Registered number: 107727

GE Capital European Funding Unlimited Company

Directors' report and audited
Financial Statements

Year ended 31 December 2020

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Directors and other information

Directors	R. Holmes T. Lane F. Mullin T. Geary M. Power
Secretary	H. McAneny
Registered office	86-88 Lower Leeson Street Dublin 2 D02 A668 Ireland
Independent auditor	KPMG Chartered Accountants and Registered Auditors 1 Harbourmaster Place I.F.S.C. Dublin 1 D01 F6F5, Ireland
Principal bankers	Danske Bank International House 3 Harbourmaster Place I.F.S.C, Dublin 1 D01 K8F1, Ireland Société Génerale S.A. 33, Avenue de Wagram BP 963 75829 Paris, France JP Morgan Chase Bank 270 Park Avenue New York NY 10017, USA BNP Paribas 16, Boulevard des Italiens Paris, France Barclays Bank 4th floor, Harbour Exchange Square London E14 9GE, UK
Solicitor	A&L Goodbody North Wall Quay I.F.S.C. Dublin 1 D01 H104, Ireland

GE Capital European Funding Unlimited Company

Directors' report

The Directors present their annual report and audited Company Financial Statements ('Financial Statements') for the year ended 31 December 2020.

Principal activities, business review and future developments

GE Capital European Funding Unlimited Company ('the Company') is incorporated and tax resident in Ireland and operates as a financial services company.

The Company is a public unlimited company. It is a wholly owned subsidiary of General Electric Company ('GEC') which is a limited liability company and therefore the Company, via section 1274, is in scope of Part 6 of the Companies Act 2014 for Financial Statements preparation purposes.

The Company has established a Euro Commercial Paper ('Commercial Paper' or 'CP') Programme and a Euro Medium Term Note ('MTN') Programme. This debt is principally listed on the London Stock Exchange. The purpose of these programmes is to obtain financing in the capital markets, primarily to fund the operations of GEC affiliates. The Company's direct parent in the capital structure, GE Capital International Holdings Limited ('GECIHL'), has guaranteed (assigned from General Electric Capital Corporation 'GECC') the CP and MTN programmes of the Company, thus reducing the risk to any potential investor and supporting the CP and MTN programme. GEC (rated BBB+) (2019: rate BBB+), has also guaranteed the CP and MTN programmes of the Company thus reducing further the risk to any potential investor and supporting the CP and MTN programmes. During the year the Company had no requirement for excess cash and as a result did not participate in the CP market.

The Directors have determined a number of metrics including total assets and the results of the Company to be key performance indicators. The total assets for the year are set out in the Statements of Financial Position on pages 17 to 18. The results for the year are set out in the Statements of Comprehensive Income ('SOCI') on pages 16 and the related notes.

The results before taxation of the Company is a loss of USD 91 million (2019: profit of USD 50 million), primarily driven by decreased interest income from GEC affiliates in the year ending 31 December 2020 as a result of decreased USD LIBOR rates and loan principal, along with movements in foreign exchange rates. The decrease in total assets is primarily driven by repayments received on amounts owed by group undertakings which were used to repay amounts owed to group undertakings, MTN maturities and early redemption of MTN. During the year, floating rate debt of USD 1,095 million and fixed rate debt with a nominal value of USD 2,148 million has matured.

During the year, a number of derivatives in qualifying hedging relationships were terminated and de-designated in qualifying hedging relationships in order to facilitate GEC to offer to buy and retire external debt ("debt buyback"). During the year, USD 760 million nominal of floating rate debt and USD 2,362 million nominal of fixed rate debt were bought back for total cash consideration of USD 3,195 million. As a result of the early termination of derivatives and debt buyback noted above, USD 1,368 million nominal of debt is now no longer held for qualifying hedge relationships at 31 December 2020.

Effective 15 February 2019, an affiliated company GE Treasury Ireland Services UC ("T2K") began providing management and administrative services to the Company (see Note 6 for further details). Following this, all of the Company's staff transferred to T2K, leading the average monthly number of employees in the Company to decrease from 5 for the year ended 31 December 2019 to Nil for the year ended 31 December 2020. There were no employees at 31 December 2020 (31 December 2019: Nil).

On 19 December 2019, the Company signed an agreement to terminate the partnership with GE Capital European Funding & Co. ('the Partnership') to take effect in 2020. The Partnership was formally dissolved on 3 March 2020. Since the Company does not at present hold a controlling interest in any undertaking, the Directors did not prepare consolidated financial statements. The comparative disclosures for the year ended 31 December 2019 are also presented on a Company only basis.

Directors' report *(continued)*

Principal activities, business review and future developments *(continued)*

The Directors have assessed the impact of Britain's exit from the European Union ('Brexit') on 31 January 2020. Following detailed analysis, it has been determined that the primary impact on the Company relates to the election of a new European Union home member state for reporting purposes. After due consideration at a board meeting held on 11 March 2021, the Directors resolved to elect Ireland as the Company's home member state, which would mean that in future the Company would need to comply with certain obligations under the Transparency Directive and the related Irish implementing regulations.

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organization, and most governments have taken restrictive measures to contain its further spread affecting free movement of people and goods. These events have had no material effect on the Company's statement financial position for the year ending 31 December 2020. An increase in the average PD of borrowers used for purposes of calculating the impairment loss provision on Loans and advances to GEC affiliates has been reflected at 31 December 2020, see Note16(a) for further details. Management will continue monitoring and evaluating the effect of COVID-19 on the Company during the 2021 financial year.

Going concern

The future growth of the Company is dependent on the cash needs of the GEC Group, in particular GECIHL. The Directors have assessed the loan receivable positions and have concluded that the balances remain recoverable. The GEC Group does not expect the need for new long-term debt issuances by the Company for the foreseeable future. As noted above the debt issued by the Company through its CP and MTN arrangements is guaranteed by GEC and GECIHL.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of the ongoing negative socio-economic impact of the COVID-19 pandemic, in light of the Company's ability to access the GEC Group's cash pool facility if required, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Directors are confident that the Company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Directors have also considered the below among other factors in concluding that it is appropriate to prepare the financial statements on a going concern basis:

- The Company has substantial positive equity and it is linked to the GEC's European and U.S. cash pool, therefore has the resources to continue in business
- GECIHL has guaranteed the Company's liabilities under its CP and MTN programmes, substantially mitigating liquidity risk
- GEC has also guaranteed the Company's liabilities under its CP and MTN programmes, substantially mitigating liquidity risk

CP and MTNs

The following table sets out the year on year increase / (decrease) in MTNs issued, lending from GEC affiliates and lending to GEC affiliates. The Company did not participate in the CP market during the financial year. The Directors define GEC affiliates to be subsidiaries, associates and joint ventures of the wider GEC Group. The table has been calculated using the closing Company balances for the financial year.

The movement in the following table is driven by repayments received on amounts owed by group undertakings which were used to repay amounts owed to group undertakings, MTN maturities and early redemption of MTN.

Directors' report *(continued)*

CP and MTNs *(continued)*

Type of debt / loan	Year on year increase / (decrease) **2020**	**2019**
Liabilities		
Issued Medium Term Notes	(60.6)%	(22.2)%
Loans from GEC affiliates	(96.6)%	388.1%
Assets		
Loans to GEC affiliates	(57.9)%	(5.7)%

The following table sets out the weighted average maturities of MTN in issue at 31 December 2020 and 31 December 2019.

	31 December 2020	**31 December 2019**
Medium Term Notes (floating) at amortised cost	3.5 years	1.5 years
Medium Term Notes (fixed) in qualifying hedging relationships	11.5 years	6.3 years
Medium Term Notes (fixed) at amortised cost	1.63 years	0.2 years

The main financial risks that the Company are exposed to are foreign exchange risk, credit risk, liquidity risk, interest rate risk, operational risk and other price risk. The Directors are responsible for the oversight of the management of these exposures, as set out in *Note 16*.

