dbInvestor Solutions 2 plc

Directors' report and financial statements

For the year ended 30 June 2016

Registered number 539687

dbInvestor Solutions 2 plc

Contents

dbInvestor Solutions 2 plc

Directors and other information

Directors	Niall O'Carroll (Irish)	
	Rhys Owens (Irish)	Resignation 14 March 2016
	Bronagh Hardiman (Irish)	Appointment 14 March 2016
	Turlough Galvin (Irish)	Resignation 11 October 2016
	Brian Brady (Irish)	Appointment 11 October 2016
Registered office	6th Floor, Pinnacle 2 Eastpoint Business Park Dublin 3, Ireland	
Trustee	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom	
Administrator & Company Secretary	Deutsche International Corporate Services (Ireland) Limited 6th Floor, Pinnacle 2 Eastpoint Business Park Dublin 3, Ireland	
Independent auditor	KPMG Chartered Accountants, Statutory Audit Firm 1 Harbourmaster Place International Finance Services Centre, Dublin 1, Ireland	
Arranger	Deutsche Bank AG, London Branch PO Box 441 6 Bishopsgate London EC2P 2AT United Kingdom	
Custodian	Deutsche Bank AG, London Branch PO Box 441 6 Bishopsgate London EC2P 2AT United Kingdom	
Banker	Bank of Ireland La Touche House Custom House Dock, IFSC Dublin, Ireland	

Listing Agents	Luxembourg Listing Agent Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-115 Luxembourg
	Irish / Vienna / Cayman Listing Agent Deutsche Bank AG, London Branch PO Box 441 6 Bishopsgate London EC2P 2AT United Kingdom
Solicitor	Matheson 70 Sir John Rogerson's Quay Dublin 2, Ireland
Swap Counterparty	Deutsche Bank AG, London Branch PO Box 441 6 Bishopsgate London EC2P 2AT United Kingdom

dbInvestor Solutions 2 plc

Directors' Report

The Directors present the annual report and audited financial statements of dbInvestor Solutions 2 plc (the "Company") for the year ended 30 June 2016.

Principal activities, business review and future developments
The Company was set up in 17 February 2014 to issue multiple series of debt securities under the Companies Act 2014 as a public limited company with the intention of, inter alia, carrying on the business of a securitisation company to include all activities ancillary thereto.

Each series is governed by a separate prospectus. Each series consists of investment in collateral from the proceeds of the issuance of debt securities. The prospectus offers investors the opportunity to invest in a portfolio of investments, the "investment securities" and alter the interest rate risk and credit risk profile of the portfolio through the use of derivative financial instruments.

Each series of debt securities issued is secured as set out in the terms and conditions of the debt securities issued including a first fixed charge over certain collateral as set out in the relevant Supplemental Programme Memorandum (SPM) and a first fixed charge over funds held by the Agents under the Agency Agreement (each as defined in the terms and conditions of the debt securities issued). Refer to note 22 (d) for the profile of debt securities issued. Each series may also be secured by an assignment of the Company's rights under a Swap Agreement and/or Option Agreement and/or Repurchase Agreement and/or Credit Support Document (each as defined in the terms and conditions of the debt securities issued) and any additional security as may be described in the relevant Supplemental Programme Memorandum (together the "Mortgaged Property"). For details about the assets held by the Company refer to note 7. The Company's obligation to the holders of debt securities of a particular series is limited to the net proceeds upon realisation of the collateral of that series. Refer to note 4 (b) (ii) on details on liquidity risk.

The Company has entered into asset swaps for each series of debt securities issued to eliminate the mismatch between the amount payable in respect of those debt securities issued and the return from the investment securities held by the Company as collateral. The swap counterparty provides a return that replicates the return due to the holders of the debt securities and also reimburses all the expenses related to the series.

The credit risk of the investment securities is borne by the Company's holders of debt securities issued as outlined in the Prospectus of each individual series. Refer to note 4 (b) (i) and 22 (a) for further details about how the Company manages credit risk.

For every new issuance of debt securities, Deutsche Bank AG, London Branch (DB), as arranger, transfers to the Company an amount of EUR 500 as corporate benefit (income). This income is taxable under Irish law at a current rate of 25% and the net amount is retained as the profit for the year.

As arranger, DB also agreed to reimburse the Company against any costs, fees, expenses or out-goings incurred. DB is also the swap counterparty for all series where derivatives are held. Refer to note 6 for details of series which hold derivatives.

Principal activities, business review and future developments (continued)
The Company made a net gain on investment securities of EUR 3,529k for the year (2015: EUR 625k) and a net gain on derivative financial instruments of EUR 450k (2015: EUR 824k).

Due to the limited recourse nature of the debt securities issued and as the return on those issued securities is directly linked to the performance of the investment securities and derivative financial instruments, the Company made a corresponding loss on debt securities issued of EUR 3,979k (2015: EUR 1,449k) for the year resulting in a net profit of EUR 1k for the year ended 30 June 2016 (2015: EUR 3k). Refer to notes 13, 14 and 15 of the financial statements for further information.

As at 30 June 2016, the fair value of the Company's total debt securities issued was EUR 88,697k (2015: EUR 76,394k). The Company issued series 9 with nominal amount of EUR 8,995k during the year (2015: Series 1, 3, 4, 5, 6, 7 and 8).

No series have matured nor redeemed during the year (2015: Series 1 partially redeemed).

The following series are currently in issue as at year end date: Series 1, 3, 4, 5, 6, 7, 8 and 9.

Series 2 has never been issued.

Results and dividends for the year
The results for the year are set out on page 14. The Directors do not recommend the payment of a dividend for the year under review.

Changes in directors during the year
The name of the persons who were Directors during the year are set out below. Except where indicated, they served as Directors for the entire year:

Mr. Niall O'Carroll	
Mr. Rhys Owens	Resignation 14 March 2016
Ms. Bronagh Hardiman	Appointment 14 March 2016
Mr. Turlough Galvin	Resignation 11 October 2016
Mr. Brian Brady	Appointment 11 October 2016

Risks and uncertainties
The principal risks and uncertainties facing the Company relate to the debt securities issued, the investment securities and derivative financial instruments held by the Company The principal financial risks and uncertainties facing the Company (other than operational risk) and the risk management framework in place to deal with these risks are explained in note 4 and 22 of the financial statements.

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

Directors, secretary and their interests
The Directors and secretary who held office on 30 June 2016 did not hold any beneficial interest in the shares of the Company at that date, or during the year. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act 2014, at anytime during the year.

Subsequent events
Since the end of the reporting period the Company has not issued any new series of debt securities, no maturities and no repurchases have been made after the year end.

Turlough Galvin resigned and Brian Brady was appointed as Director effective 11 October 2016.

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

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing Deutsche International Corporate Services (Ireland) Limited (the "Administrator") to maintain the accounting records of the Company independently of the Company and the Trustee. The Administrator is contractually obliged to maintain proper accounting records and to that end performs reconciliations of its records to those of the Arranger and the Trustee.

The Administrator is also contractually obliged to prepare the annual report including financial statements for review and approval by the Board. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditor's performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and reports to the Board.

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

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

Annual Corporate governance statement (continued)
The Board delegates the asset valuation function to Deutsche Bank AG, London Branch (the "Swap Counterparty") who operates a sophisticated system of controls to ensure appropriate valuation of the assets. All the values for the financial instruments held by the Company have been provided by the Swap Counterparty. In our opinion, Deutsche Bank AG, London Branch is the most appropriate and reliable source of such fair values in its capacity as the Swap Counterparty. We are satisfied that the amounts as stated in the Company's financial statements represent a reasonable approximation of those values.

The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

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

No individual, including any individual Director has any special rights of control over the Company's share capital, including issuance or buying back of the Company's shares. However collectively as a board, the Directors of the Company have authority to issue or buy back shares of the Company.

There are no restrictions on voting rights.

Appointment and replacement of directors and amendments in the Articles of Association
With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of Directors
The Board is responsible for managing the business affairs of the Company with the Articles of Association. The Directors may delegate certain functions to the administrator and other parties subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the administrator as stated above.

