Annual accounts of ELM B.V.

for the year 2018

ELM B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
Chamber of Commerce: 33286267

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Report of the management

Management herewith presents to the shareholder the annual accounts of ELM B.V. ("the Company") for the financial year 2018.

General

The Company was incorporated under the laws of The Netherlands on 14 November 1996 as a private company with limited liability. On 9 June 2004 the Company changed its name from Government Asset Tradeable Securities B.V. to ELM B.V.. The Company has its registered office in Amsterdam (Prins Bernhardplein 200, 1097 JB). Its authorised share capital consists of EUR 90,000 divided into 2,000 voting ordinary shares of EUR 45 par value per share. The Company has an issued and outstanding share capital of EUR 18,000 consisting of 400 shares, all of which are fully paid up and held by Stichting ELM (formerly known as Stichting Government Asset Tradeable Securities), a foundation ("the Foundation") established under Dutch law on 14 November 1996. The Company and the Foundation entered into a letter agreement dated 25 June 2004 under which, in order to ensure that the Foundation does not abuse its control of the Company, the Foundation, inter alia, undertook to manage the affairs of the Company in accordance with proper and prudent Dutch business practices and in accordance with the requirements of Dutch law and accounting practice, to exercise its voting and other rights and powers as a shareholder in accordance with the Company's obligations under the documents relating to the Programme Memorandum, not to liquidate the Company without the prior written approval of the Trustee, and that the Company shall undertake no business except the transactions contemplated by the documents relating to the Programme. The Company also entered into a series proposal and guaranteed fees agreement with UBS AG, London Branch (the "Arranger") on the basis of which all expenses of the Company are reimbursed.

The Company acts as an issuer of notes (the "Notes") under the EUR 15 billion Secured Note Programme (the "Programme") established on 25 June 2004. Its objectives are to raise finance through the issuance of bonds, notes and other debt instruments, the entering into loan agreements, derivatives and other instruments evidencing indebtedness. Its further objectives are to (i) invest funds raised under the Notes in (interest in) bonds, notes, loans, deposits and other debt instruments, shares, warrants, derivatives and other similar financial assets, (ii) to acquire, purchase, manage and sell claims and parts of claims, (iii) to grant security in whatever form for obligation and liabilities of the Company, and (iv) to enter into swaps and other derivatives transactions, letters of credit, guarantees, insurances, or other credit support, credit enhancement or hedging agreements in connection with the above objects and to enter into agreements with third parties relating to the above objectives.
Recourse on the Notes is limited to the collateral (the "Collateral") and rights under the swap agreement for each of the issued series of Notes (the "Series").

For a complete description of the terms and conditions of this transaction, we refer to the updated programme memorandum dated 24 September 2018.

Financial risk management

General

The information included in the notes for financial instruments is useful in estimating the extent of risks relating to both on-balance sheet and off-balance sheet financial instruments.

The Company’s primary financial instruments, not being derivatives, serve to finance the Company’s operating activities or directly arise from these activities. The Company also enters into transactions in derivatives, particularly asset swaps, to hedge credit and interest rate risks arising from the Company’s operating and financing activities. The Company’s policy is not to trade in financial instruments.

The principal risks arising from the Company’s financial instruments are foreign exchange risk, liquidity risks, cash flow risks and price risks, which comprise interest rate and credit risks.

The Company’s policy to mitigate these risks is set out below.

Foreign exchange risk

Collateral and issued Notes are denominated in other currencies than the Euro and therefore the Company does bear any foreign exchange risk on the collateral and issued notes. The Company hedges this risk by entering into total return swap contracts to cover expected significant increases or decreases in foreign currency exchange rates for the series that have a swap contract. Under these contracts currency changes are covered by the swap counterparty. The Company’s foreign currency exchange rate risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as the exposure to this risk is equal for the collateral and the corresponding note.

Interest rate risk

As the Company’s collateral bears a fixed rate of interest, the Company runs the risk that the loans will decrease or increase in value respectively due to changing market rates of interest. The Company hedges this risk by entering into total return swap contracts to cover expected significant increases or decreases in market interest rates. Under these contracts, fixed rates of interest are converted to variable rates. The Company’s interest rate risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as the interest rate and notional amounts are matched between the collateral and the corresponding note.

Market risk

The Company invests in collateral with different counterparties and different risk profiles. The Company’s market risk is therefore significant. The Company hedges this market risk by entering into total return swaps. The Company’s market risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as in case of impairment of the collateral, the note is correspondingly impaired as well.

