

dbInvestor Solutions 2 plc

**Directors' report and
financial statements**

**For the year ended
30 June 2017**

Registered number 539687

dbInvestor Solutions 2 plc

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dbInvestor Solutions 2 plc

Directors and other information

Directors	Niall O'Carroll (Irish) Bronagh Hardiman (Irish) Turlough Galvin (Irish) Brian Brady (Irish)	Resignation 11 October 2016 Appointment 11 October 2016
Registered office	6 th 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 6 th 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	

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Directors and other information (continued)

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 2017.

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 SPM (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 outgoings 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.

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Directors' Report (continued)

Principal activities, business review and future developments (continued)

The Company made a net gain on investment securities of EUR 3,301k for the year (2016: EUR 3,529k) and a net gain on derivative financial instruments of EUR 2,421k (2016: EUR 450k).

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 5,722k (2016: EUR 3,979k) for the year resulting in a net profit of nil for the year ended 30 June 2017 (2016: EUR 1k). Refer to notes 13, 14 and 15 of the financial statements for further information.

As at 30 June 2017, the fair value of the Company's total debt securities issued was EUR 94,173k (2016: EUR 88,697k). There were no new series issued during the year (2016: Series 9).

No series have matured nor redeemed during the year (2016: nil).

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.

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

The Directors expect that the present level of activity will be sustained for the foreseeable future. The Board will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of series of the Company. It is anticipated that while some series will redeem or mature, it is also expected that new issuances will be made.

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

Ms. Bronagh Hardiman

Mr. Turlough Galvin

Mr. Brian Brady

Resignation 11 October 2016

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.

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Directors' Report (continued)

Directors, secretary and their interests

The Directors and secretary who held office on 30 June 2017 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.

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.

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.

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Directors' Report (continued)

Annual Corporate governance statement (continued)

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.

The takeover bids directive is not applicable as the Company does not have transferable securities carrying voting rights listed on a regulated market.

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

As at the date of these financial statements, the Company is operating within the balance sheet and turnover threshold limits as set out under Section 167(1) of the Companies Act 2014 [(the "Act")], and as such the Company does not meet the requirements to establish an audit committee for the current financial year ending [insert date]. The sole business of the Company relates to the issuing of asset-backed securities. It also enters into certain derivative agreements to hedge out interest rate, currency and portfolio default risk arising between asset and liability mismatches. Refer to note 6 for the derivative financial instruments entered by the Company.

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Directors' Report (continued)

Audit committee (continued)

Under Section 115 (10) of the European Union (Statutory Audits) (Directive 2006/43/ EC as amended by Directive 2014/ 56/ EU and Regulation (EU) No. 537/ 2014 Regulations 2016 ("S1 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 and the monitoring of the statutory audit and the independence of the statutory auditors. 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 confirm that:

- they have, to the best of their knowledge, complied with its relevant obligations as defined in section 225 of the Companies Act 2014;
- relevant arrangements and structures have been put in place that provide a reasonable assurance of compliance in all material respects by the Company with its relevant obligations, which arrangements and structures may, if the directors so decide, include reliance on the advice of one or more than one person employed by the Company or retained by it under a contract for services, being a person who appears to the directors to have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations; and
- the arrangements and structures in place, are reviewed on an annual basis.

Independent auditor

In accordance with Section 380(5)(b)(ii) of the Companies Act 2014, KPMG, Chartered Accountants, will cease office after the completion of the audit of the Company's 30 June 2017 financial statements due to requirements on firm rotation under EU audit regulations. A new firm will be appointed to audit the Company's financial statements.

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Directors' Report (continued)

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



Brian Brady
Director

Date: 27 October 2017



Bronagh Hardiman
Director

dbInvestor Solutions 2 plc

Statement of Director's 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.

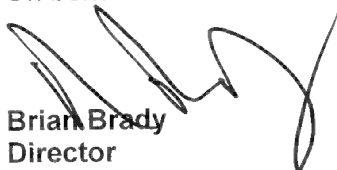
The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They have general responsibility for taking such steps 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 2017 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



Brian Brady
Director



Bronagh Hardiman
Director

Date: 27 October 2017



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditor's Report to the Members Of dbInvestor Solutions 2 PLC

1 Opinion: our opinion is unmodified

We have audited the financial statements of dbInvestor Solutions 2 PLC ("the Company") for the year ended 30 June 2017 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, statement of Changes in Equity and the related notes, including the accounting policies in note 3. 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.

