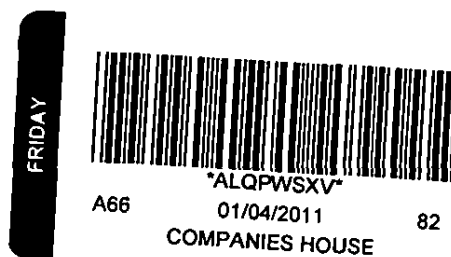


**COMMERZBANK LEASING DECEMBER (22) LIMITED**

**(Formerly RBSSAF (18) Limited)**

**REPORT AND FINANCIAL STATEMENTS**

**Period ended 21 October 2010**



Company Registered No 5038958

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**DIRECTORS' REPORT**

The directors present their report, together with the audited financial statements, for the period ended 21 October 2010. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**CHANGE IN ACCOUNTING REFERENCE DATE**

The Company has changed its accounting reference date from 31 December to 21 October.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

Following the transfer of the trade associated with two finance leases into the Company on 26 July 2010 from Royal Bank of Scotland Industrial Leasing Limited, a fellow subsidiary undertaking, for consideration of £50,434,396, the principal activity of the Company became that of lessor and financier of assets for the corporate sector through finance lease transactions.

On 21 October 2010 the entire equity share capital of the Company was sold by Royal Bank Leasing Limited to Commerzbank Leasing Holdings Limited and on that date the Company ceased to be a subsidiary of the Royal Bank of Scotland Group and became a member of the Commerzbank AG Group. As part of this transaction, the Company refinanced.

**SUBSEQUENT EVENTS**

On 22 October 2010, the entire leasing business carried on by the Company was acquired by Commerzbank AG London Branch as a going concern for consideration of £59,591,377, on terms contained in a Deed of Assignment and Assumption. A gain of £7,662,000 resulted, substantially compensating the Company for break costs incurred on the repayment of the funding loans.

On 29 October 2010, the Company changed its name from RBSSAF (18) Limited to Commerzbank Leasing December (22) Limited.

The directors do not expect the Company to enter into any new transactions in the foreseeable future.

**RESULTS AND DIVIDENDS**

The results of the Company for the period are set out in detail on page 4.

The profit on ordinary activities after taxation amounted to £624,010 (year ended 31 December 2009 Loss of £189). During the period, an interim dividend of £165,000 (year ended 31 December 2009 £nil) was paid. The directors do not recommend payment of a final dividend (year ended 31 December 2009 £nil).

**DIRECTORS**

The directors who held office at the period end were as follows:

N G Aiken	(appointed 21 October 2010)
M C Beebee	(appointed 21 October 2010)
R A Birch	(appointed 21 October 2010)
P R Burrows	(appointed 21 October 2010)
A D Levy	(appointed 21 October 2010)

On 21 October 2010, S J Caterer, J E Rogers, P D J Sullivan and R F Warren resigned as directors of the Company.

No director benefited from qualifying third party indemnity provisions in place during the period.

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**DIRECTORS' REPORT (continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the 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 accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

Deloitte LLP resigned as auditors of the Company on 21 October 2010. PricewaterhouseCoopers LLP have been appointed by the directors to fill the vacancy thus arising, in accordance with Section 485 of the Companies Act 2006.

PricewaterhouseCoopers LLP will be re-appointed in accordance with Section 487 of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board



J.C. Wall  
Secretary

Commerzbank Leasing December (22) Limited  
Company Registered No 5038958

31 March 2011

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMERZBANK LEASING DECEMBER (22) LIMITED**

We have audited the financial statements of Commerzbank Leasing December (22) Limited for the period ended 21 October 2010 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 21 October 2010 and of its profit and cash flows for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



Duncan McNab (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

31 March 2011

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended 21 October 2010**

	Notes	Period from 1 Jan 10 to 21 Oct 10 £	Year ended 31 Dec 09 £
Revenue – finance lease income	3	1,494,980	-
<b>GROSS PROFIT</b>		<u>1,494,980</u>	<u>-</u>
Administrative expenses	4	(4,054)	(237)
<b>PROFIT / (LOSS) FROM OPERATIONS</b>		<u>1,490,926</u>	<u>(237)</u>
Interest payable to Royal Bank Leasing Limited		(637,497)	(25)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>853,429</u>	<u>(262)</u>
Tax (charge) / credit for the period / year	5	(229,419)	73
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>624,010</u>	<u>(189)</u>
Other comprehensive income after tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR</b>		<u><u>624,010</u></u>	<u><u>(189)</u></u>