Transfer of shares
The instrument of transfer of any share shall be executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register in respect thereof. If the Directors refuse to register a transfer, they shall, within two months after the date on which the transfer was lodged by the Company, send to the transferee notice of the refusal.

Credit events
There have been no credit events during the year.

Audit committee
The sole business of the Company relates to the issuing of asset-backed securities. It also enters into certain derivatives to hedge out interest rate and currency risk exposures arising between asset and liability mismatches. Refer to note 6 for the derivative financial instruments entered by the Company.

Under Section 115 (10) of SI 312/2016 (the EU Audit Directive), such a Company may avail itself of an exemption from the requirements to establish an audit committee.

Given the contractual obligations of the administrator and the limited recourse nature of the securities issued by the Company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee in order for the board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. Accordingly, the Company has availed itself of the exemption under paragraph 10(c) of the Regulations.

Accounting records
The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by engaging a service provider who employs accounting personnel with the appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at 6th Floor, Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland.

Directors' compliance statement
The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014, the Market Abuse Directive 2003/6/EC) Regulations 2005, the Prospectus (Directive 2003/71/EC) Regulations 2005, the Transparency (Directive 2004/109EC) Regulations 2007, and Tax laws ('relevant obligations'). The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;

- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and

- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Independent auditor
In accordance with Section 383(2) of the Companies Act 2014, KPMG, Chartered Accountants, will continue in office.

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

- so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- the Directors have taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

On behalf of the Board

Bronagh Hardiman

Bronagh Hardiman
Director

Brian Brady
Director

Date: 27 OCTOBER 2016

dbInvestor Solutions 2 plc

Statement of Directors' responsibilities in respect of Directors' report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and applicable law.

Under company law the Directors must not approve the Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for the financial year. In preparing each of the Company financial statements, the Directors are required to:

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

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (the "Transparency Regulations"), to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. 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 are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Responsibility Statement, in accordance with the Transparency Regulations

Each of the Directors, whose names and functions are listed on page 1 of these Financial Statements confirm that, to the best of each person's knowledge and belief;

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Company at 30 June 2016 and its result for the year then ended; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Bronagh Hardiman
Director

Brian Brady
Director

Date: 27 OCTOBER 2016

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditor's report to the members of dbInvestor Solutions 2 plc

We have audited the financial statements of dbInvestor Solutions 2 plc (the "Company") for the year ended 30 June 2016 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union. Our audit was conducted in accordance with International Standards on Auditing (UK and Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements is consistent with the financial statements.

In addition we report, in relation to information given in the Corporate Governance Statement on pages 5 to 7, that:

- based on knowledge and understanding of the Company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention; and
- based on the work undertaken in the course of our audit, in our opinion:
  - the description of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and specified by the Companies Act 2014 for our consideration; are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014; and

- the Corporate Governance Statement contains the information required by the Companies Act 2014.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

KPMG

Independent Auditor's report to the members of dbInvestor Solutions 2 plc
(continued)

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's 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.

Colm Clifford
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

Date: 27 October 2016

dbInvestor Solutions 2 plc

Statement of Financial Position
As at 30 June 2016

	Note	2016 €'000	2015 €'000
Assets			
Cash and cash equivalents	5	36	37
Investment securities at fair value through profit or loss	7	103,979	93,701
Other assets	8	1,457	504
Total assets		105,472	94,242
Liabilities			
Derivative liabilities	6	16,674	17,746
Debt securities issued at fair value through profit or loss	9	88,697	76,394
Other liabilities	10	59	61
Total liabilities		105,430	94,201
Capital and reserves			
Share capital	11	38	38
Retained earnings		4	3
Total equity		42	41
Total liabilities and equity		105,472	94,242

On behalf of the Board

Bronagh Hardiman

Bronagh Hardiman
Director

Brian Brady
Director

Date: 27 OCTOBER 2016

The notes on pages 17 to 61 form an integral part of these financial statements.

dbInvestor Solutions 2 plc

Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 €'000	17 February 2014 to 30 June 2015 €'000
Net gain from investment securities	13	3,529	625
Net gain from derivative financial instruments	14	450	824
Net loss on debt securities issued	15	(3,979)	(1,449)
Operating income		-	-
Other income	16	109	95
Other expenses	17	(108)	(91)
Profit before taxation		**1**	**4**
Income tax expense	18	-	(1)
Result for the year		**1**	**3**
Other comprehensive income		-	-
Total comprehensive income for the year		**1**	**3**

All items dealt with in arriving at the above profit for the year ended 30 June 2016 relates to continuing operations.

The notes on pages 17 to 61 form an integral part of these financial statements.

dbInvestor Solutions 2 plc

Statement of Cash Flows
For the year ended 30 June 2016

		2016 €'000	17 February 2014 to 30 June 2015 €'000
Cash flows from operating activities			
Profit after taxation	18	1	4
Adjustments for:			
Coupon income	13	(2,833)	(858)
Coupon expense	15	128	772
Derivative income	14	1,753	(790)
Net unrealised (gain) / loss on investment securities	13	(696)	1,290
Net unrealised loss / (gain) on debt securities issued	15	3,851	(792)
Net unrealised gain on derivative financial instruments	14	(2,203)	(79)
Net realised gain on investment securities	13	-	(1,057)
Net realised loss on debt securities issued	15	-	1,469
Net unrealised loss on derivative financial instruments	14	-	45
Changes in:			
Other receivables		-	(64)
Other liabilities		(2)	61
Cash (used in) / generated from operating activities		**(1)**	**1**
Interest paid		(128)	(772)
Net cash used in operating activities		**(129)**	(771)
Cash flows from investing activities			
Payments on acquisition of investment securities		(8,995)	(98,339)
Proceeds from disposal of investment securities		-	12,000
Net (payment) / receipt in respect of derivative financial instruments		(1,752)	390
Interest received		1,880	418
Net cash used in investing activities		**(8,867)**	**(85,531)**
Cash flows from financing activities			
Proceeds from issuance of debt securitites		8,995	98,339
Payment on redemption of debt securities		-	(12,000)
Net cash from financing activities		**8,995**	**86,339**
Net (decrease) / increase in cash and cash equivalents		(1)	37
Cash and cash equivalents as at beginning of year		37	-
Cash and cash equivalents as at end of year		**36**	**37**

The notes on pages 17 to 61 form an integral part of these financial statements.

dbInvestor Solutions 2 plc

Statement of Changes in Equity
For the year ended 30 June 2016

	Share capital €'000	Retained earnings €'000	Total €'000
Balance as at 17 February 2014	**-**	**-**	**-**
Issuance during the period	38	-	38
Profit for the period	-	3	3
Balance as at 30 June 2015	**38**	**3**	**41**
Profit for the year	-	1	1
Balance as at 30 June 2016	**38**	**4**	**42**

The notes on pages 17 to 61 form an integral part of these financial statements.

1 General information

dbInvestor Solutions 2 plc (the "Company") was incorporated on 17 February 2014 in the Republic of Ireland with registered number 539687. The registered office of the Company is 6th Floor, Pinnacle 2 Eastpoint Business Park Dublin 3, Ireland.

The Company is a special purpose vehicle that has been established to issue debt securities under a Multi-issuance note programme.

The programme offers investors the opportunity to invest in a portfolio of investments, (the "investment securities") and alter the interest rate risk and credit risk profile of the investment portfolio through the use of derivative instruments.

The Company has no direct employees.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the EU and in accordance with the Companies Act 2014.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, the comparative information for 2015 presented in these financial statements has been prepared on a consistent basis.

These financial statements have been prepared on a going concern basis.

(b) Changes in accounting policies

There were no changes in accounting policies which would have a financial impact on the Company's financial statements during the year.

(c) New standards, amendments or interpretations

(i) New standards adopted during the year

Annual Improvements to IFRSs 2011-2013 Cycle (applicable 01 January 2015)

IFRS 13 Fair Value Measurement - scope of paragraph 52 (portfolio exception): Disclosure Initiative: The amendment to IFRS 13 confirms that the scope of the exception for measuring the fair value of a group of financial asset and financial liabilities on a net basis (the 'portfolio exception') includes all contracts within the scope of, and accounted for, in accordance with IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.

