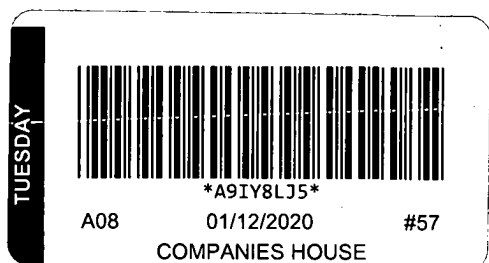

DEUTSCHE HOLDINGS NO.4 LIMITED

Company number: 06315183

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019



DEUTSCHE HOLDINGS NO.4 LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2019

The Directors of Deutsche Holdings No.4 Limited ("the Company") present their annual report and audited financial statements for the year ended 31 December 2019. 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 the Companies Act 2006.

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" for the purpose of these financial statements.

Results and dividends

The result of the Company for the year ended 31 December 2019 shows a post-tax profit of £2,387,427 (2018: post-tax loss of £13,061,017).

The Company had previously issued an indemnity to the new owners of Abbey Life Assurance Company Limited. At 31 December 2018, the Company had a provision of £20,213,656 in respect of this indemnity contract, specifically relating to an ongoing review of historic annuity sales. During 2019, the Company accrued additional costs of £610,393. The payable under the indemnity was settled in full prior to the year end for £15,183,446. This has led to a release of provision in the financial statements of £2,140,602 after internal recharges.

Events after the balance sheet date

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. The impact of COVID-19 is expected to continue on the global economy for the coming months with likely adverse effects on the operations and financial position of businesses. The Directors do not consider there to be a material impact on the operations and financial position of the Company. The Company has and continues to assess material risks and their implications to the business operations as a result of the global spread of COVID-19. As this is an evolving situation, emerging risks are reviewed and actively managed accordingly as they arise.

This is a non-adjusting event and an estimate of the financial effect cannot be made at the date of approving these financial statements as the situation remains a rapidly evolving one.

Future outlook

On 31 January 2020, the United Kingdom ("UK") formally left the European Union ("EU") ("Brexit"), by reaching an agreement with the EU. UK is now in the transition period which is due to end on 31 December 2020. 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 will have any impact on the Company given that the Company does not have any balances that are external to the Group.

The global spread of COVID-19 has resulted in governments taking varied actions towards stemming its spread and also bolstering economies. Consequently, the global economy has seen a slowdown of economic activity in many sectors and increased volatility in the financial markets including the UK. Since the Company does not have any trading operations, COVID-19 is not expected to have any significant impact on the business. The Company is closely monitoring the spread of COVID-19, the actions and reactions of Governments and the potential effects it will have on its business.

The Directors have taken the decision to liquidate the Company however the exact timing when this will materialise is not certain yet. This does not have any effect on the financial statements as all balances are expected to be settled at carrying value.

Principal risks and uncertainties

The risks in the Company are managed within the risk and control functions of the Group.

The Directors acknowledge their responsibility for the overall management of the risks faced by the Company.

Directors

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

P. Anderson
A. Levy (appointed 24 July 2020)
B. Walker

Company secretary

A.W. Bartlett

DIRECTORS' REPORT (continued)
For the year ended 31 December 2019

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

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

Company law requires the Directors to prepare 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; and
- 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 (as explained in Note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 the 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.

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.

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.

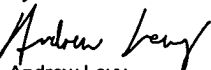
Auditor

During the year 2020 KPMG LLP will resign as Auditor of the Company, satisfying the European and national regulation requiring the auditors' rotation. Ernst & Young will be recommended by the Directors, at the next board meeting, as external Auditors for the financial year 2020.

Small companies exemption

The Company has taken advantage of the small companies exemption and has not prepared a strategic report nor included a business review within the Directors' report.

By order of the Board of



Andrew Levy
Director

Registered office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Dated: 5/11/20

Company number: 06315183

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEUTSCHE HOLDINGS NO.4 LIMITED
For the year ended 31 December 2019

Opinion

We have audited the financial statements of Deutsche Holdings No.4 Limited ("the company") for the year ended 31 December 2019 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 2019 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*;
- 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.

Emphasis of Matter – non-going concern basis of preparation

We draw attention to the disclosure made in Note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

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 those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

We have nothing to report in these respects.

