,495,836 dividends, mainly from its shares in group undertakings.

The net income from fixed assets was increased by €16,874,840 from fair value gains on other investments, mainly from the remark on LCH.Clearnet Group Limited ("LCH") on 13 December 2018.

### Other matters during the year

On 16 March 2018, the Company sold its investment in Accunia A/S for €2,103,768. No gain or loss was recognised on this sale.

On 6 August 2018, the Company paid a dividend of €139,000,000 to its parent, Deutsche Holdings No.3 Limited ("DH3") (2017: €120,000,000).

On 13 December 2018, the Company sold its investment in LCH.Clearnet Group Limited for €23,641,400. No gain or loss was recognised on this sale.

**STRATEGIC REPORT (continued)**  
**For the year ended 31 December 2018**

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**Events After the Balance Sheet Date**

The following events have occurred in relation to the Company's fixed assets:

On 31 January 2019, the Company received €10,854,000 of proceeds from the sale of Euroclear Holding SA/NV.

On 31 May 2019, the Company paid a dividend of €61,000,000 to its parent, DH3.

On 13 June 2019, the Company received a dividend of €5,500,000 from OTCDeriv Limited.

On 21 June 2019, the Company contributed €10,200,000 capital to a new group undertaking, Breaking Wave DB Limited.

On 28 June 2019, the Company received a dividend of €6,800,000 from DBOI Global Services (UK) Limited.

**Future outlook**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

On 23 June 2016, the United Kingdom voted to leave the European Union ("Brexit"). The future impacts of Brexit to the Company cannot be predicted but the Directors will continue to closely monitor the developments and assess the possible impacts of these developments on the Company. As at the date of this report the Directors have no reason to believe that any of these uncertain factors cast significant doubt about the ability of the Company to continue as a going concern.

The outlook of the business is stable, and it is expected that the Company will maintain its current level of activity.

By order of the Board of Directors



Director / Secretary

B. PAUAS

Registered office

23 Great Winchester Street

London

EC2P 2AX

Dated: 25/9/19

Company number: 03650236

**DIRECTORS' REPORT**

For the year ended 31 December 2018

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**Directors**

The Directors of the Company who held office were as follows:

N.K.J. Calvert	(resigned 24 May 2019)
B. Craig	(resigned 16 August 2018)
J. Macdonald	(appointed 2 April 2019)
T. Nielsen	(appointed 4 September 2019)
B.J. Pallas	(appointed 15 August 2018)
R. Smith	(resigned 19 April 2018)
C.C. Snailham	(appointed 2 April 2019)
D.K. Thomas	(resigned 30 November 2018)

**Company secretary**

A.W. Bartlett	(resigned 20 June 2018)
P. Davis	(appointed 15 June 2018; resigned 16 September 2019)
P. Munalula	(appointed 15 June 2018; resigned 20 December 2018)
R.A. Smith	(resigned 16 March 2018)

**Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Accordingly, they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures which have been disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors have confirmed that they spent time appropriate to their responsibilities on the affairs of the Company during the year.

The Directors have chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out in its Strategic Report information that is otherwise required to be contained in the Directors' Report:

- an indication of financial risk management objectives and policies;
- details of important events affecting the Company (and any subsidiaries in its consolidation) since the year-end; and
- an indication of likely future developments in the business of the Company.

**Disclosure of information to auditor**

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

**DIRECTORS' REPORT (continued)**  
**For the year ended 31 December 2018**

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**Qualifying third party indemnity provision**

As at the date of approval of the financial statements, and during the year, a qualifying third party indemnity provision was in force for the benefit of the Company's Directors.

**Auditor**

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

By order of the Board of Directors



Director / Secretary

**B. PALLAS**

**Registered office**

23 Great Winchester Street

London

EC2P 2AX

Dated: 25/9/19.

Company number: 03650236

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DB UK HOLDINGS LIMITED**  
**For the year ended 31 December 2018**

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**Opinion**

We have audited the financial statements of DB UK Holdings Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and loss account, Statement of Total Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Other Matter**

**The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of the basis for a period for at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditors' report is not a guarantee that the company will continue in operation.

**Directors' report**

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

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

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

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DB UK HOLDINGS LIMITED**  
**For the year ended 31 December 2018**

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**Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

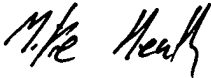
**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Mike Heath (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL

Dated: 26 September 2019

DB UK HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2018

	Note	2018 €	2017 €
Income from shares in group undertakings	4	5,935,693	16,503,815
Income from participating interests		-	2,404,076
Income from other investments		4,560,143	5,634,559
Net gain on disposal of other investments		-	49,246,949
Other interest receivable and similar income		-	230,812
Interest receivable and similar income from group undertakings	5	283,611	278,357
Other interest payable and similar expenses		(1,503)	(140,352)
Interest payable and similar expenses to group undertakings	6	(5,710,732)	(13,242,416)
Provision for impairment against shares in group undertakings	9	(81,598)	(202,195)
Provision for impairment against participating interests	10	-	(3,753,391)
Write back of provision for diminution in value of shares in group undertakings	9	-	3,526,792
Write back of provision for diminution in value of participating interests	10	282,108	-
Net gain/(loss) on changes in fair value of other investments	11	16,830,176	(1,153,533)
Net foreign exchange gain/(loss)	7	25,613	(1,022,382)
<b>PROFIT BEFORE TAXATION</b>		<b>22,123,511</b>	<b>58,311,091</b>
Tax credit on profit	8	1,118,197	2,699,822
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>23,241,708</b>	<b>61,010,913</b>

The profit for the year has arisen from continuing operations.

The notes on pages 11 to 27 form part of these financial statements.