2 Basis of preparation (continued)

(c) New standards, amendments or interpretations (continued)

(i) New standards adopted during the year (continued)

Annual Improvements to IFRSs 2010-2012 Cycle (01 February 2015)

IAS 24 Related Party Disclosure – Key management personnel: This improvement clarifies that an entity providing key management personnel (KMP) services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The reporting entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the reporting entity discloses the amounts incurred for the provision of key management personnel services that are provided by the separate management entity

(ii) Effective for annual periods beginning on or after 1 January 2016

The Directors have set out the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations and have then summarised the new requirements that may be relevant to the Company.

Description	Effective date (period beginning)*
Amendments to IAS 1: Disclosure Initiative	1 January 2016 (early adoption permitted)
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016 (early adoption permitted) **
IFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations	1 January 2016 **
IFRS 15: Revenue from contracts with customers (May 2014) including amendments to IFRS 15: Effective date (September 2015)	1 January 2018 (early adoption permitted
IFRS 9 *Financial Instruments* (July 2014)	1 January 2018 (early adoption permitted

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

** EU endorsed

The Directors have considered the new standards, amendments and interpretations as set out in the above table and have concluded that the following may be relevant to the Company. The Company does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement. The Company is still reviewing the impact of the upcoming standards.

2 Basis of preparation (continued)

(c) New standards, amendments or interpretations (continued)

(ii) Effective for annual periods beginning after 1 January 2016 (continued)

Amendments to IAS 1: Disclosure Initiatives

The amendments to IAS 1 Presentation of Financial statements address some of the concerns expressed about existing presentation and disclosure requirements and ensure that the entities are able to use judgement where applying IAS 1. The amendments relate to the following; materiality, order of the notes, subtotals, accounting policies and disaggregation.

IFRS 9 Financial Instruments (2014)

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39's Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Recognition and measurement

The recognition and measurement of financial assets under IFRS 9 is built on a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. The recognition of financial liabilities under IFRS 9 carries forward the treatment of IAS 39, except that IFRS 9 does introduce new requirements for the accounting for and presentation of changes in the fair value of an entity's own debt when the entity has chosen to measure the debt at fair value using the fair value option. IFRS 9 requires that the changes in the fair value of an entity's own credit risk should be recognised in other comprehensive income rather than the profit or loss.

Impairment

IFRS 9 requires an entity to recognise expected credit losses on financial assets measured at amortised cost and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Consequently more timely information is provided about expected credit losses.

Specifically, IFRS 9 generally requires an entity to base its measurement of expected credit losses on reasonable and supportable information that is available without undue cost or effort, and that includes historical, current and forecast information. In addition, the same impairment model is applied to all financial assets subject to impairment accounting.

2 Basis of preparation (continued)

(c) New standards, amendments or interpretations (continued)

(ii) Effective for annual periods beginning after 1 January 2016 (continued)

Hedge accounting

IFRS 9 introduces a substantial revision to hedge accounting requirements which will allow entities to better reflect their risk management activities in their financial statements. The revision was issued in a response to concerns of preparers of financial statements about the difficulty of appropriately reflecting management activities in financial statements, the changes also address concerns raised by users of the financial statements about the difficulty of understanding hedge accounting.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The impact of amendments to IAS 1 and IFRS 9 are currently under consideration by the Company.

(d) Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Investment securities designated at fair value through profit or loss are measured at fair value; and
- Debt securities issued designated at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in note 3(b).

(e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

2 Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

(i) Assumptions and estimation uncertainties - Measurement of fair values

The estimates and associated assumptions are reviewed on an ongoing basis and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 22(e).

(ii) Involvement with unconsolidated structured entities

The Company has concluded that investments in certain entities in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights are not dominant rights in deciding who controls them because they relate to administrative tasks only;
- each of the investment's activities are restricted by its prospectus; and
- the investments have narrow and well-defined objectives to provide investment opportunities to investors.

Refer to the table on note 23 for the disclosure of the nature, purpose, size and activities of the structured entity and how it is financed.

(f) Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in Euro and the debt securities issued are also primarily denominated in Euro. The directors of the Company believe that Euro most faithfully represents the economic effects of the underlying transactions, events and conditions.

Except as otherwise indicated, all financial information presented in Euro have been rounded to the nearest thousand.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficiency equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Company considers some of its investments to be investments in structured entities which are unconsolidated. See note 23 for details of these investments.

The Company accounts for its investments in structured entities as investment securities at fair value through profit or loss and recognises any gains and losses arising from changes in the fair value through profit or loss in the Statement of Comprehensive Income in the period in which they arise.

(b) Financial instruments

The financial instruments held by the Company at fair value through profit or loss include the following:

- Investment securities;
- Derivative financial instruments; and
- Debt securities issued.

Classification
A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that is classified as held-for-trading or designated as at fair value through profit or loss. Other financial instruments are carried at amortised cost.

Derivative financial instruments are carried at fair value through profit or loss. The Company has designated the investment securities as well as debt securities issued at fair value through profit or loss upon initial recognition.

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

Designation at fair value through profit or loss upon initial recognition
The Company has designated financial assets and liabilities at fair value through profit or loss if any of the following criteria are met:

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

Investment securities
Investment securities are held by the Company and these are designated at fair value through profit or loss on initial recognition because it manages these securities on a fair value basis in accordance with its documented investment strategy. Investment securities include bonds comprising of corporate and government bonds.

Derivative financial instruments
Derivative financial instruments held for risk management purposes include derivative assets and liabilities that are used to economically hedge the derivatives at each series from interest rate or market fluctuations affecting the relevant collateral assets. Such derivatives are not formally designated into a qualifying hedging relationship and therefore all changes in their fair value are recognised through profit or loss in the statement of comprehensive income.

Debt securities issued
The debt securities issued are initially measured at fair value and are designated as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch or contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract, in accordance with its documented investment strategy.

Financial assets and liabilities that are not at fair value through profit or loss
Financial assets that are not at fair value through profit or loss and are not quoted in an active market include cash at bank, deposits with credit institutions and other assets and are categorised as loans and receivables for measurement purposes.

Financial liabilities that are not at fair value through profit or loss include accrued expenses and other payables. These are categorised as financial liabilities measured at amortised cost.

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

Recognition and measurement
The Company initially recognises all financial assets and liabilities at fair value adjusted for initial direct costs in the case of instruments to be carried subsequently at amortised cost on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instruments. For financial assets and liabilities which will subsequently be carried at fair value, initial direct costs are expensed. From trade date, any gains or losses arising from changes in the fair value of the financial assets or financial liabilities being measured at fair value through profit or loss are recorded through profit or loss are recorded through profit and loss in the statement of comprehensive income.

Financial assets and financial liabilities not categorised as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method.

Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

Fair value measurement principles
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access. The fair value of a liability reflects its non-performance risk. The determination of fair values of financial assets and financial liabilities are based on quoted bid market prices or dealer price quotations for financial instruments traded in active markets, where these are available. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at bid price. For all other financial instruments fair value is determined by using valuation techniques.

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

Fair value measurement principles (continued)
If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Company uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like call options, interest rate and currency swaps.

For more complex instruments, the Company uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(c) Financial liability and equity

The financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that these conditions are not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of the ongoing remeasurement of debt securities to fair value. Any payments associated with financial instruments that are classified in equity are distributions from the net income attributable to equity holders and are recorded directly in equity.

3 Significant accounting policies (continued)

(d) Operating segments

The Company has applied IFRS 8 Operating Segments which puts emphasis on the "management approach" to reporting on operating segments.

The Company is engaged as one segment. It involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought from the market and subsequently securitised to avail of potential market opportunities and risk-return asymmetries.

Refer to note 22(a) concentration risk for the geographical segmental information of the assets.

(e) Cash and cash equivalents

Cash and cash equivalents consist of current cash held on deposit for which the original maturity is less than three months. These are subject to insignificant risk of changes in their fair value.

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

(f) Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised through profit or loss in the statement of comprehensive income and are included under net gain / (loss) from investment securities, derivative financial instruments or debt securities issued, as appropriate.

(g) Net gain from investment securities

Net gain from investment securities relates to realised income (including coupon receipts and accruals) arising on investment securities and unrealised fair value changes including foreign exchange differences arising on investment securities.