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 2, 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 (as explained in Note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEUTSCHE HOLDINGS NO.4 LIMITED
For the year ended 31 December 2019

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.

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: 23 November 2020

DEUTSCHE HOLDINGS NO.4 LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019 £	2018 £
Other operating income		2,140,602	-
Other operating charges	3	(619,805)	(13,854,510)
Interest receivable and similar income from group undertakings	4	1,067,707	979,621
PROFIT/(LOSS) BEFORE TAXATION		2,588,504	(12,874,889)
Tax charge on profit/(loss)	5	(201,077)	(186,128)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,387,427	(13,061,017)

The profit/(loss) for the year has arisen from continuing operations.

The notes on pages 9 to 12 form part of these financial statements.

DEUTSCHE HOLDINGS NO.4 LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the year ended 31 December 2019

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Profit/(loss) for the financial year	2,387,427	(13,061,017)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR	2,387,427	(13,061,017)

The comprehensive income/(loss) for the year has arisen from continuing operations.

The notes on pages 9 to 12 form part of these financial statements.

DEUTSCHE HOLDINGS NO.4 LIMITED

BALANCE SHEET

As at 31 December 2019

	Note	2019 £	2018 £
CURRENT ASSETS			
Amounts owed by group undertakings	6	100,511,493	115,000,000
Prepayments and accrued income		6,774	12,855
Cash at bank and in hand	7	5,374,853	5,005,415
		105,893,120	120,018,270
CREDITORS: Amounts falling due within one year			
Other creditors including taxation and social security	8	(3,887,207)	(20,399,784)
		(3,887,207)	(20,399,784)
NET ASSETS		102,005,913	99,618,486
CAPITAL AND RESERVES			
Called up share capital	9	100,013,440	100,013,440
Profit and loss account		1,992,473	(394,954)
SHAREHOLDER'S FUNDS		102,005,913	99,618,486

The notes on pages 9 to 12 form part of these financial statements.

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



Director

ANDREW LEVY

Dated: 5/11/20

Company number: 06315183

DEUTSCHE HOLDINGS NO.4 LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	<u>Called Up</u> <u>Share Capital</u>	<u>Profit and Loss</u> <u>Account</u>	<u>Total</u>
	£	£	£
Balance at 1 January 2019	100,013,440	(394,954)	99,618,486
Profit for the financial year	-	2,387,427	2,387,427
Balance at 31 December 2019	100,013,440	1,992,473	102,005,913

For the year ended 31 December 2018

	<u>Called Up</u> <u>Share Capital</u>	<u>Profit and Loss Account</u>	<u>Total</u>
	£	£	£
Balance at 1 January 2018	100,013,440	12,666,063	112,679,503
Loss for the financial year	-	(13,061,017)	(13,061,017)
Balance at 31 December 2018	100,013,440	(394,954)	99,618,486

The notes on pages 9 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 the 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

- A cash flow statement and related notes;
- 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.

In previous years, the financial statements have been prepared on a going concern basis. However, the Directors have taken the decision to liquidate the Company. Accordingly the Directors have not prepared the financial statements on a going concern basis. There is no effect on the financial statements as all balances are expected to be settled at carrying value.

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 Finance No.2 Limited, a company registered in Cayman Islands, 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 International Financial Reporting Standards. 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) Changes in accounting policy

There were no amendments to the accounting standards that are effective for the year ended 31 December 2019 that would have a material impact to the Company.

(b) Basis of measurement

The financial statements have been prepared on a break-up basis. This means assets and liabilities are carried in the accounts at expected realisable amounts.

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

(c) Interest receivable and similar income and interest payable and similar expenses to/from group undertakings

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1 ACCOUNTING POLICIES (continued)

(d) Current and deferred taxation

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

(e) 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.

(f) Dividends

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

Dividends to the Company's shareholder are recognised when the dividends are approved for payment.

(g) 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 critical accounting estimate of the Company has historically related to the potential outflow under the Deed of Indemnity with Phoenix. This has now been early terminated with full and final settlement being paid during the period. Refer to note 8.

2 ADMINISTRATIVE EXPENSES

The Company has no employees. The staff 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 (2018: £nil).

