Kalvebod PLC

Directors' report and audited financial statements

For the financial year ended 31 July 2017

Registered number 409286

Kalvebod Plc

Contents

Directors and other information

Directors	Brian Brady (Irish) Joseph Boyle (Irish) Bronagh Hardiman (Irish)	
Registered Office	Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland	
Administrator & Company Secretary	Deutsche International Corporate Services (Ireland) Limited Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland	
Trustee	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom	
Paying Agent, Agent Bank, Swap Counterparty and Custodian	Deutsche Bank AG London Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom	
Bankers	Deutsche Bank AG PO Box 12797 NL-1100 at Amsterdam	Bank of Ireland Corporate Banking 2 Burlington Plaza Burlington Road Dublin 4 Ireland
Independent Auditor	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2 Ireland	
Solicitors	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland Gide Loyrette Nouel MNP Citypoint One Ropemaker Street London EC2Y 9HT United Kingdom	

Directors' report

The Directors present their annual report together with the audited financial statements of Kalvebod Plc (the "Company") for the financial year ended 31 July 2017.

Principal activities and business review
The Company is a special purpose vehicle ("SPV") established as a "qualifying Company" under Section 110 of the Taxes Consolidation Act, 1997 and has a EUR 10.000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments. The Company's obligations under the debt securities issued are secured by investment securities purchased. The investors' recourse per series is limited to the assets of that particular series.

Notes pay interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus.

The Company entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligations of the Issuer and the terms are set out in the relevant Prospectus.

Following the swap maturity in May 2016, the Directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As a result, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amount of the financial assets relating to the series derecognised were DKK50,000,000.

Key performance indicator

During the financial year:
- the Company's profit was DKK Nil (2016: DKK Nil);
- the Company did not issue any new series;
- the net change in fair value on investment securities was DKK Nil (2016: DKK 22,986,053);
- the net change in fair value on debt securities issued was DKK Nil (2016: DKK 26,138,112); and
- the net gain from derivative financial instruments amounted to DKK Nil (2016: DKK 669,056).

As at 31 July 2017:
- the carrying value of the Company's total indebtedness was DKK 293,199 (2016: DKK 323,223);
- the Company had the following Notes in issue:

***Series 2** DKK 50,000,000 Fixed/Floating Rate Secured Notes due 2106

- the Company had the following collaterals in issue:

***Series 2** DKK 50,000,000 bearing fixed/floating interest rates

The Company's net assets were DKK 315,750 (2016: DKK 315,750).

The Company incurred DKK Nil (2016: DKK 4,732,028) as coupon on the Notes issued and earned DKK Nil (2016: DKK 7,215,031) as coupon on the investment securities.

Credit events
There was no credit event during the financial year.

Future developments

On 1 May 2016, the Swap Agreement terminated and the Company disposed of all its collateral and related Notes with the exception of DKK 50,000,000 Fixed/Floating Rate Secured Notes due May 2106. The Company will continue to be in existence for the foreseeable future and as such the financial statements have been prepared on a going concern basis. All the expenses will continue to be borne by Deutsche Bank, AG London, the arranger.

Results and dividends for the financial year
The results for the financial year are set out on page 9. No dividends are recommended by the Directors for the financial year under review (2016: DKK Nil).

Changes in Directors, secretary and registered office
There were no change in Directors, secretary or registered office during the financial year and/or since the financial year end.

Directors, secretary and their interests
The directors and secretary who held office on 31 July 2017 did not hold any shares, share options, deferred shares or debentures in the Company or any group company at beginning or end of the current or previous financial year.

Transactions involving directors

There are no contracts of any significance in relation to the business of the company in which the directors had any interest, as defined in Section 329 of the Companies Act 2014, at any time during the financial year ended 31 July 2017.

Under the terms of a Corporate Service Agreement, Deutsche International Corporate Services (Ireland) Limited (the "Administrator") provides administrative services to the Company. No directors are executive officers of the Company or serve the Company in any other way.

The directors are entitled to remuneration as approved by the Company. The Directors may also be paid all reasonable expenses properly incurred by them in attending meetings of the Directors or any meeting held in connection with the business of the Company. The directors are not separately compensated by the Company for serving as such, although their added out-of-pocket expenses are reimbursed by the Company. No out-of-pocket expenses were paid or reimbursed by the Company for the financial year ended 31 July 2017.

Principal risks and uncertainties

The Company is subject to various risks. The key risks facing the Company are outlined in Note 22 to the financial statements.

Operational risk

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 issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all of the Company's operations. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited.

Subsequent events

There has been no significant subsequent event after the financial year end.