DB UK HOLDINGS LIMITED

**STATEMENT OF TOTAL COMPREHENSIVE INCOME**  
For the year ended 31 December 2018

	<u>2018</u>	<u>2017</u>
	€	€
Profit for the financial year	23,241,708	61,010,913
<b>OTHER COMPREHENSIVE INCOME</b>		
Recycled loss on disposed off financial assets available for sale	-	(10,268,023)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>23,241,708</b>	<b>50,742,890</b>

The comprehensive income for the year has arisen from continuing operations.

The notes on pages 11 to 27 form part of these financial statements.

DB UK HOLDINGS LIMITED

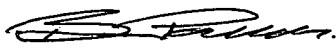
**BALANCE SHEET**

As at 31 December 2018

	Note	2018 €	2017 €
<b>FIXED ASSETS</b>			
Shares in group undertakings	9	34,976,015	34,979,676
Participating interests	10	4,301,504	3,898,753
Other investments	11	42,216,677	52,956,486
		<b>81,494,196</b>	<b>91,834,915</b>
<b>CURRENT ASSETS</b>			
Amounts owed by group undertakings	12	324,829,889	608,051,221
Other debtors	13	1,763,971	3,011,144
Prepayments and accrued income	14	59,981	44,427
Cash at bank and in hand	15	101,004,851	55,467,241
		<b>427,658,692</b>	<b>666,574,033</b>
<b>CREDITORS: Amounts falling due within one year</b>			
Amounts owed to group undertakings	16	(72,298,601)	(203,500,823)
Other creditors including taxation and social security	17	(4,552,636)	(4,617,694)
Accruals and deferred income	18	(142,524)	(2,373,012)
		<b>(76,993,761)</b>	<b>(210,491,529)</b>
<b>NET CURRENT ASSETS</b>		<b>350,664,931</b>	<b>456,082,504</b>
<b>NET ASSETS</b>		<b>432,159,127</b>	<b>547,917,419</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	46,500,001	46,500,001
Revaluation reserve			22,228,378
Profit and loss account		385,659,126	479,189,040
<b>SHAREHOLDER'S FUNDS</b>		<b>432,159,127</b>	<b>547,917,419</b>

The notes on pages 11 to 27 form part of these financial statements.

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



Director  
B. PAUAS

Dated: 25/9/19.

Company number: 03650236

DB UK HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2018

	<u>Called Up</u> <u>Share Capital</u> €	<u>Revaluation</u> <u>Reserve</u> €	<u>Profit and Loss</u> <u>Account</u> €	<u>Total</u> €
Balance at 31 December 2017	46,500,001	22,228,378	479,189,040	547,917,419
Adjustments on initial application of IFRS 9	-	(22,228,378)	22,228,378	-
<b>Restated balance at 1 January 2018</b>	46,500,001	-	501,417,418	547,917,419
Dividends paid	-	-	(139,000,000)	(139,000,000)
Profit for the financial year	-	-	23,241,708	23,241,708
<b>Balance at 31 December 2018</b>	46,500,001	-	385,659,126	432,159,127

For the year ended 31 December 2017

	<u>Called Up</u> <u>Share Capital</u> €	<u>Revaluation</u> <u>Reserve</u> €	<u>Profit and Loss</u> <u>Account</u> €	<u>Total</u> €
Balance at 1 January 2017	46,500,001	32,496,401	538,178,127	617,174,529
Profit for the financial year	-	-	61,010,913	61,010,913
Revaluation gains on financial assets available for sale	-	9,257,195	-	9,257,195
Reversal of revaluation gains on financial assets available for sale due to disposals	-	(21,628,307)	-	(21,628,307)
Deferred tax on above items	-	2,103,089	-	2,103,089
Dividends paid	-	-	(120,000,000)	(120,000,000)
<b>Balance at 31 December 2017</b>	46,500,001	22,228,378	479,189,040	547,917,419

The notes on pages 11 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

***Basis of preparation***

These financial statements were prepared in accordance with FRS 101 *Reduced Disclosure Framework*.

In so doing, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("IFRSs"), but has made amendments where necessary in order to comply with the requirements of Companies Act 2006. Accordingly, the relevant IFRS have been referenced in the following notes where relevant.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of transactions with related parties; and
- The effects of new but not yet effective IFRSs.

As the Company is not a 'Financial Institution', as defined by the Financial Reporting Council, it has applied the exemptions available for disclosures required by IFRS 7, IFRS 13 and IAS 1.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

The executive directors of the Company are members of the Group defined benefit and defined contribution pension schemes operated by DB Group Services (UK) Limited ("DBGS"); details of which are disclosed in the financial statements of that entity. The Company has no obligation to pay employee retirement benefits, and has no commitment or guarantee to indemnify DBGS for retirement benefit liabilities.

The Company is incorporated, registered and domiciled in England and Wales (UK) as a private limited company, limited by shares.

Deutsche Holdings No.3 Limited, a company registered in England and Wales, is the Company's immediate controlling entity.

Deutsche Bank Aktiengesellschaft ("Deutsche Bank AG"), a company incorporated in Germany, is the parent company; the ultimate controlling entity and the parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared, in accordance with IFRSs. Its registered address is Taunusanlage 12, Frankfurt am Main, 60325, Germany. Copies of the Group financial statements of this company are available to the public and may be obtained from Winchester House, 1 Great Winchester Street, London, EC2N 2DB.

**(a) Group financial statements**

As the Company is a wholly owned subsidiary undertaking of Deutsche Holdings No.3 Limited, itself a wholly owned indirect subsidiary undertaking of Deutsche Bank AG, which is incorporated in the European Union ("EU") and which publishes consolidated financial statements, the Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

**(b) Changes in accounting policy**

Since 1 January 2018, the Company has applied the new accounting standards IFRS 9 "Financial Instruments", which replaced IAS 39, and IFRS 15 "Revenue from Contracts with Customers". There were no other amendments to the accounting standards that are effective for the year ended 31 December 2018 that would have a material impact to the Company.