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 2017 and of its result 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors in respect to the period ended 30 June 2015. The period of total uninterrupted engagement is the 3 years ended 30 June 2017. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members Of dbInvestor Solutions 2 PLC (Continued)

2 Key audit matters: our assessment of risks of material misstatement (Continued)

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Valuation and existence of derivatives: €11.529m (2016: €16.674m)

Refer to page 26 (accounting policy), page 34 and pages 43 to 62 (financial disclosures)

<i>Description of the key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Due to the structure of the transactions involved, the Company has entered into a number of Asset Swaps having a liability fair value of €11.529m as at the yearend.</p> <p>Valuation of these derivative positions involves assessment of a number of complex factors relating to liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting this specific investment.</p>	<p>Our procedures included among others:</p> <ul style="list-style-type: none"> • obtaining and documenting our understanding of the investment valuation process and testing the design and implementation of the relevant controls therein; • obtaining an independent confirmation of the existence and fair value of derivatives from the swap counterparty; • engaging our valuation specialists to re-value a sample of the derivative positions; and • considering the adequacy of related disclosures. <p>No material exceptions were noted as part of our testing.</p>

Completeness, existence and valuation of investments €104.324m (2016: €103.979)

Refer to page 26 (accounting policy), page 35 and pages 43 to 62 (financial disclosures)

<i>Description of the key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Company's investment portfolio makes up 98.5% of total assets (by value). We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they were of most significance in the audit of the financial statements.</p>	<p>Our procedures over the completeness, existence and valuation of the Company's investment portfolio included, but were not limited to:</p> <ul style="list-style-type: none"> • documenting the processes in place to record investment transactions and to value the portfolio; • agreeing the valuation of 100% of the quoted investments in the portfolio to externally quoted prices; and • agreeing 100% of the holding of the quoted investments in the portfolio to independently received custodian confirmations. <p>No material exceptions were noted as part of our testing.</p>

Independent Auditor's Report to the Members Of dbInvestor Solutions 2 PLC (Continued)

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at €1.058m (2016: €1.054m), determined with reference to a benchmark of total assets (of which it represents 1% (2016: 1%)).

We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding €52.9k (2016: €52.7k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was all performed from KPMGs offices.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Corporate governance disclosures

As required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 5 to 6, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2016 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act; and
- based on our knowledge and understanding of the company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information.

We also report that, based on work undertaken for our audit, other information required by the Act is contained in the Corporate Governance Statement.

Independent Auditor's Report to the Members Of dbInvestor Solutions 2 PLC (Continued)

6 Our opinions on other matters prescribed the Companies Act 2014 are unmodified

Based solely on the work undertaken in the course of the audit, we report that

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

We also report that, based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

We have obtained all the information and explanations which we consider necessary for the purpose 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 Company's statement of financial position and the profit and loss account is in agreement with the accounting records.

7 We have nothing to report on other matters on which we are required to report by exception

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.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

**Independent Auditor's Report to the Members Of dbInvestor Solutions 2 PLC
(Continued)**

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

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 our report, or for the opinions we have formed.



Shahnawaz Mirza
**for and on behalf of
KPMG**

27 October 2017

Chartered Accountants, Statutory Audit Firm
*1 Harbourmaster Place
International Financial Services Centre
Dublin 1*

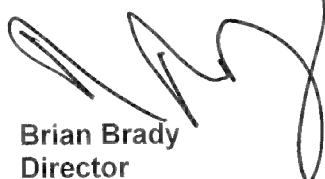
dbInvestor Solutions 2 plc

Statement of Financial Position

As at 30 June 2017

	Note	2017 €'000	2016 €'000
Assets			
Cash and cash equivalents	5	35	36
Investment securities designated at fair value through profit or loss	7	104,324	103,979
Other assets	8	1,464	1,457
Total assets		<u>105,823</u>	<u>105,472</u>
Liabilities			
Derivative liabilities	6	11,529	16,674
Debt securities issued at fair value through profit or loss	9	94,173	88,697
Other liabilities	10	79	59
Total liabilities		<u>105,781</u>	<u>105,430</u>
Capital and reserves			
Share capital	11	38	38
Retained earnings		4	4
Total equity		<u>42</u>	<u>42</u>
Total liabilities and equity		<u>105,823</u>	<u>105,472</u>

On behalf of the Board


Brian Brady
 Director


Bronagh Hardiman
 Director

Date: 27 October 2017

The notes on pages 19 to 65 form an integral part of these financial statements.

dbInvestor Solutions 2 plc

Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 €'000	2016 €'000
Net gain from investment securities	13	3,301	3,529
Net gain from derivative financial instruments	14	2,421	450
Net loss on debt securities issued	15	(5,722)	(3,979)
		<hr/>	<hr/>
Operating income		-	-
Other income	16	113	109
Other expenses	17	(113)	(108)
		<hr/>	<hr/>
Profit before taxation		-	1
Income tax expense	18	-	-
		<hr/>	<hr/>
Result for the year		-	1
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		<u>-</u>	<u>1</u>

All items dealt with in arriving at the above results for the year ended 30 June 2017 relates to continuing operations.