Credit risk

The Company invests in collateral with different counterparties and different risk profiles. The creditworthiness of these parties is checked regularly. The Company has also drawn up guidelines for limiting the credit risk. Furthermore, the Company applies strict credit control and reminder procedures. The Company hedges this credit risk by entering into total return swaps. The Company’s credit risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as in case of impairment of the collateral, the note is correspondingly impaired as well.

Liquidity risk

The risk of future cash flows from monetary financial instruments fluctuating is nil, since all cash flows have been swapped by Swap Counterparty.

Overview of activities

The Company continued its repackaging activities during 2018 and issued 7 new Series of Notes (2017: 8) and increased the issued amount of 1 existing Series of Notes (2017: 1), 11 Series of Notes (2017: 13) were (early) redeemed in full during the year 2018. Another 5 Series of Notes (2017: 15) were partly redeemed early.

Audit Committee

The audit committee consists of two members. As per 8 June 2016, Mr. J.C.M. Schoen and Mr. G.J. Huizing were appointed as member of the audit committee.

Personnel related information

The Company does not have any employees. The managing director is not a natural person, therefore, the requirements on information on the human sex ratio of board members can be found in the Director's report of the managing director.

Results

The equity of the Company as at 31 December 2018 amounts to EUR 79,000 (2017: EUR 151,000). The result after taxation for the year ended 31 December 2018 amounts to a profit of EUR 141,000 (2017: EUR 133,000).

Future outlook

Management expects to continue its present level of activities. Since the reporting date the Company has issued 7 new Series and there were no further increases of the issued amounts on existing Series. 4 Series were repurchased in full, No Series were partly repurchased and there were 3 amendments.

Amsterdam, 28 June 2019

Intertrust (Netherlands) B.V.

Balance sheet as at December 31, 2018

(before appropriation of result)

	Note	31-12-2018 ('000)	31-12-2017 ('000)
Fixed assets			
Financial fixed assets	1	6,539,104	6,209,853
Total fixed assets		6,539,104	6,209,853
Current assets			
Debtors			
Amounts owed by group entities	2	2	2
Prepayments and accrued income	3	86,426	99,798
Cash	4	117	612
Total current assets		86,545	100,412
Current liabilities			
Taxation	5	(151)	(111)
Accruals and deferred income	6	86,617	100,372
Total current liabilities		86,466	100,261
Current assets less current liabilities		**79**	**151**
Total assets less current liabilities		**6,539,183**	**6,210,004**
Long term liabilities			
Notes	7	6,539,104	6,209,853
Total long term liabilities		6,539,104	6,209,853
Net asset value		**79**	**151**
Capital and reserves	8		
Share capital		18	18
Legal reserve		0	0
Other reserves		(80)	0
Unappropriated results		141	133
Total shareholder's equity		**79**	**151**

The accompanying notes form an integral part of these annual accounts.

Profit and Loss account for the year 2018

	Note	2018 ('000)	2017 ('000)
Repackaging activities			
Interest income	9	422,499	335,564
Interest expense	10	(422,499)	(335,564)
Result repackaging activities		0	0
Other income			
Recharged expenses and other income	13	492	1,751
Other income	14	177	167
Total other income		669	1,918
Other expenses			
General and administrative expenses	12	(492)	(1,751)
FX results	11	0	0
Results before taxation		176	167
Corporate Income Tax	15	(35)	(33)
Results after taxation		141	134

The accompanying notes form an integral part of these annual accounts.

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Cash flow statement for the year 2018

	Note	2018 ('000)	2017 ('000)
Result for the year		141	133
Adjustment in respect of			
Long term liability trading balances		0	0
		0	0
Changes in working capital			
Increase current receivables excluding cash	2,3	13,372	39,143
Increase current liabilities	5, 6	(13,795)	(39,227)
		(423)	(84)
Cash flow from investing activities			
Purchase of Collateral	1	(1,263,624)	(1,177,264)
Redemption of Collateral	1	1,056,264	1,676,096
		(207,360)	498,832
Cash flows from financing activities			
Dividend paid	8	(213)	(108)
Notes issued	7	1,263,624	1,177,264
Redemption of Notes	7	(1,056,264)	(1,676,096)
		207,147	(498,940)
Cash balance as per 01.01		612	671
Net change in cash during the year		(495)	(59)
Cash balance as per 31.12		117	612

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currency are converted into Euros at the average weighted exchange rates at the dates of the transactions.

The accompanying notes form an integral part of these annual accounts.