The adoption of IFRS 9 resulted in changes in the Company's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. The specific new IFRS 9 accounting policies applied in the current period are described in detail below. Disclosures relating to the impact of the adoption of IFRS 9 to the Company are detailed in Note 21.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. The company has also elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

Consequently, for notes disclosures, the consequential amendments have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**1 ACCOUNTING POLICIES (continued)**

**(c) Turnover and cost of sales**

Turnover and cost of sales are not disclosed in the profit and loss account as they are not appropriate for the Company's business.

**(d) Interest receivable and similar income and Interest payable and similar expenses to/from group undertakings**

This includes interest on loans, interest-earning deposits and short-term borrowings. Interest income and expense are recognised in the profit and loss account as they accrue using the effective interest method.

The effective interest rate is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

**(e) Interest income on amounts owed to group undertakings and interest expense on amounts owed by group undertakings bearing negative interest rate**

Negative interest paid on an asset is presented in interest payable and similar expenses to group undertakings (not presented as a contra to interest receivable and similar income from group undertakings), and parallel treatment for negative interest on liabilities.

**(f) Income from shares in group undertakings, participating interest and other investments**

Dividend income is recognised in the profit and loss account when the right to receive the payment is established.

Dividends to the Company's shareholder are recognised the earlier of shareholder approval and actual payment.

**(g) Current and deferred taxation**

The charge or credit for taxation is based on profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits and deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period that the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

**(h) Foreign exchange**

Foreign currency transactions are translated into Euros at the rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are then re-translated into Euros at the rates ruling on that date with the resulting translation differences being recognised in the profit and loss account.

**(i) Financial assets**

The Company has applied IFRS 9 which requires the classification of financial assets to be determined based on both the business model used for managing the financial assets and the contractual cash flow characteristics of the financial asset. There was no change from IAS 39 to IFRS 9 for the classification and measurement of financial liabilities.

There are three business models available under IFRS 9:

- Hold to Collect – Financial assets held with the objective to collect contractual cash flows. They are subsequently measured at amortised cost and are recorded in multiple lines on the Balance Sheet.
- Hold to Collect and Sell – Financial assets held with the objective of both collecting contractual cash flows and selling financial assets. They are recorded as Financial assets at Fair Value through Other Comprehensive Income on the Balance Sheet.
- Other – Financial assets held with trading intent or that do not meet the criteria of either "Hold to collect" or "Hold to collect and sell". They are recorded as Financial Assets at Fair Value through Profit or Loss on the Balance Sheet.

If a financial asset is held in either a Hold to Collect or a Hold to Collect and Sell business model, then an assessment to determine whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding at initial recognition is required to determine the classification.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**1 ACCOUNTING POLICIES (continued)**

**(i) Financial assets (continued)**

Contractual cash flows, that are solely payments of principal and interest on the principal amount outstanding, are consistent with a basic lending arrangement. Interest is consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time.

The Company considers that all of its financial assets are managed in line with a Hold to Collect business model. Furthermore all of its financial assets consist solely payments of principal and interest. The company has therefore reported its financial assets at amortised cost, and there have been no balance sheet reclassifications or remeasurements as a result of the implementation of IFRS 9.

**Financial assets at fair value through profit or loss**

The financial assets classified as Financial Assets at fair value through profit or loss are measured at fair value with related realised and unrealised gains and losses included in Net gains/(losses) on financial assets/liabilities at fair value through profit or loss. Interest on interest earning assets such as trading loans and debt securities and dividends on equity instruments are presented in Interest and Similar Income.

Financial assets classified at fair value through profit or loss are recognised or derecognised on trade date. Trade date is the date on which the company commits to purchase or sell the asset.

Financial assets at fair value through profit or loss include Trading Assets, Non-trading financial assets mandatory at fair value through profit and Financial Assets Designated at Fair Value through Profit or Loss.

Financial Assets Designated at Fair Value through Profit or Loss – Certain financial assets that would otherwise be measured subsequently at amortised cost or at fair value through other comprehensive income, may be designated at Fair Value through Profit or Loss if the designation eliminates or significantly reduces a measurement or recognition inconsistency. The use of the fair value option under IFRS 9 is extremely limited. The fair value option is designated only for those financial instruments for which a reliable estimate of fair value can be obtained.

Financial assets at fair value through profit or loss comprise of other investments.

**Financial assets at amortised cost**

A financial asset is classified and subsequently measured at amortised cost if the financial asset is held in a Hold to Collect business model and the contractual cash flows are SPPI.

Under this measurement category, the financial asset is measured at fair value at initial recognition. Subsequently the carrying amount is reduced for principal payments, plus or minus the cumulative amortization using the effective interest method for any premiums or discount. The financial asset is assessed for impairment under the IFRS 9 Expected Credit Loss model where provisions are recognised based on expectations of potential credit losses. The company's impairment of financial instruments policy is described further in the section "Impairment". Financial assets measured at amortised cost are recognised on a settlement date basis.

Financial assets at amortised cost comprise of amounts owed by group undertakings, prepayments and accrued income and cash at bank and in hand.

**(j) Shares in group undertakings**

Shares in group undertakings are stated at cost less impairment.

**(k) Participating interests**

Participating interests are investments by the Company wherein there is significant influence on an entity that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Participating interests are accounted for at cost less, where appropriate, allowances for impairment.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**1 ACCOUNTING POLICIES (continued)**

**(l) Other investments (IAS39)**

Listed shares held by the Company that are traded in an active market are classified as being available for sale and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are classified as available for sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

**(m) Other investments (IFRS9)**

Other investments include listed and unlisted shares held by the Company and are stated at fair value through profit or loss.

**(n) Fair value hedge**

For accounting purposes, a fair value hedge is one which hedges the changes in the fair value of assets, liabilities or unrecognised firm commitments. The Company has adopted hedge accounting in respect of the currency risk associated with its financial assets at fair value through profit or loss and participating interest.