Going concern

The Company's financial statement for the financial year ended 31 July 2017 have been prepared on going concern basis. The arranger, Deutsche Bank AG, London Branch, will reimburse the Company against any cost, fees, expenses or out-goings incurred if the company does not have sufficient cash and cash equivalents. Accordingly the Company is able to meet all its obligation as they fall due. As such the Directors believe that the going concern basis is appropriate.

Corporate Governance Statement

Introduction

The Company is subject to and complies with Irish Statute, comprising the Companies Act 2014 and the listing rule of Denmark. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of 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 and reports to the Board any control issues as they arise.

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 the Administrator to maintain the accounting records of the Company independently of Deutsche Bank AG London (the "Arranger" and the "Custodian"). The Administrator is contractually obliged to maintain adequate accounting records as required by the corporate administration agreement. To that end the Administrator performs reconciliations of its accounting records to those of the Arranger and the Custodian. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view.

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 the Administrator's report to the Board.

Risk Assessment .

The Board is responsible for assessing the risk of irregularities, whether caused by fraud or error, in financial reporting and ensuring 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. More specifically:

-The Administrator has a review procedure in place to ensure errors and omissions in the financial statements are identified and corrected.
-Regular training on accounting rules and recommendations is provided to the accountants employed by the Administrator.
-Accounting bulletins, issued by DB AG, London, are distributed monthly to all accountants employed by the Administrator.

Corporate Governance Statement (continued)

Control Activities

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 appropriate division 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.

Monitoring

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.

Capital Structure

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Act 2014 and the Listing Rules of the Copenhagen Stock Exchange. 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 in accordance 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.

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 a result the Company does not meet the requirements to establish an audit committee for the current financial year ending 31 July 2017. 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 22 for the derivative financial instruments entered by the Company.

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"), the Company issuing asset backed securities may avail itself of an exemption from the requirements to establish an audit committee.

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

Directors' compliance statement

The Directors confirm that;

(a) they have, to the best of their knowledge, complied with its relevant obligations as defined in section 225 of the Companies Act 2014;

(b) 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

(c) the arrangements and structures in place, are reviewed on an annual basis.

Accounting records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014, adequate accounting records are kept by employing accounting personnel with the appropriate expertise by providing adequate resources to the financial function. The accounting records of the Company are maintained at Deutsche International Corporate Services (Ireland) Limited, Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland.

Statement of relevant audit information
In the case of the persons who are Directors at the time this report is approved:

(a) so far as each Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and

(b) each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Independent auditor
The auditor, KPMG have resigned during the financial year and Ernst & Young, Chartered Accountants were appointed in their place. Ernst & Young will continue in office in accordance with Section 383 (1) and 383 (2) of the Companies Act, 2014.

On behalf of the board

Bronagh Hardiman

Bronagh Hardiman
Director

Brian Brady
Director

Date: 27/10/17

Directors' responsibilities statement

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

Irish company law requires the Directors to prepare the financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in Ireland). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements and Director's Report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

These financial statements comply with the aformentioned requirements.

Approved and authorised for issue on behalf of the Board of Directors on 27/10/17 **and signed on its behalf by:**

Bronagh Hardiman

Bronagh Hardiman
Director

Date: 27/10/17

Brian Brady
Director

Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALVEBOD PLC

Opinion

We have audited the financial statements of Kalvebod PLC ('the Company') for the year ended 31 July 2017, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out 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, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company as at 31 July 2017 and of its results for the year then ended;

- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and

- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with ISAs (Ireland) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Continued /...

Building a better working world

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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.

Application of pass-through accounting

The Company has applied pass-through accounting which result in de-recognition of assets and liabilities in the Statement of Financial Position in accordance with IAS 39. The application of these criteria, disclosed in note 3 (f) of the financial statements are critical to the de-recognition of the assets and liabilities. Incorrect application of the criteria outlined in IAS 39 would result in misstatement of the assets and liabilities and are consequently identified as a key audit matter.

Our response

We performed the following procedures to test that the de-recognition of assets and liabilities meet the pass-through criteria per IAS 39:

1) We verified that the criteria outlined in note 3(f) comply with the requirements of IAS 39.
2) We verified that there is no obligation to compensate the eventual recipient unless the Company collects equivalent amounts from the original financial assets.

Continued /...