(h) Net gain from derivative financial instruments

Net gain from derivative financial instruments relates to the fair value movements on derivatives held by the Company and includes realised and unrealised fair value changes, settlements and foreign exchange differences.

3 Significant accounting policies (continued)

(i) Net finance loss on debt securities issued

Finance expense on debt securities issued relates to debt securities issued and includes financing costs (including coupon payments and accruals) realised and unrealised fair value changes and foreign exchange differences.

(j) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised through profit or loss, in other comprehensive income or directly in equity consistent with the accounting for the item to which it is related.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

(k) Other income and expenses

All other income and expenses are accounted for on an accruals basis.

(l) Share capital and dividend

Share Capital is issued in Euro. Dividends are recognised as a liability in the period in which they are approved.

4 Financial risk management

(a) Introduction and overview

The Company was set up in February 2014 to issue multiple series of debt securities, with the rating on each series independent of the other. This means that the Company can issue various series of debt securities ranging from AAA to non-rated. This gives the sponsor greater flexibility in what it can finance through this vehicle and it reduces the cost of issuing.

The Company was set up as a segregated multi issuance Special Purpose Entity. Each Series is governed by a separate Supplemental Programme Memorandum. Each Series consists of investment in collateral from the proceeds of the issuance of debt securities.

The Programme offers investors the opportunity to invest in a portfolio of investments, the "investment securities", and alter the interest rate risk and credit risk profile of the portfolio through the use of derivative financial instruments.

This ensures that if one series defaults, the holders of that series are unable to reach other assets of the issuer which might otherwise have resulted in the Company's bankruptcy and the default of the other series of debt securities. The segregation criteria include the following:

- The Company is a bankruptcy remote SPE, organized in Ireland.
- Debt securities are issued in separate series.
- Assets relating to any particular series of debt securities issued are held separate and apart from the assets relating to any other series.
- Any swap transaction entered into by the Company for a series is separate from any other swap transaction for any other series.
- For each series of debt securities, only the trustees are entitled to exercise remedies on behalf of the debt security holders.
- Each series of issued debt securities is reviewed by a recognised rating agency prior to issuance regardless of whether it is to be rated or not.

The net proceeds from the issue of the debt securities are paid to Deutsche Bank AG, London Branch (DB) as the swap counterparty to purchase a portfolio of investment securities plus any interest accrued thereon on behalf of the Company.

The Company has entered into Asset Swap Agreements with Deutsche Bank AG, London Branch, as discussed in note 6. The credit quality details of the investment securities held by the Company are disclosed in Note 4 (b) (i). During the term of the Asset Swap, the Company pays to the swap counterparty amounts equal to the interest received in respect of the collateral, and on the maturity date of the collateral, will deliver the portfolio or the proceeds of its redemption to the swap counterparty. In return, the swap counterparty will pay to the Company amounts equal to the coupon payments payable on the debt securities issued.

4 Financial risk management (continued)

(a) Introduction and overview (continued)

The swap counterparty delivers the collateral to the account of the Company and pays the Company amounts equal to the interest payable under the debt securities, and if the swap agreement has not terminated prior to the maturity date of the respective notes, a sum equal to the redemption amount payable on the debt securities.

The debt securities issued are initially recorded at fair value which equates to the proceeds received in Euro and are subsequently carried at fair value through profit or loss. The ultimate amount repaid to the holders of these debt securities will depend on the proceeds from the investment securities and any payment the swap counterparty is obliged to make under the terms of the swap agreement.

(b) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, credit, liquidity and other risks relating to the investment securities and derivative financial instruments are borne fully by the holders of debt securities issued.

The Company has exposure to the following risks from its use of financial instruments:
(i) Credit risk;
(ii) Liquidity risk; and
(iii) Market risk;

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included in note 22 to these financial statements.

(i) Credit risk

Credit risk is the risk of the financial loss to the Company if the counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises principally from the Company's investment securities and also from the derivative contracts which the Company has entered into.

The Company limits its exposure to credit risk by investing in bonds and only with counterparties that have a credit rating defined in the documentation of the relevant series.

The risk of default on these assets and on the underlying reference entities is borne by the swap counterparty and/or the holders of the debt securities as designated in the priority of payments described in the prospectus of the relevant series.

The credit quality of the Company's investment portfolio has been disclosed in note 22 (a).

4 Financial risk management (continued)

(b) Risk management framework (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Company.

The Company's obligation to the holders of debt securities of a particular series is limited to the net proceeds upon realisation of the collateral of that series, i.e. investment securities and derivatives. Should the net proceeds be insufficient to make all payment obligations in respect of a particular series of debt securities, the other assets held as collateral for remaining series of the Company are not contractually required to be made available to meet payment and the deficit is instead borne by the holders of debt securities and/or the swap counterparty according to established priority of payment on any particular payment date.

The timing and amount of proceeds from realising the collateral of each series is subject to market conditions.

There were no liquidity issues experienced by the Company or the swap counterparty in respect to meeting its obligations to holders of debt securities issued or to swap counterparty. The Company or the swap counterparty did not default on any of its contractual commitments during the year.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other price risk will affect the Company's income or the value of its holdings of financial instruments.

The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Foreign exchange risk and interest rate risk are economically hedged with the use of currency swap agreements and the asset swap agreements, respectively. Cross currency swaps are incorporated in the asset swap, where applicable.

5 Cash and cash equivalents

	2016 €'000	2015 €'000
Cash at bank	36	37
	36	37

Cash balances are held with Bank of Ireland, Dublin. The cash at bank is on demand and can be used at any time.

Refer to Note 22 (a) for credit rating for cash at bank counterparty.

6 Derivative financial instruments

Derivative liabilities	Asset swaps €'000	2016 Total €'000	Asset swaps €'000	2015 Total €'000
Two years to five years	7,613	7,613	1,907	1,907
Greater than five years	9,060	9,060	15,840	15,840
	16,674	16,674	17,746	17,746

The Company has entered into asset swaps for each series of debt securities issued to eliminate the mismatch between the amount payable in respect of those debt securities issued and the return from the investment securities held by the Company as collateral. There were no asset swaps matured nor redeemed during the year (2015: Series 1 partially redeemed).

Fair value adjustment for credit risk

The Company assessed the valuation adjustment required for credit risks associated with derivatives measured at fair value as at 30 June 2016. All derivatives were executed with Deutsche Bank AG, London Branch and a credit valuation adjustment ("CVA") was calculated to reflect the credit risk of the swap counterparty. A debit valuation adjustment ("DVA") is calculated to reflect the credit risk of the Company. As at 30 June 2016, there was no bilateral adjustment made by the Company as this is considered immaterial to the Company's statement of financial position.

7 Investment securities at fair value through profit or loss

	2016 €'000	2015 €'000
Designated at fair value through profit or loss		
Bonds	103,979	93,701
	103,979	93,701

Maturity analysis of investment securities at fair value through profit or loss

	2016 €'000	2015 €'000
Less than one year	-	-
Two to five years	48,102	9,198
Greater than five years	55,877	84,503
	103,979	93,701

The carrying value of all the above assets of the Company represents their maximum exposure to credit risk. The credit risk is eventually transferred to the swap counterparty or the holders of debt securities. The investment securities are held as collateral for debt securities issued by the Company.

Refer to Note 22(a) for credit risk disclosures relating to the investment securities.

8 Other assets

	2016 €'000	2015 €'000
Coupon income receivable from investment securities	1,393	440
Other receivables	64	64
	1,457	504

All of the above other assets are current.

9 Debt securities issued at fair value through profit or loss

	2016 €'000	2015 €'000
Designated at fair value through profit or loss	88,697	76,394
	88,697	76,394

Maturity analysis of the debt securities issued at fair value through profit or loss

	2016 €'000	2015 €'000
Less than one year	-	-
Two to five years	41,294	7,308
Greater than five years	47,403	69,086
	88,697	76,394

The Company's obligations under the debt securities issued and related derivative financial instruments as disclosed in note 6 are secured by collateral purchased as noted in Note 7. The investors' recourse per series is limited to the assets of that particular series.