The Company has designated and documented a hedging relationship, the risk management objective and strategy for establishing the hedging relationship and the nature of the risk being hedged. This documentation includes a description of how the Company will assess the relationship's effectiveness in offsetting the exposure to changes in the hedged item's fair value.

The terms of the financial assets at fair value through profit or loss and participating interests and their associated funding trades (i.e. the hedging instrument) are matched. Nonetheless, hedge effectiveness is assessed at inception and annually thereafter.

Any changes in the fair value of the financial assets at fair value through profit or loss and participating interests are recognised in the profit and loss account along with changes in the entire fair value of the associated funding trade.

**(o) Offsetting**

There is no offsetting of financial assets and liabilities in these financial statements.

**(p) Impairment**

A financial asset cannot be reported at more than what the Company can recover from it (the recoverable amount), either from using it (value in use) or selling it (fair value less cost of disposal). If the asset's carrying amount exceeds the recoverable amount, the asset is deemed impaired and an impairment loss must be recognised in the profit and loss account.

The Company follows a 3 step approach to determining impairment:

1. Assess whether there is any indication of impairment.
2. If any indication of impairment exists, the recoverable amount of the asset must be estimated. This will involve:
  - a) determination of the unit of valuation for impairment purposes; and
  - b) determination of the recoverable amount.
3. If the recoverable amount (defined as the higher of fair value less costs of disposal and value in use) is below the carrying amount of the asset; then the carrying amount must be written down to its recoverable amount. That reduction is an impairment loss.

**(q) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments with maturities of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within 'creditors: amounts falling due within one year' in 'bank loans and overdrafts'.

The cash at bank and in hand is carried at fair value.

**(r) Critical accounting estimates and judgements**

The preparation of these financial statements requires the directors to make estimates and assumptions for certain categories of assets and liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates.

The significant accounting policy of the Company that involves critical accounting estimates relates to the impairment of shares in group undertakings, participating interests and other investments (Note1(j), Note1(k), Note1(l), Note1(m) and Note1(p)).

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**2 ADMINISTRATIVE EXPENSES**

The Company does not have any employees. Employees involved in the Company's operations are all employees of the Group. Their total staff costs are borne by other group companies without recharge. Consequently, staff costs have not been included in these financial statements (2017: €nil).

Auditor's remuneration for services rendered to the Company have been borne by another group undertaking.

	<u>2018</u>	<u>2017</u>
	€	€
Audit of these financial statements	(34,073)	(34,447)
	<u>(34,073)</u>	<u>(34,447)</u>

**3 DIRECTORS' EMOLUMENTS, TRANSACTIONS AND INTERESTS**

**Emoluments**

As per Note 2, staff and directors are not paid by the Company but by a fellow group undertaking.

	<u>2018</u>	<u>2017</u>
	€	€
Directors' emoluments	(8,351)	(10,132)
	<u>(8,351)</u>	<u>(10,132)</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director were £7,500 (€8,351) (2017: £9,000 (€10,132)).

No Directors exercised any shares options under long term incentive schemes.

The comparative figures have been amended to be consistent and comparable to current year calculations.

**4 INCOME FROM SHARES IN GROUP UNDERTAKINGS**

During the year, the Company received dividends from shares in group undertakings as follows:

	<u>2018</u>	<u>2017</u>
	€	€
DB Aotearoa Investments Limited	-	8,072,045
DBOI Global Services (UK) Limited	5,839,000	6,346,000
DB Energy Commodities Limited	-	1,867,668
DB Infrastructure Holdings (UK) No.3 Limited	-	218,102
DB Safe Harbour Investments Projects Ltd.	96,618	-
Sixco Leasing Limited	75	-
	<u>5,935,693</u>	<u>16,503,815</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**5 INTEREST RECEIVABLE AND SIMILAR INCOME FROM GROUP UNDERTAKINGS**

	<u>2018</u>	<u>2017</u>
	€	€
Interest income on deposits	197,475	51,599
Interest income on loans	-	15
Other group income	-	98,859
Interest income on short-term borrowings owed to group undertakings bearing negative interest rate	86,136	127,884
	<u>283,611</u>	<u>278,357</u>

Interest income on deposits refers to the interest on surplus cash placed on deposit with Deutsche Bank AG London Branch ("DB AG London Branch"). Interest income on loans pertains to the interest on funding to other group undertakings.

Interest Income was recognised on the Company's EUR borrowings due to short-term EUR rates being negative since 2015.

**6 INTEREST PAYABLE AND SIMILAR EXPENSES TO GROUP UNDERTAKINGS**

	<u>2018</u>	<u>2017</u>
	€	€
Interest expense on short-term borrowings owed to group undertakings	(4,262,798)	(6,803,120)
Interest expense on deposits owed to group undertakings bearing negative interest rate	(1,396,771)	(1,404,382)
Interest expense on loans owed by group undertakings bearing negative interest rate	-	(64,418)
Overhead expense allocation - group	(51,163)	(4,970,496)
	<u>(5,710,732)</u>	<u>(13,242,416)</u>

Interest expense on deposits bearing negative interest refers to the interest on surplus cash placed on deposit with DB AG London Branch. Interest income on loans bearing negative interest pertains to the interest on funding to other group undertakings.

Interest expense was recognised on the Company's EUR deposits and loans due to short-term EUR rates being negative since 2015.

Group allocated expenses refer to overhead allocation expenses payable to DB AG London Branch and DB Securities Inc.

