RZB FINANCE (JERSEY) III LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

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REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements of RZB Finance (Jersey) III Limited (the "Company") for the year ended 31st December 2020.

INCORPORATION

The Company was incorporated in Jersey, Channel Islands on 30th April 2004 under the Companies (Jersey) Law 1991, as amended, with registration number 87591.

ACTIVITIES

The principal activity of the Company is raising finance for other group companies. The Company's Perpetual Capital Notes are listed on the Euronext Amsterdam Stock Exchange with secondary listings on the Frankfurt, Stuttgart, Munich, Dusseldorf and Berlin stock exchanges.

There are no new Perpetual Capital Notes created and issued during the year (2019: none). The only significant change in the financial position of the Company during the year is the fair value changes of the assets and liabilities measured at fair value through profit or loss.

RESULTS AND BUSINESS REVIEW

The operating loss for the year amounted to €34,143 (2019: €46,859).

The Company's principal risks and uncertainties arising from the financial instruments it holds are disclosed in detail in note 12. Other than those mentioned in this note, in the Directors' opinion, the Company's exposure to other risks is minimal.

DIVIDENDS

The Company did not declare or pay any dividends during the year (2019: €nil).

GOING CONCERN

As set out in the Going Concern section in note 2 to the financial statements, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. As at the date of approval of the financial statements, the COVID-19 outbreak has not had, and is not anticipated to have, a material adverse effect on the Company. Consequently, the going concern basis continues to be appropriate in preparing the financial statements. Refer to notes 2 and 16 for further details.

DIRECTORS

The Directors who held office throughout the year and subsequently were:-

S.J. Hopkins (resigned 18th February 2021)
J.N. Pendergast
A. Orosco
R. Go (appointed 22nd January 2020)

SECRETARY

The Company's Secretary is Sanne Secretaries Limited.

REGISTERED OFFICE

IFC 5, St Helier, Jersey, JE1 1ST

REPORT OF THE DIRECTORS - (CONTINUED)

INDEPENDENT AUDITOR

KPMG Channel Islands Limited was the auditor during the year ended 31st December 2020. Deloitte LLP has been appointed as auditor for the year ending 31st December 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that Law, they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable laws.

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 state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991, as amended. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company, whose names appear on page 2, confirm to the best of their knowledge that the financial statements for the year ended 31st December 2020 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a fair review of the development of the Company's business, financial position and the important events that have occurred during the financial year and their impact on the financial statements. The principal risks and uncertainties faced by the Company are disclosed in note 12 to these financial statements.

Signed on behalf of the Board of Directors:

R. Go
Date: 12th March 2021

Independent Auditor's Report to the Members of RZB Finance (Jersey) III Limited

Our opinion is unmodified

We have audited the financial statements of RZB Finance (Jersey) III Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2019):

	The risk	*Our response*
Valuation of Financial Instruments *Financial asset at fair value through profit or loss* €83,417,950; (2019: €78,767,535) *Perpetual Capital Notes at fair value through profit or loss* €83,417,950; (2019: €78,767,535) Refer to note 2 accounting policy and note 3 disclosures	***Basis:*** The financial assets and financial liabilities at fair value through profit or loss, consisting of an Undated Securitised Commercial Certificate of Obligation (the "Certificate") and Perpetual Capital Notes (the "Capital Notes"), are central to the Company's principal activity which is explained on page 2 of the Annual Report and Audited Financial Statements. The Certificates are valued based on the price of the listed Capital Notes issued by the Company on the basis that the two instruments consist of significantly back-to-back terms and the Capital Notes are	*Our audit procedures included:* ***Internal Controls:*** We assessed the design and implementation of the control in place over the estimation and the judgments made in relation to the fair value of the Certificate and Capital Notes. ***Assessing valuation approach and key inputs:*** We obtained an understanding of the valuation methodologies adopted, the key assumptions made, and inputs used by the directors in applying their judgement to determine fair value.

	The risk	*Our response*
	limited recourse. Whilst all the Capital Notes are listed on multiple exchanges, the prices derived from these exchanges may be different due to several factors such as volume and trading activity. ***Risk:*** The valuation of the Certificate and Capital Notes is a significant area of our audit, given the judgments that may be involved in the estimation of their fair value. The judgment required relates to the determination of the most appropriate price from the exchanges the Capital Notes trade on.	***Challenging observable inputs used by management:*** We considered the available market prices of the Capital Notes in the exchanges to which they are listed and assessed the trade dates, the level of trading and the bid/ask price spread. We also challenged the judgment made by the directors as to the appropriateness of the exchange selected and the price used by the directors for valuing the Capital Notes and Certificates. ***Assessing management's evaluation of fair value:*** We assessed the reasonableness of the directors' evaluation of the fair value of the financial instruments. We also considered the effect of the changes to the credit risk of the Capital Notes and whether those changes would need to be recognised separately in other comprehensive income. ***Assessing disclosures:*** We also considered the Company's disclosures (see notes 2 and 12) in relation to the use of estimates and judgments regarding the valuation of the Certificate and Capital Notes and the Company's Certificate valuation policies adopted in note 2 and fair value disclosures in note 12 for compliance with IFRS.