Building a better working world

3) We verified that the Company was prohibited from selling or pledging the original financial asset under the terms of the pass through arrangement.
4) We tested that the Company was obliged to remit all cash flows it collects without material delay.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be 3,045 DKK, which is 0.5% of the total assets value of the Company. We believe that the total assets value is the most appropriate basis since the users of the financial statements may focus more on the value of the assets than earnings.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely 1,523 DKK. We have set performance materiality at this percentage based on our knowledge of the entity and industry, effectiveness of the control environment, our assessment of the risks associated with the engagement and consideration of this being a first year audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the board that we would report to them all uncorrected audit differences in excess of 152 DKK, which is set at approximately 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Continued /...

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALVEBOD PLC (Continued)

An overview of the scope of our audit report

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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are in relation to compliance with Irish Companies Act 2014 and IFRS.

We understood how Kalvebod Plc is complying with the framework established by understanding the entity level controls. The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The internal control process include the appointment of the Administrator to maintain the accounting records of the Company independently of the arranger and the custodian.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by performing substantive procedures in relation to the financial statement close process.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations.

In relation to the key audit matter on application of pass through accounting, further discussion to it is set out in the Key Audit Matters above.

Continued /...

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALVEBOD PLC (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

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

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

Matters on which we are required to report by exception

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

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. We have nothing to report in this regard.

Continued /...

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors on 25 August 2017 to audit the financial statements for the year ending 31 July 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the directors.

Continued /...

Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALVEBOD PLC (Continued)

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 this report, or for the opinions we have formed.

Ramakrishnan Ramanathan
for and on behalf of
Ernst & Young
Chartered Accountants and Statutory Audit Firm

Date: 31 October 2017.

Statement of comprehensive income
For the financial year ended 31 July 2017

	Notes	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Net gain on investment securities	5	-	30,201,084
Net loss on debt securities issued	6	-	(30,870,140)
Net gain from derivative financial instruments	7	-	669,056
Operating results		-	-
Net loss on foreign exchange movements	8	(156)	(902)
Other income	9	446,140	469,730
Other expenses	10	(445,984)	(468,828)
Operating results before taxation		-	-
Income tax expense	11	-	-
Result for the financial year		-	-
Other comprehensive income		-	-
Total comprehensive income for the financial year		-	-

All items dealt with in arriving at the result for the financial year ended 31 July 2017 related to continuing operations.

The notes on pages 12 to 24 form an integral part of these financial statements.

Kalvebod PLC

Statement of financial position
As at 31 July 2017

	Notes	31-Jul-17 DKK	31-Jul-16 DKK
Assets			
Cash and cash equivalents	12	284,408	287,339
Other receivables	14	320,359	351,634
Total assets		604,767	638,973
Liabilities			
Other payables	17	289,017	323,223
Total liabilities		289,017	323,223
Equity			
Called up share capital	18	298,528	298,528
Retained earnings		17,222	17,222
Shareholders' funds – equity		315,750	315,750
Total liabilities and equity		604,767	638,973

The notes on pages 12 to 24 form an integral part of these financial statements.

Approved and authorised for issue on behalf of the Board of Directors on 27/10/17 **and signed on its behalf by:**

Bronagh Hardiman

Bronagh Hardiman
Director

Brian Brady
Director

Date: 27/10/17

Kalvebod PLC

Statement of changes in equity
For the financial year ended 31 July 2017

	Share capital DKK	Retained earnings DKK	Total equity DKK
Balance as at 1 August 2015	298,528	17,222	315,750
Comprehensive income for the financial year			
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	-	-
Balance as at 31 July 2016	298,528	17,222	315,750
Comprehensive income for the financial year			
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	-	-
Balance as at 31 July 2017	298,528	17,222	315,750

Kalvebod PLC

Statement of cash flows
For the financial year ended 31 July 2017

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Cash flows from operating activities		
Operating results before income tax	-	-
Adjustments for:		
Decrease in receivables	31,275	2,235,988
Decrease in payables	(34,206)	(2,239,456)
Interest income received during the financial year	-	(7,215,031)
Interest paid during the financial year	-	4,732,028
Net changes in fair value on investment securities	-	(22,986,053)
Net changes in fair value on debt securities issued	-	26,138,112
Net changes in fair value on derivative financial instruments	-	(3,152,059)
Interest paid	-	(4,732,028)
Net cash used in operating activities	(2,931)	(7,218,499)
Cash flows from investing activities		
Disposal of investment securities	-	180,000,000
Interest received	-	7,215,031
Net cash generated from investing activities	-	187,215,031
Cash flows from financing activities		
Redemption of debt securities issued	-	(264,034,558)
Net swap receipts from disposals	-	84,034,557
Net cash used in financing activities	-	(180,000,001)
Net decrease in cash and cash equivalents	(2,931)	(3,469)
Cash and cash equivalents at start of the financial year	287,339	290,808
Cash and cash equivalents at end of the financial year	284,408	287,339

The notes on pages 12 to 24 form an integral part of these financial statements.