In the event that accumulated losses prove not to be recoverable during the life of the debt securities issued, then the obligation to the holders of the debt securities issued by the Company will reduce to the extent of the accumulated losses.

The debt securities for series 1 and 3 are listed on Irish Stock Exchange. Debt securities for series 4, 5, 6, 7, 8 and 9 are listed on Vienna Stock Exchange and Cayman Islands Stock Exchange.

The fair value of financial liabilities designated at fair value through profit or loss as at 30 June 2016 was EUR 7,137k (2015: EUR 10,435k) less than the contractual amount at maturity. As per the prospectus of each series, the final maturity contractual amount may be adjusted for any credit events that may occur on the investment collateral.

10 Other liabilities

	2016 €'000	2015 €'000
Accrued expenses	30	31
Current tax liabilities	-	1
Other payables	29	29
	59	61

All other liabilities are current.

11 Share capital

	2016 €'000	2015 €'000
Authorised		
40,000 ordinary shares of €1 each	40	40
Issued and paid up		
38,100 ordinary shares of €1 each	38	38

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

12 Accounting categorisations and fair values of financial assets and liabilities	2016 Carrying value €'000	2016 Fair value €'000	2015 Carrying value €'000	2015 Fair value €'000
Financial assets at amortised cost				
Cash and cash equivalents	36	36	37	37
Other assets	1,457	1,457	504	504
Total financial assets at amortised cost	1,493	1,493	541	541
Financial assets designated at fair value through profit or loss				
Investment securities				
Bonds	103,979	103,979	93,701	93,701
	105,472	105,472	94,242	94,242
Financial liabilities at amortised cost				
Other liabilities	59	59	61	61
Financial liabilities designated at fair value through profit or loss				
Debt securities issued	88,697	88,697	76,394	76,394
Financial liabilities at fair value through profit or loss				
Derivative liabilities	16,674	16,674	17,746	17,746
	105,430	105,430	94,201	94,201

The financial instruments not accounted for at fair value through profit or loss are short-term financial assets and liabilities whose carrying amounts approximate their fair values.

13 Net gain from Investment securities

	2016 €'000	17 February 2014 to 30 June 2015 €'000
Net gain from investment securities designated at fair value through profit or loss :		
- Bonds	3,529	625
	3,529	625
Analysed as follows:		
Coupon income including accruals	2,833	858
Net unrealised gain / (loss) on investment securities	696	(1,290)
Net realised gain on disposal of Investment securities	-	1,057
	3,529	625

14 Net gain from derivative financial instruments

	2016 €'000	17 February 2014 to 30 June 2015 €'000
Net gain from derivative financial instruments carried at fair value through profit or loss		
- Asset swap	450	824
	450	824
Analysed as follows:		
Net coupon (payments) / receipts	(1,753)	789
Net unrealised gain on derivative financial instruments	2,203	79
Net realised loss on settlement of derivative financial instruments	-	(45)
	450	824

15 Net loss on debt securities issued

	2016 €'000	17 February 2014 to 30 June 2015 €'000
Net loss on debt securities issued at fair value through profit or loss	(3,979)	(1,449)
	(3,979)	(1,449)
Analysed as follows:		
Coupon payments including accrued expenses	(128)	(772)
Net unrealised (loss) / gain on debt securities issued	(3,851)	792
Net realised loss on redemption of debt securities issued	-	(1,469)
	(3,979)	(1,449)

16 Other income

	2016 €'000	17 February 2014 to 30 June 2015 €'000
Arranger income	108	91
Corporate benefit	1	4
	109	95

For every new issuance of Debt Securities, Deutsche Bank AG, London Branch, as arranger, transfers to the Company an amount of EUR 500 as corporate benefit (income). This income is taxable under the Irish law at a current rate of 25% and the net amount is retained as the profit for the year. As arranger, Deutsche Bank AG, London Branch also agreed, as per Service Agreement, to reimburse the Company against any costs, fees, expenses or out-goings incurred. Arranger income is the total expenses incurred by the Company during the period that is borne by Deutsche Bank AG, London Branch.

17 Other expenses

	2016 €'000	17 February 2014 to 30 June 2015 €'000
Director's fee	(17)	(10)
Audit fee	(21)	(21)
Administration fee	(69)	(60)
Others	(1)	(1)
	(108)	(92)

The Company is administered by Deutsche International Corporate Services (Ireland) Limited and has no employees.

Other operating expenses are after charging the following:

Auditors remuneration (excluding VAT)

	2016 €'000	17 February 2014 to 30 June 2015 €'000
Audit of Company financial statements	(17)	(17)
	(17)	(17)

There were no audit fees in respect of other assurance services, tax advisory services and other non audit services.

18 Income tax expense

	2016 €'000	17 February 2014 to 30 June 2015 €'000
Corporate tax	-	(1)

Factors affecting tax charge for the year

Corporation taxation has been calculated based on the results for the period and the resulting taxation charge is as follows:

Profit before tax	1	4
Current tax at standard rate of 25%	-	(1)
Current tax charge	-	(1)

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

19 Ownership of the Company

The issued shares are held in trust by MEDB Charitable Trust Limited (12,699 shares), BADB Charitable Trust Limited (12,699 shares), Eurydice Charitable Trust Limited (12,698 shares), Christian Donagh (1 share), Philip Lovegrove (1 share), Shay Lydon (1 share), Shane Hogan (1 share), together (the "Share Trustees"), each of whom own a share under the terms of a declaration of trust dated 17 February 2014, under which the relevant Share Trustee holds an issued share of the Company in trust for charity. The Share Trustees have appointed a Board of Directors to run the day-to-day activities of the Company.

The Board of Directors have considered the issue as to who is the controlling party of the Company. It has determined that the control of the day-to-day activities of the Company rests with the Board. The Board is composed of three directors, one of whom, is an employee of Deutsche International Corporate Services (Ireland) Limited, being the entity that acts as the administrator of the Company. The remaining two directors are considered to be independent of the Deutsche Bank Group.

Deutsche Bank AG, London Branch (DB), under International Financial Reporting Standards (IFRS) as adopted by the EU, has not consolidated any series as at 30 June 2016 and 30 June 2015.

20 Charges

The debt securities issued by the Company are secured by way of mortgage over the collateral purchased in respect of each of the debt securities issued, and by the assignment of a fixed first charge of the Company's rights, title and interest under the respective swap agreement for each series.

21 Transactions with related parties including administrator and arranger

Transactions with Key Management Personnel
During the year the Company paid a fee of EUR 59k (2015: EUR 16k) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited, refer to Note 17 for details. Rhys Owens,who resigned as director of the Company effective 14 March 2016, had an interest in this fee in his capacity as director of Deutsche International Corporate Services (Ireland) Ltd. Administration fees outstanding at year amounted to Nil (2015: Nil).

Professional and trustee fees of EUR 4k (2015: EUR 8k) were paid to Matheson during the year. Turlough Galvin as a director of the Company had an interest in this fee in his capacity as partner of Matheson solicitors. Professional and trustees fees outstanding at year end amounted to Nil (2015: Nil).

Administration fee of EUR 4k (2015: EUR 3k), acceptance fee of nil (2015: EUR 6k), and register fee of nil (2015: EUR 0.4k) were also paid relating to the services provided by Deutsche Trustee Company Limited. Administration fees, acceptance fees and register fees outstanding at year end amounted to Nil (2015: Nil).

Directors' fees of EUR 17k (2015: EUR 10k) were incurred during the year. Directors' fees outstanding at year end amounted to EUR 8k (2015: 10k).

Other Transactions
Under a Series Proposal Agreement entered into for each series by the Company and Deutsche Bank AG, London Branch, as Arranger for each Series, will pay the Company a series fee of EUR 500 per series on commencement of the series and agree to reimburse the Company against any costs, fees, expenses or out-goings incurred. Refer to Note 16 for details. Series fee outstanding at year end amounted to EUR 0.5k (EUR 2015: 4k).

Deutsche Bank AG, London Branch is also the Swap Counterparty for all series containing asset swap agreements. Their fair values relating to these swaps are disclosed in Note 6.