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

Materiality for the financial statements as a whole was set at €788,000, determined with reference to a benchmark of total assets of €83,476,505, of which it represents approximately 1% (2019: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2019: 75%) of materiality for the financial statements as a whole, which equates to €591,000 (2019: €592,000). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Board any corrected or uncorrected identified misstatements exceeding £39,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the “going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments; and
- The recoverability of financial assets subject to credit risk.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company’s financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in the notes to the financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company’s policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company’s revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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, 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.

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

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Brian Bethell

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognized Auditors

Jersey

12 March 2021

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2020

	Notes		31st Dec 20		31st Dec 19
ASSETS					
Non-current assets					
Financial asset at fair value through profit or loss	3		83,417,950		78,767,535
Current assets					
Other receivables	4		11,757		19,090
Cash and cash equivalents	5		46,798		82,731
			58,555		101,821
TOTAL ASSETS		€	83,476,505	€	78,869,356
EQUITY AND LIABILITIES					
Equity					
Issued share capital	6		1,000		1,000
Deficit		(	92,233)	(	58,090)
Capital contribution	15		125,000		125,000
TOTAL EQUITY			33,767		67,910
Non-current liabilities					
Perpetual Capital Notes at fair value through profit or loss	7		83,417,950		78,767,535
			83,417,950		78,767,535
Current liabilities					
Other payables	8		24,788		33,911
TOTAL LIABILITIES			83,442,738		78,801,446
TOTAL EQUITY AND LIABILITIES		€	83,476,505	€	78,869,356

The financial statements on pages 9 to 28 were approved and authorised for issue by the Board of Directors on the 12th day of March 2021 and were signed on its behalf by:

A. Orosco
Director

(The notes on pages 13 to 28 form part of these audited financial statements)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	1st Jan 20 to 31st Dec 20	1st Jan 19 to 31st Dec 19
INCOME			
Gain on revaluation of financial asset at fair value through profit or loss	3	4,650,415	11,816,035
Interest income on financial asset		110,794	606,409
Foreign exchange gain		1,794	-
		4,763,003	12,422,444
EXPENDITURE			
Loss on revaluation of Perpetual Capital Notes at fair value through profit or loss	7	4,650,415	11,816,035
Interest expense on Perpetual Capital Notes		84,556	579,779
Administration and accounting fees		26,024	26,249
Audit fees		25,851	28,557
Other charges		10,300	16,575
Foreign exchange loss		-	2,108
		4,797,146	12,469,303
OPERATING LOSS FOR THE YEAR		(34,143)	(46,859)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		€ (34,143)	€ (46,859)

Other comprehensive income

There were no items of other comprehensive income in either the current or prior year.

All items dealt with in any of the total comprehensive loss relate to continuing operations.

(The notes on pages 13 to 28 form part of these audited financial statements)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Ordinary Share Capital	Capital Contribution	Deficit	Total
Balance as at 1st January 2020	1,000	125,000	(58,090)	67,910
Total comprehensive loss:				
- Operating loss for the year	-	-	(34,143)	(34,143)
Balance as at 31st December 2020	€ 1,000	€ 125,000	€ (92,233)	€ 33,767

	Ordinary Share Capital	Capital Contribution	Deficit	Total
Balance as at 1st January 2019	1,000	125,000	(11,231)	114,769
Total comprehensive loss:				
- Operating loss for the year	-	-	(46,859)	(46,859)
Balance as at 31st December 2019	€ 1,000	€ 125,000	€ (58,090)	€ 67,910

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	1st Jan 20 to 31st Dec 20	1st Jan 19 to 31st Dec 19
Cash flows from operating activities			
Operating loss for the year		(34,143)	(46,859)
Loss on revaluation of Perpetual Capital Notes at fair value through profit or loss	7	4,650,415	11,816,035
Gain on revaluation of financial asset at fair value through profit of loss	3	(4,650,415)	(11,816,035)
Interest income on financial asset		(110,794)	(606,409)
Interest expense on Perpetual Capital Notes		84,556	579,779
Interest received on financial asset		117,617	636,492
Interest paid on Perpetual Capital Notes		(91,379)	(609,862)
Decrease/(increase) in other receivables		510	(3,043)
(Decrease)/increase in other payables		(2,300)	13,467
Net cash flow used in operating activities		(35,933)	(36,435)
Net movement in cash and cash equivalents		(35,933)	(36,435)
Cash and cash equivalents at the beginning of the year		82,731	119,166
Cash and cash equivalents at the end of the year	5	€ 46,798	€ 82,731

