

**NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY**

**Directors' report and audited financial statements**

**For the financial year ended 31 December 2018**

**Registered number: 462007**

# NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

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# NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

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## DIRECTORS AND OTHER INFORMATION

<b>Directors</b>	Eimir McGrath (Irish) Shengjie Xu (Irish) (appointed on 23 March 2018) Bianca Schwarze (Irish) (resigned on 23 March 2018)	
<b>Registered Office</b>	<i>(Effective as from 12 August 2018)</i> Block A Georges Quay Dublin 2 Ireland	<i>(Effective up to 12 August 2018)</i> Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland
<b>Administrator and Company Secretary</b>	Vistra Alternative Investments (Ireland) Limited <i>(Effective as from 12 August 2018)</i> Block A Georges Quay Dublin 2 Ireland	Deutsche International Corporate Services (Ireland) Limited <i>(Effective up to 12 August 2018)</i> Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland
<b>Arranger</b>	<i>(As from 30 April 2018)</i> NatWest Markets Plc 135 Bishopsgate London EC2M 3UR United Kingdom	<i>(Until 29 April 2018)</i> The Royal Bank of Scotland Plc 135 Bishopsgate London EC2M 3UR United Kingdom
<b>Trustee</b>	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom	
<b>Paying Agent, Custodian &amp; Banker</b>	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom	
<b>Independent Auditor</b>	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland	
<b>Legal advisor</b>	A&L Goodbody International Financial Services Centre North Wall Quay Dublin 1 Ireland	

## NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

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### Directors' Report

The directors present the directors' report and audited financial statements of NatWest Markets Secured Funding Designated Activity Company (the "Company") for the financial year ended 31 December 2018.

### Principal activities

The Company is a private company with limited liability incorporated in Ireland on 11 September 2008, registered number 462007. On 19 January 2018, the Company changed its name to Cesium Structured Funding Designated Activity Company. On 23 January 2018, the Company further changed its name to NatWest Markets Secured Funding Designated Activity Company. The Company is arranged by NatWest Markets Plc (formerly The Royal Bank of Scotland) and has been established as a special purpose vehicle for the purpose of issuing limited recourse asset backed securities.

The Company has the corporate power and capacity to issue notes (the "Notes") up to EUR 15,000,000,000, to acquire the underlying assets and to enter into and perform the agreements to which it is or may become party as described in the programme memorandum (the "Programme Memorandum").

Series 2018-1 is listed on the Global Exchange Market of the Irish Stock Exchange (trading as "Euronext Dublin"). Series 2018-2 are listed on the Cayman Islands Stock Exchange.

### Business review – Key performance indicators

During the financial year ended 31 December 2018:

- The Company made a profit before tax of EUR 1,000 (2017: EUR Nil).
- the following Series of Notes were issued:
  - GBP 245,436,196 Series 2018-1 Notes due 2021
  - EUR 131,000,000 Series 2018-2 Notes due 2020

The above Notes have not been recognised in the financial statements as they are pass-through in nature.

- the following Series of Notes were partially redeemed:

Series	CCY	Nominal Amount	Description
S2018-1	GBP	1,886,746	Series 2018-1 Notes due 2021
S2018-2	EUR	704,297	Series 2018-2 Notes due 2020

As at 31 December 2018:

- The net assets of the Company were EUR 3,500 (2017: EUR 2,500).
- The Company had the following Series of Notes in issue:

Series	Description	Maturity date	CCY	Nominal
2018-1	Series 2018-1 Notes due 2021	09-Apr-21	GBP	243,549,450
2018-2	Series 2018-2 Notes due 2020	03-Dec-20	EUR	130,295,703

### Pass-through Notes

As at 31 December 2018, the guidance of IAS 39 for appropriate treatment of pass-through transactions has been applied. IAS 39 proposes three conditions that must be met for treating a contractual arrangement as a pass-through transaction:

- the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. However, the entity is allowed to make short-term advances to the eventual recipient so long as it has the right of full recovery of the amount lent plus accrued interest;
- the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- the entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, during the short settlement period, the entity is not entitled to reinvest such cash flows except for investments in cash or cash equivalents and where any interest earned from such investments is remitted to the eventual recipients.