22 Financial instruments

(a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	2016 €'000	2015 €'000
Cash and cash equivalents	36	37
Investment securities	103,979	93,701
Other assets	1,457	504
	105,472	94,242

The credit risk is the risk of financial loss to the Company if the counterparty fails to meet its contractual obligations and arises principally from investment securities. The Company limits its exposure to credit risk by issuing notes that are linked to its investment securities. If a credit event were to occur with respect to any of the investment securities and the value of the security is not sufficient to settle the Company's liabilities, any such losses would ultimately be borne by the Company's swap counterparty and/or the Company's holders of debt securities issued.

At the reporting date the credit quality of the Company's financial assets was as follows:

Cash and cash equivalents:
The Company's cash and cash equivalents are held with Bank of Ireland which is rated BBB- by S&P as at 30 June 2016 and 2015.

22 Financial instruments (continued)

(a) Credit risk (continued)

Investment securities:
At the reporting date, the credit quality and the assets concentration of the Company's investment securities are as shown in the table below based on carrying amount in statement of financial position.

None of the investments held were past due nor defaulted during the year.

Class of debt securities issued	Collateral type	Country of issuance	Rating Agency	Rating 2016	Rating 2015	2016 €'000	2015 €'000
Equity linked secured notes	Corporate bonds	Denmark	Moody	Baa2	Baa2	29,022	17,982
		Mexico	S&P	BBB+	BBB+	20,440	20,896
		Luxembourg	S&P	BBB-	BBB	13,455	14,415
	Government bonds	Italy	Moody	Baa2	Baa2	26,855	26,055
						89,772	79,348
Index linked notes	Government bonds	Portugal	Moody	Ba1	Ba1	8,975	9,198
		Lithuania	S&P	A-	A-	5,232	5,155
						14,207	14,353
Grand Total						103,979	93,701

During the year, no defaults occurred in respect of the bonds held and interests were received when paid, accordingly.

Other assets:
The other assets mainly include income receivable from corporate and government bonds held by the Company as at the year end. The credit ratings and concentration of the investments securities at the year end are disclosed under investment securities in the above table.

22 Financial instruments (continued)

(b) Liquidity risk

The following are the contractual maturities of financial assets and liabilities including undiscounted interest payments and excluding the impact of netting agreements:

			2016		
	Carrying amounts €'000	**Gross contractual cash flows €'000**	**Less than one year €'000**	**One to five years €'000**	**More than five years €'000**
Cash and cash equivalents	36	36	36	-	-
Investment securities	103,979	110,704	3,001	56,463	51,240
Other assets	1,457	1,457	1,457	-	-
Derivative liabilities	(16,674)	(15,746)	(4,305)	(10,413)	(1,028)
Debt securities issued	(88,697)	(96,350)	(130)	(46,050)	(50,170)
Other liabilities	(59)	(59)	(59)	-	-
	42	42	-	-	42

22 Financial instruments (continued)

(b) Liquidity risk (continued)

	2015				
	Carrying amounts €'000	Gross contractual cash flows €'000	Less than one year €'000	One to five years €'000	More than five years €'000
Cash and cash equivalents	37	37	37	-	-
Investment securities	93,701	102,682	2,728	18,870	81,084
Other assets	504	504	504	-	-
Derivative liabilities	(17,746)	(14,463)	(2,839)	(9,411)	(2,213)
Debt securities issued	(76,394)	(88,658)	(369)	(9,459)	(78,830)
Other liabilities	(61)	(61)	(61)	-	-
	41	41	-	-	41

Derivative liabilities represent asset swaps.

Refer to Note 6, 7 and 9 for maturity profile of derivative financial instruments, investment securities, and debt securities issued.

The asset swaps have been entered into to hedge liquidity exposure on a series by series basis. The above table reflects derivative liability cash flows as being the cash flows required to ensure that the contractual undiscounted cash flows arising on the Company's assets match the undiscounted cash flows arising on the Company's liabilities.

22 Financial instruments (continued)

(c) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

(i) Currency risk

The Company is exposed to movements in exchange rates between its functional currency - Euro and foreign currency denominated financial instruments. At the reporting date, the Company had the following exposure to foreign currency risk:

	2016 USD €'000	2015 USD €'000
Monetary assets		
Investment securities	5,232	5,155
Other assets	85	148
	5,317	5,303
Monetary liabilities		
Derivative liabilities	1,335	1,566
Debt securities issued	3,983	3,737
	5,318	5,303
Net exposure	(1)	-

For Series 1, 4, 5, 6, 7, 8 and 9, both the investment securities and debt securities in issue are denominated in Euro. Therefore, neither the Company nor the holders of debt securities are exposed to currency risk for these particular series.

For Series 3, the investment securities and the debt securities are denominated in USD. The Company is not exposed to currency risk on Series 3 as any changes in fair value of the investment securities due to currency fluctuations will result in a corresponding change in fair value of the debt securities in issue.

22 Financial instruments (continued)

(c) Market risk (continued)

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2016	**2015**	**2016**	**2015**
USD	1.111	1.202	1.112	1.114

Sensitivity analysis

A 10% fluctuation in the USD / EUR foreign exchange rate would result in an increase / decrease of EUR 523k (2015: EUR 516k) in the market value of the Series 3 investment securities. This would result in a corresponding increase / decrease of EUR 523k (2015: 516k) in the valuation of the Series 3 debt securities.

(ii) Interest rate risk

The Company classified the instruments as fixed rate interest when the assigned rate remains fixed for the entire term of the instrument. The instruments were classified as variable interest rate when the rate and the index changes over the period.

At the reporting date, the interest rate risk profile of the Company's non-derivative interest bearing financial instruments was:

Investment securities

Class of debt securities issued	**Currency**	**2016**	**2015**
		€'000	**€'000**
Fixed rate instruments:			
Equity Linked Notes	EUR	62,917	53,293
Index Linked Notes	EUR	8,975	9,198
	USD	5,232	5,155
		77,124	67,646
Variable rate instruments:			
Equity Linked Notes	EUR	26,855	26,055
		26,855	26,055
Total		103,979	93,701

22 Financial instruments (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Debt securities issued

Class of debt securities issued	**Currency**	**2016 €'000**	**2015 €'000**
Variable rate instruments:			
Index Linked Notes	EUR	7,442	7,308
		7,442	7,308
Zero Coupon:			
Index Linked Notes	USD	3,982	3,737
Equity Linked Notes	EUR	77,273	65,349
		81,255	69,086
Total		88,697	76,394

Refer to note 7 and 9 for the maturity profile for investment securities and debt securities, respectively. The Company manages its interest rate risk by entering into asset swap agreements.

Sensitivity analysis

A 100 basis point increase or decrease represents management's assessment of a reasonable, potential change in interest rates.

A 100 basis point increase in interest rates (assuming all other variables are held constant) would have resulted in an increase of coupon expenditure payable on the debt securities issued of EUR 80k (2015: EUR 148k) for the period. Under the same conditions, the coupon income receivable from investment securities would have increased by EUR 994k (2015: EUR 211k) for the same period. A similar 100 basis point decrease in interest rates would have resulted in an equal, but opposite effect on coupon expenditure and coupon income respectively. There is no interest rate risk for fixed rate and zero coupon rate instruments as these intruments will render the same amount of interest throughout the years until maturity.

22 Financial instruments (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis (continued)

The Company does not bear any significant interest rate risk as the interest rate risk associated with the debt securities issued by the Company is neutralised by entering into asset swap agreements whereby the swap counterparty pays the Company amounts equal to the interest payable to the holders of the debt securities issued in return for the interest earned by the Company on its investment securities. Similarly, changes in fair value of the investment securities and debt securities issued arising from changes in market interest rates are offset by changes in the fair value of the swap agreements. Therefore any change in the interest rates would not affect the equity or the statement of comprehensive income of the Company.

(iii) Other price risk

Other price risk is the risk that the value of the instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

The Company is exposed to price risk by investing in investment securities and is also exposed under swap agreements outlined in note 6. However, any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be borne by the holders of debt securities to the extent not borne by swap counterparty.