Principal risk and uncertainties

Foreign exchange risk
The main financial risk of the Company is the exposure to foreign exchange ('FX') risk. This risk arises during the current year, as some operations including loans and advances to GEC affiliates and debt securities issued are in EUR while the functional currency of the Company is USD. During the year, the Company recorded an FX loss of USD 74 million (*2019: gain of USD 18 million)* driven by movement in the EUR/USD rates.

Interest rate risk
During 2020 interest rates remained at low levels. The Company, as a funding company, is exposed to interest rate volatility on variable funding arrangements. Through the use of derivatives, the Company is generally able to reduce interest rate mismatches and in so doing reduce their interest rate risk. The Directors continued to monitor interest rate exposure. See *Note 16(c)* for an analysis of interest rate exposure at the year-end.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company has access to the cash pool of the wider GEC Group to fulfil any short-term liquidity requirements. See further analysis of liquidity risk at the financial year end at *Note 16(b)*.

Market risk
The fair values of financial assets and financial liabilities may change due to interest rate volatility, credit spread changes and general market conditions. In an effort to ensure appropriate valuations were obtained, the Company relied on independent pricing providers such as International Data Corporation ('IDC') and models used by the wider GEC Group, which primarily use observable market data as inputs. Such valuations necessarily involve judgements and uncertainties on the selection of the inputs. Critical judgments and uncertainties surrounding valuations are discussed further in *Note 16.*

Directors' report *(continued)*

Principal risk and uncertainties *(continued)*

Credit risk
GEC affiliates may have difficulty in repaying loans. By carrying out comprehensive due diligence on each borrower the Company has been able to manage its exposure to credit risk and the Company experienced no defaults during the financial year. The closing impairment loss provision at 31 December 2020 was USD 14,339 thousand (31 December 2019: USD 11,904 thousand) for the Company, please see *Note 16 (a*) for further details. The Directors will continue to monitor the financial strength of its borrowers to ensure the Company's exposure to the risk of default is minimised.

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

The Company seeks to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The Directors are responsible for the development and implementation of controls to address operational risk.

This responsibility is supported by the development of overall GEC standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for monitoring and reconciliation of transactions.
- Compliance with legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessments of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- Training and professional development.
- Ethical and business standards.

Compliance with the Company standards is supported by a programme of periodic reviews to ensure compliance with GEC Group risk management policies.

The Directors review the development, selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates.

Dividends

The Directors do not propose a dividend for the current financial year *(2019: USD Nil)*.

Directors, Secretary and their interests

The Directors are Robert Holmes, Tim Lane, Fergal Mullin, Tom Geary and Michael Power listed on page 1. In accordance with the Articles of Association, the Directors are not required to retire by rotation.

In accordance with the Companies Act 2014, as none of the Directors holds a disclosable interest (representing shares in the Company of 1 percent or more in nominal value of GEC's issued share capital) in the shares of GEC or any GEC affiliates, there is no requirement to disclose their shareholdings.

Related parties

The Company's balance of loans and advances to affiliates has decreased by 58% primarily driven by GE Financial Funding Unlimited Company ('GEFF') , and the Company's balance of loans and advances from affiliates has decreased by 97% primarily driven by GE Capital Treasury Services (U.S.)LLC ('GECTSLLC') due to the early redemption of external debt and repaid cash pool borrowings in the financial year.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act, 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at 86-88 Lower Leeson Street, Dublin 2, D02 A668, Ireland.

Corporate governance statement

The Directors have put in place a framework for corporate governance which it believes is suitable for the Company and which enables the Company to operate in an environment of good governance throughout the financial year.

The Company's internal control procedures are designed to safeguard the Company's net assets, support effective management of the Company's resources and provide reliable and timely financial reporting both internally to management and to those charged with governance and externally to other stakeholders. They include the following:

- An organisational structure with formally defined lines of responsibility and delegation of authority.
- Established systems and procedures to identify, control and report on key risks. Exposure to these risks is monitored by the Directors.

The preparation and issue of financial reports, including the Company Financial Statements, is managed by the group finance function with oversight from the Directors. The Company's financial reporting process is controlled using documented accounting policies and reporting formats issued by the finance function to all reporting entities within the GEC Group in advance of each reporting period end. The finance function of the GEC Group supports all reporting entities with guidance in the preparation of financial information. The process is supported by a network of finance professionals throughout the GEC Group, who have responsibility and accountability to provide information in keeping with agreed policies, including the completion of reconciliations of financial information to processing systems. Its quality is underpinned by arrangements for the segregation of duties to facilitate independent checks on the integrity of financial data. The financial information for each entity is subject to a review at reporting entity and GEC Group level by senior management.

As the Company have only debt securities listed principally on the London Stock Exchange, it has availed itself of an exemption from the Financial Conduct Authority's requirements to make corporate governance disclosures and from auditor review thereof. The Company do not have transferrable securities as defined by S.I. No. 255/2006 - European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 ("Takeover Bids Regulations") and therefore the Company are not required to include in its Corporate Governance Statements the disclosures required by Section 21 thereof.

The Company's risk management policies are based on the policies of the ultimate parent GEC and are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Corporate governance statement *(continued)*

Financial reporting
The Company are responsible for establishing and maintaining adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and comply with the Irish Companies Act 2014.

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons.

The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of statutory Financial Statements which are audited by independent auditors who report annually to the Shareholders on their findings. The Directors evaluate and discuss significant accounting and reporting issues as the need arises.

Shareholder meetings
The convening and conduct of shareholder meetings are governed by the Articles of Association of the Company and the Companies Act 2014. The Company is required to hold an annual general meeting in each year and not more than fifteen months may elapse between the date of one annual general meeting of the Company and that of the next. The Directors may call general meetings and extraordinary general meetings may be convened in such manner as provided by the Companies Act 2014.

Subject to the provisions of the Companies Act 2014 allowing a general meeting to be called by shorter notice, an annual general meeting and a general meeting called for by the passing of a special resolution will be called by at least twenty-one clear days' notice.

Composition and operation of the Board
The Directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company for the year under review and up to the date of approval of the Financial Statements. This risk management process is regularly reviewed by the Directors. The Directors review the Financial Statements. There are formal procedures in place for the external auditors to report findings and recommendations to the Directors. Any significant findings or identified risks are examined so that appropriate action can be taken.

The business of the Company is managed by the Directors who exercise all such powers of the Company unless a shareholders' general meeting is required by the Companies Act 2014 or by the Articles of Association of the Company. Unless otherwise determined by the shareholders in a general meeting, the number of Directors shall not be less than two. Currently the Board of the Company is composed of five Directors, being those listed on page 1 of these Financial Statements.

The Directors may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number will be two. Matters arising at any meeting of the Directors are determined by a majority of votes. A Director may, and the Company's secretary on the request of a Director will, at any time call a meeting of the Directors.

Audit committee

The Company's ultimate parent, GEC, is a regulated entity that must meet certain requirements in accordance with its New York Stock Exchange listing. As a result, the GEC Group has internal audit and finance functions with responsibility for, amongst other things, the monitoring of the effectiveness of the GEC Group's systems of internal control, internal audit and risk management. Nevertheless, the Directors, having considered the matter, established an audit committee. The Members of the Committee are Thomas Geary, Michael Power and Robert Holmes. Thomas Geary and Michael Power are non-executive Directors. There were no changes during the year.

Subsequent events

No significant events affecting the Company have occurred since the reporting date which require amendment to the financial statements or inclusion of a note therein.

Compliance statement

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 where applicable, the Market Abuse Regulation, the Market Abuse (Criminal Sanctions) Directive, the Irish European Union (Market Abuse) Regulations 2016, the Prospectus (Directive 2003/71/EC) Regulations 2005, the Transparency (Directive 2004/109EC) Regulations 2007 ('the Transparency Regulations'), the Financial Conduct Authority's Transparency Rules and tax laws.