Reconciliation of movement in net debt

	Liabilities	Cash	Net debt
Opening balance as at 1st January 2020	(78,774,358)	82,731	(78,691,627)
Cash movement during the year	6,823	(35,933)	(29,110)
Non-cash movement during the year	(4,650,415)	-	(4,650,415)
Closing balance as at 31st December 2020	€ (83,417,950)	€ 46,798	€ (83,371,152)

(The notes on pages 13 to 28 form part of these audited financial statements)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

1. GENERAL INFORMATION

RZB Finance (Jersey) III Limited (the "Company") was incorporated in Jersey, Channel Islands on 30th April 2004 as a public company under the Companies (Jersey) Law 1991, as amended and assigned company number 87591. The principal activity of the Company is raising finance for other group companies. Details of the activities of the Company are set out in notes 3, 7 and 12.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and Perpetual Capital Notes at fair value through profit or loss which are stated at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

The Directors believe that the Company has sufficient liquidity to be able to meet its obligations as they fall due given that: interest cash outflows are contractually lower than and contingent upon interest cash inflows; the amount of cash and accrued interest receivable held by the Company are sufficient to meet the accrued interest payable and other accruals; and, given the existence of the Support Agreement as outlined in note 12. Moreover, the Company’s main financial liability consists of the Perpetual Capital Notes which will mature concurrently with the main financial asset.

As at the date of approval of the financial statements, the COVID-19 outbreak has not had, and is not anticipated to have, a material adverse effect on the Company. Refer to note 16 for further details.

New accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards (separately or together, "New accounting requirements") adopted during the current year

The Directors have assessed the impact, or potential impact, of all New accounting requirements. In the opinion of the Directors, except for the implementation of the amendments to IAS 1 and IAS 8 and the associated amendments to the Conceptual Framework and IFRS Practice Statement 2, all of which relate to the definition of ‘material’, as referred to below, there are no mandatory New accounting requirements applicable in the current year that had any actual or potential material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no other mandatory New accounting requirements are listed. The Company has not early adopted any New accounting requirements that are not mandatory.

2. ACCOUNTING POLICIES - (CONTINUED)

New accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards (separately or together, "New accounting requirements") adopted during the current year - (continued)

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and Amendments to the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements – "Definition of Material" – effective for accounting years commencing on or after 1st January 2020

In October 2018, the IASB issued amendments to achieve a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting and to clarify certain aspects of the definition. The new definition of material in IAS 1 and IAS 8 states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The definitions of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity is required to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements as a whole.

The previous definition of material referred to 'users' but did not specify their characteristics, which could have been interpreted to imply that an entity is required to consider all possible users of general purpose financial statements when assessing materiality. The amended definition of material now refers to 'primary users', being defined as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information that they need.

The amendments must be applied prospectively. In the Directors' opinion, implementation of these amendments has had no material impact on the recognition, measurement or disclosures in the Company's financial statements.

Non-mandatory new accounting requirements not yet adopted

All non-mandatory new accounting requirements in issue are either not yet permitted to be adopted or, in the Directors' opinion, would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a non-derivative financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

2. ACCOUNTING POLICIES - (CONTINUED)

Non-derivative financial assets - (continued)

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets consist of a financial asset at fair value through profit or loss, other receivables and cash and cash equivalents.

Financial asset at fair value through profit or loss

In accordance with IFRS 9, the Company classifies the investment held as financial asset measured at fair value through profit or loss ("FVTPL") as the contractual cash flows of the financial asset do not represent solely payments of principal and interest. Upon initial recognition, financial assets are measured at fair value excluding transaction costs that are directly attributable to the acquisition of such assets. Subsequently, they are measured at fair value with changes thereof being recognised directly in profit or loss in the Statement of Comprehensive Income. Financial assets at FVTPL are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all risks and rewards of ownership.

Other receivables

Other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are measured at amortised cost using the effective interest method less allowance for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Impairment

All financial assets, except those carried at fair value through profit or loss, are subject to review for impairment at each reporting date. At initial recognition, an impairment allowance is required for expected credit loss or losses ("ECL") resulting from possible default events within the next 12 months. If an event were to occur that significantly increased the credit risk of the counterparty, an allowance for ECL would be required for possible defaults over the term of the financial instrument. Such a change in credit risk of the counterparty would also have an impact on the recognition of income on the financial asset.