1. General Information

The Company is a special purpose vehicle ("SPV") established as a "qualifying Company" under Section 110 of the Taxes Consolidation Act, 1997 and has a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments. The Company's obligations under the debt securities issued are secured by investment securities purchased. The investors' recourse per series is limited to the assets of that particular series.

Notes pay interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus.

The Company entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligations of the Issuer and the terms are set out in the relevant Prospectus.

Following the swap maturity in May 2016, the Directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As a result, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amount of the financial assets relating to the series derecognised were DKK50,000,000.

The Company has no direct employees.

The debt securities issued are listed on the Copenhagen Stock Exchange.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union (EU) and as applied in accordance with the Companies Act 2014.

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 31 July 2017. The comparative information presented in these financial statements is for the financial year ended 31 July 2016.

The Company's financial statement for the financial year ended 31 July 2017 have been prepared on going concern basis. The arranger, Deutsche Bank AG, London Branch, will reimburse the Company against any cost, fees, expenses or out-goings incurred if the company does not have sufficient cash and cash equivalents. Accordingly the Company is able to meet all its obligation as they fall due. As such the Directors

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:
- 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.
- Derivative financial instruments are measured at fair value.

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

(c) New standards, amendments or interpretations

(i) Effective for annual periods beginning on 1 January 2016

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the financial statements of the Company.

Description	Effective date (period beginning)
Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations	1 January 2016
IFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants	1 January 2016
Amendments to IAS 27 Equity method in Separate Financial Statements	1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016

2. Basis of preparation (continued)

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

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in July 2014 and is effective for financial periods beginning on or after 1 January 2018. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 replaces IAS 39 in its entirety. This final version of IFRS 9 includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the incurred loss impairment model used today. IFRS 9 has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income and fair value through profit or loss. Classification under IFRS 9 for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flow represents solely payments of principal and interest. An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 when it becomes mandatorily applicable.

Amendments to IAS 7, 'Statement of Cash Flows - Changes in liabilities arising from financing activities' (effective for financial periods beginning on or after 1 January 2017) – subject to EU endorsement. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to IAS 12, 'Income Taxes' (effective for financial periods beginning on or after 1 January 2017) – subject to EU endorsement. The amendments clarify the accounting treatment in relation to recognition of deferred tax assets for unrealised losses.

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The Company has not adopted any other new standards or interpretations that are not mandatory.

Other than as indicated above, the Directors anticipate that the adoption of those standards or interpretations will have no material impact on the financial statements of the Company in the period of initial application.

(d) Changes in accounting policies

There were no changes to accounting policies which had a financial impact on the Company's financial statements during the financial year.

(e) Functional and presentation currency

These financial statements are presented in Danish Kroner (DKK) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. Debt securities issued and investment securities of the Company are primarily denominated in DKK. The Directors of the Company believe that DKK most faithfully represents the economic effects of the underlying transactions, events and conditions.

(f) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimates are revised and any future financial years 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 notes 3(f) and 22(d).

3. Significant accounting policies

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

(a) Net gain on investment securities

Net gain on investment securities designated at fair value through profit or loss relates to investments in corporate bonds and includes all realised and unrealised fair value changes, re-measurement of investment securities and coupon income.

(b) Net gain from derivative financial instruments

Net gain from derivative financial instruments relates to the swaps held by the Company, and includes swap income, swap expense, and all realised and unrealised fair value changes.

(c) Net loss on debt securities issued

Net loss on debt securities issued relates to debt securities issued designated at fair value through profit or loss and includes all realised and unrealised fair value changes, re-measurement of debt securities issued and coupon payments.

(d) Income tax expense

The Company is an Irish registered company and is structured to qualify as a securitisation company under Section 110 of the Taxes Consolidation Act, 1997. The Company generates minimal net income for Irish corporation tax purposes which is liable to Irish corporation tax at 25%. Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the statement of financial position method, providing for temporary differences 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.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

There are no restrictions on cash and cash equivalents.

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

(f) Financial instruments

The financial instruments held by the Company included the following

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

Categorisation

A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that was classified as held-for-trading or designated as at fair value through profit or loss upon initial recognition.

The Company had designated the investment securities and debt securities issued at fair value through profit or loss.

Derivative financial instruments were carried at fair value through profit or loss.

Investment securities

All investment securities held by the Company were designated at fair value through profit and loss at initial recognition when they eliminated or significantly reduced an accounting mismatch, which would otherwise arise in relation to derivatives and debt securities issued.