The Directors confirm that:

- A compliance policy statement has been drawn up setting out the Company's policies that in their opinion are appropriate with regard to such compliance.
- Appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations.
- A review has been conducted during the financial year of those arrangements and structures.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

The date of appointment of KPMG, Chartered Accountants as auditor of the entity being an EU PIE was on 18 November 2002 They have been re-appointed annually since that date and will continue in office in accordance with Section 383 (2) of the Companies Act 2014.

Directors' report *(continued)*

Responsibility Statement in accordance with the Transparency Regulations

Each of the Directors whose names are listed on page 1 of these Financial Statements confirm that, to the best of each person's knowledge and belief:

- The Company Financial Statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and its financial performance for the financial year then ended.
- The Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the board

Fergal Mullin
Director

Robert Holmes
Director

27 April 2021

GE Capital European Funding Unlimited Company

Statement of directors' responsibilities in respect of the directors' report and the Financial Statements

The directors are responsible for preparing the directors report and financial statements, in accordance with applicable law 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 European Union (EU).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss 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 which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls 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. The directors are also responsible for preparing a directors report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Fergal Mullin
Director

Robert Holmes
Director

27 April 2021

KPMG
Audit
1 Harbourmaster Place
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GE CAPITAL EUROPEAN FUNDING UNLIMITED COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GE Capital European Funding Unlimited Company ('the Company') for the year ended 31 December 2020 set out on pages 16 to 68, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

The date of our appointment as auditor of the entity being an EU PIE was on 18 November 2002. The period of total uninterrupted engagement is the 19 years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included our knowledge of the Company to identify the inherent risks to the Company's business model and analysing how those risks might affect the Company's financial resources or ability to continue as a going concern over the twelve months from the date of when the financial statements are authorised for issue. Risk factors including credit, liquidity, market and other price risk have an impact on the Company's activities. However, the Company will have access to sufficient funding and resources for the foreseeable future through the access to the cash pool and the wider GEC Group to fulfil any short-term liquidity requirements. The cash pool enables the Company to borrow from or deposit with another GEC affiliate on a nightly basis depending on whether the Company requires funding or have excess cash in their bank accounts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters: our assessment of 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 matters, in decreasing order of audit significance, were as follows (unchanged from prior year):

Recoverability of loans and advances to GEC affiliates – $ 7,413,138K (2019: $17,622,139K)	
Refer to note 2 (accounting policy) and notes 16 and 20 (financial disclosures)	
The key audit matter	**How the matter was addressed in our audit**
The Company has loans and advances to a number of group undertakings (the "loans"), the majority of which is to the GE Financial Funding Unlimited Company which represents 94% of total Company assets. There is a judgement involved in determining the recoverable amount of these loans and the associated expected credit loss provisions made on such loans. There is risk that loans may be understated either due to error or that the Company will not be able to recover these loans from counterparties.	Our audit procedures included among others: • Obtaining and documenting our understanding of the loans monitoring and impairment process and testing of the design and implementation of the relevant controls thereon; • Testing the expected credit loss model prepared by management including challenge of management inputs and assumptions such as probability of default, exposure at default and loss given default by comparing selected inputs to external data sources; and • Considering adequacy of the related disclosures made in the financial statements;

<table>
<tr><td></td><td>No material misstatements were noted as part of our testing.</td></tr>
<tr><td colspan="2">Valuation of debt securities issued - $5,180,078K (2019: $11,308,511K)</td></tr>
<tr><td colspan="2">Refer to note 2 (accounting policy) and notes 16 and 21 (financial disclosures)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Company have fixed interest rate debt instruments (the “Notes”) listed on the London Stock Exchange.

The Notes are measured at amortized cost using the effective interest rate method and adjusted for fair value movements of the hedged interest rate risk.

There is judgement involved in determining the fair value movement of the debt securities.</td><td>Our procedure over the fair valuation of the hedge interest rate risk related to the Notes included, but were not limited to:
• Documenting our understanding of the hedging and related valuation process including testing the design and implementation of controls thereon;
• Testing the fair value movement pertaining to the hedged interest rate risk through discounted cashflow model using discount rate, historical interest rates and forward rates etc with the assistance of our own valuation specialists; and
• Considering the adequacy of the related disclosures made in the financial statements
No material misstatements were noted as part of our testing.</td></tr>
<tr><td colspan="2">Valuation of derivatives and accuracy of hedge accounting $476,366K (2019: $397,813K)</td></tr>
<tr><td colspan="2">Refer to note 2 (accounting policy) and notes 16 and 19 (financial disclosures)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Company entered into fixed for floating interest rate swaps and cross currency swaps (“the swaps”) with GE Financial Markets Unlimited Company in order to hedge interest rate risk of tis notes.

The swaps are measured at fair value and certain swaps are designated in fair value hedging relationships.

The valuation of these Swaps involves assessment of a number of factors relating to liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the underlying instrument.

.</td><td>Our procedures included amount others:
• Obtaining and documenting our understanding of the hedging and related valuation process and testing the design and implementation of the relevant controls therein;
• Testing independently the fair value of 100% the swap positions through use of valuation methods such as discounted cash flow method using discount rate, historical interest rates and forward rates etc with the assistance of our own valuation specialists.
• Critically assessing hedge documentation by way of specialists review to determine whether it complied with the requirements of the relevant accounting standards.

No material misstatements were noted as part of our testing.</td></tr>
</table>

KPMG

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

Materiality for the financial statements as a whole was set at $78.9 million (2019: $180m), determined with reference to a benchmark of total assets of which it represents 1% (2019: 1%).

We reported to the Audit Committee any corrected of uncorrected identified misstatements exceeding $3.9m (2019: $9m), in addition to any other identified misstatements that warrant reporting on qualitative grounds.

We used this materiality to determine the nature and extent of testing required to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements to an appropriately low level. Our evaluation of the impact of any identified misstatements considers the financial impact of such misstatements both individually and in the aggregate with respect to our materiality determination. We also consider other qualitative factors including the impact on line item disclosures in the financial statements.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the Directors' Report, Corporate Governance Statement and Directors' Compliance Statement both included in the directors' report and statement of directors' responsibilities. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit , we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate governance disclosures

As required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 6 to 7, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act; and

- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

Our opinions on other matters prescribed the Companies Act 2014 are unmodified

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

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

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

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 10, 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities 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. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's member, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it 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 member, as a body, for our audit work, for our report, or for the opinions we have formed.

John Ahern

John Ahern
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

Date: 27 April 2021

GE Capital European Funding Unlimited Company

Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	2020	2019
		USD'000	USD'000
Interest income	3	181,730	363,298
Interest expense	4	(111,900)	(126,412)
Net interest income		69,830	236,886
Fee and commission income	5	2,995	5,596
Net income on interest in subsidiaries	14	-	88,808
Profit on disposal of subsidiary	14	-	2,175
Net trading income		**72,825**	**333,465**
Net expense from financial instruments carried at fair value	7	(79,830)	(294,741)
Service fee expense to GEC affiliates	6	(3,437)	(5,934)
Personnel expenses	12	-	(376)
Other expenses		(4,472)	(2,976)
Movement in provision for impairment	16	(2,435)	2,493
Foreign exchange (loss)/gain	8	(74,113)	18,386
Operating expense		**(164,287)**	**(283,148)**
(Loss)/profit before income tax		**(91,462)**	**50,317**
Tax charge	10	-	-
(Loss)/profit for the year		(91,462)	50,317
Other comprehensive income		**-**	**-**
Total comprehensive (loss)/ income for the year		**(91,462)**	**50,317**

The accompanying notes form an integral part of the Financial Statements.