The notes on pages 19 to 65 form an integral part of these financial statements.

dbInvestor Solutions 2 plc

Statement of Cash Flows

For the year ended 30 June 2017

		2017 €'000	2016 €'000
Cash flows from operating activities			
Profit after taxation	18	-	1
Adjustments for:			
Coupon income	13	(2,956)	(2,833)
Coupon expense	15	246	128
Net gain on investment securities	13	(345)	(696)
Net loss on debt securities issued	15	5,476	3,851
Net gain on derivative financial instruments	14	(2,421)	(450)
Changes in:			
Other receivables		(22)	-
Other liabilities		20	(2)
Net cash used in operating activities		(2)	(1)
Cash flows from investing activities			
Payments on acquisition of investment securities		-	(8,995)
Net payment in respect of derivative financial instruments		(2,724)	(1,752)
Interest received		2,971	1,880
Net cash generated from / (used in) investing activities		247	(8,867)
Cash flows from financing activities			
Proceeds from issuance of debt securities		-	8,995
Interest paid		(246)	(128)
Net cash from financing activities		(246)	8,867
Net increase / (decrease) in cash and cash equivalents		(1)	(1)
Cash and cash equivalents as at beginning of year		36	37
Cash and cash equivalents as at end of year		35	36

The notes on pages 19 to 65 form an integral part of these financial statements.

dbInvestor Solutions 2 plc

Statement of Changes in Equity

For the year ended 30 June 2017

	Share capital €'000	Retained earnings €'000	Total €'000
Balance as at 30 June 2015	38	3	41
Profit for the year - 2016	-	1	1
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1	1
Balance as at 30 June 2016	38	4	42
Profit for the year - 2017	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2017	38	4	42

The notes on pages 19 to 65 form an integral part of these financial statements.

dbInvestor Solutions 2 plc

Notes to the Financial Statements

For the year ended 30 June 2017

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.

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

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 2017, the comparative information for 30 June 2016 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

Amendments to IAS 1 Disclosure Initiative (applicable 1 January 2016)

The Company has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

2 Basis of preparation (continued)

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

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

In addition, the amendments clarify that an entity's share of the other comprehensive income of equity accounted for associates and joint ventures should be presented in aggregate as single line items based on whether or not the item will be subsequently reclassified to profit or loss.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

(ii) Effective for annual periods beginning on or after 1 January 2017

The Directors have set out the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations as set out below:

Description	Effective date (period beginning)*
IFRS 15: <i>Revenue from contracts with customers</i> (May 2014) including amendments to IFRS 15: <i>Effective date</i> (September 2015)	1 January 2018 (early adoption permitted)
IFRS 9: <i>Financial Instruments</i> (July 2014)	1 January 2018 (early adoption permitted)
Amendments to IFRS 2: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018 (early adoption permitted)
Amendments to IFRS 10 and IAS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Amendments to IAS 7: <i>Disclosure Initiative</i>	1 January 2017 (early adoption permitted)
Amendments to IAS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017 (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.

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

2 Basis of preparation (continued)

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

(ii) Effective for annual periods beginning after 1 January 2017 (continued)

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculation impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not plan to early adopt the standard.

Based on the initial assessment, this standard is not expected to have a material impact on the Company. This is because the financial instruments currently measured at FVTPL will continue to be measured at FVTPL under IFRS 9 and those currently measured at amortised cost will continue to be measured at amortised cost under IFRS 9.