### Series 2018-1

On 05 April 2018, the Company has issued passthrough Series 2018-1 GBP 245,436,196 Notes due 2021. The proceeds from the issue of the Notes have been applied towards the advance of the Repackaged Loan to HSH Nordbank AG (the "Borrower") under the Repackaged Loan Agreement. Any interest income received on the investment securities are transferred to the Noteholders as interest expense on the Notes. The investment securities can only be sold during the life of the transaction based on pre-determined contractually agreed events and the sale proceeds will be used to redeem the Notes without any material delay.

After considering the above conditions of IAS 39, the directors concluded that Series 2018-1 Notes did not meet the recognition criteria since inception and fully meets the conditions mentioned in IAS 39 for pass-through transactions. The nominal of the Notes issued amounting to GBP 245,436,196 have accordingly not been recognised for that particular Series in the financial statements for the year ended 31 December 2018. The corresponding loan investment has also not been recognised in the financial statements for the year ended 31 December 2018.

**Directors' Report (continued)****Series 2018-1 (continued)**

As at 31 December 2018, the outstanding amount for the Series 2018-1 Notes were GBP 243,549,450 and the corresponding loan investment amounted to GBP 243,549,450.

Interest receivable on the investment amounted to EUR 732,767 and interest payable on the Notes EUR 732,767. The Company received interest income amounting to EUR 3,279,226 during the financial year and paid out interest expenses under Series 2018-1 Notes EUR 3,273,841.

**Series 2018-2**

On 30 November 2018, the Company has issued passthrough Series 2018-2 EUR 131,000,000 Notes due 2020. The proceeds from the issue of the Notes have been applied towards the advance of the Repackaged Loan to D2 Europe I S.à r.l. (the "Borrower") under the Repackaged Loan Agreement. Any interest income received on the investment securities are transferred to the Noteholders as interest expense on the Notes. The investment securities can only be sold during the life of the transaction based on pre-determined contractually agreed events and the sale proceeds will be used to redeem the Notes without any material delay.

After considering the above conditions of IAS 39, the directors concluded that Series 2018-2 Notes did not meet the recognition criteria since inception and fully meets the conditions mentioned in IAS 39 for pass-through transactions. The nominal of the Notes issued amounting to EUR 131,000,000 have accordingly not been recognised for that particular Series in the financial statements for the year ended 31 December 2018. The corresponding loan investment has also not been recognised in the financial statements for the year ended 31 December 2018.

As at 31 December 2018, the outstanding amount for the Series 2018-2 Notes EUR 130,295,703 and the corresponding loan investment amounted to EUR 130,295,703.

Interest receivable on the investment amounted to EUR 47,815 and interest payable on the Notes EUR 47,815. The Company received interest income amounting to EUR 87,479 during the financial year and paid out interest expenses under Series 2018-2 Notes EUR 87,479.

**Future developments and going concern**

The Company's Notes comprise of Series 2018-1 Notes and Series 2018-2 Notes. Series 2018-1 Notes have a maturity date of 2021 and Series 2018-2 Notes have a maturity date of 2020. The directors expect that the present level of activity will be sustained for the foreseeable future. The Board of directors (the "Board") will continue to seek new opportunities for the Company and will continue to manage the current portfolio of the Company. Therefore the financial statements for the financial year ended 31 December 2018 have been prepared on a going concern basis.

**Principal risks and uncertainties**

The Company is subject to various risks. The key risks facing the Company are outlined in note 12 to the financial statements.

**Results and dividends for the financial year**

The results for the financial year are set out in the Statement of comprehensive income on page 12. No dividends are recommended by the directors (2017: EUR Nil).

**Change in directors, secretary and registered office during the financial year**

On 23 March 2018, Bianca Schwarze resigned as director of the Company and on the same date, Shengjie Xu was appointed as director of the Company.