GE Capital European Funding Unlimited Company

Statement of Financial Position
at 31 December 2020

	Note	31 December 2020 USD'000	31 December 2019 USD'000
Non-current assets: amounts receivable after one year			
Derivative assets held for qualifying hedging relationships	*19*	366,607	321,813
Derivative assets not in qualifying hedging relationships	*19*	1,359	-
Loans and advances to GEC affiliates	*20*	1,462,580	40,000
Current assets: amounts receivable within one year			
Cash and cash equivalents	*13*	544	552
Derivative assets held for qualifying hedging relationships	*19*	-	-
Derivative assets not in qualifying hedging relationships	*19*	108,400	82,927
Loans and advances to GEC affiliates	*20*	5,950,558	17,582,139
Other assets		1,351	21
Total assets		**7,891,399**	**18,027,452**
Creditors: amounts falling due within one year			
Derivative liabilities not in qualifying hedging relationships	*19*	-	(6,927)
Loans and advances from GEC affiliates	*20*	(138,587)	(4,108,830)
Debt securities issued	*21*	(763,924)	(4,128,781)
Embedded derivatives	*21*	-	(8,179)
Other liabilities		(4,324)	(7,049)
Current liabilities		**(906,835)**	**(8,259,766)**
Net current assets		**5,154,018**	**9,405,873**
Total assets less current liabilities		**6,984,564**	**9,767,686**
Creditors: amounts falling due after more than one year			
Derivative liabilities not in qualifying hedging relationships	*19*	-	-
Debt securities issued	*21*	(4,416,154)	(7,171,551)
Embedded derivatives	*21*	-	-
Net assets		**2,568,410**	**2,596,135**
Capital and reserves			
Share capital	*15*	125,789	125,789
Share premium	*15*	2,775,653	2,775,653
Capital contribution	*15*	335,130	271,393
Undenominated capital reserves	*15*	15,402	15,402
Retained earnings		(408,634)	(317,172)
Foreign exchange reserves	*15*	(274,930)	(274,930)
Shareholders' equity		**2,568,410**	**2,596,135**

The accompanying notes form an integral part of the Financial Statements.

GE Capital European Funding Unlimited Company

Statement of Financial Position *(continued)*
at 31 December 2020

On behalf of the board

Fergal Mullin *Director*	Robert Holmes *Director*	27 April 2021

GE Capital European Funding Unlimited Company

Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital USD'000	Share premium USD'000	Undenominated capital reserves USD'000	Retained earnings USD'000	Foreign exchange reserve USD'000	Capital contribution USD'000	Total USD'000
Balance at 1 January 2019	125,789	2,775,653	15,402	(367,489)	(274,930)	354,148	2,628,573
Total comprehensive expense for the year							
Profit for the year	-	-	-	50,317	-	-	50,317
Transactions with owners of the Company							
Reduction in capital contribution*	-	-	-	-	-	(29,821)	(29,821)
Transfer deemed capital contribution to retained earnings*	-	-	-	52,934	-	(52,934)	-
Deemed distributions *				(52,934)		-	(52,934)
Balance at 31 December 2019	125,789	2,775,653	15,402	(317,172)	(274,930)	271,393	2,596,135
Balance at 1 January 2020	125,789	2,775,653	15,402	(317,172)	(274,930)	271,393	2,596,135
Total comprehensive income for the year							
Loss for the year	-	-	-	(91,462)	-	-	(91,462)
Transactions with owners of the Company							
Capital contribution*						63,737	63,737
Balance at 31 December 2020	125,789	2,775,653	15,402	(408,634)	(274,930)	335,130	2,568,410

* Please refer to *Note 15* for further details on movement in capital contribution and deemed distributions.

The accompanying notes form an integral part of the Financial Statements.

GE Capital European Funding Unlimited Company

Cash Flow Statement
for the year ended 31 December 2020

		2020	2019
Cash flows from operating activities	*Note*	**USD'000**	**USD'000**
(Loss)/profit for the year		(91,462)	50,317
Adjustments for:			
Net interest income		(69,830)	(236,886)
Foreign exchange	*8*	74,113	(18,386)
Impairment loss provision	*16*	2,435	(2,493)
Profit on disposal of subsidiary		-	(2,175)
Change in loans and advances to GEC affiliates		10,366,626	(5,362,127)
Change in other assets		(1,330)	6,273
Change in derivatives assets held for qualifying hedging relationships		(132,605)	(148,379)
Fair value gain on fixed rate debt securities in qualifying hedging relationships		180,935	122,620
Change in accrued interest on debt securities issued		(71,851)	(16,311)
Change in derivatives assets not in qualifying hedging relationships		(175,452)	(344,213)
Change in derivatives liabilities not in qualifying hedging relationships		-	192,155
Change in loans and advances from GEC affiliates		(3,952,465)	3,274,866
Change in other liabilities and provisions		(2,732)	5,545
Non-cash change in capital contribution		-	-
Interest received/(paid) on assets and derivatives		211,457	546,497
Interest (paid) on liabilities and derivatives		(387,991)	(776,766)
Derivative termination receipts		63,045	-
Net cash provided/(used) by operating activities		**6,012,893**	**(2,709,463)**
Cash flows from investing activities			
Change in interest in subsidiaries		-	(88,808)
Proceeds from disposal of subsidiary	*14*	-	2,172,171
Partnership distribution	*14*	-	3,104,329
Net cash flows from investing activities		**6,012,893**	**5,187,692**
Cash flows from financing activities			
Debt securities issued		-	-
Debt securities redeemed		(6,429,013)	(2,583,151)
Net cash flows from financing activities		**(6,429,013)**	**(2,583,151)**
Net (decrease) in cash and cash equivalents		**(416,120)**	**(104,922)**
Cash and cash equivalents at 1 January	*13*	552	559
Effect of exchange rate fluctuations		416,112	104,915
Cash and cash equivalents at 31 December	*13*	**544**	**552**

1. Basis of preparation

Reporting entity

GE Capital European Funding Unlimited Company is an Irish incorporated, public unlimited company and is Irish tax resident. The address of the Company's registered office is 86-88 Lower Leeson Street, Dublin 2, D02 A668, Ireland. The Financial Statements of the Company are as at and for the year ended 31 December 2020 and consist of the financial performance and financial position. The Company is primarily involved in obtaining finance in the capital markets to fund the operations of the wider GEC Group. The Company has established a Euro Medium Term Note ('MTN') Programme. This debt is principally listed on the London Stock Exchange.

Statement of compliance

The Financial Statements of the Company have been prepared in accordance with IFRS as adopted by the EU. The Financial Statements also comply with the requirements of the relevant Irish legislation including the Companies Act 2014.

Basis of measurement

The Company Financial Statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- certain fixed rate debt securities issued in qualifying hedging relationships at amortised cost adjusted by the fair value of the hedged risk; and
- de-designated fixed rate debt securities which were formerly in a qualifying hedging relationship are measured at adjusted amortised cost.

Functional and presentation currency

The Company Financial Statements are presented in USD which is the functional currency of the Company. Except as indicated, financial information presented in USD has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Company Financial Statements are allowances for credit losses and determining the fair value of financial instruments. These are described in *Note 17*.

Going concern

The Financial Statements have been prepared on a going concern basis. Risk factors including credit, liquidity, market and other price risk have an impact on the Company's activities as described in *Note 16*, in addition to operational risk.

The Directors have reviewed these risk factors and all relevant information to assess the Company's ability to continue as a going concern for at least 12 months from the date of approval of the Financial Statements and are satisfied that the Company's Financial Statements continue to be prepared on a going concern basis as the Company will have access to sufficient funding and resources for the foreseeable future through the access to the cash pool and the wider GEC Group to fulfil any short-term liquidity requirements. The cash pool enables the Company to borrow from or deposit with another GEC affiliate on a nightly basis depending on whether the Company require funding or have excess cash in their bank accounts.

1. Basis of preparation (*continued*)

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of the ongoing negative socio-economic impact of the COVID-19 pandemic, in light of the Company's ability to access the GEC Group's cash pool facility if required, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Directors are confident that the Company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in the Company Financial Statements.

(a) Foreign currency translation

Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency that reflects the underlying transactions, events and conditions in which the entity operates ('the functional currency'). The Company Financial Statements are presented in USD, which is the Company's functional currency as described above.