Classification and Measurement of financial assets and liabilities

IFRS 9 requires that an entity's business model and a financial instrument's contractual cash flows will determine its classification and measurement in the financial statements. Upon initial recognition each financial asset will be classified as either fair value through profit or loss ('FVTPL'), amortized cost, or fair value through Other Comprehensive Income ('FVOCI'). As these requirements are different than the assessments under the existing IAS 39 rules, some differences to the classification and measurement of financial assets under IAS 39 are expected. The classification and measurement of financial liabilities remain largely unchanged under IFRS 9 from current requirements. However, where issued debt liabilities are designated at fair value, the fair value movements attributable to an entity's own credit risk will be recognized in Other Comprehensive Income rather than in the Statement of Income. The standard also allows the election to apply the presentation of fair value movements of an entity's credit risk in Other Comprehensive Income prior to adopting IFRS 9 in full. The Company has not early adopted these requirements of the standard.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

2 Basis of preparation (continued)

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

(ii) Effective for annual periods beginning after 1 January 2017 (continued)

Impairment of financial assets

The impairment rules under IFRS 9 will apply to financial assets that are measured at amortized cost or FVOCI, and off balance sheet lending commitments such as loan commitments and financial guarantees. The determination of impairment losses and allowances will move from an incurred credit loss model whereby credit losses are recognized when a 'trigger' event occurs under IAS 39 to an expected credit loss model, where provisions are taken upon initial recognition of the financial asset (or the date that the Company becomes a party to the loan commitment or financial guarantee) based on expectations of potential credit losses at that time. Under the IFRS 9 expected credit loss approach, the Company will recognise expected credit losses resulting from default events that are possible within the next 12 months for both the homogeneous and non-homogeneous performing loan pools (stage 1). IFRS 9 also requires the recognition of credit losses expected over the remaining life of the assets ('lifetime expected losses') which have significantly deteriorated in credit quality since origination or purchase but have yet to default (stage 2) and for assets that are credit impaired (stage 3). Under IFRS 9 expected credit losses are measured by taking into account forward-looking information, including macro-economic factors. As a result of the changes to the impairment rules, IFRS 9 will result in an increase in subjectivity as allowances will be based on reasonable and supportable forward-looking information which probability weights future economic situations that are continuously monitored and updated over the life of the financial asset. This is in contrast to impairment recognition under IAS 39 which requires the occurrence of one or more loss events before an allowance is recorded. IFRS 9 is expected to result in an increase in the overall level of impairment allowances, due to the requirement to record an allowance equal to 12 months expected credit losses on those instruments whose credit risk has not significantly increased since initial recognition and the likelihood that there will be a larger population of financial assets to which lifetime expected losses apply as compared to the population of financial assets for which loss events have already occurred under IAS 39.

Hedge accounting

IFRS 9 also incorporates new hedge accounting rules that intend to align hedge accounting with risk management practices. Generally, some restrictions under current rules have been removed and a greater variety of hedging instruments and hedged items become available for hedge accounting.

Aside from those already mentioned above, there is no other significant impact on the Company.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

2 Basis of preparation (continued)

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

(ii) Effective for annual periods beginning after 1 January 2017 (continued)

Amendments to IAS 7: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted.

One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The Company believes that there is no need to provide a reconciliation to fulfil this requirement as it has already elected an enhanced disclosures in this area. Furthermore, the only financing activity of the Company is the issuance of the debt securities. Thus, the comparative balances presented in the Statement of financial position also represent the opening and closing balances of the liability arising from financing activities.

(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.

(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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

2 Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

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

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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) insufficient 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 designated 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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 as equity are distributions from the net income attributable to equity holders and are recorded directly in equity.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 24 “Segmental Analysis” for more details.

(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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

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 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.

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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).

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

5	Cash and cash equivalents	2017 €'000	2016 €'000
	Cash at bank	35	36
		<u>35</u>	<u>36</u>

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

<i>Derivative liabilities</i>	Asset swaps	2017 Total	Asset swaps	2016 Total
	€'000	€'000	€'000	€'000
One year to five years	9,487	9,487	7,613	7,613
Greater than five years	2,042	2,042	9,060	9,060
	<u>11,529</u>	<u>11,529</u>	<u>16,674</u>	<u>16,674</u>

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 (2016: nil).

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 2017. 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 2017, there was no bilateral adjustment made by the Company as this is considered immaterial to the Company's statement of financial position.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

7 Investment securities designated at fair value through profit or loss	2017 €'000	2016 €'000
<i>Designated at fair value through profit or loss</i>		
Bonds	104,324	103,979
	<u>104,324</u>	<u>103,979</u>

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

	2017 €'000	2016 €'000
Less than one year	-	-
One year to five years	75,763	48,102
Greater than five years	28,561	55,877
	<u>104,324</u>	<u>103,979</u>

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 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	2017 €'000	2016 €'000
Coupon income receivable from investment securities	1,378	1,393
Other receivables	86	64
	<u>1,464</u>	<u>1,457</u>

All of the above other assets are current.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

9 Debt securities issued at fair value through profit or loss	2017 €'000	2016 €'000
Designated at fair value through profit or loss	94,173	88,697
	<u>94,173</u>	<u>88,697</u>

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

	2017 €'000	2016 €'000
Less than one year	-	-
One year to five years	67,229	41,294
Greater than five years	26,944	47,403
	<u>94,173</u>	<u>88,697</u>

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 2017 was EUR 1,545k (2016: EUR 7,137k) less than the contractual amount at maturity excluding interest. 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.