As permitted under IFRS 9, the Company has elected to utilise the practical expedient under which any necessary impairment allowance may be measured by estimating the twelve-month ECL.

In the Directors' opinion, the credit risk of a default at the level of the other receivables and the cash and cash equivalents was low at initial recognition and has assessed that such risk remains low as at the reporting date. Consequently, in the Directors' opinion, the ECL for these financial assets for the twelve-month year after the reporting date is approximately equal to nil.

2. ACCOUNTING POLICIES - (CONTINUED)

Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company has the following non-derivative financial liabilities: Perpetual Capital Notes and other payables.

Such financial liabilities are recognised initially at fair value and any transaction costs are immediately expensed. Subsequent to initial recognition the Perpetual Capital Notes are measured at fair value through profit or loss and other payables are measured at amortised cost using the effective interest method.

Perpetual Capital Notes at fair value through profit or loss

The Directors have considered the characteristics of the Perpetual Capital Notes, and the requirements of IFRS and consider that the most appropriate classification of these securities is as debt.

The Perpetual Capital Notes are designated at fair value through profit or loss, as permitted under IFRS 9, in order to eliminate the accounting mismatch that would otherwise occur in the Company's Statement of Financial Position and Statement of Comprehensive Income if the investments were to be measured at fair value through profit or loss whilst the Perpetual Capital Notes would otherwise be measured at amortised cost. Consequently the Perpetual Capital Notes are initially and subsequently measured at fair value through profit or loss. Therefore, the Perpetual Capital Notes are presented within liabilities in the Statement of Financial Position. Financial liabilities at fair value through profit or loss are recognised on the trade date and derecognised when they are extinguished (i.e. when the obligation is discharged, cancelled or expired).

Fair value estimation

IFRS 13 "Fair Value Measurement" ("IFRS 13") defines a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the valuation date;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices), including inputs from markets that are not considered to be active; and

Level 3 – Inputs that are not based upon observable market data.

2. ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation - (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes observable requires judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. In choosing between alternative sources of market data, the Directors give consideration to factors such as the frequency and volume of trades, the consistency of market data between sources, and other matters arising in their determination of the principal and most advantageous market.

The Company recognises transfers between levels of the fair value hierarchy as if the change occurred at the beginning of the year.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. 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 year in which the estimates are revised and in any future years affected.

Key estimates used in preparing these financial statements primarily include the determination of the fair value of the financial assets and financial liabilities at FVTPL are based on the closing price of the Perpetual Capital Notes at year end as disclosed in note 12. Key judgements include the classification of the Certificate as financial assets at FVTPL and the classification of Perpetual Capital Notes as debt at FVTPL. Judgement is used by the Directors to determine which market listing provides the most trading volumes, the most appropriate closing price and therefore the most appropriate fair value for use in the financial statements.

Functional and presentation currency

These financial statements are presented in Euro ("€", "EUR"), which is the Company's functional currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to functional currency at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

2. ACCOUNTING POLICIES - (CONTINUED)

Embedded derivatives

Derivatives embedded in financial instruments that are closely related to the host contracts are not treated as separate derivatives. The interest rate cap in place on the Company's investment in Undated Securitised Commercial Certificate of Obligation and on the Perpetual Capital Notes has not been accounted for separately. The fair value of the embedded derivative is included in the fair value of the host contract under fair value through profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Interest income on financial asset

Interest income is accounted for on an accrual basis using the effective interest method.

Interest expense on Perpetual Capital Notes

Interest expense on Perpetual Capital Notes is accounted for on an accrual basis using the effective interest method.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Company and make decisions using financial information at the entity level only. Accordingly, the Directors believe that the Company has only one reportable operating segment.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day-to-day management of the business to other parties both internal and external to the Company, including the decisions to purchase and sell securities. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. Therefore the Directors retain full responsibility as to the major allocation decisions of the Company.

The management receives financial information based on IFRS and as such no reconciliation is required between management information and the financial statements as presented.

Expenses

Expenses are recognised on an accrual basis.

Employees

The Company did not have any employees during the year or in the prior year.

3. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

		31st Dec 20		31st Dec 19
Opening balance as at 1st January		78,767,535		66,951,500
Gain on revaluation of financial asset at FVTPL		4,650,415		11,816,035
Closing balance as at year end	€	83,417,950	€	78,767,535

The financial asset at fair value through profit or loss consists of €90,475,000 Undated Securitised Commercial Certificate of Obligation (the "Certificate") issued by a related party, Raffeisen Bank International ("RBI") and subscribed in full by the Company on issuance at par. The carrying value of the financial assets was determined based on the fair value of the Perpetual Capital Notes (see notes 7 and 12).