Transactions and balances

Foreign currency transactions are translated into the functional currency using average exchange rates applicable to the period where the Company considers them to be a reasonable approximation of the transaction rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the period end of monetary assets and liabilities denominated in foreign currencies are recognised in the SOCI. Non-monetary items denominated in foreign currencies are translated using the exchange rate on the date of the initial transaction and recorded at historical cost.

Foreign operations

The assets and liabilities of foreign operations, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the average monthly operating rate (MOR) during the year.

(b) Interest

Interest income and expense are recognised in the Statements of Comprehensive Income using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimate future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

2 Significant accounting policies *(continued)*

(b) Interest (*continued*)

Interest income and expense presented in the Statements of Comprehensive Income include interest on financial assets and liabilities at amortised cost on an effective interest rate basis together with interest on financial assets and liabilities designated at fair value through SOCI.

(c) Commission

Commission income and expense represented in the Statements of Comprehensive Income include commitment fees on financial assets and liabilities. However, commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

(d) Fees

Fees and other expenses consist of of transaction and service fees. They are expensed as the services are received.

(e) Net expense from financial instruments at fair value

Net income/expense from financial instruments at fair value relates to fair value movement on fixed debt securities issued in qualifying hedging relationships and net expenses, also relates to fair value movement on derivatives related to interest rate swap and cross-currency swaps and to financial assets and liabilities at fair value through SOCI, details see Note 7.

(f) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statements of Comprehensive Income except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable SOCI;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2 Significant accounting policies *(continued)*

(f) Tax expense (*continued*)

Additional taxes that arise from the distribution of dividends by the company are recognised at the same time as the liability to pay the related dividend is recognised.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Financial assets and liabilities

Recognition and initial measurement

The Company initially recognise loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss (‘FVTPL’), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

Derecognition

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

The Company derecognise a financial liability when its contractual obligations are discharged or cancelled or expire.

Classification and subsequent measurement of financial assets and financial liabilities

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective it is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash inflows which are solely payments of principal and interest (‘SPPI’).

A financial asset is measured at fair value through other comprehensive income (‘FVOCI’) if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective it is to both collect contractual cash flows and sell financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash inflows which are SPPI.

2 Significant accounting policies *(continued)*

(g) Financial assets and liabilities *(continued)*

The business model of the Company for loans and advances is to hold assets to collect contractual cashflows. As such, cash and the Company's loans and advances are typically measured at amortised cost. All other financial assets are typically classified as measured at FVTPL.

The Company do not hold any assets measured at FVOCI.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are measured at amortised cost using the effective interest method.

Modification of financial assets and financial liabilities

If the terms of a financial asset or liability are modified and the cash flows are substantially different, the original instrument is derecognised and a new instrument recognised.

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in SOCI.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in SOCI. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in SOCI.

Interest rate benchmark reform (policy applied from 1 January 2020)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and
– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applies the policies on accounting for modifications set out above to the additional changes.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the Statement of Financial Position when, and only when, the Company have a legal right to set off the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS.

2 Significant accounting policies *(continued)*

(h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Company measure the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Company establish fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes use of market inputs, relies as little as possible on estimates specific to the Company, incorporates factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures the risk return factors inherent in the financial instrument. The Company calibrate valuation techniques and test them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction date and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the Statements of Comprehensive Income depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Assets and long positions are measured at a mid-price; liabilities and short positions are measured at an ask price. Where the Company have positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Company believe a third-party market participant would take them into account in pricing a transaction.

(i) Impairment

Identification and measurement of impairment

The Company uses the general expected credit loss ('ECL') model to assess impairment on the Company's financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cashflows. ECLs are discounted at the effective rate of interest of the financial asset. *Note 16* provides further detail of how expected credit losses are measured.

For loans and advances to GEC affiliates measured at amortised cost, the Company recognises a loss allowance equal to the ECLs that result from possible default events within the 12 months after the reporting date.

2 Significant accounting policies *(continued)*

(i) Impairment *(continued)*

If the credit risk of a financial asset has increased significantly since initial recognition, the Company recognises lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward looking information.

The Company considers a debt security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be BBB- or higher as per Standard and Poor's ('S&P') rating scale.

The indicators below are used to identify receivables which have an increase in credit risk and should be individually reviewed for impairment. The triggers which would indicate a significant increase in credit risk are:

- The receivable is highlighted by the business as a potential risk and requires further review.
- The borrower has a significant increase in GE's Obligor Rating, being defined as a drop of 4 notches in the original grade (outside of investment grade of BBB-).
- Payments are 30 days overdue.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. Loans and advances are considered to be credit-impaired when the Company determines that there is objective evidence of impairment and does not expect to collect all principal and interest due according to the contractual terms of the loan agreement(s).

Evidence that a financial asset is credit-impaired include observable data about the following:

- Significant financial difficulty of the borrower.
- Default in the payment of interest or commitment fees which is not rectified within 5 business days of having received notice from the lender.
- Default in the payment of other amount is due under the terms of the loan agreement which is not rectified within 5 business days of having received notice from the lender.
- The lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted a concession that the lender would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The borrower is highlighted by the business as a potential risk and requires further review.

Presentation of impairment

Impairment losses on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and presented separately in the statement of comprehensive income.

2 Significant accounting policies *(continued)*

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and highly liquid financial assets with original maturities of less than three months which are subject to insignificant risk of changes in their fair value and are used by the Company in the management of their short-term commitments.

Cash is carried at amortised cost in the Statement of Financial Position.

(k) Derivatives held for risk management purposes and hedge accounting

The Company has elected to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of new hedge accounting requirements of IFRS 9.

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. All derivatives held for risk management purposes are measured at fair value in the Statement of Financial Position. The Company designate certain derivatives held for risk management as hedged instruments in qualifying hedging relationships.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace or reform IBOR with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Company has exposure to interbank offered rates (IBORs) on its financial instruments that will be replaced or reformed as part of this market-wide initiative.

Specific policies applicable from for hedges directly affected by IBOR reform

(i) The Phase 1 amendments

If a hedging relationship is directly affected by IBOR reform, then the Company applies certain exceptions (referred to as 'the Phase 1 amendments') to the general hedge accounting policy. The Company considers that a hedging relationship is directly affected by IBOR reform if it is subject to the following uncertainty arising from the reform:

– an interest rate benchmark subject to the reform is designated as the hedged risk, regardless of whether the rate is contractually specified; and/or

– the timing or amounts of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument are uncertain.

The Phase 1 amendments to the Group's policies are as follows.

On initial designation of the hedging relationship, the Company formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80–125%. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Company assumes that the benchmark interest rate is not altered as a result of IBOR reform.

2 Significant accounting policies *(continued)*

(k) Derivatives held for risk management purposes and hedge accounting *(continued)*

If the Company concludes that the actual result of a hedging relationship is outside the range of 80–125% (i.e. retrospective assessment), then the Company determines if the hedging relationship continues to qualify for hedge accounting or whether it must be discontinued. This includes, for example, determining that the hedge is expected to be highly effective prospectively and that effectiveness of the hedging relationship can be reliably measured.

The Company will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

(ii) The Phase 2 amendments (policy applied from 1 January 2020)

The Company has early adopted the Phase 2 amendments and retrospectively applied the amendments from 1 January 2020 (see *Note 2 (o)*).

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Company amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform (as defined in *Note 2 (g)).* For this purpose, the hedge designation is amended only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;

– updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged
– updating the description of the hedging instrument; or – updating the description of how the entity will assess hedge effectiveness.

The Company amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and

– the original hedging instrument is not derecognised.

The Company amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Company first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Company amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

2 Significant accounting policies *(continued)*

(k) Derivatives held for risk management purposes and hedge accounting *(continued)*

Policy applicable for all hedging relationships
On initial designation of the hedge, the Company and Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80–125%.