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Notes to the annual accounts

General

The Company was incorporated under the laws of The Netherlands on 14 November 1996 as a private company with limited liability. On 9 June 2004 the Company changed its name from Government Asset Tradeable Securities B.V. to ELM B.V.. The Company has its registered office in Amsterdam (Prins Bernhardplein 200, 1097 JB). Its authorised share capital consists of EUR 90,000 divided into 2,000 voting ordinary shares of EUR 45 par value per share. The Company has an issued and outstanding share capital of EUR 18,000 consisting of 400 shares, all of which are fully paid up and held by Stichting ELM (formerly known as Stichting Government Asset Tradeable Securities), a foundation ("Foundation") established under Dutch law on 14 November 1996. The Company and the Foundation entered into a letter agreement dated 25 June 2004 under which, in order to ensure that the Foundation does not abuse its control of the Company, the Foundation, inter alia, undertook to manage the affairs of the Company in accordance with proper and prudent Dutch business practices and in accordance with the requirements of Dutch law and accounting practice, to exercise its voting and other rights and powers as a shareholder in accordance with the Company's obligations under the documents relating to the Programme Memorandum, not to liquidate the Company without the prior written approval of the Trustee, and to ensure that the Company shall undertake no business except the transactions contemplated by the documents relating to the Programme.

The Company acts as an issuer of notes (the "Notes") under the EUR 15 billion Secured Note Programme (the "Programme") established on 25 June 2004. Its objectives are to raise finance through the issuance of bonds, notes and other debt instruments, the entering into loan agreements, derivatives and third parties relating to the above objectives.

Application was granted by the Irish Stock Exchange (the "ISE") for Notes issued under the Programme during a period of twelve months from 7 April 2014 to be admitted to the official list of the ISE and for such Notes to be admitted to trading on the ISE.

Application has been made to the Irish Financial Services Regulatory Authority (the "IFSRA") under the Prospectus Directive (the "PD") for approval of the Programme Memorandum (the "PM"). The PM constitutes a base prospectus under the PD. The base prospectus is not part of the financial statements. The approval relates only to Notes or alternative investments which are to be admitted to trading on the regulated market of the ISE or other regulated markets or which are to be offered to the public in any other Member State of the European Economic Area. In addition, application may be made for certain series (the "Series") or alternative investments to be admitted to trading on any other exchange. Unlisted Notes or alternative investments may also be issued under the Programme. At balance sheet date 1 Series is listed on the Luxembourg Stock Exchange (2017: 1 Series).

Recourse on the Notes is limited to the collateral ("Collateral") and rights under the swap agreement for each of the issued Series. For a complete description of the terms and conditions of this transaction, we refer to the updated programme memorandum dated 24 September 2018.

There are two types of Notes issued, being credit linked Notes of which the repayment of notionals is dependent on credit events of pre-defined reference portfolios. If credit events occur, the notionals will be reduced. The second type of Notes are credit linked Notes which may be redeemed early, depending upon the occurrence of credit events.

In case of a credit event (and in accordance with the provisions of the relevant Series documentation of each specific Series of Notes) the credit loss may be transferred to the relevant Noteholders. For certain Series of Notes a credit event will lead to a transfer of assets held as Collateral to the Noteholders.

The Company intends to hold all Notes issued until maturity but has the option of repurchasing Notes, subject to investors' willingness to sell any such Notes. Some of the Notes have call options, granting the Company the right to repurchase (part of) the Notes from the Noteholders on predetermined dates. At maturity or repurchase of Notes the outstanding Collateral will be transferred to the Swap Counterparty.

Related parties

Intertrust (Netherlands) B.V. manages the Company as well as statutory accounting. The Bank of New York Mellon handles cash management, registrar and custodian. UBS AG, London Branch acts as Arranger as well as the swap counterparty, collateral agent and calculation agent. Reference is made to the updated programme memorandum dated 24 September 2018 for further details.

Basis of presentation

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands (Dutch GAAP) and in conformity with provisions governing annual accounts as contained in Part 9, Book 2 of the Dutch Civil Code. The annual accounts are presented in thousands of Euros.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Critical accounting estimates and judgments

Application of the accounting policies in the preparation of the financial statements requires the management of the Company to exercise judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described below.

Fair value estimation of financial instruments

Due to the short-term nature of the cash and cash equivalents, other receivables, interest receivable and payables and accrued expenses and other liabilities included in these financial statements, the estimated fair value for these financial instruments approximates the book value. The fair value of financial assets and financial derivatives traded in active markets, if available, are based on market prices at the balance sheet date.

In the absence of quoted prices in active markets, considerable judgment is required in developing estimates of fair value. Estimates are not necessarily indicative of the amounts the Company could realise in a current market transaction. The Company obtains the fair valuations for (derivative) financial instruments from the Arranger, the swap counterparty or other third parties.