The Certificate may be redeemed at the option of the borrower on each interest payment date on or after 15th June 2009 at par in accordance with the conditions of issuance of the securitised commercial certificate of obligation. The claim of the Company shall be subordinated in accordance with Section 45 (4) of the Austrian Banking Act.

Interest is receivable semi-annually in arrears on 15th June and 15th December from (and including) 15th June 2005 at an interest rate of 0.13% per annum plus the Reference Rate. The Reference Rate ("EUR-ISDA-EURIBOR Swap rate –11:00") is the annual swap rate for swap transactions with a 10 year-period maturity. The floating interest rate is capped at 9.03% per annum. At the reporting date, the interest rate stood at 0.030% per annum (2019: 0.211% per annum).

Interest accrues on a non-cumulative basis and as long as such interest shall be covered by the annual surplus of RBI as stated in the last approved annual financial statements of RBI.

The Directors do not expect the Certificate to be redeemed in the foreseeable future, which is accordingly presented within non-current assets.

4. OTHER RECEIVABLES

		31st Dec 20		31st Dec 19
Accrued interest receivable		1,131		7,954
Prepayments		10,626		11,136
	€	11,757	€	19,090

The accrued interest receivable arose from the Certificate (note 3).

5. CASH AND CASH EQUIVALENTS

		31st Dec 20		31st Dec 19
Raiffeisen Bank International AG call deposit	€	46,798	€	82,731

6. ISSUED SHARE CAPITAL

		31st Dec 20		31st Dec 19
Authorised, issued and fully paid up share capital				
1,000 Ordinary shares at €1 each (2019: 1,000 ordinary shares)	€	1,000	€	1,000

The holders of ordinary shares are entitled to receive dividends as may be declared from time to time and are entitled to one vote per share at meetings of the Company.

7. PERPETUAL CAPITAL NOTES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31st Dec 20	31st Dec 19
Perpetual Capital Notes	78,767,535	66,951,500
Loss on revaluation of Perpetual Capital Notes at FVTPL	4,650,415	11,816,035
	€ 83,417,950	€ 78,767,535

Non-cumulative interest on the Perpetual Capital Notes will accrue at the floating interest rate, payable semi-annually in arrears on 15th June and 15th December each period. The floating interest rate is equal to 0.1% per annum plus the Reference Rate ("EUR-ISDA-EURIBOR Swap rate –11:00") being the annual swap rate for swap transactions with a 10-period maturity. The floating interest rate is capped at 9% per annum. At the reporting date, the interest rate stood at 0.030% per annum (2019: 0.211% per annum).

Interest payments are non discretionary and are subject to the conditions included in Clause (4) of the Offering Circular.

The Perpetual Capital Notes are redeemable at the option of the Company, subject to law and to the prior consent of Raiffeisen Zentralbank Österreich AG ("RZB") (as "Support Agreement Provider") which shall grant such consent only after either replacement of the principal amount of the Perpetual Capital Notes so redeemed by the issuing of other capital of at least equivalent quality or having applied for and been granted consent by the Austrian Financial Market Supervisory Authority (the "Finanzmarktaufsichtsbehorde" or "FMA"), in whole but not in part, on 15th June 2009 or any interest payment date falling thereafter, at the redemption price being the liquidation preference plus accrued and unpaid interest from the then current interest period ending on the date determined for the redemption.

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the Perpetual Capital Note holders at the time will be entitled to receive the relevant liquidation distribution in respect of each Perpetual Capital Note held out of the assets of the Company available for distribution to Note holders. Such entitlement will arise before any distribution of assets is made to holders of ordinary shares, preference shares, preferred securities or any other class of shares of the Company or any other share or other security issued by the Company and having the benefit of a guarantee from RZB ranking junior as regards participation in assets to the Perpetual Capital Notes, but such entitlement will rank equally with the entitlement of the holders of any other shares or securities or Perpetual Capital Notes, if any, of the Company ranking pari passu with the Perpetual Capital Notes as regards participation in the assets of the Company.

Notwithstanding the availability of sufficient assets of the Company to pay any liquidation distribution to the Note holders, if at the time such liquidation distribution is to be paid, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of RZB, the liquidation distribution paid to Note holders and the liquidation distribution per security to be paid to the holders of all asset parity securities, shall not exceed the amount per Perpetual Capital Note that would have been paid as the liquidation distribution from the assets of RZB (after payment in full in accordance with Austrian law of all creditors of RZB, including holders of its subordinated debt but excluding holders of any liability expressed to rank pari passu with or junior to RZB's obligations under the "Support Agreement") had the Perpetual Capital Notes and all asset parity securities been issued by RZB and ranked (i) junior to all liabilities of RZB (other than any liability expressed to rank pari passu with or junior to RZB's obligations under the ''Support Agreement''), (ii) pari passu with all asset parity securities of RZB and (iii) senior to RZB's Bank Share Capital.