As at 30 June 2017, series 1 has a variable interest rate of 3.08% while series 3, 4, 5, 6, 7, 8 and 9 are zero rated debt securities.

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

10 Other liabilities	2017 €'000	2016 €'000
Accrued expenses	52	30
Other payables	27	29
	<u>79</u>	<u>59</u>

All other liabilities are current.

11 Share capital	2017 €'000	2016 €'000
<i>Authorised</i>		
40,000 ordinary shares of €1 each	<u>40</u>	<u>40</u>
<i>Issued and paid up</i>		
38,100 ordinary shares of €1 each	<u>38</u>	<u>38</u>

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

12 Accounting categorisations and fair values of financial assets and liabilities	2017 Carrying value €'000	2017 Fair value €'000	2016 Carrying value €'000	2016 Fair value €'000
Financial assets at amortised cost				
Cash and cash equivalents	35	35	36	36
Other assets	1,464	1,464	1,457	1,457
Total financial assets at amortised cost	1,499	1,499	1,493	1,493
Financial assets designated at fair value through profit or loss				
Investment securities				
Bonds	104,324	104,324	103,979	103,979
	<u>105,823</u>	<u>105,823</u>	<u>105,472</u>	<u>105,472</u>
Financial liabilities at amortised cost				
Other liabilities	79	79	59	59
Financial liabilities designated at fair value through profit or loss				
Debt securities issued	94,173	94,173	88,697	88,697
Financial liabilities at fair value through profit or loss				
Derivative liabilities	11,529	11,529	16,674	16,674
	<u>105,781</u>	<u>105,781</u>	<u>105,430</u>	<u>105,430</u>

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.

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

13 Net gain from Investment securities	2017	2016
	€'000	€'000
Net gain from investment securities designated at fair value through profit or loss :		
- Bonds	3,301	3,529
	<u>3,301</u>	<u>3,529</u>
Analysed as follows:		
Coupon income including accruals	2,956	2,833
Net unrealised gain on investment securities	345	696
	<u>3,301</u>	<u>3,529</u>
14 Net gain from derivative financial instruments	2017	2016
	€'000	€'000
Net gain from derivative financial instruments carried at fair value through profit or loss		
- Asset swaps	2,421	450
	<u>2,421</u>	<u>450</u>
15 Net loss on debt securities issued	2017	2016
	€'000	€'000
Net loss on debt securities issued at fair value through profit or loss	(5,722)	(3,979)
	<u>(5,722)</u>	<u>(3,979)</u>
Analysed as follows:		
Coupon payments including accrued expenses	(246)	(128)
Net unrealised loss on debt securities issued	(5,476)	(3,851)
	<u>(5,722)</u>	<u>(3,979)</u>

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

16 Other income	2017 €'000	2016 €'000
Arranger income	113	108
Corporate benefit	-	1
	<u>113</u>	<u>109</u>

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	2017 €'000	2016 €'000
Director's fee	(18)	(17)
Administration fee	(34)	(69)
Audit fee	(32)	(21)
Tax compliance and other services	(27)	-
Others	(2)	(1)
	<u>(113)</u>	<u>(108)</u>

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)	2017 €'000	2016 €'000
Audit of Company financial statements	(26)	(17)
Tax compliance services	(18)	-
Other services	(4)	-
	<u>(48)</u>	<u>(17)</u>

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

18 Income tax expense	2017 €'000	2016 €'000
Corporate tax	-	-

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
Current tax at standard rate of 25%	-	-
Current tax charge	-	-

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 2017 and 30 June 2016.

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 30k (2016: EUR 59k) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited, refer to note 17 for details. Administration fees outstanding at year end amounted to Nil (2016: Nil).

Professional and trustee fees of EUR 2k (2016: EUR 4k) were paid to Matheson during the year. Turlough Galvin as a director of the Company who resigned on 11 October 2016, had an interest in this fee in his capacity as partner of Matheson solicitors. Professional and trustees fees outstanding at year end amounted to EUR 2k (2016: Nil).