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

	<u>2019</u>	<u>2018</u>
	£	£
Audit of these financial statements	14,667	14,417
	<u>14,667</u>	<u>14,417</u>

3 OTHER OPERATING CHARGES

	<u>2019</u>	<u>2018</u>
	£	£
Indemnity costs	(610,393)	(13,854,510)
Professional fees	(9,412)	-
	<u>(619,805)</u>	<u>(13,854,510)</u>

During the year, the Company accrued additional costs of £610,393. The payable under the indemnity was settled in full prior to the year end for £15,183,446. Refer to note 8.

DEUTSCHE HOLDINGS NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

4 INTEREST RECEIVABLE AND SIMILAR INCOME FROM GROUP UNDERTAKINGS

	<u>2019</u> £	<u>2018</u> £
Interest income on deposits	1,067,707	979,621
	<u>1,067,707</u>	<u>979,621</u>

5 TAX CHARGE ON PROFIT/(LOSS)

(a) Analysis of tax on profit/(loss)

	<u>2019</u> £	<u>2018</u> £
<i>Current taxation</i>		
Group relief charge for the year	(201,077)	(186,128)
Total tax charge on loss	<u>(201,077)</u>	<u>(186,128)</u>

The standard rate of tax for the year, based on the UK standard rates of corporation tax is 19% (2018 : 19%). 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>2019</u> £	<u>2018</u> £
Pre-tax profit/(loss)	2,588,504	(12,874,889)
Tax on loss at standard rate (2019: 19%, 2018: 19%)	(491,816)	2,446,229
Tax adjustments for non-taxable items:		
Indemnity Costs	(115,975)	(2,632,357)
Income from release of provision	406,714	-
Total current tax charge	<u>(201,077)</u>	<u>(186,128)</u>

The Finance Bill 2016, which announced a reduction in the UK corporation tax rate to 17% by 2020, was substantively enacted on 6 September 2016 and is the rate at the Balance Sheet date. The Government has utilised the Provisional Collection of Taxes Act 1968 to maintain the main corporation tax rate at 19%. Substantive enactment of the 19% tax rate occurred on 17 March 2020 and therefore the Company's future tax rate remains unchanged.

6 AMOUNTS OWED BY GROUP UNDERTAKINGS

	<u>2019</u> £	<u>2018</u> £
Interest earning deposits	100,511,493	115,000,000
	<u>100,511,493</u>	<u>115,000,000</u>

Interest earning deposits relate to GBP placement with DB AG, London Branch which is rolled every quarter.

DEUTSCHE HOLDINGS NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7 CASH AT BANK AND IN HAND

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Cash at bank held with group undertakings	5,374,853	5,005,415
	<u>5,374,853</u>	<u>5,005,415</u>

8 OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Current tax liabilities	(387,207)	(186,128)
Provision for indemnity contract	(3,500,000)	(20,213,656)
	<u>(3,887,207)</u>	<u>(20,399,784)</u>

The indemnity provision covered potential redress payments and the associated operational costs payable under the Deed of Indemnity with Phoenix Life. This contract was early terminated during 2019 and all liabilities were fully settled. During the period, the Directors engaged with DB AG, London Branch to act as advisor in order to protect the interests of the Company during settlement discussions. The fees for this service were paid after the Balance Sheet date.

9 CALLED UP SHARE CAPITAL

	<u>2019</u>	<u>2018</u>
	<u>No. of Shares</u>	<u>No. of Shares</u>
Allotted, called up and fully paid:		
Ordinary voting shares of £0.102 each	50,000,000	50,000,000
Ordinary 'B' non-voting shares of £0.102 each	930,523,922	930,523,922
	<u>980,523,922</u>	<u>980,523,922</u>
	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Allotted, called up and fully paid:		
Ordinary voting shares of £0.102 each	5,100,000	5,100,000
Ordinary 'B' non-voting shares of £0.102 each	94,913,440	94,913,440
	<u>100,013,440</u>	<u>100,013,440</u>

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

10 EVENTS AFTER THE BALANCE SHEET DATE

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. The impact of COVID-19 is expected to continue on the global economy for the coming months with likely adverse effects on the operations and financial position of businesses. The Directors do not consider there to be a material impact on the operations and financial position of the Company. The Company has and continues to assess material risks and their implications to the business operations as a result of the global spread of COVID-19. As this is an evolving situation, emerging risks are reviewed and actively managed accordingly as they arise.

This is a non-adjusting event and an estimate of the financial effect cannot be made at the date of approving these financial statements as the situation remains a rapidly evolving one.