Derivative financial instruments

Derivative financial instruments include all derivative assets and liabilities that were not classified as trading assets or liabilities. When a derivative was not held for trading and was not designated in a qualifying hedge relationship, all changes in its fair value were recognised immediately in profit or loss in the Statement of comprehensive income.

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Debt securities issued

The debt securities issued were initially measured at fair value and were designated as liabilities at fair value through profit or loss when they either eliminated or significantly reduced an accounting mismatch or contain an embedded derivative that significantly modified the cash flows that would otherwise be required under the contract.

Financial assets and liabilities that are not at fair value through profit or loss

Financial assets that were not fair value through profit or loss and were not quoted in an active market include cash at bank and other receivables. These were measured at amortised cost.

Financial liabilities that were not fair value through profit or loss include other payables, and were categorised as other liabilities for measurement purposes.

Recognition and measurement

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments. From trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss were recorded in profit or loss in the Statement of comprehensive income.

Financial assets and liabilities not at fair value through profit or loss were subsequently measured at amortised cost.

Subsequent measurement

After initial measurement, the Company measures financial instruments which were classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss were recognised directly in profit or loss in the Statement of comprehensive income. The fair value of financial instruments was based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

Derecognition

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

The Company derecognised a financial liability when its contractual obligations were discharged or cancelled or expired.

Pass-through arrangements

When the Company retains the contractual right to the cash flows of a financial asset, but also assumes a contractual obligation to pay those cash flows to the eventual recipient (sometimes called a "pass-through arrangement"), the transaction was considered as a transfer and derecognised if, and only if, all of the following conditions were met:

- There was no obligation to pay amounts to the eventual recipient unless the Company collects equivalent amounts from the original financial assets;
- The Company was prohibited from selling or pledging the original financial asset under the terms of the pass through arrangement; and
- The Company was obliged to remit all cash flows it collects without material delay.

The above conditions were met by the Company and as such derecognised pass through arrangements as per Series 2.

Fair value measurement principles

"Fair value" was 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 at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market was regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Company measures instruments quoted in an active market at a mid price, because that price provides a reasonable approximation of the exit price.

If there was 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.

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

3. Significant accounting policies (continued)

(g) Share capital

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

(h) Foreign currency transactions

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 in the Statement of comprehensive income.

(i) Other income and expenses

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

(j) Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances.

(k) Other payables

Other payable are not interest bearing and are stated at their nominal value.

(l) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company has only one business unit and all administrating and operating functions are carried out and reviewed by the Administrator and Corporate Secretary, Deutsche International Company Services Ireland Limited. The investments were based in Denmark.

4. Determination of 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 note 22 to the financial statements. 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.

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.

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments are further described in note 22(e).

Fair value measurement principles

In the prior year, the determination of fair values of financial liabilities at fair value through profit or loss were based on quoted market prices from the Copenhagen Stock Exchange.

The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

Because of limited recourse, the fair value of investment securities at fair value through profit or loss of the Company is determined by reference to the fair value of the associated debt securities at fair value through profit or loss and the fair value of derivative financial instruments.

5. Net gain on investment securities
Designated at fair value through profit or loss

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Coupon income	-	7,215,031
Net gain on investment securities	-	22,986,053
	-	30,201,084

6. Net loss on debt securities issued
Designated at fair value through profit or loss

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Coupon expenses including accruals	-	(4,732,028)
Net loss on debt securities issued	-	(26,138,112)
	-	(30,870,140)

7. Net gain from derivative financial instruments

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Net swap expense	-	(2,483,003)
Net gain from derivative financial instruments	-	3,152,059
	-	669,056

8. Net loss on foreign exchange movements

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Net loss on foreign exchange movements	(156)	(902)
	(156)	(902)

9. Other income

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Arranger income	446,140	469,730
	446,140	469,730

Deutsche Bank, AG London, as arranger bears all the expenses of the Company. Arranger income is received in respect of total expenses incurred by the Company during the financial year. All future expenses will continue to be borne by the arranger.

10. Other expenses

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Audit fees (inclusive of VAT)	(150,243)	(164,699)
Directors fees	(104,113)	(104,146)
Administration expenses	(135,719)	(135,762)
Tax fees (inclusive of VAT)	(38,866)	(44,835)
Legal and professional fees	(16,595)	(19,051)
Bank charges	(448)	(335)
	(445,984)	(468,828)

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

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Auditor's remuneration (VAT exclusive)		
Statutory audit	122,149	133,902
Other assurance services	-	-
Tax advisory services	31,598	36,451
Other non-audit services	-	-
	153,747	170,353

11. Income tax expense

	Year ended 31-Jul-17 DKK	Year ended 31-Jul-16 DKK
Corporation tax	-	-
The reconciliation of the corporation tax is listed below:		
Profit before taxation	-	-
Current tax at standard rate of 25%		
Current tax charge	-	-
Total tax charge	-	-
Deferred tax	-	-

The Company is charged to corporation tax at a rate of 25% (2016: 25%). The Company will continue to be actively taxed at 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997.