All amounts stated above are derived from discontinued activities

The accounting policies and notes on pages 8 to 16 form an integral part of these financial statements

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 21 October 2010**

	Notes	Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2009		72	(15,589)	(15,517)
Total comprehensive income for the year		-	(189)	(189)
Balance at 31 December 2009		<u>72</u>	<u>(15,778)</u>	<u>(15,706)</u>

		Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2010		72	(15,778)	(15,706)
Total comprehensive income for the period		-	624,010	624,010
Dividends paid	6	-	(165,000)	(165,000)
Balance at 21 October 2010		<u>72</u>	<u>443,232</u>	<u>443,304</u>

The accounting policies and notes on pages 8 to 16 form an integral part of these financial statements

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**BALANCE SHEET**  
**As at 21 October 2010**

	Notes	21 Oct 10 £	31 Dec 09 £
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Finance lease receivables	7	46,175,956	-
<b>CURRENT ASSETS</b>			
Finance lease receivables	7	7,669,679	-
Other receivables due from Royal Bank Leasing Limited		-	74
Cash and cash equivalents held with Royal Bank of Scotland plc		-	8,882
<b>TOTAL ASSETS</b>		<b>53,845,635</b>	<b>8,956</b>
<b>CURRENT LIABILITIES</b>			
Other creditors – variable rate interest adjustment		(1,916,258)	-
Amounts due to group undertakings	8	(51,389,208)	(24,662)
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities	9	(96,865)	-
<b>TOTAL LIABILITIES</b>		<b>(53,402,331)</b>	<b>(24,662)</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>443,304</b>	<b>(15,706)</b>
<b>EQUITY/(DEFICIT)</b>			
Issued share capital	10	72	72
Retained profit		443,232	(15,778)
<b>TOTAL EQUITY/(DEFICIT)</b>		<b>443,304</b>	<b>(15,706)</b>

The accounting policies and notes on pages 8 to 16 form an integral part of these financial statements

These financial statements on pages 4 to 16 were approved by the Board of Directors and signed on its behalf by



A D Levy  
Director

31 March 2011

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**STATEMENT OF CASH FLOWS**  
**For the period ended 21 October 2010**

	Notes	Period from 1 Jan 10 to 21 Oct 10 £	Year to 31 Dec 09 £
<b>Cash flows from operating activities</b>	11	(4,054)	(237)
Interest paid		(637,497)	(26)
Income taxes paid		(132,481)	(8)
		<u>(774,032)</u>	<u>(271)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of finance leases from Royal Bank of Scotland Industrial Leasing Limited		(50,434,396)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings from Royal Bank Leasing Limited		(59,561,713)	(738)
New bank loans raised from Royal Bank Leasing Limited		51,364,546	-
New bank loans raised from Commerzbank AG London Branch		59,561,713	-
Dividends paid to Royal Bank Leasing Limited		(165,000)	-
		<u>(8,882)</u>	<u>(1,009)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(8,882)</u>	<u>(1,009)</u>
Cash and cash equivalents at beginning of period / year		8,882	9,891
<b>CASH AND CASH EQUIVALENTS AS AT 21 OCTOBER 2010</b>		<u><u>-</u></u>	<u><u>8,882</u></u>

The accounting policies and notes on pages 8 to 16 form an integral part of these financial statements



**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 21 October 2010**

**1. BASIS OF PREPARATION**

The Company has prepared its financial statements in accordance with the Companies Act 2006, with IFRSs as issued by the International Accounting Standards Board ('IASB') and as endorsed by the EU and under the historical cost convention. EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 21 October 2010, there were no unendorsed standards effective for 21 October 2010 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body. The principal accounting policies adopted are set out in note 2. These policies have been consistently applied for all the periods presented.

**Changes in accounting policy and disclosures**

**(a) New and amended standards adopted by the Company**

The following new standards and amendments to standards were mandatory for the first time for the financial period beginning 1 January 2010. Adoption of these changes has not had a material impact on the Company.

IFRS 3 (revised), 'Business combinations', (and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures') is effective prospectively to business combinations for which the acquisition date was on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the statement of comprehensive income.