Offsetting

Financial assets and liabilities are offset at the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

a. Foreign currencies

These annual accounts are presented in thousand of Euros, which is the Company's functional currency. Monetary assets and liabilities in foreign currencies are converted into Euros at their exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are converted into Euros at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The currency exchange rates used in the annual accounts are:

		31-12-2018	**31-12-2017**
1 EUR = USD	United States Dollars	1.1439	1.1977
1 EUR = GBP	Pounds Sterling	0.8972	0.8873
1 EUR = CHF	Swiss Francs	1.1256	1.1680
1 EUR = NOK	Norwegian Kroner	9.9349	9.8240
1 EUR = JPY	Japanese Yen	125.85	134.05
1 EUR = AUD	Australian Dollars	1.6180	1.5313
1 EUR = CNY	Chinese Yuan	7.7890	7.7890

b. Financial assets

The Company initially classifies the financial assets on a portfolio basis in the following (sub) categories:
- financial assets as part of the portfolio;
- derivatives;
- purchased loans and bonds;
- loans granted and other receivables;
- cash;
- investment in equity instruments.

Details of these categories are given below, if applicable at balance sheet date.

Financial assets are initially valued at fair value, including any transaction cost incurred. After initial recognition the financial assets are recognised at amortized cost. All purchases and sales of financial assets based on normal market conventions are recognised on the transaction date, i.e. the date the Company enters into a binding agreement.

Cash
Cash is valued at nominal value and, insofar as not stated otherwise are at the free disposal of the Company.

Derivatives
The recognition and measurement of derivatives are discussed in a separate section, Derivatives and hedge accounting'.

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Prepayment and accrued income
Prepayments and accrued income are recognised at the amounts at which they were acquired or incurred. If not specifically stated otherwise, they are subsequently measured at cost.

c. Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognised in the profit and loss account for all categories of financial assets measured at amortised cost.

The amount of impairment losses on financial assets carried at amortised cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest of the financial instrument determined on the initial recognition of the instrument. If an objective event occurs after the impairment was recognised, a previously recognised impairment loss is reversed to a maximum of the amount required to carry the asset at amortised cost at the time of the reversal if no impairment had taken place. The impairment loss reversal should be taken to the profit and loss account. The carrying amount of the receivables is reduced through the use of an allowance account.

d. Financial liabilities

Notes are measured upon initial recognition at fair value, comprising of principal amount, and any premium, discount and eventual transaction costs and fees. Subsequent measurement of the notes is at amortised cost, constituting the amount at initial recognition minus principal repayments, plus or minus the accumulative amortisation through the expected life of the financial instrument.

Under Dutch Accounting Standard 290, on initial recognition, the Company classifies the financial liabilities on a portfolio basis in the (sub) categories listed below.

Derivatives
The recognition and measurement of derivatives are discussed in a separate section, 'Derivatives and hedge accounting'.

Notes
There can be two types of Notes issued, being Credit Linked Notes of which the repayment of notional is dependent on credit events of pre-defined reference portfolios. If credit events occur, the notional will be reduced. The second type of Notes is Credit Linked Notes which may be early redeemed, dependent upon the occurrence of credit events.

In case of a credit event (and in accordance with the provisions of the relevant Series documentation of each specific Series of Notes) the credit loss may be transferred to the relevant Noteholders. For certain Series of Notes a credit event will lead to a transfer of assets held as Collateral to the Noteholders.

Some of the Notes have call options, which means the Company has the right to repurchase (part of) the Notes from the Noteholders on predetermined dates. At maturity or repurchase of Notes the outstanding Collateral will be transferred to the Swap Counterparty.

e. Recognition of income

Interest income and expense
The interest income on the collateral portfolio and the interest expense on the notes are recognised in the income statement using the effective interest rate method.

Operating income
Income is recorded in the year in which it arises or in which the service was provided.

Operating charges
Charges are allocated to the year in which they arise.

f. Derivatives and hedge accounting

The Company uses derivatives for hedging purposes. Derivatives are recognised at fair value and subsequently measured at cost. The Company applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the derivative and the hedged item in the profit and loss account. Resulting from the application of cost price hedge accounting, derivatives are initially recognised at cost. The profits or losses associated with the Asset Swap contracts are recognised in the profit or loss account in the same period as in which the asset or liability affects the profit or loss.

Several series do not use derivatives for hedging purposes. For these series the critical terms (notional amount, currency, interest rate and maturity date) are matched between the collateral and the issued note. The following series do not use derivatives for hedging purposes:
101, 171, 191, 228, 233 and 235.