If the liquidation distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described above, such amounts will be payable pro rata in the proportion that the amount available for payment bears to the full amount that would have been payable but for such limitation. After payment of the liquidation distribution, as adjusted if applicable, the Note holders will have no right or claim to any of the remaining assets of the Company or RZB.

7. PERPETUAL CAPITAL NOTES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

A down-stream merger of RBI and RZB took place on 18th March 2017 in which RBI is the surviving entity and the universal successor of RZB with respect to all of its rights and liabilities. From the Company's perspective, all agreements entered into with RZB as set out above, including but not limited to the Support Agreement, have been transferred to RBI at the date of the merger. There are no changes to the terms and conditions of the Perpetual Capital Notes following the merger.

8. OTHER PAYABLES

		31st Dec 20		31st Dec 19
Accrued interest payable		-		6,823
Accrued expenses		24,788		27,088
	€	24,788	€	33,911

9. TAXATION

Profits arising in the Company are subject to Jersey Income Tax, currently at the rate of 0% (2019: 0%).

10. ULTIMATE CONTROLLING PARTY

The Company’s ultimate parent company is Raiffeisen-Landesbanken Holding GmbH, a company registered in Austria.

11. RELATED PARTIES

Sanne Fiduciary Services Limited ("SFSL") and Sanne Secretaries Limited ("SSL") provided administration and/or secretarial services respectively to the Company at commercial rates. Each of SFSL and SSL is a member of Sanne Group plc and all of its subsidiaries and affiliates (the "Sanne Group Plc"). Each of A. Orosco, S.J. Hopkins, J.N. Pendergast and R. Go is an employee of SFSL and should be regarded as interested in any transaction with any member of the Sanne Group plc.

Fees incurred with Sanne Group plc during the year in respect of management fees and administration and accounting fees are detailed on the face of the Statement of Comprehensive Income. Amounts prepaid to Sanne Group plc at the year end amounted to €8,793 (2019: €9,303).

As at 31st December 2020, RBI held Perpetual Capital Notes which amounted to €92,000 (2019: €410,000).

Also see notes 3, 4 and 5 for assets held with a related party and the Statement of Comprehensive Income for income earned on these assets.

12. FINANCIAL INSTRUMENTS

The Board of Directors ("Board") has overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company's Board is responsible for identifying and analysing the risks faced by the Company, for setting appropriate risk limits and controls, and for monitoring risks and adherence to limits.

12. FINANCIAL INSTRUMENTS - (CONTINUED)

The Company was set up to raise finance for the group (of which Raiffeisen Landesbanken-Holding GmbH is the ultimate parent). This was achieved by the issue of a financial instrument listed on the Euronext Amsterdam Stock Exchange which was also listed subsequently on the Frankfurt, Stuttgart, Dusseldorf, Munich and Berlin stock exchanges, the proceeds of which were used to invest in a financial instrument issued by RBI. No other similar transactions were carried out by the Company and therefore the operations for the year consisted in servicing the financial liability from the income generated by the financial asset. In addition, the Company incurred minimal operating expenses. As a result, the Board deems its sole involvement as sufficient to monitor the risks faced by the Company and need not delegate any specific duties to Board committees.

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

- market risk;
- credit risk;
- liquidity risk; and
- operational risk.

This note presents information about the Company's financial instruments and its exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk involved in their use, and the management of capital.

Fair values

The table below presents the carrying values and fair values of the Company's financial assets and financial liabilities.

	31st Dec 20		**31st Dec 19**	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Financial asset at fair value through profit or loss	€ 83,417,950	€ 83,417,950	€ 78,767,535	€ 78,767,535
Financial liabilities:				
Perpetual Capital Notes at fair value through profit or loss	€ 83,417,950	€ 83,417,950	€ 78,767,535	€ 78,767,535

There is no active market for the financial asset and accordingly there is no market price available to determine its fair value.

The Company has issued Perpetual Capital Notes to highly sophisticated investors. The only material asset of the Company is the financial asset at fair value through profit or loss and there is no credit enhancement within the Company. The terms and conditions of the financial asset are exactly matched to that of the Perpetual Capital Notes, except for the 3 basis point difference between the respective coupon rates. In the opinion of the Directors, the Company is entirely transparent to the holders of the Perpetual Capital Notes and therefore in the opinion of the Directors, upon redemption, the fair value of the financial asset would be approximately equal and opposite to the fair value of the Perpetual Capital Notes.

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Fair values - (continued)

The estimated fair value of the Perpetual Capital Notes was based on the closing price as at 31st December 2020 on the Stuttgart Stock Exchange, being 92.20% (2019: 87.06%).