**(b) New and amended standards, and interpretations mandatory for the first time for the financial period beginning 1 January 2010 but not currently relevant to the Company**

The following standards and amendments to existing standards have been published and were mandatory for accounting periods beginning on or after 1 January 2010, but the Company has not adopted them as they are not currently relevant to the Company.

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 21 October 2010**

**1. BASIS OF PREPARATION (continued)**

**(c) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2010 and not early adopted**

The Company's assessment of the impact of these new standards and interpretations is set out below

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003 and is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and results in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Company will apply the interpretation from 1 January 2011, subject to endorsement by the EU and the activities of the Company at that time.

The financial statements are presented in Sterling being the Company's functional currency.

**General information**

The Company is domiciled in the UK and incorporated in England and Wales. The Company's Registered Office is situated at 30 Gresham Street, London, EC2P 2XY.

**Comparative period**

The comparative period information is for year ended 31 December 2009, whilst the current period information is for the period from 1 January 2010 to 21 October 2010.

**2. ACCOUNTING POLICIES**

**Going concern**

The financial statements have been prepared on the going concern basis.

Following the transfer of the entire leasing business of the Company to Commerzbank AG London Branch as described in Note 15, the only remaining asset held by the Company, as at the date of the signing of these financial statements, is a current account balance held with Commerzbank AG London Branch. The directors do not consider the recovery of this balance to be a significant and material uncertainty and therefore continue to prepare the financial statements of the Company on a going concern basis.

**Use of assumptions and estimates**

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

The accounting for leases and, in particular, their classification as finance leases is the only accounting policy that is deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involves a high degree of judgement and estimation.

**Revenue**

Revenue represents gross earnings net of rental rebates allocated in respect of finance leases in accordance with the accounting policy adopted for leases.

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 21 October 2010**

**2. ACCOUNTING POLICIES (continued)**

**Finance leases**

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. It is shown as "Finance lease income" in the statement of comprehensive income. Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

**Interest expense**

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the statement of comprehensive income using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

**Foreign currency**

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. Gains and losses arising on retranslation are included in the profit and loss account for the period.

**Financial liabilities**

Financial liabilities are initially measured at fair value plus any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised if the Company becomes party to the contractual provisions of the liability instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

All break costs incurred in respect of the refinancing of the Company's leasing activities are carried forward and netted against loan balances due. Such amounts are amortised over the remaining life of the lease, matching the treatment of any premiums received in taking out the new loan.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 21 October 2010**

**2. ACCOUNTING POLICIES (continued)**

**Share capital**

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax. Dividends payable in relation to equity shares are recognised as a liability in the period in which they are paid (in the case of interim dividends) or approved (in the case of final dividends).

**Taxation**

Income tax comprises current tax and deferred tax. Income tax is recognised in the statement of comprehensive income.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are not discounted.

**Impairment of financial assets**

The Company's financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

**3. REVENUE – FINANCE LEASE INCOME**

	Period from 1 Jan 10 to 21 Oct 10 £	Year to 31 Dec 09 £
Income from finance leases	2,317,765	-
Rental adjustments in respect of interest variations	(822,785)	-
	<u>1,494,980</u>	<u>-</u>

Gross rentals receivable in the period in respect of finance leases were £1,961,493 (year ended 31 December 2009 £nil)

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 21 October 2010**

**4. ADMINISTRATIVE EXPENSES**

Administrative expenses include £4,071 (year ended 31 December 2009 £nil) in respect of group management charges payable to a parent undertaking. The Company had no employees during the period. None of the directors that served during the period received any emoluments in respect of their services to the Company.

Auditor's remuneration for the period ended 21 October 2010 for services to the Company were borne by Commerzbank AG London Branch (year ended 31 December 2009 Royal Bank Leasing Limited). The audit fee applicable in respect of this Company's financial statements was £19,500 (year ended 31 December 2009 £564). No amounts were receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements.

**5. TAXATION CHARGE / (CREDIT)**

	<b>Period from 1 Jan 10 to 21 Oct 10 £</b>	<b>Year to 31 Dec 09 £</b>
<b>Current tax income</b>		
Group relief payable/(receivable)	132,554	(73)
<b>Deferred tax expense</b>		
Relating to origination and reversal of temporary differences	96,865	-
<b>Tax expense/(income) reported in the statement of comprehensive income</b>	<b>229,419</b>	<b>(73)</b>

**Reconciliation of corporation tax income to accounting profit**

The effective rate of tax for the period differs from the standard rate of corporation tax in the UK for the period ended 21 October 2010 of 28% (year to 31 December 2009 28%) being the country where the Company generates substantially all its profits. The differences are explained below.