As part of its asset and liability risk management the Company may use derivatives to hedge its exposure to interest rate and foreign exchange risk. This would be achieved by hedging specific transactions using total return swaps, which are in substance a combination of interest rate, foreign exchange and funded swaps.

As a result of reliance on its trading and indemnity arrangements with the Arranger, the Company is not exposed to currency, interest rate and credit risk.

The information disclosed under the notes to these annual accounts is partly derived from and should be read in conjunction with the full text and definitions of the master documents and series documents. Any decision to buy, sell or hold Notes issued by the Company should not be based solely on the information in these annual accounts (including the notes thereto).

Potential and current investors should also refer to the master documents and series documents which, amongst others, give a more thorough and detailed description of the risks involved in investing in the Notes issued by the Company. The master documents and series documents are not part of these annual accounts.

Under Dutch Accounting Standard 290, on initial recognition, the Company classifies the derivatives on a portfolio basis in the subcategories listed below.

Derivatives based on cost price hedge accounting
The hedges are recognised on the basis of cost price hedge accounting if the following conditions are met:

- the general hedging strategy and the way in which the hedging relationships are in line with

risk management objectives and the expected effectiveness of these hedging relationships must be documented;
- the nature of the hedging instruments involved and hedged positions must be documented;
- the ineffectiveness must be recognised in the profit and loss account.

The hedges which meet these strict criteria for hedge accounting must be accounted for as follows:

If the hedged item is carried at amortised cost in the balance sheet, the derivative is also carried at cost.

Cost hedge accounting is no longer applied if:
- The hedging instrument expires, is sold, terminated or exercised. The realised cumulative gains or losses on the hedging instrument not yet recognised in the profit and loss account at the time the hedge was effective, will be recognised in the balance sheet separately under accruals until the hedged transaction occurs.
- The hedging relationship no longer meets the criteria for hedge accounting. If the hedged position relates to a future expected transaction, hedge results are recognised as follows:
  - Hedge accounting will be discontinued from that moment if the forecast transaction is still expected to take place. The related cumulative gains or losses on the hedging instrument not included in the profit and loss account or balance sheet at the time the hedge was effective, will be either an off-balance or an on-balance item, depending on the situation.
  - If the forecast transaction is not expected to take place, the related cumulative gains or losses on the hedging instrument not included in the profit and loss account or balance sheet at the time the hedge was effective will be taken to the profit and loss account.

g. Financial risks

General
The information included in the notes for financial instruments is useful in estimating the extent of risks relating to both on-balance sheet and off-balance sheet financial instruments.

The Company's primary financial instruments, not being derivatives, serve to finance the Company's operating activities or directly arise from these activities. The Company also enters into transactions in derivatives, particularly asset swaps, to hedge credit and interest rate risks arising from the Company's operating and financing activities. The Company's policy is not to trade in financial instruments.

The principal risks arising from the Company's financial instruments are foreign exchange risk, liquidity risks, cash flow risks and price risks, which comprise interest rate and credit risks.

The Company's policy to mitigate these risks is set out below.

Foreign exchange risk

Collateral and issued Notes are denominated in other currencies than the Euro and therefore the Company does bear any foreign exchange risk on the collateral and issued notes. The Company hedges this risk by entering into total return swap contracts to cover expected significant increases or decreases in foreign currency exchange rates for the series that have a swap contract. Under these contracts currency changes are covered by the swap counterparty. The Company's foreign currency exchange rate risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as the exposure to this risk is equal for the collateral and the corresponding note.

Interest rate risk

As the Company's collateral bears a fixed rate of interest, the Company runs the risk that the loans will decrease or increase in value respectively due to changing market rates of interest. The Company hedges this risk by entering into total return swap contracts to cover expected significant increases or decreases in market interest rates. Under these contracts, fixed rates of interest are converted to variable rates. The Company's interest rate risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as the interest rate and notional amounts are matched between the collateral and the corresponding note.

Market risk

The Company invests in collateral with different counterparties and different risk profiles. The Company's market risk is therefore significant. The Company hedges this market risk by entering into total return swaps. The Company's market risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as in case of impairment of the collateral, the note is correspondingly impaired as well.

Credit risk

The Company invests in collateral with different counterparties and different risk profiles. The creditworthiness of these parties is checked regularly. The Company has also drawn up guidelines for limiting the credit risk. Furthermore, the Company applies strict credit control and reminder procedures. The Company hedges this credit risk by entering into total return swaps. The Company's credit risk is nil due to the above measures. For the series without swap contracts the residing risk for the Company is also nil, as in case of impairment of the collateral, the note is correspondingly impaired as well.

