

# DB UK HOLDINGS LIMITED

## STRATEGIC REPORT

For the year ended 31 December 2019

The Directors of DB UK Holdings Limited ("the Company") present their annual report and audited financial statements for the year ended 31 December 2019. These financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* ("FRS 101"). In so doing, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("IFRSs"), but has made amendments, where necessary, in order to comply with the requirements of the Companies Act 2006.

### Objectives

The primary objective of the Company is to act as a holding company and to provide funding to various Special Purpose Vehicles set up by the Structured Capital Markets business of Deutsche Bank AG. The Company also holds several investments of a strategic nature on behalf of the Group.

The Company is one of the subsidiaries of Deutsche Bank Aktiengesellschaft ("Deutsche Bank AG"). Deutsche Bank AG and its other subsidiaries are collectively referred to as "the Group" in these financial statements.

### Section 172 Companies Act 2006 Statement

The Company is a holding company and has no operating business, employees or relationships with suppliers or customers. Its purpose is simply to act as parent to a number of subsidiaries and to hold investments on behalf of the DB Group.

Consistent with DB Group policies, the directors are committed to implementing and maintaining strong disciplines in their decision making and high standards of business conduct. Insofar as the directors have made decisions during the financial year, they have had regard to the factors set out above where relevant in performing their duties under Section 172, particularly the likely consequences of such decisions in the long term and their impact on the wider DB Group. Decisions during the year related to oversight of the Company's investments. For example the Directors considered and approved the incorporation of a UK subsidiary to act as a software product development facility for the DB Group. In approving the transaction, the directors had regard to the likely consequences of the decision in the long term and on shareholder value in ensuring that, prior to approval, DB Group approval processes had been followed and in ensuring ongoing corporate oversight of the subsidiary by requiring a representative of the subsidiary to join the Board.

The Company operates in accordance with relevant DB Group policies, procedures, principles and codes of conduct as well as its framework of prudent controls which enables risk to be assessed and managed. The DB Group is committed to the Paris Pledge for Action and has recently been part of the first round of signatories to the UN Principles for Responsible Banking.

### Principal risks and uncertainties

The management of the business is subject to a number of risks. While the Directors acknowledge their responsibility for the overall management of these risks, as a wholly owned subsidiary of the Group, they are centrally managed within the risk and control functions of the Group.

The Directors note that the key business risks and uncertainties affecting the Company stem from the market and credit risks associated with its investments and amounts owed by group undertakings. Management of any market and credit risks will involve undertaking transactions with the ultimate parent and fellow subsidiary undertakings of the Company.

### Market and Credit Risk

The Company's market and credit risk is primarily attributable to unsecured amounts owed by the Group and the risk of losses in its subsidiaries, impacting the carrying value of investments and their potential for impairment.

The Company's activities expose it to the risk of changes in foreign currency exchange rates and interest rates. The Company's foreign exchange exposures are sold-off on a monthly basis while interest bearing assets and liabilities are rolled on a quarterly basis, in order to mitigate these risks.

### Key performance indicators

Key business metrics for the Company which are regularly monitored by the Board include:

|                | <u>2019</u> | <u>2018</u> |
|----------------|-------------|-------------|
|                | €           | €           |
| Pre-tax Profit | 11,500,563  | 22,123,511  |
| Net Assets     | 383,931,296 | 432,159,127 |

## DB UK HOLDINGS LIMITED

### STRATEGIC REPORT (continued) For the year ended 31 December 2019

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#### Current period performance

The result of the Company for the year ended 31 December 2019 shows a post-tax profit of €12,772,169 (2018: €23,241,708).

As a holding company, the profit or loss is driven by events in relation to the Company's fixed assets. During the year, the Company received €12,751,171 dividends, mainly from its shares in group undertakings and €4,365,762 net fair value changes in other investments. These income were offset mainly by €(2,233,881) net provision for impairment on shares in group undertakings.

#### Other matters during the year

On 31 January 2019, the Company received €10,854,000 of proceeds from the sale of Euroclear Holding SA/NV.

The Company received and paid out dividends during the year as follows:

- €666,222 from DGPA Capital on 9 May 2019;
- €4,934,948 from OTCDeriv Limited on 13 June 2019;
- €6,800,000 from DBOI Global Services (UK) Limited on 28 June 2019;
- €350,001 from CreditDeriv Limited on 21 June 2019 on 12 December 2019; and
- €61,000,000 to its parent, Deutsche Holdings No.3 Limited ("DH3") on 31 May 2019.

On 22 May 2019, DB Energy Commodities Limited, a direct subsidiary was dissolved. No gain or loss was recognized.

On 7 June 2019, the Company borrowed to fund a loan from Deutsche Bank AG, London Branch ("DB AG, London Branch") of €921,826,197 with offsetting loan to DBUSBZ2, S.à r.l. ("BZ2"). The loan to BZ2 will be used to purchase third party loans from DB AG, London Branch.

On 21 June 2019, the Company contributed €10,200,112 capital to a new group undertaking, Breaking Wave DB Limited.

On 20 August 2019, Kradavimd UK Lease Holdings Limited, Sixco Leasing Limited, and DEAM Infrastructure Limited, direct subsidiaries were liquidated. No gain or loss was recognized.

On 20 September 2019, the Company received €782,631 from the liquidation of its investment in DB Nexus Investments (UK) Limited. No gain or loss was recognised.

#### Events after the balance sheet date

On 10 March 2020, the Company paid €414,365 to Neptune Networks Limited for 80 additional B shares.

On 22 April 2020, the Company received a dividend of €488,804 from DGPA Capital.

On 11 June 2020, the Company received a dividend of €6,422,000 from DBOI Global Services (UK) Limited.

On 18 August 2020, the Company paid €1,673,027 (\$2,000,020) for 2.63% stake in AccessFintech Limited.

On 27 August 2020, the Company paid €4,522,874 (£4,042,499) for 8.22% stake in CloudMargin Limited.

On 17 September 2020, the Company received €28,951,734 representing partial return of capital and €5,085,748 dividends from its direct subsidiary, DB Enfield Infrastructure Holdings Limited .

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

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

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### STRATEGIC REPORT (continued) For the year ended 31 December 2019

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#### Future outlook

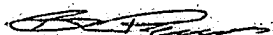
The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

On 31 January 2020, the United Kingdom ("UK") formally left the European Union ("EU") ("Brexit"), by reaching an agreement with the EU. UK is now in the transition period which is due to end on 31 December 2020. The future impact of Brexit to the Company cannot be predicted but the Directors will continue to closely monitor developments and assess the possible impacts of these developments on the Company. As at the date of this report the Directors have no reason to believe that any of these uncertain factors will have any impact on the Company given that the Company does not have any balances that are external to the Group.

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

The outlook of the business is stable, and it is expected that the Company will maintain its current level of activity.

By order of the Board of Directors



Ben Pallas  
Director

**Registered office**  
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Dated: 5 October, 2020

Company number: 03650236