**7 NET FOREIGN EXCHANGE LOSS**

	<u>2018</u>	<u>2017</u>
	€	€
Net foreign exchange gain/(loss)	25,613	(1,022,382)
	<u>25,613</u>	<u>(1,022,382)</u>

The foreign exchange gain is mainly driven by the translation of the Company's non-euro denominated positions for the year ended 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**8 TAX CREDIT ON PROFIT**

(a) Analysis of tax on profit

	<u>2018</u>	<u>2017</u>
	€	€
<i>Current taxation</i>		
Group relief credit/(charge) for the year	1,026,572	2,699,822
Adjustments in respect of prior periods	6,291	-
<b>Total tax (charge)/credit on profit</b>	<b>1,032,863</b>	<b>2,699,822</b>
<i>Deferred Taxation</i>		
Other Investments	95,373	-
Adjustment due to change in tax rate	(10,039)	-
	<b>85,334</b>	<b>-</b>
<b>Tax on profit on ordinary activities</b>	<b>1,118,197</b>	<b>2,699,822</b>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.25%). The actual tax charge for the year differs from the standard rate for the reasons set out in the following reconciliation.

(b) Current tax reconciliation

	<u>2018</u>	<u>2017</u>
	€	€
Pre-tax profit	22,123,511	58,311,091
Tax on profit at standard rate (2018: 19%; 2017: 19.25%)	(4,203,467)	(11,224,885)
Adjustments in respect of prior periods	6,291	-
Adjustment due to change in tax rate	(10,039)	-
<i>Tax adjustments for non-taxable items:</i>		
Income from shares in group undertakings and financial assets at fair value through profit or loss	1,994,209	4,724,422
Gain on disposal of investments	-	9,480,038
Other income	-	24,845
Provision for impairment, net of write back	(988,386)	(304,598)
Capital gain on disposal of equity investments	(4,319,589)	-
Non-taxable accounting gain in equity investments	4,224,216	-
Benefit from utilisation of unrecognised capital losses	4,319,589	-
Movement in temporary differences	95,373	-
<b>Tax credit on profit</b>	<b>1,118,197</b>	<b>2,699,822</b>

A reduction in the rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. The Finance Bill 2016 which announced a further reduction in the UK corporation tax rate to 17% by 2020 was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

The remaining balance of unrecognised capital losses as at 31 December 2018 was €35,775,906 (2017: €58,324,510).

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**9 SHARES IN GROUP UNDERTAKINGS**

	<u>2018</u>	<u>2017</u>
	€	€
<b>Cost</b>		
At 1 January	43,203,785	230,350,120
Additions	77,945	4,512,281
Disposals	(7)	-
Returned capital	-	(192,020,370)
Reclassification (Note 11)	-	361,754
At 31 December	<u>43,281,723</u>	<u>43,203,785</u>
<b>Provision</b>		
At 1 January	(8,224,109)	(134,182,641)
Increase in provision	(81,598)	(202,195)
Writeback of provision	-	3,526,792
Reduction in provision	-	122,633,935
At 31 December	<u>(8,305,707)</u>	<u>(8,224,109)</u>
<b>Net book amount</b>	<u>34,976,015</u>	<u>34,979,676</u>

**Direct group undertakings**

<u>Name of Company</u>	<u>Number and Class of Shares Owned</u>	<u>2018 % Holding</u>	<u>2017 % Holding</u>	<u>Registered Address</u>	<u>Nature of Business</u>
Baldur Mortgages Limited	100 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Lending business
Bankers Trust Investments Limited (dormant)	10 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly investment company
City Leasing (Thameside) Limited	2 Ordinary	100	100	23 Great Winchester Street, London, Great Britain	Leasing
City Leasing Limited	250,000 Ordinary	100	100	23 Great Winchester Street, London, Great Britain	Leasing
DB Aotearoa Investments Limited	12,000 Ordinary	100	100	171 Elgin Avenue, Boundary Hall, Cricket Square, Ground Floor, George Town, Grand Cayman, Cayman Islands	Special purpose vehicle
DB Chestnut Holdings Limited	100 Ordinary	100	100	171 Elgin Avenue, Boundary Hall, Cricket Square, Ground Floor, George Town, Grand Cayman, Cayman Islands	Holding company
DB Energy Commodities Limited (closed)	1 Ordinary	100	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly marketing and trading
DB Enfield Infrastructure Holdings Limited	2,586 Ordinary	100	100	New Street, St. Paul's Gate, St. Helier, Jersey	Holding company
DB Group Services (UK) Limited	2 Ordinary	100	100	23 Great Winchester Street, London, Great Britain	Holding company
DB Infrastructure Holdings (UK) No.1 Limited (closed)	1 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly holding company
DB Infrastructure Holdings (UK) No.3 Limited (closed)	100 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly holding company

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**9 SHARES IN GROUP UNDERTAKINGS (continued)**

**Direct group undertakings (continued)**

<u>Name of Company</u>	<u>Number and Class of Shares Owned</u>	<u>2018 % Holding</u>	<u>2017 % Holding</u>	<u>Registered Address</u>	<u>Nature of Business</u>
DB London (Investor Services) Nominees Limited	100 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Custody business
DB Nexus Investments (UK) Limited (in liquidation)	2 Ordinary	100	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly holding company
DB Safe Harbour Investment Projects Limited (in liquidation)	1 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly holding company
DB Trustee Services Limited (dormant)	250,000 Ordinary	100	100	23 Great Winchester Street, London, Great Britain	Formerly trustee services
DB UK Australia Holdings Limited (closed)	1 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly investment management
DB Vanquish (UK) Limited (closed)	1 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly finance & investment
DB Vantage (UK) Limited (closed)	1 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly lending business
DB Vantage No.2 (UK) Limited (closed)	1 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly lending business
DBOI Global Services (UK) Limited	5,000 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Service provider
DeAM Infrastructure Limited (in liquidation)	1 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly holding company
DBUKH No. 2 Limited	1 Membership	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Holding company
Deutsche Finance No. 2 (UK) Limited (closed)	1 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly lending business
Deutsche Nominees Limited	100 Ordinary	100	100	23 Great Winchester Street, London, Great Britain	Custody business
Deutsche Private Asset Management Limited (dormant)	10 Ordinary	100	100	1 Appold Street, Broadgate, London, Great Britain	Formerly shell company
Kradavim UK Lease Holdings Limited (in liquidation)	1 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly holding company
London Industrial Leasing Limited	600 Ordinary	100	100	23 Great Winchester Street, London, Great Britain	Leasing
Sixco Leasing Limited (in liquidation)	55 Deferred and 15,445 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly leasing
Tempurrite Leasing Limited	1 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Holding company
DB Nexus American Investments (UK) Limited	100 Ordinary	100	100	15 Canada Square, Canary Wharf, London, Great Britain	Holding company
DB Nexus Iberian Investments (UK) Limited (closed)	2 Ordinary	-	100	15 Canada Square, Canary Wharf, London, Great Britain	Formerly holding company