Liquidity risk

The risk of future cash flows from monetary financial instruments fluctuating is nil, since all cash flows have been swapped by Swap Counterparty.

h. Corporate Income Tax

Provisions for taxation have been made in accordance with tax rulings for repackaging transactions from the past which are now common practice. The taxable profit of the Company consists of fixed fees, annual recurring fees, on time issuance fees and amendment fees. Corporate income tax is calculated based on the standard applicable tax rates in the Netherlands.

i. Secured Note Programme

The Company, under the Programme, may from time to time issue new Series of Notes. The Company may also raise finance by other means or enter into other financial transactions under the Programme, including, without limitation, by way of loan or entering into derivatives. The aggregate nominal amount of Notes and alternative investments issued by the Company under the Programme may not at any time exceed EUR 15 billion (or the equivalent in another currency).

Approval was granted by the Irish Stock Exchange (the "ISE") for Notes issued under the Programme during a period of twelve months from 7 April 2014 to be admitted to the official list of the ISE and for such Notes to be admitted to trading on the ISE. Application has been made to the

Irish Financial Services Regulatory Authority (the "IFSRA") under the Prospectus Directive (the "PD") for approval of the Programme Memorandum (the "PM"). The PM constitutes a base prospectus under the PD. The approval relates only to Notes or alternative investments which are to be admitted to trading on the regulated market of the ISE or other regulated markets or which are to be offered to the public in any other Member State of the European Economic Area. In addition, application may be made for certain Series of Notes or alternative investments to be admitted to trading on any other exchange. Unlisted Notes or alternative investments may also be issued under the Programme. At balance sheet date one Series is listed on the Luxembourg Stock Exchange (2017: 1 Series). Notes of any Series or alternative investments may be rated by Moody’s Investor Services, Inc and/ or Standard & Poor’s Rating Services, a Division of McGraw-Hill Companies Inc. and/ or Fitch Ratings Limited (or any other relevant recognised debt rating agency (the "Rating Agency") as may be specified in the relevant series memorandum or Alternative Memorandum and the relevant constituting instrument (the "Constituting Instrument"). The rating of Notes of any Series or alternative investments issued or entered into under the Programme will be specified in the relevant series memorandum or alternative memorandum and the relevant Constituting Instrument. The Company will notify any Rating Agency which has assigned a rating to any Series of Notes or Alternative Investments or any class thereof which is outstanding of any further Series of Notes or Alternative Investments to be issued which may be unrated or not rated by such Rating Agency. The Company shall obtain from such Rating Agency a confirmation that ratings of existing Series of Notes and existing Alternative Investments, rated by such Rating Agency, will not be adversely affected. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. A suspension, reduction or withdrawal of the rating assigned to the Notes of any Series or alternative investments may adversely affect the market price of the Notes of any Series or Alternative Investments.

Balance sheet – continued

1 Financial fixed assets

	31-12-2018 ('000)	31-12-2017 ('000)
Opening balance	6,209,853	7,038,142
Redemptions	(1,056,264)	(1,676,096)
Purchases	1,263,624	1,177,264
FX revaluation	96,638	(332,078)
Amortisation premium / discount	25,253	2,621
Closing balance	6,539,104	6,209,853
Amount of Collateral falling due within a year	1,589,698	1,286,407
Amount of Collateral falling due between 1 - 5 years	1,256,024	1,976,202
Amount of Collateral falling due after 5 years	3,693,382	2,947,244
	6,539,104	6,209,853
Fair value Collateral	6,743,883	6,612,521
	6,743,883	6,612,521

Floating rates are current relevant Libor and Euribor equivalent rates which are fixed in advance for periods of between three and twelve months.

The Swap with UBS AG, London Branch is the balancing figure between the Notes issued and the Collateral held.

The funded swaps represent the amounts that the Company is entitled to receive based on the swap agreements in place for the related Series.

All current assets have a maturity of less than one year.

2 Amounts owed by group entities

	31-12-2018 ('000)	31-12-2017 ('000)
Inter-company with Stichting ELM	2	2
	2	2

3 Prepayments and accrued income

	31-12-2018 ('000)	31-12-2017 ('000)
Interest receivable on Collateral	73,839	72,987
Swap interest receivable	11,940	26,489
Receivable from Arranger costs paid from ABN Amro accounts	(186)	(352)
Receivable from Arranger on issuance of Series of Notes	834	675
	86,426	99,798

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Balance sheet – continued

4 Cash

	Local balance	31-12-2018 ('000)	31-12-2017 ('000)
Current account - ABN Amro Bank (EUR)		82	277
Deposit account - ABN Amro Bank (EUR)		35	335
Current account - The Bank of New York Mellon (EUR)		1,350	1,052
Current account - The Bank of New York Mellon (USD)	14,994	13,117	32,567
Timing differences - EUR	0	(1,350)	(1,052)
Timing differences - USD/CNY/CAD	0	(13,117)	(32,567)
		117	612

The current accounts are freely available to the Company. The trading balances are pledged in favour of the Noteholders and UBS AG, London Branch (in its capacity as swap counterparty, since it forms part of the security under the swap agreement).