Deutsche International Corporate Services (Ireland) Limited ("DICSIL") agreed to sell its corporate services business to Vistra Alternative Investments (Ireland) Limited ("VAIIL") pursuant to a business transfer agreement dated 14 September 2017. As part of the sale, the rights and obligations of DICSIL under the corporate services agreement entered into between the Company and DICSIL were novated to VAIIL pursuant to a Deed of Novation dated 12 August 2018. In connection with the novation, DICSIL resigned as secretary of the Company and VAIIL was appointed as the new secretary of the Company with effect from 12 August 2018. The registered office of the Company also changed from Pinnacle 2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland to Block A, George's Quay Plaza, Dublin 2, Ireland with effect from 12 August 2018.

There were no other changes in directors, secretary and registered office during the financial year.

**Directors, secretary and their interests**

None of the directors and secretary who held office on 1 January 2018 and 31 December 2018 held any shares in the Company at that date or during the financial year.

**Accounting records**

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 as amended (the "Act") with regards to keeping adequate accounting records by employing accounting personnel with appropriate experience and expertise and by providing services to the financial function. The accounting records of the Company are maintained at Block A, Georges Quay Plaza, Dublin 2, Ireland.

**Directors' Report (continued)****Corporate Governance Statement***Introduction*

The Company is subject to and complies with Irish Statute comprising the Act and the Listing rules of the Global Exchange Market of the Euronext Dublin and Cayman Islands Stock Exchange. 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 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.

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 VAILL (the "Administrator") to maintain the accounting records of the Company independently of NatWest Markets Plc (formerly The Royal Bank of Scotland) (the "Arranger"), Deutsche Bank AG, London Branch (the "Custodian") and Deutsche Trustee Company Limited (the "Trustee"). The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its 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. Listed debt SPVs prepare annual financial statements which would have been reviewed by the Board before approving these.

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 auditors' 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.

*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 in the Company's annual report.

*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*

The principal shareholder in the Company was Deutsche International Finance (Ireland) Limited holding 1,000 shares (the "Share Trustees"). On 15 July 2018, Deutsche International Finance (Ireland) Limited changed its name to Vistra Capital Markets (Ireland) Limited. The Share Trustees hold the issued shares of the Company in trust for charity. Other than that, 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.

The directors confirm that Share Trustees have entered into a share trust agreement whereby they have agreed not to exercise their voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, Irish Statute comprising the Act and the Listing Rules of the Global Exchange Market of the Euronext Dublin and Cayman Islands 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.

**Directors' Report (continued)**

**Audit Committee**

As at the date of these financial statements, the Company is operating within the balance sheet and turnover thresholds limits as set out under Section 167(1) of the Act, and as such the Company does not meet the requirements to establish an audit committee for the current financial year ending 31 December 2018.

**Credit events**

There has not been any credit event for the financial year under review.

**Subsequent events**

Subsequent events have been disclosed in note 16 to the financial statements.

**Independent auditor**

In accordance with Section 383(2) of the Act, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm has expressed their willingness to continue in office.

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

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

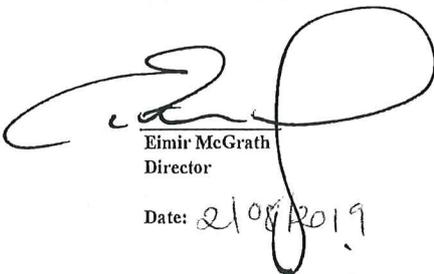
**Political donations**

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year to 31 December 2018.

**Directors' compliance statement**

At this present time the Company is operating within the balance sheet and turnover threshold limits as set out under Section 225 (7) of the Act, which enables the Company to avail of an exemption to the Compliance Policy Statement obligations. Accordingly the directors are not required to include a Compliance Statement in their statutory directors' report for the current financial year ending 31 December 2018.