The Perpetual Capital Notes are traded on a number of stock exchanges, including the Stuttgart, Frankfurt, Dusseldorf, Berlin, Munich and Euronext Amsterdam stock exchanges and the traded/quoted prices for the Perpetual Capital Notes may vary between these market. The Directors have considered the frequency and volume of trades observed and, from the information available to the Directors, the greatest frequency and volume of trading generally appears to occur on the Stuttgart Stock Exchange. Consequently, in the opinion of the Directors, the Stuttgart Stock Exchange is considered to be the principal market.

The Directors' assessment of whether a market should be considered to be active or inactive may vary from year to year, depending on factors such as market conditions. IFRS does not provide a definitive guidance as to what constitutes an active or inactive market. As at the reporting date, the Directors used the following parameters as guidance: a market may ordinarily be considered to be active if either (i) trading takes place on at least 10 days per month on average during the financial year (with such trades resulting in a cumulative aggregate nominal amount traded of at least 2% of the outstanding nominal amount), or (ii) the cumulative aggregate nominal amount traded during the financial year was at least 10% of the outstanding nominal amount. When considering whether or not the market for a particular security is active, the Directors considered the volume traded across all observable markets and trading venues, not solely the volume traded on the principal market.

The fair values of the Perpetual Capital Notes have been estimated and used as a proxy for the fair value of the financial asset as set out above. The closing price may be different to the theoretical valuation that would be generated for such securities through a model using the underlying characteristics of the security and may be different from the price that could be achieved upon sale. Such differences may be significant. In addition, the value of the Perpetual Capital Notes is limited to the net proceeds available from the Company.

In the opinion of the Directors there is no material difference between the carrying values of the Company's other financial assets and financial liabilities and their fair values.

Fair value hierarchy

31st Dec 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial asset at fair value through profit or loss	€ -	€ 83,417,950	€ -	€ 83,417,950
Financial liabilities:				
Perpetual Capital Notes at fair value through profit or loss	€ -	€ 83,417,950	€ -	€ 83,417,950

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Fair value hierarchy - (continued)

31st Dec 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial asset at fair value through profit or loss	€ -	€ 78,767,535	€ -	€ 78,767,535
Financial liabilities:				
Perpetual Capital Notes at fair value through profit or loss	€ -	€ 78,767,535	€ -	€ 78,767,535

In the Directors' opinion, the closing price of the Perpetual Capital Notes represents a reasonable estimate of their fair value. There were no transfers between levels in the current year.

As the fair value of the financial asset is derived from the fair value of the Perpetual Capital Notes, the fair value of such is classified within level 2 of the fair value hierarchy.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Certificate and Perpetual Capital Notes are carried at fair value, therefore the Directors do not consider the Company is exposed to any net market risk. Movement on the Certificate is matched to the Perpetual Capital Notes.

Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates.

The Perpetual Capital Notes incur interest on a floating rate basis whilst the financial asset yields a fixed margin over this rate by 3 basis points, in order to cover ongoing operational expenses of the Company.

For this reason, a change in interest rates would therefore have no significant net impact on the Company’s financial performance and equity. The holders of the Perpetual Capital Notes ultimately bear the interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on certain operating expenses, which are mainly denominated in Pound Sterling ("GBP"). All other transactions are undertaken in Euro.

The Company accepts this risk and, accordingly, does not hedge against it. A reasonably possible change in the EUR/GBP exchange rate would have an insignificant effect on the results and equity of the Company.

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Other price risk

In the opinion of the Directors, there are no other price risks that could reasonably be foreseen to affect the fair values of the Company's financial instruments.

Sensitivity analysis

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

Whilst the financial instruments held by the Company may be separately exposed, the Company itself is not exposed to any significant net interest rate or net currency risk. Therefore, in the Directors' opinion, no sensitivity analysis is required to be disclosed.

Credit risk

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

Financial assets and liabilities at fair value through profit or loss

The Company’s main financial assets consist of the Certificate (see note 3) issued by RBI and its corresponding interest receivable at year end (see note 4). The Company’s revenue derives mainly from this financial asset. The Company's main financial liability consists of the Perpetual Capital Notes.

The Directors do not consider the Perpetual Capital Notes to have any material credit risk attributable to the Company, due to the back to back nature of the Perpetual Capital Notes. The fair value movement attributable to the Company's credit risk changes is therefore not material.

The Board monitors the credit risk continuously based on external ratings of RBI.

At the year end, the Company did not have any past due or impaired receivables and other financial assets.

The Company’s maximum exposure to credit risk is equal to the amount of assets shown in the Statement of Financial Position.

Guarantees

There are no other guarantees or collaterals provided by counterparties.