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**9 SHARES IN GROUP UNDERTAKINGS (continued)**

**Indirect group undertakings**

<u>Name of Company</u>	<u>Number and Class of Shares Owned</u>	<u>2018 % Holding</u>	<u>2017 % Holding</u>	<u>Registered Address</u>	<u>Nature of Business</u>
DB UK Australia Finance Limited (in liquidation)	1,000 Ordinary A and 100,000 Ordinary B	-	100	171 Elgin Avenue, Boundary Hall, Cricket Square, Ground Floor, George Town, Grand Cayman, Cayman Islands	Formerly own-account trading
Deutsche (Aotearoa) Capital Holdings New Zealand (dormant)	100 Ordinary	100	100	48 Shortland Street, Vero Centre, Auckland, New Zealand	Formerly lending business
Deutsche (Aotearoa) Foreign Investments New Zealand (dormant)	100 Ordinary	100	100	48 Shortland Street, Vero Centre, Auckland, New Zealand	Formerly lending business
Deutsche Capital Finance (2000) Limited (dormant)	350 Ordinary	100	100	171 Elgin Avenue, Boundary Hall, Cricket Square, Ground Floor, George Town, Grand Cayman, Cayman Islands	Formerly lending business
Deutsche Holdings (BTI) Limited	2 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Holding company
Moon Leasing Limited (in liquidation)	1 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly leasing
Nineco Leasing Limited (in liquidation)	1 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly leasing
Peruda Leasing Limited (dormant)	1 Ordinary	100	100	1 Great Winchester Street, Winchester House, London, Great Britain	Formerly leasing

**Other significant holdings**

<u>Name of Company</u>	<u>Number and Class of Shares Owned</u>	<u>2018 % Holding</u>	<u>2017 % Holding</u>	<u>Registered Address</u>	<u>Nature of Business</u>
Deutsche Morgan Grenfell Group Public Limited Company	1 Ordinary	0	0	23 Great Winchester Street, London, Great Britain	Lending business
Kinneil Leasing Company (dormant)	35 Partnership Contribution	35	35	20 Finsbury Circus, London, Great Britain	Formerly leasing
Omnium Leasing Company	5,000 Partnership Contribution	7	7	23 Great Winchester Street, London, Great Britain	Leasing

**10 PARTICIPATING INTERESTS**

	<u>2018 €</u>	<u>2017 €</u>
<b>Cost</b>		
At 1 January	9,064,794	9,989,036
Foreign exchange revaluation	120,643	(924,242)
At 31 December	<u>9,185,437</u>	<u>9,064,794</u>
	<u>2018 €</u>	<u>2017 €</u>
<b>Provision</b>		
At 1 January	(5,166,041)	(1,412,650)
Increase in provision	-	(3,753,391)
Write back of provision	282,108	-
At 31 December	<u>(4,883,933)</u>	<u>(5,166,041)</u>
<b>Net book amount</b>	<u>4,301,504</u>	<u>3,898,753</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**10 PARTICIPATING INTERESTS (continued)**

<u>Name of Company</u>	<u>Number and Class of Shares Owned</u>	<u>2018 % Holding</u>	<u>2017 % Holding</u>	<u>Registered Address</u>	<u>Nature of Business</u>
Volbroker.com Limited	36,020,141 Class A Ordinary Shares and 56,069,570 Class B Ordinary Shares	23	23	51 Lincoln's Inn Fields, London, Great Britain	Holding company
ISWAP Limited	89 Voting Shares, 107 CM Shares, 2,480 Deferred Shares and 123 DM Shares	14	14	Tower 42, Level 37, 25 Old Broad Street, London, Great Britain	Holding company
Pan-European Infrastructure Fund LP	1 LP Interest	0	0	26 New Street, St. Helier, Jersey	Holding company

**11 OTHER INVESTMENTS**

On 2017 Other investments were classified as being available for sale under IAS 39 and stated at fair value with changes in fair value recognised in other comprehensive income under revaluation reserve, with the exception of impairment losses that were recognised directly in profit or loss (Note 1 (l)). Upon the implementation of IFRS 9, on 1 January 2019, these were classified as fair value through profit or loss and any accumulated revaluation reserves were transferred to the profit and loss reserve. (Note 1 (m), Note 21).