Administration fees of EUR 1k and EUR 1k (2016: EUR 4k and EUR 1.5k) were also paid relating to the services provided by Deutsche Trustee Company Limited and Deutsche Bank AG, London Branch, respectively. Administration fees outstanding at year end amounted to Nil (2016: Nil).

Directors' fees of EUR 18k (2016: EUR 17k) were incurred during the year. Directors' fees outstanding at year end amounted to Nil (2016: EUR 8k).

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 Nil (EUR 2016: 0.5k). Their fair values relating to these swaps are disclosed in note 6 and associated income and expenses in note 14.

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

21 Transactions with related parties including administrator and arranger (continued)

Other Transactions (continued)

As at 30 June 2017, the following debt securities issued by the Company are held by Deutsche Bank AG, London Branch:

Series	ISIN	CCY	Nominal	
			2017 €'000	2016 €'000
S0001	XS1061847718	EUR	5,232	4,041
S0004	XS1218091251	EUR	2,159	516
S0005	XS1218093380	EUR	2,118	518
S0006	XS1227220404	EUR	2,303	547
S0007	XS1227225460	EUR	1,554	362
S0008	XS1252976508	EUR	797	120
S0009	XS1300573067	EUR	1,177	175

None of the investment securities held by the Company are issued by Deutsche Bank AG, as at 30 June 2017 (2016: None).

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:

	2017 €'000	2016 €'000
Cash and cash equivalents	35	36
Investment securities	104,324	103,979
Other assets	1,464	1,457
	<u>105,823</u>	<u>105,472</u>

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 holders of debt securities issued.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

22 Financial instruments (continued)

(a) Credit risk (continued)

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 2017 and 2016.

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 2017	Rating 2016	2017 €'000	2016 €'000
Equity linked secured notes	Corporate bonds	Denmark	Moody	Baa2	Baa2	28,561	29,022
		Mexico	S&P	BBB+	BBB+	20,990	20,440
		Luxembourg	S&P	BBB	BBB-	14,430	13,454
	Government bonds	Italy	Moody	Baa2	Baa2	26,345	26,855
						90,326	89,772
Index linked notes	Government bonds	Portugal	Moody	Ba1	Ba1	9,053	8,975
		Lithuania	S&P	A-	A-	4,945	5,232
						13,998	14,207
Grand Total						104,324	103,979

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.

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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:

	Carrying amounts €'000	Gross contractual cash flows €'000	2017		
			Less than one year €'000	One to five years €'000	More than five years €'000
Cash and cash equivalents	35	35	35	-	-
Investment securities	104,324	107,560	2,994	78,293	26,273
Other assets	1,464	1,464	1,464	-	-
Derivative liabilities	(11,529)	(12,481)	(4,164)	(8,097)	(220)
Debt securities issued	(94,173)	(96,457)	(250)	(70,196)	(26,011)
Other liabilities	(79)	(79)	(79)	-	-
	<u>42</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>42</u>

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

22 Financial instruments (continued)

(b) Liquidity risk (continued)

	Carrying amounts €'000	Gross contractual cash flows €'000	2016		
			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)	-	-
	<u>42</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>42</u>

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.

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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:

	2017 USD €'000	2016 USD €'000
Monetary assets		
Investment securities	4,945	5,232
Other assets	83	85
	<u>5,028</u>	<u>5,317</u>
Monetary liabilities		
Derivative liabilities	1,033	1,335
Debt securities issued	3,995	3,983
	<u>5,028</u>	<u>5,318</u>
Net exposure	<u>-</u>	<u>(1)</u>

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 both denominated in US Dollars. 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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

22 Financial instruments (continued)

(c) Market risk (continued)

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2017	2016	2017	2016
USD	1.090	1.111	1.141	1.112

Sensitivity analysis

A 10% fluctuation in the USD / EUR foreign exchange rate would result in an increase / decrease of EUR 495k (2016: EUR 523k) in the market value of the series 3 investment securities. This would result in a corresponding increase / decrease of EUR 495k (2016: 523k) 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	2017 €'000	2016 €'000
<i>Fixed rate instruments:</i>			
Equity Linked Notes	EUR	63,981	62,917
Index Linked Notes	EUR	9,053	8,975
	USD	4,945	5,232
		<u>77,979</u>	<u>77,124</u>
<i>Variable rate instruments:</i>			
Equity Linked Notes	EUR	26,345	26,855
		<u>26,345</u>	<u>26,855</u>
Total		<u>104,324</u>	<u>103,979</u>