(i) Fair value hedges
When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect SOCI, changes in the fair value of the derivative are recognised immediately in SOCI. The change in fair value of the hedged item attributable to the hedged risk is recognised in SOCI. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued.

Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to SOCI as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is used is amortised to SOCI by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in SOCI when the item is derecognised.

(ii) Derivatives held for trading
When a derivative is not designated in a qualifying hedge relationship including all cross currency swaps, all changes in fair value are recognised immediately through SOCI.

(iii) Embedded derivatives
Derivatives may be embedded in another contractual arrangement (a "host contract"). The Company account for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through SOCI, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separated embedded derivatives are accounted for depending on their classification, and are presented in the Statements of Financial Position.

(l) Loans and advances
Loans and advances captions in the statement of financial position include loans and advances measured at amortised cost. They are initially measured at fair value plus incremental direct transaction costs and subsequently at their amortised cost using the effective interest method.

Loans and advances to GEC affiliates which are advanced at an interest rate that is not considered to correspond to market rates of interest are treated as follows in the Financial Statements of the Company:
- Any excess of interest over market rates is treated as a deemed capital contribution from the Parent of the Company
- Interest which is less than the market rate of interest is treated as a deemed distribution to the parent of the Company

2 Significant accounting policies *(continued)*

(m) Debt securities issued

Debt securities issued are the Company's source of debt funding. The Company classify capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Debt securities issued are initially measured at fair value plus directly attributable transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Company choose to designate at inception the debt securities at fair value through SOCI as described in the accounting policy (h).

The Company carry certain debt securities at amortised cost adjusted for the fair value of the interest rate risk element, with fair value changes recognised immediately through SOCI in the Statements of Comprehensive Income.

(n) 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, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Directors (being the chief operating decision maker) to make decisions about resources allocated to each segment and to assess its performance.

(o) New currently effective requirements

The below table lists the recent changes to IFRS that are required to be applied with the year beginning on 1 January 2020. The Directors have assessed the impact of the below and do not determine to have a material impact on the financial statements of the Company.

Effective date	**New standards of amendments**
	Amendments to References to Conceptual Framework for in IFRS Standards
1 January 2020	*Amendments to IAS 1 and IAS 8: Definition of Material*
	Definition of a Business (Amendments to IFRS 3)

The Company also elected to early adopt Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) ("the Phase 2 amendments").

Interest rate benchmark reform

The Company applied the Phase 2 amendments retrospectively. However, in accordance with exceptions provided in the Phase 2 amendments, the Company has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2019. There is no impact on opening equity balances as a result of retrospective application.

2 Significant accounting policies *(continued)*

(o) New currently effective requirements *(continued)*

The Phase 2 amendments provide practical relief from certain requirements in the standards. These reliefs relate to modifications of financial instruments, lease contracts or hedging relationships when a benchmark interest rate in a contract is replaced with a new alternative benchmark rate. When the basis for determining the contractual cash flows of a financial instrument is changed as a direct consequence of interest rate benchmark reform and is made on an economically equivalent basis, the Phase 2 amendments provide a practical expedient to update the effective interest rate of a financial instrument before applying the existing requirements in the standards. The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform. Finally, the Phase 2 amendments provide a series of reliefs from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument and consequently the hedge relationship can be continued without any interruption. See *Notes 16* (c) for related disclosures about risks and hedge accounting.

(p) Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued and have not been applied in preparing these Financial Statements. These are set out below:

Effective date	**New standards of amendments**
1 June 2020	*Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions*
1 January 2021	*Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9*
1 January 2021	*Amendments to IFRS 9 , IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – phase 2*
1 January 2023	*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*
1 January 2023	*Amendments to IAS 8 accounting policies, changes in accounting Estimates and Errors: Definition of Accounting Estimates*

3 Interest income

Interest income is earned on loans made by the Company directly to other GEC affiliates.

	2020 **USD'000**	**2019** **USD'000**
Interest income	181,730	363,298

4 Interest expense and bank charges

	2020 **USD'000**	**2019** **USD'000**
Interest expense on debt securities issued:		
- in qualifying hedging relationships at adjusted amortised cost	(211,618)	(251,227)
- at amortised cost	(6,034)	(10,430)
Adjustment for the amortisation of fair value component of debt associated with terminated derivative assets, or those no longer in a hedging relationship	137,208	187,306
Interest expense on loans and advances from GEC affiliates	(31,456)	(52,031)
Bank charges	-	(30)
Total	**(111,900)**	**(126,412)**

Interest expense on loans and advances from GEC affiliates relates to borrowings from an affiliate in the capital structure, GE Capital European Treasury Services Ireland Unlimited Company.

Notes forming part of the financial statements (continued)

5 Fee and commission income

	2020 USD'000	2019 USD'000
Commitment fee income from GEC affiliates	1,832	529
Management fee income from GEC affiliates	1,163	5,067
Total	**2,995**	**5,596**

6 Service fee expense to GEC affiliates

	2020 USD'000	2019 USD'000
Service fee expense to GEC affiliates	(3,437)	(5,934)

Effective 15 February 2019, an affiliated company GE Treasury Ireland Services UC ("T2K") began providing management and administrative services to the Company. Following this, all of the Company's staff transferred to T2K. The service fee expense above reflects services fees payable in respect of services provided to the Company by T2K in the year ending 31 December 2020.

7 Net expense from financial instruments carried at fair value

	2020 USD'000	2019 USD'000
Fair value movement on interest rate swaps:		
- in qualifying hedging relationships	45,829	146,919
- not in qualifying hedging relationships	(3,202)	(4,047)
Profit on early termination of interest rate swap	50,361	-
Fair value movement on fixed rate debt securities issued in qualifying hedging relationships	(95,918)	(155,442)
Fair value movement in embedded derivatives	8,254	7,436
Net expense from cross-currency swaps carried at fair value*	(85,154)	(289,607)
	(79,830)	(294,741)

The Company enters into cross-currency swaps to hedge certain debt securities resulting in an expense of (USD 85,154 thousand) for the year ended 31 December 2020 (*2019: (USD 289,607 thousand)*).

* The net cash payment portion of net expense from cross-currency swaps carried at fair value for the year ending 31 December 2020 was (USD 117,164 thousand) (*2019: (USD 338,909 thousand)).*

During the year, a number of derivatives in qualifying hedging relationships were early terminated and de-designated in qualifying hedging relationships to facilitate the debt buyback. The effect of the transaction resulted in realising a gain on the terminated derivatives of $50 million, which had previously been recognised as an unrealised gain in the fair value movement on interest rate swaps in qualifying hedge relationships prior to the termination date.

During the year, the Company offered to buy and retired external debt ('debt buyback'). The debt buyback was executed on 23 April, 19 May 2020 and 22 December 2020. The effect of the transaction resulted in the termination of USD 2,970 million nominal of derivatives in qualifying hedging relationship which were subsequently de-designated from qualifying hedging relationships. The transaction resulted in USD 760 million nominal of floating rate debt and USD 2,362 million nominal of fixed rate debt being bought back for total cash consideration of USD 3,195 million. This termination of the derivatives and debt buyback accounts for the decrease in fair value of movement of interest swap and debt securities in qualifying hedging relationships that can be seen in the above table.

8 Foreign exchange gain

	2020 USD'000	2019 USD'000
Foreign exchange (loss)/gain	(74,113)	18,386

The foreign exchange loss in the current year is primarily due to the increase in euro-denominated net liabilities during the year and the movement in EUR/USD exchange rate from 1.1213 as at 31 December 2019 to 1.2216 as at 31 December 2020 (*movement in EUR/USD exchange rate from 1.1467 in 2018 to 1.1213 in 2019*).

9 (Loss)/profit before taxation

	2020 USD'000	2019 USD'000
(Loss) / profit before taxation has been arrived at after charging:		
Directors' remuneration*	66	109
Auditor's remuneration		
- Audit of the Company Financial Statements	75	75
- Other assurance services	28	28
- Tax advisory services	-	-
- Other non-audit services	-	-

*Includes, short term benefits and post-employment benefits in respect of key management personnel.