	<b>Period from 1 Jan 10 to 21 Oct 10 £</b>	<b>Year to 31 Dec 09 £</b>
Profit / (loss) before tax	853,429	(262)
Tax calculated at a rate of 28% (2009 28%)	238,960	(73)
Temporary difference not recognised for deferred tax	1,300	-
Impact of rate change from 28% to 27%	(10,841)	-
<b>Tax charge / (credit)</b>	<b>229,419</b>	<b>(73)</b>

**6. DIVIDENDS**

During the period the Company paid an interim dividend of £165,000 (year to 31 December 2009 £Nil), equating to £1,650 per ordinary share.

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 21 October 2010**

**7. FINANCE LEASES**

	<i>Gross investment in the lease</i>		<i>Present value of minimum lease payments</i>	
	21 Oct 10	31 Dec 09	21 Oct 10	31 Dec 09
	£	£	£	£
Less than one year	8,254,178	-	7,669,679	-
More than 1 year but less than 5 years	33,966,315	-	21,187,389	-
Later than five years	71,932,421	-	24,988,567	-
	114,152,914	-	53,845,635	-
Less				
Unearned finance income	(60,307,279)	-		
Net investment in finance leases	53,845,635	-	53,845,635	
Non-current			46,175,956	-
Current			7,669,679	-
			53,845,635	-

On 26 July 2010 two finance leases were transferred from a fellow subsidiary, Royal Bank of Scotland Industrial Leasing Limited for consideration of £50,434,396

The Company's finance leasing arrangements are for water utility assets. The remaining average term of the finance leases entered into is 7 years. Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £nil (2009 £nil). The interest rate inherent in the leases is determined at the contract date for all the lease term. The average effective interest rate contracted approximates 17.9% (2009 nil%) p.a.

The fair value of the finance lease receivables at the period end was £61,507,635. This value is based upon the Company's post period end disposal (see Note 15) of the lease receivables to Commerzbank AG London Branch, which is considered by the directors to have been priced on an arms length basis, due to the fact it followed shortly after the purchase of the Company from Royal Bank Leasing Limited.

**8. AMOUNTS DUE TO GROUP UNDERTAKINGS**

	21 Oct 10	31 Dec 09
	£	£
Other payables	-	1
Loan due to Commerzbank AG London Branch	51,389,208	-
Loan due to Royal Bank Leasing Limited	-	24,661
	51,389,208	24,662

The loan amount due to Commerzbank AG London Branch includes a premium received from Commerzbank AG London Branch of £8,172,505 for entering into a fixed rate loan on 21 October 2010, with this amount offset by an amount of £8,172,505 paid to Royal Bank Leasing Limited on the same day, as a break cost in respect of repaying the previous funding loan.

The effective rate of interest on the loan is 5.4% (2009 0.2%). At the period end the fair value of the loan was £59,561,713 (2009 £24,661). This value is based upon the Company's post period end cost of breaking the loan following the disposal of lease receivables to Commerzbank AG London Branch. This is considered by the directors to have been priced on an arms length basis.

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 21 October 2010**

**9. DEFERRED TAX LIABILITIES**

The movement in the deferred tax account is as follows

	£
At 1 January 2009 and 1 January 2010	-
Charge to statement of comprehensive income	96,865
At 21 October 2010	<u>96,865</u>

All amounts shown above are in relation to accelerated capital allowances on finance lease receivables, with all amounts released in full following the period end, following the sale of the Company's entire leasing business to Commerzbank AG London Branch

**10. ISSUED SHARE CAPITAL**

	21 Oct 10 No.	31 Dec 10 No.	21 Oct 10 £	31 Dec 10 £
<b>Issued and fully paid</b>				
Deferred shares of £1 each	2	2	2	2
Ordinary shares of US\$1 each	100	100	70	70
			<u>72</u>	<u>72</u>
<b>Authorised</b>				
Deferred shares of £1 each	100	100	100	100
Ordinary shares of US\$1 each	1,000	1,000	700	700
			<u>800</u>	<u>800</u>