All current liabilities have a maturity of less than one year.

5 Taxation

	31-12-2018 ('000)	31-12-2017 ('000)
Corporate Income Tax 2018	(2)	(3)
VAT payable/ receivable	(149)	(108)
	(151)	(111)

Corporate Income Tax summary	01.01.18	(Paid)/ Received	P/L account	31.12.18
2017	(3)	3	0	0
2018	0	(37)	35	(2)
Total	(3)	(34)	35	(2)

Final Corporate Income Tax assessments have been received for the financial years up to and including 2017.

6 Accruals and deferred income

	31-12-2018 ('000)	31-12-2017 ('000)
Interest payable on Notes	47,248	60,555
Swap interest payable	38,650	39,007
Other payables	18	92
Received in advance: fixed annual maintenance fee	665	682
Audit fees payable	36	36
	86,617	100,372

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Balance sheet – continued

	31-12-2018 ('000)	31-12-2017 ('000)
7 Notes		
Opening balance	6,209,853	7,038,142
Redemptions	(1,056,264)	(1,676,096)
Issuances	1,263,624	1,177,264
FX revaluation	96,638	(332,078)
Amortisation premium / discount	25,253	2,621
Closing balance	6,539,104	6,209,853
Amount of Notes falling due within a year	1,589,698	1,286,407
Amount of Notes falling due between 1 - 5 years	1,256,024	1,976,202
Amount of Notes falling due after 5 years	3,693,382	2,947,244
	6,539,104	6,209,853
Fair value Notes	6,743,883	6,612,521

The Swap with UBS AG, London Branch is the balancing figure between the Notes issued and the Collateral held.

Credit Linked Notes are Notes of which the performance is linked to the credit of a portfolio of reference entities, and the First Loss Protection Amount is the amount of loss that the portfolio of reference entities can accumulate without the principal amount of the Credit Linked Notes being affected. These write downs due to credit events have occurred where the losses on the portfolio of reference entities have exceeded their First Loss Protection amounts. In some cases these losses have resulted in the Credit Linked Notes redeeming at zero. There are no write downs in 2018 (2017: 0).

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Balance sheet – continued

8 Capital and reserves

	Share capital ('000)	Legal reserve ('000)	Retained earnings ('000)	Unappr. Results ('000)
Balance as per 01.01.2017	18	0	(35)	150
Transfer	0	0	143	(150)
Final dividend paid	0	0	(43)	0
Interim dividend paid	0	0	(65)	0
Result for the period	0	0	0	133
Balance as per 31.12.2017	18	0	0	133
Transfer	0	0	133	(133)
Final dividend paid	0	0	(53)	0
Interim dividend paid	0	0	(160)	0
Result for the period	0	0	0	141
Balance as per 31.12.2018	18	0	(80)	141

The authorised share capital of the Company amounts to EUR 18,000 divided into 18 shares of EUR 1,000 each, of which 18 shares are issued and paid up.
A dividend was paid on 26 June 2018 in an amount of EUR 80,000. On 14 September 2018 a second dividend was paid in an amount of 53,400 and a third interim dividend was paid on 20 December 2018 in an amount of EUR 80,240.

Profit and loss account

9 Interest income

	2018 ('000)	2017 ('000)
Swap interest	83,253	124,998
Interest on Collateral	339,246	210,566
	422,499	335,564

10 Interest expense

	2018 ('000)	2017 ('000)
Swap interest	212,479	67,848
Interest on Notes	210,020	267,716
Amortisation of Notes	25,253	2,621
Amortisation on value Swap Agreement	(25,253)	(2,621)
	422,499	335,564

The average interest rate on the notes amounts to 3.29%

11 Fx results

	2018 ('000)	2017 ('000)
FX Revaluations of Notes	(96,638)	332,081
FX Revaluations of Collateral	96,638	(332,081)
	0	0

12 General and administrative expenses

	2018 ('000)	2017 ('000)
Audit fee expense	48	60
General expenses	92	90
Legal fees	0	0
Listing fees	68	106
Other professional fees	209	1,357
Tax advisor fee expense	32	109
Trustee fees	43	27
	492	1,751

The other professional fees relate to advisory fees (e.g. legal advisory, rating agencies) for newly issued series. These professional fees highly depend on the series issued during the year. Not only the number of series, but also the complexity determines the amount of fees charged to the Company (more structured means higher legal fees, higher rating agency fees etc.).