Deferred tax
Any temporary differences arising on the assets will be offset by a corresponding difference in liabilities. Therefore, the Company does not have any deferred tax expense.

12. Cash and cash equivalents

	31-Jul-17 DKK	31-Jul-16 DKK
Cash at bank	284,408	287,339

The cash balances are held with Deutsche Bank Amsterdam and Bank of Ireland.
Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to cash and cash equivalents.

13. Investment securities

	31-Jul-17 DKK	31-Jul-16 DKK
Designated as at fair value through profit or loss	-	-
Maturity analysis of investment securities		
Within 1 financial year	-	-
More than 1 financial year and less than 2 financial years	-	-
More than 2 financial years and less than 5 financial years	-	-
More than 5 financial years	-	-
	-	-
Movement in investment securities		
At beginning of the financial year	-	204,888,947
Maturities during the financial year	-	(180,000,000)
Net changes in fair value during the financial year	-	22,986,053
*De-recognition of investment securities	-	(47,875,000)
At end of the financial year	-	-

The carrying value of the assets of the Company represents the maximum exposure to credit risk. The credit risk is eventually transferred to the Noteholders. The investment securities are held as collateral for debt securities issued by the Company.

Following the swap maturity in May 2016, the Directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As a result, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amount of the financial assets relating to the series derecognised were DKK50,000,000.

Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to investing activities.

14. Other receivables

	31-Jul-17 DKK	31-Jul-16 DKK
Other income receivable	320,359	351,634
	320,359	351,634

All other receivables are current.

Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to other receivables.

15. Derivative financial instruments

	31-Jul-17 DKK	31-Jul-16 DKK
At beginning of the financial year	-	80,882,499
Net changes in fair value during the financial year	-	3,152,058
Net swap receipts from disposals	-	(84,034,557)
At end of the financial year	-	-
Derivative financial assets	-	-

The Swap Agreement matured and terminated on 1 May 2016. The Company did not enter into any new derivative financial instruments during the financial year.

Asset swap

On the date of each Note issuance, the Company entered into an Asset Swap Agreement, the effect of which was that the Swap Counterparty would pay to the Company sums equal to the interest payable to the Noteholders under the Notes issued and the Company would pay to the Swap Counterparty sums equal to the scheduled interest receivable in respect of the Investment Securities acquired out of the issue proceeds of the Notes. The principal would be repaid on maturity. Under the terms of the Asset Swaps, currency risk was also transferred to the Swap Counterparty, where applicable.

The Company entered into such Swap Agreements for risk management purposes (i) to reduce or eliminate the mismatch between the amounts payable in respect of interest payable on the debt securities issued and the interest receivable from the investment securities held as collateral and (ii) to eliminate currency risks.

The effect of the Asset Swaps was that interest rate risk and currency risk was transferred to the Swap Counterparty leaving Noteholders exposed to market price risk with respect to changes in the value of the investment securities held on each Noteholder's behalf.

16. Debt securities issued

	31-Jul-17 DKK	31-Jul-16 DKK
Designated at fair value through profit or loss	-	-

The debt securities are listed on the Copenhagen Stock Exchange.

Movement in debt securities issued	31-Jul-17 DKK	31-Jul-16 DKK
At beginning of financial year	-	285,771,446
Debt securities redeemed during the financial year	-	(264,034,558)
Net changes in fair value during the financial year due to market risk	-	26,138,112
*De-recognition of debt securities	-	(47,875,000)
	-	-

Following the swap maturity in May 2016, the Directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As a result, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amount of the financial assets relating to the series derecognised were DKK50,000,000.

The Company's obligations under the debt securities issued are secured by investment securities purchased as per note 13. 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 Company, then this will reduce the obligation to the holders of the debt securities by an equivalent amount.

Debt securities issued for a particular series are designated at fair value through profit or loss when the related investment securities and derivatives are fair valued or when they contain embedded derivatives that significantly modify cashflows that otherwise would be required to be separated.

17. Other payables

	31-Jul-17 DKK	31-Jul-16 DKK
Accrued expenses	189,110	223,261
Other payables	99,907	99,962
	289,017	323,223

All other payables are current.