On behalf of the Board



Eimir McGrath  
Director

Date: 21/08/2019



Shengjie Xu  
Director

**Directors' responsibilities statement**

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

Irish Company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of 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 reporting date and of the profit or loss of the Company for the financial year and otherwise comply with the Act.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Act and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

### Report on the audit of the financial statements

#### Opinion on the financial statements of NatWest Markets Secured Funding Designated Activity Company (the 'company')

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 December 2018, and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 17, including a summary of significant accounting policies as set out in note 3.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

#### 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 described below 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 the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, 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.

#### Summary of our audit approach

<b>Key audit matters</b>	The key audit matters that we identified in the current financial year were: <ul style="list-style-type: none"> <li>• <i>Derecognition of the Passthrough Debt Securities</i></li> </ul>
<b>Materiality</b>	The materiality that we used in the current financial period was 2% of the passthrough debt securities
<b>Scoping</b>	We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined.
<b>Significant changes in our approach</b>	We have been auditor of the company for a number of years. There were no changes in our approach from the prior years.

#### 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 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 financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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.

### Derecognition of Passthrough Debt Securities

#### Key audit matter description



For the financial year ended 31 December 2018 the Company had issued two passthrough series which did not meet the recognition criteria of IAS 39, as elected under FRS 102, since inception. The debt securities and related investments for this series have been derecognised from the financial statements.

The derecognition of such passthrough debt securities is considered a key audit matter as the derecognition of the series debt securities and investments requires considerable management judgement. The derecognition of the passthrough debt securities impacts the statement of financial position and the statement of comprehensive income with related income and expenses also not recognised. The derecognition has been identified as a significant risk of material misstatement, the risk being that they may not be classified correctly in accordance with the financial reporting framework.

Refer also to note 2 and 12 in the financial statements.

#### How the scope of our audit responded to the key audit matter



We obtained an understanding and assessed the design and implementation of the key controls that have been implemented over the derecognition process of passthrough debt securities.

We challenged whether the derecognition policy adopted for the passthrough debt securities is in line with IAS 39, as elected under FRS 102, and considered the appropriateness of the management judgement in the assessment. We reviewed the series documentation in considering the appropriateness of the derecognition of the debt securities. We assessed the disclosure of the passthrough series of debt securities for compliance with financial reporting standards.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

### Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be €8,008,000 or 2% of the value of the passthrough debt securities at year end. We have considered total assets to be the critical component for determining materiality because the main objective of the company is to provide investors with a long term risk adjusted return. We have considered quantitative and qualitative factors such as understanding the company and its environment, complexity of the company and the reliability of control environment.

We agreed with the Board of Directors (the "Board") that we would report to the Board any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

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Our audit is a risk based approach taking into account the structure of the company, types of financial assets, the involvement of the third party service providers, the accounting processes and controls in place, and the industry in which the company operates.

We have conducted our audit based on the books and records maintained by the corporate administrator, Vistra Alternative Investments (Ireland) Limited. We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

## Other information

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The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Audited Financial Statements, 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.

## Responsibilities of directors

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As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Report on other legal and regulatory requirements**

#### **Opinion on other matters prescribed by the Companies Act 2014**

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

- 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.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

#### **Corporate Governance Statement**

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We report, in relation to information given in the Corporate Governance Statement on pages 3 to 4 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.



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

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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.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

A handwritten signature in black ink that reads "Sinéad Moore".

Sinéad Moore  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 2 August 2019

NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

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Statement of comprehensive income  
For the financial year ended 31 December 2018

	Note	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Other income	4	1,000	737
Other expenses	5	-	(737)
<b>Result before taxation</b>		<u>1,000</u>	<u>-</u>
Taxation	6	(250)	-
<b>Result for the financial year</b>		<u>750</u>	<u>-</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the financial year</b>		<u><u>750</u></u>	<u><u>-</u></u>

The notes on pages 16 to 21 form part of these financial statements.

NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

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Statement of financial position  
As at 31 December 2018

	Notes	31-Dec-18 EUR	31-Dec-17 EUR
<b>Assets</b>			
Cash and cash equivalents	7	272	272
Debtors	8	3,228	2,228
<b>Total assets</b>		<u>3,500</u>	<u>2,500</u>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Other payables	9	250	-
<b>Total liabilities</b>		<u>250</u>	<u>-</u>
<b>Equity</b>			
Called up share capital presented as equity	10	1,000	1,000
Retained earnings		2,250	1,500
<b>Total equity</b>		<u>3,250</u>	<u>2,500</u>
<b>Total liabilities and equity</b>		<u>3,500</u>	<u>2,500</u>

On behalf of the Board:

  
Eimir McGrath  
Director  
Date: 2/8/2019

  
Shengjie Xu  
Director

The notes on pages 16 to 21 form part of these financial statements.

NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

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Statement of changes in equity  
As at 31 December 2018

	Share capital EUR	Retained earnings EUR	Total equity EUR
Balance as at 1 January 2017	1,000	1,500	2,500
<i>Total comprehensive income for the financial year</i>			
Net profit or loss	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	-	-
Balance as at 31 December 2017	1,000	1,500	2,500
Balance as at 1 January 2018	1,000	1,500	2,500
<i>Total comprehensive income for the financial year</i>			
Net profit or loss	-	750	750
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	750	750
Balance as at 31 December 2018	1,000	2,250	3,250

The notes on pages 16 to 21 form part of these financial statements.

NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

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Statement of cash flows

For the financial year ended 31 December 2018

	31-Dec-18 EUR	31-Dec-17 EUR
Cash flows from operating activities		
Profit on ordinary activities before taxation	1,000	-
<i>Movements in working capital:</i>		
Increase in other debtors	(1,000)	(737)
Net cash used in operating activities	-	(737)
Decrease in cash and cash equivalents	-	(737)
Cash and cash equivalents at start of the financial year	272	1,009
Cash and cash equivalents at end of the financial year	<u>272</u>	<u>272</u>

The notes on pages 16 to 21 form part of these financial statements.

Notes to the financial statements  
For the financial year ended 31 December 2018

1. General information

The Company is a private company with limited liability incorporated in Ireland on 11 September 2008, registered number 462007. On 19 January 2018, the Company changed its name to Cesium Structured Funding Designated Activity Company. On 23 January 2018, the Company further changed its name to NatWest Markets Secured Funding Designated Activity Company. The Company is arranged by NatWest Markets Plc (formerly The Royal Bank of Scotland) and has been established as a special purpose vehicle for the purpose of issuing limited recourse asset backed securities.

The Company has the corporate power and capacity to issue notes (the "Notes") up to EUR 15,000,000,000, to acquire the underlying assets and to enter into and perform the agreements to which it is or may become party as described in the programme memorandum (the "Programme Memorandum").

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard 102 applicable to the UK and Republic of Ireland' and Irish Statute comprising the Act. The Company has opted to apply the recognition and measurement provisions of IAS 39 - Financial Instruments: Recognition and Measurement.

(b) Future developments and going concern

The Company's Notes comprise of Series 2018-1 Notes and Series 2018-2 Notes. Series 2018-1 Notes have a maturity date of 2021 and Series 2018-2 Notes have a maturity date of 2020. The directors expect that the present level of activity will be sustained for the foreseeable future. The Board of directors (the "Board") will continue to seek new opportunities for the Company and will continue to manage the current portfolio of the Company. Therefore the financial statements for the financial year ended 31 December 2018 have been prepared on a going concern basis.

(c) Basis of measurement

The Company financial statements have been prepared on a historical cost basis.

(d) Functional and presentation currency

These financial statements are presented in Euro ("EUR") which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The share capital and the Programme has been issued in EUR and the Directors of the Company believe that EUR most faithfully represents the economic effects of the underlying transactions, events and conditions.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with accounting standards generally accepted in Ireland requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Derecognition of financial asset under IAS 39*

The derecognition of financial asset under IAS 39 for appropriate treatment of pass-through transactions has been applied. Series 2018-1 and Series 2018-2 have met the conditions for treating a contractual arrangement as a pass-through transaction. The conditions are further described in note 3(d).

(f) Changes to accounting policies

There has been no changes to the reported financial position or financial performance compared to that presented previously.