Profit and Loss account - continued

	2018 ('000)	2017 ('000)
13 Recharged expenses and other income		
Recharged expenses settled from ABN Amro bank account	148	143
Recharged expenses settled by UBS AG, London Branch	344	1,608
	492	1,751

As agreed under the contract with the Arranger, UBS AG, London Branch, expenses incurred by the Company will be reimbursed by the Arranger.

	2018 ('000)	2017 ('000)
14 Other income		
Repackaging transactions	177	167
	177	167

Income from the repackaging transactions is derived from fees per series, outstanding during the year and issued during the year.

	2018 ('000)	2017 ('000)
15 Corporate Income Tax		
Corporate Income Tax current year	35	33
	35	33

The applicable tax rate for the year under review is 20% of the taxable amount.

Profit and Loss account - continued

Staff numbers and employment costs

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period or previous years.

Directors

The Company has one managing director, who receives no remuneration. The Company has no supervisory directors.

Subsequent events

Management expects to continue its present level of activities. Since the reporting date the Company has issued 7 new Series and there were no further increases of the issued amounts on existing Series. 4 Series were repurchased in full, No Series were partly repurchased and there were 3 amendment.

Audit fees

With reference to article 2:302a of the Netherlands Civil Code, the following fees for the financial year have been charged by Mazars Accountants N.V (Previous year: Mazars Accountants N.V) to the Company:

(in euros)	**31-12-2018 ('000)**	**31-12-2017 ('000)**
Statutory audit of annual accounts	36	36
Other assurance services	0	0
Tax advisory services	0	0
Other non-audit services	0	0
Total	36	36

Amsterdam, 28 June 2019

Intertrust (Netherlands) B.V.

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Other information

Appropriation of results

In accordance with article 21 of the Articles of Association, and applicable law, the management board is authorised to retain the profits or a part thereof, as appears from the most recently adopted financial statements. The General Meeting is subsequently authorised to resolve to distribute or to reserve what then remains of the profits or a part thereof. The General Meeting is also authorised to resolve to make interim distributions, which includes distributions from the reserves.

The Company may make distributions to the shareholders only to the extent that from the most recently adopted balance sheet it appears that the Company's shareholders' equity exceeds the sum of the reserves which it is legally required to maintain.

The Company may only follow a resolution of the General Meeting to distribute after the management board has given its approval to do this. The management board withholds approval only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

Independent auditor's report

The independent auditor's report is presented on the next pages.

INDEPENDENT AUDITOR'S REPORT

To: the shareholder of ELM B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements as at 31 December 2018 of ELM B.V. (the company). In our opinion, the accompanying financial statements give a true and fair view of the financial position of ELM B.V. as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2018;
2. the profit and loss account for the year then ended; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

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

OUR AUDIT APPROACH

OVERVIEW

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal Controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. The company is established to issue series of Notes with underlying (collateral) investments in the financial fixed assets and derivatives. Each series is structured so that all differences between conditions of the notes and conditions of the assets are mitigated by swap agreements.

MATERIALITY

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 65 million. The materiality is based on 1% of total assets given the company's main activities. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with management that misstatements in excess of EUR 2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed with management of the company. We described the key audit matter and included a summary of the audit procedures we performed on this matter.

The key audit matter is addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter.

VALUATION OF FINANCIAL FIXED ASSETS

We consider the valuation of the financial fixed assets as a key audit matter. This is due to the fact that a (potential) impairment may have a direct material impact on the valuation of the notes issued and a high level of estimation uncertainty is inherent to these valuations.

Financial fixed assets are measured at amortized cost less impairment. We have performed detailed audit work to assess whether any impairment triggers exist, including an assessment of quoted market prices when available or an assessment of the suitability of the valuation methodology applied and the reasonableness of key assumptions used by management of the company.

Financial assets are disclosed in the principal accounting policies as well as note 1 to the financial statements.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of:

- the report of the management;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the management in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ENGAGEMENT

We were engaged as auditor of ELM B.V., as of the audit for the year ended 31 December 2017.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining 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;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management’s 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 our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to management in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 28 June 2019

MAZARS ACCOUNTANTS N.V.

Original was signed by J.C. van Oldenbeek MSc RA