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

22 Financial instruments (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Debt securities issued

Class of debt securities issued	Currency	2017 €'000	2016 €'000
<i>Variable rate instruments:</i>			
Index Linked Notes	EUR	8,418	7,442
		<u>8,418</u>	<u>7,442</u>
<i>Zero Coupon:</i>			
Index Linked Notes	USD	3,995	3,982
Equity Linked Notes	EUR	81,760	77,273
		<u>85,755</u>	<u>81,255</u>
Total		<u>94,173</u>	<u>88,697</u>

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 (2016: EUR 80k) for the period. Under the same conditions, the coupon income receivable from investment securities would have increased by EUR 968k (2016: EUR 994k) 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 instruments will render the same amount of interest throughout the years until maturity.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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	2017 €'000	2016 €'000
Equity Linked Notes	Listed	90,326	89,772
Index Linked Notes	Listed	13,998	14,207
		<u>104,324</u>	<u>103,979</u>

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 10,432k (2016: EUR 10,398k).

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 2017:

Type of transaction	Number of series	Cash and cash equivalents		Debt securities issued		Investment securities	
		%	€'000	%	€'000	%	€'000
Equity Linked Notes	6	74%	26	87%	(81,760)	87%	90,326
Index Linked Notes	2	26%	9	13%	(12,413)	13%	13,998
Total	8	100%	35	100%	(94,173)	100%	104,324

Type of transaction	Number of series	Derivative liabilities		Other assets		Other liabilities		Total
		%	€'000	%	€'000	%	€'000	
Equity Linked Notes	6	85%	(9,846)	87%	1,280	29%	(23)	3
Index Linked Notes	2	15%	(1,683)	13%	184	71%	(56)	39
Total	8	100%	(11,529)	100%	1,464	100%	(79)	42

The following are the categories as at 30 June 2016:

Type of transaction	Number of series	Cash and cash equivalents		Debt securities issued		Investment securities	
		%	€'000	%	€'000	%	€'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		Other assets		Other liabilities		Total
		%	€'000	%	€'000	%	€'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

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

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Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 and sensitivity.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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:

	2017			
	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Investment securities	-	104,324	-	104,324
Derivative financial liabilities	-	-	(11,529)	(11,529)
Debt securities issued	-	-	(94,173)	(94,173)
	-	104,324	(105,702)	(1,378)

	2016			
	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'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)

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

During the year, the assets held for series 5 and 8 have been transferred from level 1 to level 2 due to certain market observable changes (2016: no transfers).

No transfers to and from level 3 have occurred during the year (2016: 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

	2017 €'000	2016 €'000
Opening balance	(16,674)	(17,746)
Additions	-	(1,131)
Fair value movements	5,145	2,203
Closing balance	<u>(11,529)</u>	<u>(16,674)</u>

During the year, no series were issued by the Company which were classified as level 3 due to unavailability of observable inputs and market data for similar instruments (2016: Series 9 was issued).

The fair value movements are due to market risk and are recognised under net gain from derivative financial instruments in the statement of comprehensive income.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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

	2017 €'000	2016 €'000
Opening balance	(88,697)	(76,394)
Issuance	-	(8,452)
Fair value movements	(5,476)	(3,851)
Closing balance	<u>(94,173)</u>	<u>(88,697)</u>

There were no series issued that were classified as level 3 due to unavailability of observable inputs and market data for similar instruments (2016: series 9 was issued).

No debt securities issued matured or redeemed during the year (2016: nil).

The fair value movements are due to market risk and 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 2017 by EUR 9,417k (2016: EUR 8,870k).

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:

	2017 €'000	2016 €'000
Derivative financial instruments	5,145	2,203
Debt securities issued	(5,476)	(3,851)
	<u>(331)</u>	<u>(1,648)</u>

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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:

	2017 €'000	2016 €'000
Derivative financial instruments	5,145	2,203
Debt securities issued	(5,476)	(3,851)
	<u>(331)</u>	<u>(1,648)</u>

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.

Sensitivity Analysis of Unobservable Parameters

Where the value of financial instruments is dependent on unobservable parameter inputs, the precise level for these parameters at the balance sheet date might be drawn from a range of reasonably possible alternatives. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence and in line with the Company's approach to valuation control. Were the Company to have marked the financial instruments concerned using parameter values drawn from the extremes of the ranges of reasonably possible alternatives then as of 30 June 2017 it could have increased fair value by as much as EUR 2,758k (2016: EUR 1,667k) or decreased fair value by as much as EUR 2,758k (2016: EUR 1,667).