3. Significant accounting policies

(a) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year as calculated in accordance with Irish Tax Laws. Taxable profit may differ from profit before tax as reported in the Profit and Loss account because it excludes items of income or expense that are not taxable or deductible. The Company's liability for current tax is calculated using the tax rate that has been enacted or substantively enacted by the reporting date.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash held at banks 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.

Notes to the financial statements (continued)  
For the financial year ended 31 December 2018

3. Significant accounting policies (continued)

(c) Debtors

Debtors comprise mainly of unpaid share capital and corporate benefit and funds receivable from NatWest Markets Plc (formerly The Royal Bank of Scotland) (the "Arranger"). These have been reviewed for any evidence of impairment.

(d) Derecognition of financial asset under IAS 39

As at 31 December 2018, the guidance of IAS 39 for appropriate treatment of pass-through transactions has been applied. IAS 39 proposes three conditions that must be met for treating a contractual arrangement as a pass-through transaction:

- the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. However, the entity is allowed to make short-term advances to the eventual recipient so long as it has the right of full recovery of the amount lent plus accrued interest;
- the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- the entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, during the short settlement period, the entity is not entitled to reinvest such cash flows except for investments in cash or cash equivalents and where any interest earned from such investments is remitted to the eventual recipients.

(e) Other income and other expenses

All other income including Corporate Benefit of EUR 1,000 (2017: Nil) and expenses are accounted for on an accruals basis.

(f) Share capital

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

4. Other income

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Arranger income	-	737
Corporate Benefit	1,000	-
	<u>1,000</u>	<u>737</u>

5. Other expenses

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Bank Charges	-	47
VAT	-	690
	<u>-</u>	<u>737</u>

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
<b>Auditor's remuneration in respect of the year (excluding VAT):</b>		
Audit of financial statements	12,000	12,000
Other assurance services	-	-
Tax advisory services	4,000	4,000
Other non-audit services	-	-
	<u>16,000</u>	<u>16,000</u>

All costs associated within the Company are borne directly by the Arranger as per the Series Expense letter.

The Company is administered by VAILL and accordingly has no employees. The costs excluding VAT, associated with the Company are paid directly by the Arranger, NatWest Markets Plc (formerly The Royal Bank of Scotland), including the audit fee of EUR 12,000 (2017: EUR 12,000) and tax advisory fees of EUR 4,000 (2017: EUR 4,000).

Pursuant to Section 305A(1)(a) of the Act, requires disclosure that VAILL received EUR 2,000 per director as consideration for the making available of individuals to act as directors of the Company. The terms of the corporate services agreement in place between the Company and VAILL (the "CSP") provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, notwithstanding that the directors of the Company are employees of the CSP, they each do not receive any remuneration for acting as directors of the Company. The Company has no employees and services required are contracted from third parties.

Notes to the financial statements (continued)  
For the financial year ended 31 December 2018

6. Taxation

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

	Financial year ended 31-Dec-18 EUR	Financial year ended 31-Dec-17 EUR
Result before taxation	1,000	-
Current tax at 25%	(250)	-
Current tax charge	(250)	-

The Company is charged corporation tax at a rate of 25% (2017: 25%). The Company will continue to be taxed at 25% (2017: 25%) in accordance with Section 110 of the Taxes Consolidation Act 1997.

7. Cash and cash equivalents

	31-Dec-18 EUR	31-Dec-17 EUR
Cash at bank and on hand	272	272

As at 31 December 2018:

- the Company had cash at bank amounting to EUR 1,461 (2017: EUR Nil) in relation to the passthrough Series 2018-1; and
- the Company held bank accounts with Deutsche Bank AG, London Branch.