The audit fees above include USD 8,000 from the component auditor.

Directors' remuneration for the year ended 31 December 2020 was paid by an affiliated entity, T2K, as outlined in *Note 6* and *Note 12*. Directors remuneration has been included in the service fee charged from this company. A portion of annual Directors' remuneration attributable to the Company was estimated at USD 42 thousand for the year ended 31 December 2020.

10 Income tax charge / (credit)

	2020 USD'000	2019 USD'000
Analysis of charge / (credit) in year		
Current tax		
Irish corporation tax on profits / losses for the year	-	-
Adjustments in relation to prior years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences (*Note 11*)	-	-
Adjustments in relation to prior years	-	-
Total tax charge / (credit) in the SOCI	-	-

10 Income tax charge / (credit) (*continued*)

Factors affecting tax charge / credit for year
The tax assessed for the Company for the year is different to that at the standard rate of corporation tax in Ireland (12.5%). The differences are explained below.

Reconciliation of effective rate	**2020** **USD'000**	2019 USD'000
(Loss) / profit before taxation	(91,462)	50,317
(Loss) / profit multiplied by the standard rate of Irish corporation tax @ 12.5%	(11,433)	6,290
Tax effect of:		
Non-taxable income	(320)	(9,389)
Non-deductible expenditure	2,758	201
Losses surrendered to other group companies	8,995	-
Unrecognised deferred tax asset for losses forward	-	2,898
Total tax charge / (credit) in the SOCI	**-**	**-**

11 Deferred tax asset

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. The Directors have considered the assumptions underpinning the recognition of a deferred tax asset and have determined that it is appropriate to recognise no deferred tax asset for the year ending 31 December 2020 *(31 December 2019: USD Nil)*. The Company has an unrecognised deferred tax asset at year end of USD 83,507,335 *(2019: USD 86,703,539)* which relates to losses carried forward. These losses may be carried forward indefinitely against profits of the same trade.

12 Staff number and costs

	2020 **USD'000**	**2019** **USD'000**
Wages and salaries	-	365
Social welfare costs	-	11
Other pension costs	-	-
	-	376

Effective 15 February 2019, an affiliated company GE Treasury Ireland Services UC ("T2K") began providing management and administrative services to the Company. Following this, all of the Company's staff transferred to T2K. As a result of this reorganisation, the aggregate payroll costs for these employees from February 2019 onwards is included in Service fee expense to GEC affiliates, see *Note 6* for further details.

13 Cash and cash equivalents

	2020	2019
	USD'000	USD'000
Cash and balances with banks	544	552

There were no restricted cash balances at the year-end *(2019: USD Nil)*. Cash balances are held with Barclays Bank rated A (2019: A) and Societe Generale rated A (2019: Citi Bank A+). The percentage of cash held by each bank is Barclays Bank 48.02% *(2019: 99.99%)* and Societe Generale 51.98% *(2019: Citi bank 0.01%)*.

All 2020 and 2019 ratings are S&P long-term counterparty credit ratings as at 31 December 2020 and 31 December 2019.

14 Subsidiaries

	2020	**2019**
	USD'000	**USD'000**
Balance at beginning of year	-	5,185,506
Distribution received from Partnership	-	(3,104,329)
Income on interest in Partnership	-	46,289
Foreign exchange in interest in Partnership	-	90
Assumption of liabilities of Partnership	-	11
Disposal of interest in Subsidiary	-	(2,169,996)
Income on interest in Subsidiary	-	42,445
Foreign exchange in interest in Subsidiary	-	(16)
Balance at end of year	-	-

The interest in the Subsidiary and the Partnership are accounted for in line with IAS 27 'Separate Financial Statements' in the Company's Financial Statements.

Subsidiary GECI6
On 23 October 2019, the Company sold its 92.294086% interest in its directly-owned subsidiary GE Capital International 6 Limited ('GECI6') to the Company's immediate parent, GECIHL, for USD 2,172,170,950. The net assets of GECI6 at this date are reflected below:

GECI6		**As at 23 Oct 2019**
		USD '000
Non-Current Assets		809,232
Current Assets		1,541,948
Net assets		2,351,180
Net assets attributable to the Group	92.294086%	2,169,996
Net assets attributable to non-controlling interests	7.705914%	181,184

The carrying value of the investment of GECI6 attributable to the Group on 23 October 2019 was USD 2,169,996,188. The Group recognised a profit on sale of USD 2,174,762. The results of GECI6 ceased to be consolidated within the Group financial statements as of this date.

14 Subsidiaries (*continued*)

Partnership

The Company is the majority partner of the following partnership:

Company name	***Legal Form***	***% Holding***	***Registered Office***	***Nature of business***	***Country of Incorporation / establishment***
GE Capital European Funding & Co	Partnership	59.99	86-88 Lower Leeson Street, Dublin 2, D02 A668, Ireland	Financial Services Activities	Scotland

On 14 January 2019, the Partnership made a cash distribution to their partners, the sum of USD 1,201,026,170 to be paid to the Company and USD 800,684,247 to be paid to the minority partner, GE Financial Holdings Unlimited Company ('DE8'), a GEC affiliate and USD 200 to be paid to GE Capital Edinburgh Ltd ('DB9'), a GEC affiliate.

On 19 December 2019, the Company signed an agreement to terminate the Partnership to take effect in 2020. On the same date, the Partnership made a termination distribution of its remaining net assets to its partners, the sum of USD 1,903,302,850 to be paid to the Company and USD 1,268,868,567 to be paid to DE8. The remaining minority partner, DB9 waived its rights to any financial entitlement from terminating the Partnership.

After the termination distribution, the Partnership had net liability position of USD 10,536 as at 31 December 2019. As part of the partnership termination agreement signed on 19 December 2019, the Company as majority partner is required to discharge all remaining debts and liabilities of the Partnership. As a result, at 31 December 2019, the Company has solely assumed the net liability position of USD 10,536 of the Partnership and there are no non-controlling interests attributable to the Partnership as of 31 December 2019.The Partnership was formally dissolved on 3 March 2020.

15 Share capital, share premium and reserves

	31 December 2020 USD'000	31 December 2019 USD'000
Authorised		
100,000,000 ordinary Shares of USD 1.328674 each	132,867	132,867
Allotted, called up and fully paid		
94,672,930 ordinary Shares of USD 1.328674 each	125,789	125,789

Notes forming part of the financial statements (continued)

15 Share capital, share premium and reserves *(continued)*

	Share capital	Share premium	Undenominated capital reserves	Foreign exchange reserve	Capital Contribution	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Opening at 1 January 2019	125,789	2,775,653	15,402	(274,930)	354,148	2,996,062
Transfer deemed capital contribution to retained earning	-	-	-	-	(52,934)	(52,934)
Reduction in capital contribution	-	-	-	-	(29,821)	(29,821)
Balance at 31 December 2019	125,789	2,775,653	15,402	(274,930)	271,393	2,913,307
Opening at 1 January 2020	125,789	2,775,653	15,402	(274,930)	271,393	2,913,307
Movement in capital contribution	-	-	-	-	63,737	63,737
Balance at 31 December 2020	**125,789**	**2,775,653**	**15,402**	**(274,930)**	**335,130**	**2,977,044**

15 Share capital, share premium and reserves *(continued)*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The ordinary shares rank pari passu in all respects. The Company did not pay nor declare a dividend on its share capital during the financial year or prior financial year. The Company do not have any externally imposed capital requirements.

The opening undenominated capital reserve arises due to the redenomination of issued share capital from EUR to USD on 16 December 2016.

The opening foreign exchange reserve arises due to the retranslation of share capital, share premium and other reserves at the historic rates prevailing at the dates of transactions following the change in functional currency of the Company from EUR to USD on 3 December 2015.