This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters. However, it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. Hence, the estimates disclosed above are likely to be greater than the true uncertainty in fair value at the balance sheet date. Furthermore, the disclosure is neither predictive nor indicative of future movements in fair value.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

22 Financial instruments (continued)

(e) Fair values (continued)

Sensitivity Analysis of Unobservable Parameters (continued)

For many of the financial instruments considered here, in particular derivatives, unobservable input parameters represent only a subset of the parameters required to price the financial instrument, the remainder being observable. Hence for these instruments the overall impact of moving the unobservable input parameters to the extremes of their ranges might be relatively small compared with the total fair value of the financial instrument. For investment securities, fair value is determined based on the price of the entire instrument, for example, by adjusting the fair value of a reasonable proxy instrument. In addition, all financial instruments are already carried at fair values which are inclusive of valuation adjustments for the cost to close out that instrument and hence already factor in uncertainty as it reflects itself in market pricing. Any negative impact of uncertainty calculated within this disclosure, then, will be over and above that already included in the fair value contained in the financial statements.

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 59 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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 2017 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair values at 30 June 2017 €'000	Valuation Technique	Significant unobservable input	Range of estimates for unobservable input
Derivative financial instruments				
Asset swap	1,033	Market Approach	Volatility of Future Index	24% to 34%
	10,496	Market Approach	Volatility of Fund	0.083% to 25.377%

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%

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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.

	2017			
	Total	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets				
Cash and cash equivalents	35	35	-	-
Other assets	1,464	-	1,464	-
	<u>1,499</u>	<u>35</u>	<u>1,464</u>	<u>-</u>

Financial liabilities				
Other liabilities	(79)	-	(79)	-
	<u>(79)</u>	<u>-</u>	<u>(79)</u>	<u>-</u>

	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	-
	<u>1,493</u>	<u>36</u>	<u>1,457</u>	<u>-</u>

Financial liabilities				
Other liabilities	(59)	-	(59)	-
	<u>(59)</u>	<u>-</u>	<u>(59)</u>	<u>-</u>

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.

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 2017:

Series Number of dbInvestor Solutions II plc	Issuer Name	CCY	2017 Outstanding Nominal of investment securities €'000	% of Notional issued by the structured entity	Fair Value of investment securities €'000	Fair Value of Debt securities €'000	Fair Value of Derivatives €'000	Maximum exposure to loss €'000
Series 7	Glencore Finance Europe SA	EUR	13,241	1.77%	14,430	13,234	1,530	14,430
			<u>13,241</u>	<u>1.77%</u>	<u>14,430</u>	<u>13,234</u>	<u>1,530</u>	<u>14,430</u>

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

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 2016:

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

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 Segmental analysis

The Company has one reportable segment. The reportable segment involves the repacking of collateral like corporate bonds and government bonds, on behalf of investors, which are bought from the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. Deutsche Bank ("DB") has been appointed as the Agent to the Company who, as under the Agency agreement, decides on how the resources of the Company are allocated in line with the strict terms and eligibility criteria as set out in the Company's prospectus and assess the performance of the investments held by the Company. The Company's prospectus was agreed upon by the Directors at the start date of the Company and the Directors have approved all subsequent updates to the prospectus. The Directors review the performance of the Company.

The Board of Directors is deemed to be the chief operating decision maker as, through the advice of the DB, it decides on how the resources of the Company are allocated as well as assessing the performance of the investments held. The following are some of the information reviewed by DB in assessing how resources are allocated and assessing the performance of the investments held:

- Credit quality of investments held
- Country and industry exposure
- Market prices and market price fluctuations

dbInvestor Solutions 2 plc

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

24 Segment analysis (continued)

The Company earns interest income from its portfolio of investments which includes corporate bonds and government bonds. The interest income for the year is as disclosed in note 7.

The geographical analysis of the Company's portfolio of investments is shown below:

Class of debt securities issued	Collateral type	Country of issuance	2017 €'000	2016 €'000
Equity linked secured notes	Corporate bonds	Denmark	28,561	29,022
		Mexico	20,990	20,440
		Luxembourg	14,430	13,454
	Government bonds	Italy	26,345	26,855
			90,326	89,772
Index linked notes	Government bonds	Portugal	9,053	8,975
		Lithuania	4,945	5,232
			13,998	14,207
Grand Total			104,324	103,979

25 Significant events

There were no significant events occurred during the year.

26 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.

27 Approval of the financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 27 October 2017.