8. Debtors

	31-Dec-18 EUR	31-Dec-17 EUR
Funds receivable from Arranger	1,228	1,228
Corporate benefit receivable	1,000	-
Unpaid share capital	1,000	1,000
	3,228	2,228

9. Other payables

	31-Dec-18 EUR	31-Dec-17 EUR
Corporation tax payable	250	-

10. Called up share capital presented as equity

	31-Dec-18 EUR	31-Dec-17 EUR
<i>Authorised:</i> 1,000 ordinary shares of EUR 1 each	1,000	1,000
<i>Issued and unpaid:</i> 1,000 ordinary shares of EUR 1 each	1,000	1,000
<i>Presented as follows:</i> Called up share capital presented as equity	1,000	1,000

11. Ownership of the Company

The issued shares are held in trust by Deutsche International Finance (Ireland) Limited holding 1,000 shares (the "Share Trustees"). On 15 July 2018, Deutsche International Finance (Ireland) Limited changed its name to Vistra Capital Markets (Ireland) Limited. The Share Trustees hold the issued shares of the Company in trust for charity.

The share Trustees have appointed a Board to run the day to day activities of the Company. The Board have considered the issue as to who is the ultimate Controlling Party. It has been determined that the control of the day to day activities of the Company rests with the Board. The Board consists of two independent directors.

12. Financial risk management

*Introduction and overview*

The Company has the corporate power and capacity to issue Notes up to EUR 15,000,000,000 to acquire the underlying assets and to enter into and perform the agreements to which it is or may become party as described in the Programme Memorandum.

The net proceeds of each Series will be used by the Company to purchase the Collateral and in meeting certain expenses and fees payable in connection with the operations of the Company and the issue of the Notes as set out in the relevant Offering Circular Supplement relating to such Series.

Notes to the financial statements (continued)  
For the financial year ended 31 December 2018

## 12. Financial risk management (continued)

### *Introduction and overview (continued)*

The Company was set up as a segregated multi issuance Special purpose vehicle (the "SPV") which ensures that if one Series defaults, the holders of that Series do not have the ability to reach other assets of the Company, resulting in the Company's bankruptcy and the default of the other Series of Notes. The segregation criteria include the following:

- the Company is a bankruptcy remote SPV, organised in Ireland;
- the Company issues separate Series of debt obligations;
- assets relating to any particular Series of debt securities are held separate and apart from the assets relating to any other Series;
- each Series of debt securities, only the trustee are entitled to exercise remedies on behalf of the debt security holders; and
- each Series of issued debt securities are reviewed by a rating agency prior to issuance regardless of whether it is to be rated or not.

The Company is not engaged in any other activities.

### *Risk management framework*

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

- Operational risk;
- Credit risk;
- Concentration risk;
- Market risk; and
- Liquidity risk.

The Company operates in an autopilot mode with the risk management framework agreed at the time of issuance of the Notes and included in the prospectus of each series of Notes. The prospectus provides detailed information to the Noteholders regarding their exposure to different risks as well as how such risks will be managed going forward until the maturity of Notes. The Board has responsibility to ensure compliance with the prospectus and execute different legal documents as the need arises.

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.

### *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. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All management and administration functions are outsourced to VAAIL.

### *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 December 2018 in relation to each class of recognised financial assets, without taking account of any credit enhancements, is the carrying amount of those assets.

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

	31-Dec-18	31-Dec-17
	EUR	EUR
Cash at bank and on hand	272	272
Debtors	3,228	2,228
	<u>3,500</u>	<u>2,500</u>

Notes to the financial statements (continued)  
For the financial year ended 31 December 2018

## 12. Financial risk management (continued)

### *Credit risk (continued)*

#### *Credit quality of financial assets*

#### *Cash and cash equivalents*

The Company held cash and cash equivalents of EUR 272 as at 31 December 2018 (2017: EUR 272), which represents its maximum credit exposure on these assets. The cash balance recognised at year end was held in the Company account with Deutsche Bank AG London.

Cash balances are held with Deutsche Bank AG London which has the following ratings:

	Long term	Short term	Long term	Short term
	2018	2018	2017	2017
Standard & Poor's	BBB+	A-2	BBB-	A-2
Moody's	A3	P-2	A3	P-2
Fitch	A-	F2	A-	F2

### *Concentration risk*

At the reporting date, the Company's financial assets were concentrated in Series 2018-1 and Series 2018-2 loan investment in Germany and Luxembourg respectively. The loan investments are not rated. The proceeds from issuance of Series 2018-1 notes and Series 2018-2 notes were used to advance a loan to HSH Nordbank AG, a stock corporation based in Germany and D2 EUROPE I S.À R.L., a private limited liability company based in Luxembourg respectively (both the "Borrowers"). The Borrowers operate in the financial sector.