Refer to note 22 for risk disclosures relating to other payables.

18. Called up share capital presented as equity

	31-Jul-17 DKK	31-Jul-16 DKK
Authorised:		
40,000 ordinary shares of €1 each	298,528	298,528
Issued and fully paid:		
40,000 ordinary shares of €1 each	298,528	298,528

19. Ownership of the Company

The issued shares are held in trust for charitable purposes by Registered Shareholder Services No. 3 Company Limited (formerly, BADB Charitable Trust Limited), Registered Shareholder Services No. 1 Company Limited (formerly, Eurydice Charitable Trust Limited) and Registered Shareholder Services No. 2 Company Limited (formerly, MEDB Charitable Trust Limited) each holding 13,332 shares (the 'Share Trustees') and Mr Anthony Walsh, Mr James Scanlon, Mr Patrick Molloy and Mr Turlough Galvin each holding one share. The shareholders act solely as share trustees and have no beneficial ownership in the Company. All shares are held on trust for a charity.

The trustee has appointed a Board of Directors to run the day to day activities of the Company. The Board has considered the issue as to who is the ultimate controlling party of the Company. It has determined that the control of the day to day activities rests with the Board.

20. Transactions with related and certain other parties

During the financial year, the Company incurred a fee of DKK 124,411 (2016: DKK 135,762) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited (DICSIL). Bronagh Hardiman is an employee of DICSIL.

The Company also paid Director fees of DKK 147,483 (2016: DKK 104,146) in relation to services provided by Joseph Boyle and Brian Brady as Directors of the Company. As at 31 July 2017, all the director fees have been settled (2016: DKK Nil).

Deutsche Bank, AG London, as Arranger for each Series on issue of each series held, shall pay the Company $1,000 per Series and agrees to reimburse the Company for any costs, fees, expenses, or out-goings incurred. As at the financial year end, arranger income receivables were DKK 320,359 (2016: DKK 351,634). The amount received during the financial year is DKK 446,140 (2016: 469,730).

The Directors are of the view that there were no other related party transactions requiring disclosure.

21. Charges

The debt securities issued by the Company under each Series are secured by way of mortgage over the collateral purchased in respect of that Series.

22. Financial risk management

Introduction and overview

The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments will be used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

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 of the investment securities and derivatives held for risk management are borne fully by the holders of debt securities issued.

The Company had exposure to the following risks from its use of financial instruments:

(a) Market risk;
(b) Credit risk;
(c) Liquidity risk; and
(d) Fair values.

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 throughout these financial statements.

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating defined in the documentation of the relevant series. The risk of default on these assets is borne by the holders of the debt securities of the relevant series.

The Company entered into a number of Series in the Programme. Each Series is governed by a separate Supplemental Programme Memorandum. Each Series consists of an investment in collateral from the proceeds of the issuance of debt securities and/or Alternative Investments.

22. Financial risk management (continued)

Risk management framework (continued)

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

The debt securities issued are recorded at the value of the net proceeds received in DKK and are carried at fair value through profit or loss. The ultimate amount repaid to the Note holders will depend on the proceeds from the collateral and any payments the Swap counterparty is obliged to make under the terms of the swap agreement. The Company is obliged to provide for the payment or physical delivery of the deliverable obligations to the Swap counterparty and to the Noteholders.

All substantial risks and rewards associated with the investment securities are ultimately borne by the Noteholders.

(a) Market risk

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

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

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

(i) Interest rate risk

In May 2016, the Company derecognised all investment securities and all the debt securities in issue as at that date. As a result, at the current and previous financial year ends, the Company did not have any recognised debt securities in issue nor any recognised investment securities. No sensitivity analysis has been presented.

(ii) Currency risk

Only the cash and cash equivalents and other payables are denominated in EUR with all other assets and liabilities denominated in DKK. Therefore, the Company has limited exposure to fluctuation in exchange rates between Euro and its functional currency, i.e, DKK. The risk has been mitigated by the Company receiving arranger income for all foreign exchange transactions.

The Company's exposure to foreign currency risk to EUR as at reporting date is as follows:

	31 July 2017	
	EUR	**Total**
	DKK	**DKK**
Cash and cash equivalents	284,408	284,408
	284,408	284,408
Other payables	289,017	289,017
	289,017	289,017
Net position	(4,609)	(4,609)

	31 July 2016	
	EUR	**Total**
	DKK	**DKK**
Cash and cash equivalents	287,339	287,339
	287,339	287,339
Other payables	323,223	323,223
	323,223	323,223
Net position	(35,884)	(35,884)

The following significant exchange rates were applied at the financial year end.