The following is the breakdown of the Company's investment securities by class of debt securities issued and listing status at the reporting date:

Class of debt securities issued	**Listed / Unlisted**	**2016 €'000**	**2015 €'000**
Equity Linked Notes	Listed	89,772	79,348
Index Linked Notes	Listed	14,207	14,353
		103,979	93,701

22 Financial instruments (continued)

(c) Market risk (continued)

(iii) Other price risk (continued)

Sensitivity analysis

The market price of the investment securities will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, political events, developments or trends in a particular industry and the financial conditions of the securities issuer.

Credit Linked/ Inflation Linked/ Fixed / Variable Rated debt securities
If the market value of the collateral increases, the swap counterparty is entitled to the resulting gains, and if the market value of the collateral decreases the swap counterparty and the holders of debt securities bear the losses. This split is dependant on who has priority of payment in these circumstances as disclosed in the agreements.

Any changes in the quoted or unquoted prices of the investment securities held by the Company would not have any effect on the equity or profit or loss of the Company as any fair value fluctuations are ultimately borne by either the swap counterparty or the holders of the debt securities issued by the Company.

If the market prices of the investment securities held by the Company had increased or decreased by 10% with all other variables held constant, this would have increased or reduced the carrying value of the debt securities issued by EUR 10,398k (2015: EUR 9,370k).

22 Financial instruments (continued)

(d) Specific instruments

Profile of the series of debt securities issued by the Company

The following are the categories as at 30 June 2016:

Type of transaction	Number of series	%	Cash and cash equivalents €'000	%	Debt securities issued €'000	%	Investment securities €'000
Equity Linked Notes	6	75%	27	87%	(77,273)	86%	89,772
Index Linked Notes	2	25%	9	13%	(11,424)	14%	14,207
Total	8	100%	36	100%	(88,697)	100%	103,979

Type of transaction	Number of series	%	Derivative liabilities €'000	%	Other assets €'000	%	Other liabilities €'000	Total €'000
Equity Linked Notes	6	83%	(13,790)	89%	1,292	42%	(25)	3
Index Linked Notes	2	17%	(2,884)	11%	165	58%	(34)	39
Total	8	100%	(16,674)	100%	1,457	100%	(59)	42

The following are the categories as at 30 June 2015:

Type of transaction	Number of series	%	Cash and cash €'000	%	Debt securities €'000	%	Investment securities €'000
Equity Linked Notes	5	70%	26	86%	(65,349)	85%	79,348
Index Linked Notes	2	30%	11	14%	(11,045)	15%	14,353
Total	7	100%	37	100%	(76,394)	100%	93,701

Type of transaction	Number of series	%	Derivative liabilities €'000	%	Other assets €'000	%	Other liabilities €'000	Total €'000
Equity Linked Notes	5	80%	(14,273)	55%	275	41%	(25)	2
Index Linked Notes	2	20%	(3,473)	45%	229	59%	(36)	39
Total	7	100%	(17,746)	100%	504	100%	(61)	41

22 Financial instruments (continued)

(e) Fair values

The Company's investment securities, derivative financial instruments and debt securities issued are carried at fair value on the Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities carried at amortised cost at the reporting date approximated their fair values. Their fair values together with carrying amounts shown in the statement of financial position are disclosed in note 12.

These disclosures supplement the commentary on financial risk management (see note 4).

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(b) under the sub heading "Fair value measurement principles". For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company's accounting policy on fair value measurements is discussed under note 3(b) under the sub heading "Fair value measurement principles". Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments are as follows:

Valuation of financial instruments
The financial instruments carried at fair value have been categorized under the three levels of the IFRS fair value hierarchy as follows:

- Level 1 – Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active and liquid markets.

- Level 2 – Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.

- Level 3 – Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market-observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

22 Financial instruments (continued)

(e) Fair values (continued)

Valuation Techniques

The following is an explanation of the valuation techniques used in establishing the debt securities issued at fair value through profit and loss of the Company.

Investment securities: Where there are no recent transactions then fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments. Where close proxies are not available then fair value is estimated using more complex modeling techniques. These techniques include discounted cash flow models using current market rates for credit, interest, liquidity and other risks.

Derivative Financial Instruments: Market standard transactions in liquid trading markets, such as interest rate swaps, foreign exchange forward and option contracts in G7 currencies, and equity swap and option contracts on listed securities or indices are valued using market standard models and quoted parameter inputs. Parameter inputs are obtained from pricing services, consensus pricing services and recently occurring transactions in active markets wherever possible. More complex instruments are modeled using more sophisticated modeling techniques specific for the instrument and are calibrated to available market prices. Where the model output value does not calibrate to a relevant market reference then valuation adjustments are made to the model output value to adjust for any difference. In less active markets, data is obtained from less frequent market transactions, broker quotes and through extrapolation and interpolation techniques. Where observable prices or inputs are not available, management judgment is required to determine fair values by assessing other relevant sources of information such as historical data, fundamental analysis of the economics of the transaction and proxy information from similar transactions.

Debt securities issued at fair value through profit and loss: The fair value of debt securities issued at fair value through profit and loss is dependent upon the fair value of investment securities and derivative financial instruments. Any changes in the valuation have direct impact to the fair value of debt securities issued.

For more complex Level 3 instruments, more sophisticated modelling techniques are required which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions or more complex parameters. Examples of instruments involving significant unobservable inputs include net asset value price that have lock up periods which restrict the ability to dispose of an investment.

22 Financial instruments (continued)

(e) Fair values (continued)

Valuation Techniques (continued)

Where no observable information is available to support the valuation models then they are based on other relevant sources of information such as prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. When determining the appropriate valuation model to be used, Management selects which valuation technique makes the least adjustment to the inputs used, analyse the range of values indicated by the techniques used and whether they overlap and check the reasons for the differences in value under different techniques. Depending on the circumstances, one valuation model might be more appropriate than another. Management decides the valuation model to be used based on the provisions indicated in the swap agreements. Some factors that are considered includes information that is reasonably available, the market conditions, the type of investment, expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and discount rates. Level 3 valuations are reviewed quarterly and disclosed periodically in the financial statements.

22 Financial instruments (continued)

(e) Fair values (continued)

At the reporting date, the carrying amounts of investment securities, derivative financial instruments and debt securities issued by the Company where fair values were determined directly, in full or in part, by reference to published price quotations and determined using valuation techniques are as follows:

	2016 Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Investment securities	26,855	77,124	-	103,979
Derivative financial liabilities	-	-	(16,674)	(16,674)
Debt securities issued	-	-	(88,697)	(88,697)
	26,855	77,124	(105,371)	(1,392)

	2015 Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Investment securities	26,055	67,646	-	93,701
Derivative financial liabilities	-	-	(17,746)	(17,746)
Debt securities issued	-	-	(76,394)	(76,394)
	26,055	67,646	(94,140)	(439)

Derivative financial instruments classified as Level 3 involves asset swaps where the fair value measurements were based on unobservable inputs and no active market data available for similar instruments.

The levelling of debt securities is dependent on the levelling of the investment securities, and derivative financial instruments.

Debt securities issued are traded in the institutional market and the prices for these at period end are based on the relevant investment securities and derivative financial instruments. Notwithstanding that a quoted market price exists for these, the Directors have concluded that the debt securities are not actively traded due to the limited liquidity that exists in the market.

22 Financial instruments (continued)

(e) Fair values (continued)

As a result, the levelling of debt securities is dependent on the levelling of the investment securities, and derivative financial instruments. Debt securities are classified in the lowest level observed of the assets and derivatives on a series by series basis.

No transfers between levels have occurred during the year (2015: no transfers).

The below table shows the movements for derivative financial liabilities classified under valuation techniques unobservable parameter (Level 3):

Level 3 movements for derivatives liabilities

	2016	**2015**
	€'000	**€'000**
Opening balance	(17,746)	-
Additions	(1,131)	(21,227)
Sum of settlements	-	2,657
Fair value movements	2,203	824
Closing balance	(16,674)	(17,746)

During the year, series 9 was issued by the Company which was also classified as level 3 due to unavailability of observable inputs and market data for similar instruments (2015: series 1, 3, 4, 5, 6, 7 and 8).

Fair value movements are recognised under net gain from derivative financial instruments in the statement of comprehensive income.