### *Market risk*

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

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

Since 2012, all outstanding loans have not been recognised in the balance sheet of the Company. NatWest Markets Plc (formerly The Royal Bank of Scotland) bears all the risks and therefore the Company has no market risk in relation to these assets.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

Since 2012, the Company did not face any liquidity risks as all the Notes and assets of the Company have not been recognised and payments on Notes exactly match receipts on loans.

## 13. Related party transactions

FRS 102 requires the disclosure of information relating to material transactions with parties who are deemed to be related to the Reporting Entity.

### *Transactions with Administrator*

During the financial year, administration services was paid to VAILL at commercial rates. Both directors were VAILL employees and no fees are paid to the directors of the Company.

### *Transactions with Arranger*

All costs associated with the Company, including the corporate administration fees provided to the Company at commercial rates, audit fees amounting to EUR 12,000 (2017: EUR 12,000) and tax fees amounting to EUR 4,000 (2017: EUR 4,000) are payable by the Arranger, NatWest Markets Plc (formerly The Royal Bank of Scotland), which is considered as a related party. An amount of EUR 2,228 (2017: EUR 1,228) is receivable from the Arranger as at 31 December 2018. The receivable from the Arranger included corporate benefit receivable following the issuance of Series 2018-1 and Series 2018-2 amounting to EUR 1,000 (EUR 2017: Nil).

During the financial year, the Company has issued passthrough Series 2018-1 GBP 245,436,196 Notes due 2021 and Series 2018-2 EUR 131,000,000 Notes due 2020. In relation to the Series, the following transactions took place:

	Series 2018-1		Series 2018-2	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	EUR	EUR	EUR	EUR
Interest expense on Notes for the financial year	3,273,841	-	87,479	-
Interest payable on Notes at the end of the financial year	732,767	-	47,815	-
Redemption on the Notes for the financial year	2,134,027	-	704,297	-

NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)  
For the financial year ended 31 December 2018

13. Related party transactions (continued)  
*Transactions with Arranger (continued)*

	Series 2018-1		Series 2018-2	
	31-Dec-18 EUR	31-Dec-17 EUR	31-Dec-18 EUR	31-Dec-17 EUR
Interest income for the financial year	3,279,226	-	87,479	-
Interest receivable at the end of the financial year	732,767	-	47,815	-
Disposal of the assets during the financial year	2,136,556	-	704,297	-

There were no other transactions with related parties requiring disclosure in the financial statements.

14. Charges

The Notes issued by the Series are secured by way of a charge in favour of the Trustee, Deutsche Trustee Company Limited, over the collateral purchased by the respective Series and by an assignment of a fixed first charge to the trustee. These charges are as follows:

- (i) assignment of all of the issuer's rights, title and interests under the terms and conditions of the underlying assets and any sums received thereunder;
- (ii) assignment of the issuer's rights over the moneys standing to the credit of the payment account and the debts represented thereby and assigned for the benefit of the secured parties; and
- (iii) assignment of all the issuer's rights to amounts standing to the credit thereof and under the agency agreement in so far as it relates to the payment account and amounts standing to the credit thereof.

15. Default events

There has been no events of default during the financial year ended 31 December 2018.

16. Subsequent events

The following Series of Notes were partially redeemed post the financial year end:

Series Name	Description	Maturity date	CCY	Nominal
2018-1	Series 2018-1 Notes due 2021	09-Apr-21	GBP	687,130
2018-2	Series 2018-2 Notes due 2020	03-Dec-20	EUR	6,822,839

There were no other significant events after financial year end up to the date of signing this report that require disclosure and/or adjustment in the financial statements.

17. Approval of financial statements

The Board these financial statements on... 2 Aug 2019 .....