	31-Jul-17		31-Jul-16	
	Average rate	Closing rate	Average rate	Closing rate
EUR:DKK	7.4184	7.4349	7.4336	7.4390

Sensitivity analysis

The Company has limited exposure to foreign exchange risks. Any foreign exchange transaction is netted off against arranger income receivable by the Company and thus has no net impact on equity profit or loss of the Company.

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial 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.

In relation to the Company's portfolio, it is not subject to equity price risk, commodity price risk, prepayment risk or residual value risk.

Sensitivity analysis

The Company is not exposed to any significant price risk as at the financial year end, the Company did not have any debt securities in issue and neither held any investment securities.

(b) Credit risk

The Company is not exposed to any significant credit risk as at the financial year end as it derecognised all debt securities in issue and investment securities held.

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

	31-Jul-17 DKK	31-Jul-16 DKK
Cash and cash equivalents	284,408	287,339
Other receivables	320,359	351,634
	604,767	638,973

Other receivables

Other receivables mainly include income receivable from the arranger at the financial year end. The credit rating of the arranger, as rated by Moody's was A3 at the financial year end.

Cash and cash equivalents

The Company's cash and cash equivalents are held with Bank of Ireland and Deutsche Bank Amsterdam which are rated Baa3 (2016: Baa2) and A3 (2016: A3) respectively by Moody's .

(c) 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 obligations will have to be settled in a manner disadvantageous to the Company. The Company's approach is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders of a particular series is limited to the net proceeds upon realisation of the collateral of that series. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders and/or the swap counterparty according to the established priorities.

	Carrying amount DKK	Gross contractual cash flows DKK	Less than one financial year DKK	Between one to two financial years DKK	Between two to five financial years DKK	More than five financial years DKK
31 July 2017						
Liabilities						
Other payables	289,017	289,017	289,017	-	-	-
	289,017	289,017	289,017	-	-	-
31 July 2016						
Liabilities						
Other payables	323,223	323,223	323,223	-	-	-
	323,223	323,223	323,223	-	-	-

(d) Operational risk

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 issues such as those arising from legal and regulatory requirements and

22. Financial risk management (continued)

(e) Fair values

The Company's investment securities, debt securities issued and derivative financial instruments 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 short term financial assets and financial liabilities at the reporting date approximated their fair values.

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed below:

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 note 3(f) under the subheading "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. See also "Valuation of financial instruments" below.

The Company's accounting policy on fair values measurements is disclosed under note 3(f) under the subheading "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 Company's accounting policy on fair value measurements is discussed in note 3(f). The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair values of financial assets and financial liabilities that are traded in active markets, level 1, are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Level 2 prices use widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex level 3 instruments proprietary valuation models are used 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. Examples of instruments involving significant unobservable inputs include certain over the counter derivatives and certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

The determination of fair values of financial liabilities at fair value through profit or loss is based on quoted market prices from the Copenhagen Stock Exchange. Given the low level of trading for these financial liabilities, they have been classified as level 2.

The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

Because on limited recourse, the fair value of the investment securities at fair value through profit or loss of the Company is determined by reference to the fair value of the associated debt securities at fair value through profit or loss and the fair value of derivative financial instruments. Any future change in the fair value of financial liabilities and derivatives will have an equal but opposite impact on the fair value of financial assets.

22. Financial risk management (continued)

(e) Fair values (continued)

Valuation of financial instruments (continued)

At the curent and previous reporting date, the Company did not have any investment securities, derivative financial instruments or debt securities.

Although the Directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements 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 e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc and therefore, cannot be determined with precision.

Accounting categorisation and fair values of financial assets and liabilities:

	31 July 2017		31 July 2016	
	Fair value DKK	Carrying value DKK	Fair value DKK	Carrying value DKK
Assets				
Cash and cash equivalents	284,408	284,408	287,339	287,339
Other receivables	320,359	320,359	351,634	351,634
	604,767	604,767	638,973	638,973
Liabilities				
Other payables	289,017	289,017	323,223	323,223
	289,017	289,017	323,223	323,223

Financial assets and liabilities not measured at fair value but for which fair value is disclosed

All the financial instruments not measured at fair value through profit or loss are classified as level 1 within the fair value hierarchy due to their short term nature for both the year ended 31 July 2017 and 31 July 2016.

23. Capital risk management

The Company view the share capital as its capital. Share capital of € 40,000 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

24. Subsequent event

There has been no significant subsequent event after the financial year end.

25. Credit events

There was no further credit event during the financial year.

26. Approval of financial statements

The Board of Directors approved these financial statements on ....27\10\17.................. 2017.