22 Financial instruments (continued)

(e) Fair values (continued)

The below table shows the roll-forward movements for debt securities classified under valuation techniques unobservable parameter (Level 3):

Level 3 movements for debt securities issued

	2016 €'000	2015 €'000
Opening balance	(76,394)	-
Issuance	(8,452)	(87,062)
Redemptions	-	11,345
Fair value movements	(3,851)	(677)
Closing balance	(88,697)	(76,394)

As at 30 June 2016, series 9 was issued by the Company which was also classified as level 3 due to unavailability of observable inputs and market data for similar instruments (2015: series 1, 3, 4, 5, 6, 7 and 8).

No debt securities issued matured or redeemed during the year (2015: Series 1 partially redeemed.

Fair value movements are recognised under net finance loss on debt securities issued in the statement of comprehensive income.

Sensitivity Analysis
Where the value of financial instruments is dependent on unobservable valuation models, appropriate models and inputs are chosen so that they are consistent with prevailing market evidences. A 10% change in the price of the debt securities issued under Level 3 held by the Company would increase or decrease the fair value as at 30 June 2016 by EUR 8,870k (2015: EUR 7,639k).

The total amount of realised and unrealised gain (loss) estimated using a valuation technique based on significant unobservable data (Level 3) that was recognised in statement of comprehensive income for the year is as follows:

	2016 €'000	2015 €'000
Derivative financial instruments	2,203	824
Debt securities issued	(3,851)	(677)
	(1,648)	147

22 Financial instruments (continued)

(e) Fair values (continued)

The total amount of change in fair value estimated using valuation techniques based on significant unobservable data (Level 3) for assets and liabilities held at the end of the reporting period:

	2016 €'000	2015 €'000
Derivative financial instruments	2,203	411
Debt securities issued	(3,851)	791
	(1,648)	1,202

Although the Directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurement of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement.

For recognised fair values measured using significant unobservable inputs, changing one or more assumptions used to reasonably possible alternative assumptions would not have any effect on the profit or loss or on equity of the Company as any change in fair value will be borne by the holders of debt securities due to the limited recourse nature of the debt issued by the Company.

Quantitative Information about the Sensitivity of Significant Unobservable Inputs:

The behavior of the unobservable parameters on Level 3 fair value measurement is not necessarily independent, and dynamic relationships often exist between the other unobservable parameters and the observable parameters. Such relationships, where material to the fair value of a given instrument, are explicitly captured via correlation parameters, or are otherwise controlled via pricing models or valuation techniques. Frequently, where a valuation technique utilizes more than one input, the choice of a certain input will bound the range of possible values for other inputs.

The range of values shown on the table on page 58 represents the highest and lowest inputs used to value the significant exposures within Level 3. The diversity of financial instruments that make up the disclosure is significant and therefore the ranges of certain parameters can be large. As Level 3 contains the less liquid fair value instruments, the wide ranges of parameters seen is to be expected, as there is a high degree of pricing differentiation within each exposure type to capture the relevant market dynamics.

22 Financial instruments (continued)

(e) Fair values (continued)

Quantitative Information about the Sensitivity of Significant Unobservable Inputs (continued):

The table below sets out information about significant unobservable inputs used as at 30 June 2016 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair values at 30 June 2016 €'000	Valuation Technique	Significant unobservable input	Range of estimates for unobservable input
Derivative financial instruments				
Asset swap	(2,884)	Market Approach	Volatility of Future Index (%)	15% to 25%
	(13,790)	Market Approach	Volatility of Future Net Asset Value (%)	90% to 110%
	(16,674)			

Sensitivity Analysis:

A 10% fluctuation in the index would result in an increase / decrease of EUR 288k in the fair value of the Level 3 derivatives series 1 and 3. This would result in a corresponding increase / decrease of EUR 288k in the valuation of series 1 and 3 debt securities.

A 10% fluctuation in the price per net asset value would result in an increase / decrease of EUR 1,379k in the fair value of the Level 3 derivatives series 4, 5, 6, 7, 8 and 9. This would result in a corresponding increase / decrease of EUR 1,379k in the valuation of series 4, 5, 6, 7, 8 and 9 debt securities.

22 Financial instruments (continued)

(f) Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are financial assets and financial liabilities whose carrying amounts approximate fair value.

The following table sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

			2016	
	Total	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets				
Cash and cash equivalents	36	36	-	-
Other assets	1,457	-	1,457	-
	1,493	36	1,457	-
Financial liabilities				
Other liabilities	(59)	-	(59)	-
	(59)	-	(59)	-

			2015	
	Total	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets				
Cash and cash equivalents	37	37	-	-
Other assets	504	-	504	-
	541	37	504	-
Financial liabilities				
Other liabilities	(61)	-	(61)	-
	(61)	-	(61)	-

Cash and cash equivalents

Cash and cash equivalents classified as level 1 includes deposit held with banks which are on demand and can be terminated immediately provided all parties agree to the transaction.

Other assets and other liabilities

These balances are mainly comprised of contractual amounts due to / by the Company in relation to the investments securities and debt securities issued, respectively.

23 Interest in other entities

(a) Disclosure of the nature, purpose, size and activities of the structured entity and how it is financed.

dbInvestor Solutions 2 plc invested in debt securities issued by a structured entity. The structured entity has the following business activities:

Glencore Finance (Europe) S.A. is a debt issuing vehicle incorporated in 2003 and is based in Luxembourg. The primary business of the entity is raising of money for the purpose of lending to Glencore Xstrata plc and its consolidated subsidiaries ("Group"). Accordingly, substantially all Glencore Finance (Europe) S.A.'s assets are loans and advances made to other members of the Group and the ability to satisfy its obligations in respect of the note issuances will depend upon the payments made to it in respect of loans and advances made by the entity.

dbInvestor Solutions 2 plc owns the note issuance of Glencore Finance (Europe) S.A. with principal amount of EUR 13,241,000 due on 30 September 2020.

The Company has no contractual arrangements nor commitments or intentions to provide financial or other assistance to the unconsolidated structured entity.

(b) Risk associated with unconsolidated structured entities

The below table summarises the Company's interest in unconsolidated structured entities included in the investment securities at fair value through profit and loss as at 30 June 2016:

Series Number of dbInvestor Solutions II plc	Issuer Name	CCY	2016 Outstanding Nominal of investment securities	% of Notional issued by the structured entity	Fair Value of investment securities	Fair Value of Debt securities	Fair Value of Derivatives	Maximum exposure to loss
			€'000		€'000	€'000	€'000	€'000
Series 7	Glencore Finance Europe SA	EUR	13,241	1.77%	13,454	11,703	2,087	13,454
			13,241	1.77%	13,454	11,703	2,087	13,454

23 Interest in unconsolidated structured entities (continued)

(b) Risk associated with unconsolidated structured entities (continued)

The below table summarises the Company's interest in unconsolidated structured entities included in the investment securities at fair value through profit and loss as at 30 June 2015:

Series Number of dbInvestor Solutions II plc	Issuer Name	CCY	2015 Outstanding Nominal of investment securities	% of Notional issued by the structured entity	Fair Value of investment securities	Fair Value of Debt securities	Fair Value of Derivatives	Maximum exposure to loss
			€'000		€'000	€'000	€'000	€'000
Series 7	Glencore Finance Europe SA	EUR	13,241	1.77%	14,415	12,200	2,273	14,415
			13,241	1.77%	14,415	12,200	2,273	14,415

The Company has maximum exposure to the risk associated with the carrying value of the above investments. If these investments are deemed worthless, the Company will not receive anything. The Company bears no risk and it is the swap counterparties and holders of debt securities that bear all the risk. Refer to note 22 (a) for the details on credit risk.

24 Significant events

During the year, the debt securities for Series 9 were listed on the Vienna and Cayman Islands Stock Exchanges. The debt securities for Series 4, 5, 6, 7 and 8 were also listed on the Cayman Islands Stock Exchange.

25 Subsequent events

Since the end of the reporting period the Company has not issued any new series of debt securities, no maturities and no repurchases have been made after the year end.

Turlough Galvin resigned and Brian Brady was appointed as Director effective 11 October 2016.

26 Approval of the financial statements

The financial statements were approved and authorised for issue by the Board of Directors on October 27, 2016.