## (a) Financial assets available for sale to other comprehensive income

	<u>2018</u> €	<u>2017</u> €
<b>Cost</b>		
At 1 January	31,151,918	44,169,380
Additions	-	-
Disposals	(5,387,753)	(6,845,391)
Foreign exchange revaluation	441,386	(5,810,317)
Reclassification (Note 9)	-	(361,754)
At 31 December	<u>26,205,551</u>	<u>31,151,918</u>
<b>Fair value adjustments</b>		
At 1 January	21,804,568	35,315,717
Increase in fair value	22,570,980	1,809,245
Decrease in fair value	(5,740,804)	(2,962,778)
Reduction in fair value due to disposal/capital distributions	(22,623,618)	13,496
Reduction in revaluation reserve due to disposals of fixed asset investments taken to revaluation reserve	-	(21,628,307)
Net increase in revaluations for the year taken to revaluation reserve	-	9,257,195
At 31 December	<u>16,011,126</u>	<u>21,804,568</u>

## (b) Financial assets at fair value through profit and loss

<b>Net book amount</b>		
At 1 January	52,956,486	79,485,097
Increase in fair value	22,570,980	1,809,245
Decrease in fair value	(5,740,804)	(2,962,778)
Changes in fair value to profit and loss	16,830,176	(1,153,533)
Foreign exchange gain/(loss) on retranslation	441,386	(5,810,317)
Disposals at fair value	(28,011,371)	(7,193,649)
Net amount for the year taken to revaluation reserve	-	(12,371,112)
At 31 December	<u>42,216,677</u>	<u>52,956,486</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**11 OTHER INVESTMENTS (continued)**

<u>Name of Company</u>	<u>Number and Class of Shares Owned</u>	<u>2018 % Holding</u>	<u>2017 % Holding</u>	<u>Registered Address</u>	<u>Nature of Business</u>
Accunia A/S (sold)	89,200 Class C Common Shares	-	6	Store Renegade 5, Copenhagen, Denmark	Formerly investment advisory
Ares Capital Europe, L.P.	25,000,000 Limited Partnership Interest	5	5	South Church Street, Ugland House, George Town, Grand Cayman, Cayman Islands	Holding company
CreditDeriv Limited	1,335,547 Ordinary	8	8	1 Silk Street, London, Great Britain	Holding company
DGPA SGR S.p.A. - DGPA Capital (Private Equity Fund)	76 Class A Units	4	4	Via dei Bossi, 6, Milano, Italy	Fund
Euroclear plc (sold)	38,165 Ordinary	-	0	33 Cannon Street, London, Great Britain	Formerly holding company
Euroclear Holding SA/NV (sold)	38,165 Ordinary	0	-	1 Boulevard du Roi Albert II, Brussels, Belgium	Formerly holding company
LCH.Clearnet Group Limited (sold)	591,035 Ordinary	-	1	33 Aldgate High Street, Aldgate House, London, Great Britain	Formerly holding company
Neptune Networks Limited	73 Class A Ordinary Shares and 42 Class B Ordinary Shares	5	6	40 Basinghall Street, City Tower, London, Great Britain	Financial services institutions
OTCDeriv Limited	56,554 Class A Ordinary Shares and 4,200,000 Class B Ordinary Shares	7	7	1 Silk Street, London, Great Britain	Holding company
The Infrastructure and Growth Capital Fund L.P.	25,000,000 LLP Interest	1	1	South Church Street, Ugland House, George Town, Cayman Islands	Fund

**12 AMOUNTS OWED BY GROUP UNDERTAKINGS**

	<u>2018</u> €	<u>2017</u> €
Interest earning deposits	321,529,875	608,041,220
Other receivables	17,757	10,001
Overhead expense allocation	3,282,257	-
	<b>324,829,889</b>	<b>608,051,221</b>

**13 OTHER DEBTORS**

	<u>2018</u> €	<u>2017</u> €
Current tax	1,008,129	2,336,639
Other taxation	755,842	674,505
	<b>1,763,971</b>	<b>3,011,144</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

<b>14 PREPAYMENTS AND ACCRUED INCOME</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>€</b>	<b>€</b>
Interest receivable on deposits owed by group undertakings	49,659	20,952
Interest receivable on short-term borrowings bearing negative interest rate owed to group undertakings	10,322	23,475
	<b><u>59,981</u></b>	<b><u>44,427</u></b>
<b>15 CASH AT BANK AND IN HAND</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>€</b>	<b>€</b>
Cash at bank held with group undertakings	101,004,851	55,467,241
	<b><u>101,004,851</u></b>	<b><u>55,467,241</u></b>
<b>16 AMOUNTS OWED TO GROUP UNDERTAKINGS</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>€</b>	<b>€</b>
Short-term borrowing	(72,278,845)	(198,530,327)
Overhead expense allocation	(19,756)	(4,970,496)
	<b><u>(72,298,601)</u></b>	<b><u>(203,500,823)</u></b>
<b>17 OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>€</b>	<b>€</b>
Deferred tax liability	(4,467,467)	(4,552,801)
Other creditors	(85,169)	(64,893)
	<b><u>(4,552,636)</u></b>	<b><u>(4,617,694)</u></b>
<b>18 ACCRUALS AND DEFERRED INCOME</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>€</b>	<b>€</b>
Accrued interest payable on short-term borrowings owed to group undertakings	(76,861)	(2,167,541)
Accrued interest payable on deposits bearing negative interest rate owed by group undertakings	(65,663)	(205,471)
	<b><u>(142,524)</u></b>	<b><u>(2,373,012)</u></b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**19 CALLED UP SHARE CAPITAL**

	<u>2018</u>	<u>2017</u>
	<u>No. of Shares</u>	<u>No. of Shares</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	39,933,689	39,933,689
	<u>39,933,689</u>	<u>39,933,689</u>
	<u>2018</u>	<u>2017</u>
	<u>€</u>	<u>€</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each (historical rate at which capital was translated to Euros was €1.16)	46,500,001	46,500,001
	<u>46,500,001</u>	<u>46,500,001</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share.

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**20 COMMITMENTS AND CONTINGENCIES**

The Company, as sole member of DBUKH No. 2 Limited, has guaranteed to perform all its present and future obligations and liabilities (whether actual or contingent and whether jointly or severally and in any capacity whatsoever) for a sum not exceeding €100 should it be wound up.

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**21 CHANGES IN ACCOUNTING POLICIES**

The Company has initially adopted IFRS 9 and IFRS 15 from 1 January 2018. This note explains the impact of the adoption of these two accounting standards on the Company's financial statements.

Due to the transition method chosen by the Company in applying IFRS 9 and IFRS 15, comparative information throughout these financial statements has not generally been restated to reflect their requirements. Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 1 to all periods presented in these financial statements.