The Company has one class of ordinary voting shares and one class of deferred shares, neither of which carry any right to fixed income

**11. NOTE TO THE CASH FLOW STATEMENT**

	Period from 1 Jan 10 to 21 Oct 10 £	Year to 31 Dec 09 £
Profit / (loss) before tax	853,429	(262)
Adjustments for		
Interest expense	637,497	25
Increase in receivables	(2,317,765)	-
Increase in payables	822,785	-
Cash used in operations	<u>(4,054)</u>	<u>(237)</u>

**12. RELATED PARTY TRANSACTIONS**

Particulars of transactions, arrangements and agreements involving related parties are disclosed elsewhere within the financial statements

**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 21 October 2010**

**13. RISK MANAGEMENT**

As a result of its normal business activities, the Company was exposed to a variety of risks, the most significant of which were credit risk, interest rate risk and liquidity risk. Prior to 21 October 2010, the Company managed its risk in line with the central risk management function of The Royal Bank of Scotland Group plc.

Since 21 October 2010, the business activities have fallen under the scope of the Global Risk Management function of Commerzbank AG who provide regular reports on specific risks affecting the business activities. The risks facing the Company have been mitigated by the transfer of the Company's business activities to Commerzbank AG London Branch on 22 October 2010.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to avoid cash flow interest rate risk. This is achieved by matching the maturity of the lease and its associated loan finance and fixing the cost of borrowing at the inception of the lease when the effective interest rate in the lease is determined.

**Credit risk**

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of counterparties to meet their financial obligations to the Company as and when they fall due. Credit risk was managed through the Royal Bank of Scotland plc Group Credit Risk Management Framework to enable the Group to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a Group basis. The Framework encompasses credit risk assessment prior to the approval of any credit exposure, and the control and monitoring of these exposures against approved limits.

Under its finance lease agreements with lessees the Company retains ownership rights on the leased assets, which collateralises the amounts receivable under the finance lease agreements. At the balance sheet date the Company assesses if there is objective evidence that the finance lease receivables have become impaired. The directors' assessment at 21 October 2010 was that there was no evidence of impairment. The maximum exposure to loss is considered to be the balance sheet carrying amount of finance leases as at 21 October 2010, as detailed in note 7 above, where those amounts are neither past due nor impaired.

**Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company minimises currency risk by ensuring its leases and associated financing are in the same currency.

**Liquidity risk**

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can only secure them at excessive cost. Any maturity mismatch within the overall long term structure of the Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short term maturity structure of the Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise.

**Capital management**

The Company was a member of a group with regulatory disciplines over the use of its capital. Although the Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity shown in the balance sheet.



**COMMERZBANK LEASING DECEMBER (22) LIMITED**  
**(Formerly RBSSAF (18) Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 21 October 2010**

**14. CONTINGENT LIABILITIES**

There were no contingent liabilities at 21 October 2010 (year ended 31 December 2009 £nil)

**15. SUBSEQUENT EVENTS**

On 22 October 2010, the entire leasing business carried on by the Company was acquired by Commerzbank AG London Branch as a going concern for consideration of £59,591,377, on terms contained in a Deed of Assignment and Assumption. A gain of £7,662,000 resulted, substantially compensating the Company for break costs incurred on the repayment of the funding loans.

**16. ULTIMATE PARENT UNDERTAKING**

Prior to 21 October 2010, the ultimate parent undertaking and the largest group of undertakings for which consolidated financial statements are drawn up and of which the Company was a member was The Royal Bank of Scotland Group plc, a company registered in Scotland. The parent undertaking of the smallest such group was The Royal Bank of Scotland plc, a company registered in Scotland. The immediate parent undertaking was Royal Bank Leasing Limited.

Copies of the consolidated financial statements of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

The ultimate controlling party of The Royal Bank of Scotland Group plc is the UK Government through HM Treasury. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government.

Since 21 October 2010, Commerzbank Leasing Holdings Limited, a company incorporated in England & Wales, became the immediate parent undertaking of the Company. Commerzbank AG, a company incorporated in Germany under German law, became the ultimate parent undertaking and controlling party and the only group in which the results of the Company are consolidated. Financial statements of Commerzbank AG are available from Commerzbank AG, Investor Relations, Kaiserplatz, D-60261 Frankfurt am Main, Germany.