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's main financial liability consists of the Perpetual Capital Notes that will be repaid concurrent to that of the main financial asset due to their matching terms.

The Company's Perpetual Capital Notes are classified as a financial liability because they bear non-discretionary interest and are redeemable in cash by the holders. Non-discretionary interest is recognised as interest expense in the Statement of Comprehensive Income as accrued.

The most significant cash outflow due within one year consists of the payment of interest expense on the Perpetual Capital Notes. The timing of its cash outflows falls due on the same dates as the cash inflows from the financial asset.

Other liabilities, which are payable within one year, are not significant. The Board considers its available cash resources as sufficient to meet other cash outflows which mainly consist of administrative expenses. Furthermore, the Company had entered into an agreement with RZB (the "Support Agreement") whereby RZB agreed to make available to the Company funds sufficient to enable it to meet its obligations should it have insufficient funds. Following the down-stream merger described in note 7, the Support Agreement and the rights and obligations in relation to this agreement have been transferred to RBI. RZB's long term credit rating was withdrawn in March 2017. RBI has a long term credit rating of A- from Standard & Poor's as at the year end (2019: BBB+).

The Directors therefore do not consider that the Company is exposed to significant net liquidity risk. Liquidity risk is ultimately borne by the holders of the Perpetual Capital Notes.

Contractual maturity analysis of Perpetual Capital Notes

The expected maturity profile of the Company's financial liabilities is presented in the table below. The amount disclosed below is contractual undiscounted cash flows in respect of the nominal amount of the Perpetual Capital Notes. As the Perpetual Capital Notes are perpetual, no interest amounts have been included below however details of the applicable rates are disclosed in note 7.

	31st Dec 20	31st Dec 19
Perpetual Capital Notes		
No maturity	€ 90,475,000	€ 90,475,000

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with a Company's processes and from external factors other than market, credit and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Operational risk - (continued)

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness. The Board manages the operational risk of the Company by closely monitoring the Company's activities through regular Board meetings and ensuring compliance with the Offering Circular.

13. OPERATING SEGMENTS

Geographical information

The Company is domiciled in Jersey, Channel Islands. All of the Company's revenues are generated from RBI, an entity based in Austria.

Non-current assets

Except for the financial asset at fair value through profit or loss, the Company does not have any other non-current assets.

Major investment counterparty

All of the Company's revenues are derived from one entity, RBI.

14. CAPITAL MANAGEMENT

The Company's transactions are designed to enable the Company to pay its liabilities as they fall due. The Board's policy is to have a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's capital consists of equity as set out in the Statement of Financial Position. The Perpetual Capital Notes incur interest on a floating rate basis whilst the financial asset yields a fixed margin over this rate by 3 basis points, in order to cover ongoing operational expenses of the Company. As the level of net interest income was established on incorporation of the Company, there is little need for the monitoring of the return on capital. All ordinary shares are held by RBI and the Company does not have any share option schemes or hold its own shares. RBI was a wholly-owned subsidiary of RZB which was ultimately owned by the ultimate controlling party as disclosed in note 10, until a Down-stream Merger of RBI and RZB took place on 18th March 2017 in which RBI is the surviving entity and the universal successor of RZB with respect to all of its rights and liabilities.

The Company is not subject to externally imposed capital requirements.

15. CAPITAL CONTRIBUTION

On 5th December 2017, a capital contribution in the amount of € 125,000 was received by the Company from RBI. The funds were remitted to the Company as a capital injection to assist the Company with operational costs, as deemed appropriate by the Directors.

16. EVENTS DURING THE YEAR

The current worldwide coronavirus outbreak commenced in China, being notified to the World Health Organisation ("WHO") by China on 31st December 2019, the situation has continued to evolve throughout the year, being declared by the WHO as a Public Health Emergency of International Concern on 30th January 2020 and as a worldwide pandemic on 11th March 2020.

In the opinion of the Directors, COVID-19 has not had, and is not anticipated to have, a material adverse effect on the overall financial position and/or net results of the Company due to the fact that the Company has attempted to match the properties of its financial liabilities to those of its financial assets to mitigate significant elements of risk generated by mismatches of investment performance caused by market risks and/or any other risks such as credit risks against its obligations. Accordingly, the risks associated with the Company's financial assets and financial liabilities are ultimately borne by the holders of the Perpetual Capital Notes.

As at the date of approval of the financial statements, the COVID-19 outbreak has not had, and is not anticipated to have, a material adverse effect on the Company. Consequently, these financial statements have been prepared on a going concern basis.

17. SUBSEQUENT EVENTS

In the Directors' opinion, there are no significant events that have occurred between the reporting date and the date of approval of these financial statements that would be likely to have a material impact upon the Company, its reported financial position or its results.