The initial application of IFRS 15 did not have any effects on the recognition of revenue. As a consequence, there are no differences between revenue recognition under IFRS 15 in the reporting period and under IAS 18 for the prior period end.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**21 CHANGES IN ACCOUNTING POLICIES (continued)**

	31 Dec 2017 Original Presentation €	IFRS 9 Adjustments €	1 Jan 2018 Restated €
<b>BALANCE SHEET</b>			
<b>FIXED ASSETS</b>			
Shares in group undertakings	34,979,676		34,979,676
Participating interests	3,898,753		3,898,753
Financial assets available for sale	52,956,486	(52,956,486)	-
Other investments	-	52,956,486	52,956,486
	<b>91,834,915</b>	-	<b>91,834,915</b>
<b>CURRENT ASSETS</b>			
Amounts owed by group undertakings	608,051,221		608,051,221
Other debtors	3,011,144		3,011,144
Prepayments and accrued income	44,427		44,427
Cash at bank and in hand	55,467,241		55,467,241
	<b>666,574,033</b>	-	<b>666,574,033</b>
<b>CREDITORS: Amounts falling due within one year</b>			
Amounts owed to group undertakings	(203,500,823)		(203,500,823)
Other creditors including taxation and social security	(4,617,694)		(4,617,694)
Accruals and deferred income	(2,373,012)		(2,373,012)
	<b>(210,491,529)</b>	-	<b>(210,491,529)</b>
<b>NET CURRENT ASSETS</b>	<b>456,082,504</b>	-	<b>456,082,504</b>
<b>NET ASSETS</b>	<b>547,917,419</b>	-	<b>547,917,419</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	46,500,001		46,500,001
Revaluation reserve	22,228,378	(22,228,378)	-
Profit and loss account	479,189,040	22,228,378	501,417,418
<b>SHAREHOLDER'S FUNDS</b>	<b>547,917,419</b>	-	<b>547,917,419</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**21 CHANGES IN ACCOUNTING POLICIES (continued)**

	31 Dec 2017 Original Presentation €	IFRS 9 Adjustments €	1 Jan 2018 Restated €
<b>PROFIT AND LOSS ACCOUNT</b>			
Income from shares in group undertakings	16,503,815		16,503,815
Income from participating interests	2,404,076		2,404,076
Income from financial assets available for sale	5,634,559		5,634,559
Net gain on disposal of financial assets available for sale	49,246,949		49,246,949
Other interest receivable and similar income	230,812		230,812
Interest receivable and similar income from group undertakings	278,357		278,357
Other Interest payable and similar expenses	(140,352)		(140,352)
Interest payable and similar expenses to group undertakings	(13,242,416)		(13,242,416)
Provision for impairment against shares in group undertakings	(202,195)		(202,195)
Provision for impairment against participating interests	(3,753,391)		(3,753,391)
Provision for impairment against financial assets available for sale	(2,962,778)	2,962,778	-
Write back of provision for diminution in value of shares in group undertakings	3,526,792		3,526,792
Write back of provision for diminution in value of financial assets available for sale	1,809,245	(1,809,245)	-
Net foreign exchange loss	(1,022,382)		(1,022,382)
Net income/(loss) from other investments	-	(1,153,533)	(1,153,533)
<b>PROFIT BEFORE TAXATION</b>	<b>58,311,091</b>	<b>-</b>	<b>58,311,091</b>
Tax credit on profit	2,699,822		2,699,822.00
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>61,010,913</b>	<b>-</b>	<b>61,010,913</b>

The total impact of the above adjustments to the Company's retained earnings as at 1 January 2018 and 31 December 2017 is as follows:

	Profit and Loss Account €
<b>STATEMENT OF CHANGES IN EQUITY</b>	
As at 31 December 2017 - as originally presented	547,917,419
Release of Net unrealised holding gains	26,781,178
Release of Net deferred tax	(4,552,800)
Adjustments on initial application of IFRS 9	22,228,378
<b>As at 1 January 2018 - restated</b>	<b>570,145,797</b>

**IFRS 9 "Financial Instruments"**

Since 1 January 2019 the Company has applied IFRS 9 which replaces the provisions of IAS 39 that relate to the recognition, measurement, classification and measurement of financial assets and financial liabilities, the derecognition of the financial instruments and the impairment of financial assets.

The Company's accounting policies on the classification and measurements of financial instruments under IFRS 9 are set out in Note 1 (b). The application of these policies resulted in the reclassifications and measurement changes explained below.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**21 CHANGES IN ACCOUNTING POLICIES (continued)**

The adoption of IFRS 9 has resulted in adjustments to the amounts recognised in the financial statements as described above. The Company has adopted the IFRS 9 paragraph 7.2.15 transitional provisions in accordance with which the comparative figures have not been restated. No adjustments have been made to line items in the profit and loss account, the statement of total comprehensive income and the balance sheet for the 2017 reporting period. The difference between the previous carrying amount, under IAS 39, and the carrying amount at the beginning of the current reporting year and date of initial application of IFRS 9 is recognised in the opening retained earnings.

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**22 EVENTS AFTER THE BALANCE SHEET DATE**

The following events have occurred in relation to the Company's fixed assets and did not have any impact on the Balance Sheet and Profit and Loss Account, unless otherwise disclosed.

On 31 January 2019, the Company received €10,854,000 of proceeds from the sale of Euroclear Holding SA/NV.

On 31 May 2019, the Company paid a dividend of €61,000,000 to its parent, DH3.

On 13 June 2019, the Company received a dividend of €5,500,000 from OTCDeriv Limited.

On 21 June 2019, the Company contributed €10,200,000 capital to a new group undertaking, Breaking Wave DB Limited.

On 28 June 2019, the Company received a dividend of €6,800,000 from DBOI Global Services (UK) Limited.

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