In years prior to 2019, the Company had advanced loans to other group companies at an interest rate that was not considered to correspond to market rates. The excess of interest over market rates was therefore treated as a capital contribution on initial recognition of these loans. A number of these loans were subsequently amended which reduced the excess of interest over market rates resulting in a reduction in capital contribution during the 2019. After the loans were renewed during 2019, the new interest rate was below market rates therefore the difference between the interest rate and the market rate of interest was treated as distribution, as outlined in Note 2 (*l*). In order to offset the impact of this deemed distributions on the retained earnings balance of the Company, a portion of the deemed capital contribution balance, in an amount of USD 52,934 thousand was transferred to the retained earnings balance of the Company in 2019. In the current year, the Company advanced loans to other group companies at an interest rate that was not considered to correspond to market rates. The excess of interest over market rates was therefore treated as a capital contribution on initial recognition of these loans.

16 Financial risk management

Introduction and overview

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

(a) credit risk
(b) liquidity risk
(c) market risks
(d) other price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework in line with overall GEC risk framework.

The Company's risk management policies are based on the policies of the Company's ultimate parent GEC and are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Directors are responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in these functions by GE Corporate Audit Staff and Internal Audit.

16 Financial risk management *(continued)*

(a) 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 loans and advances to GEC affiliates. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor risk, default risk and country risk). The Directors monitor performance of borrowers by continually assessing recoverability of loans (see points below).

All loans and advances made by the Company are with GEC affiliates. All loans are uncollateralised.

Management of credit risk
The Directors are responsible for the oversight of the Company's credit risks in line with the overall GEC risk framework, including:

- Following GEC credit policies covering credit assessment, risk grading and reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities;
- Reviewing and assessing credit risk. The Directors assess all credit exposures prior to facilities being committed, and these facilities are subject to periodic review based on the overall risk associated as determined by Management.

For each review, a comprehensive due diligence is carried out on each borrower.

As at 31 December 2020 the total carrying amount at amortised cost of lending exposed to credit risk in the Company amounted to USD 7,413 million (2019: USD 17,622 million).

As at 31 December 2020, the loans and advances to GECIHL was 20% (2019: 7%) of the total loan portfolio for the Company. As at 31 December 2020, the loans and advances to GEFF was 80% (2019: 92%) of the total loan portfolio for the Company. The Directors monitor the performance of GEC affiliates to assess the recoverability of the loans in line with the overall GEC risk framework. As at 31 December 2020, the Directors consider none of the loans and advances to be either past due or impaired.

Cash and cash equivalents are held with financial institutions rated A or A+ (2019: A) by S&P at the year-end as per *Note 13*.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to the deterioration of the borrower's financial position. No loans were renegotiated during the years ended 31 December 2020 and 2019.

Allowances for impairment
The Company establishes an allowance for impairment losses on assets carried at amortised costs based on the three-stage ECL model as described in *Note 2*. It is considered that all loans and advances are Stage 1, as all loans are to GEC affiliates and interest and principal are paid in a timely manner as per the terms of the loan agreements. No previous impairments have been recognised in respect of the borrowers and there is no history of default. Additionally, the Company have determined that the credit risk on financial assets has not significantly increased since initial application.

16 Financial risk management *(continued)*

(a) Credit risk *(continued)*

Measuring ECL – explanation of inputs, assumptions and estimation techniques:
The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation either in the next 12 months or the remaining lifetime of the obligation. The PD for the loans in the Company is considered low as all loans are to Group undertakings. S&P's Credit Model is used to assign a rating to internal GEC entities. This model produces outputs on the S&P rating scale. Reviewing S&P's model documents confirms that the Credit Model rating output maps directly to the S&P scale. Since the S&P rating is the industry reference, this is also used to set the GE Obligor Rating scale which was directly mapped to the S&P scale, which in turn assigns a PD.

EAD is based on the amounts the Company expects to be owed at the time of default. For revolving credit agreements ('RCAs'), the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

LGD is assumed to be 60%. For GE intercompany loans, given the fact that all these loans are senior unsecured, an external benchmark is leveraged for the LGD assumption. According to Moody's Corporate Default and Recovery dataset, the LGD of 60% is estimated based on the summary statistics from US Corporate Senior Unsecured Bonds population.

The discount rate used in the ECL calculation is determined to be the original effective interest rate on the loan (market rate of interest).

Incorporation of forward-looking information
GE group uses an internally developed Term Structure model, which is built out of a forward-looking process, given actual and future macroeconomic environment. One of the fundamental components of the model resides in the Moody's Expected Default Frequency ('EDF') model, which derives, with a very high accuracy, a 1 year forward looking PD from the current credit cycle conditions. The validity of the EDF model performance, including its strong predictive power, has been evidenced in widely available documentation from Moody's.

As a Merton model, the Moody's EDF is highly sensitive to stock market movements, thus Stock Market Indexes such as S&P500 for US or FTSE for Europe have been identified as the best macroeconomic information to be utilised for economic scenarios beyond 1 year.

In this model, the Upturn/Downturn scenarios could be seen as confidence intervals around the base scenario. More precisely, the model scenarios are constructed based on an EDF–derived credit index and using the quantiles of the residual distribution from an Auto Regressive Integrated Moving Average ('ARIMA') model to decrease/increase the current (Base scenario) value of the credit index to achieve upside/downside states.

The forward-looking underlying model provides a point in time estimate at 1-year horizon given current conditions. Forecasts beyond this time horizon are calculated from the projection of the macroeconomic indexes described above. As the Company's loans are all deemed to be at Stage 1, it was deemed appropriate to not look at forecasts and scenarios beyond 1 year.

16 Financial risk management *(continued)*

(a) Credit risk *(continued)*
Incorporation of forward-looking information(continued)

The following tables provides information about exposure to credit risk and ECLs for the Company as at 31 December 2020. All loans are considered low-risk.

31 December 2020	**S&P rating**	**Gross carrying amount USD'000**	**Impairment allowance USD'000**	**Credit-impaired?**
Company				
Loans and advances to GEC affiliates	BBB+	7,413,138	(14,339)	No

31 December 2019	**S&P rating**	**Gross carrying amount USD'000**	**Impairment allowance USD'000**	**Credit-impaired?**
Company				
Loans and advances to GEC affiliates	BBB-	17,622,139	(11,904)	No

Impairment allowance	**31 December 2019 USD'000**	**31 December 2020 USD'000**	**Movement USD'000**
Company			
Loans and advances to GEC affiliates	(11,904)	(14,339)	(2,435)

Impairment allowance	**31 December 2018 USD'000**	**31 December 2019 USD'000**	**Movement USD'000**
Company			
Loans and advances to GEC affiliates	(14,397)	(11,904)	2,493

The increase in loss allowance is mainly attributable to increase the PD (average PD rate from 0.101% as at 31 December 2019 to 0.287% as at 31 December 2020) on loans and advances to GEC affiliates caused by COVID-19 pandemic during the period.

Write-off policy
The Company write off loans and advances when they are determined to be uncollectable. All amounts owed by group undertakings were made to GEC Group companies and payments were received as they fell due. There were no write-offs in the year ended 31 December 2020 (2019: USD Nil).

Fair value adjustment for credit risk
The Company assesses the valuation adjustments required for credit risks associated with derivatives measured at fair value as at 31 December 2020. All derivatives are executed with GE Financial Markets Unlimited Company ('GEFM') and a credit valuation adjustment ('CVA') is calculated to reflect the credit risk of GEFM. A debit valuation adjustment ('DVA') is calculated to reflect the credit risk of the Company with the bilateral adjustment recorded in the measurement of the derivatives in the Financial Statements. As at 31 December 2020 the bilateral adjustment for the Company amounted to USD 14 million which has been recorded as a debit to the 'Net expense from financial instruments carried at fair value" in the Statements of Comprehensive Income (2019: USD 17 million debit).

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

16 Financial risk management *(continued)*

(b) Liquidity risk (continued)

Management of liquidity risk

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.

As a result of the GE Capital restructuring it is anticipated that there will be no requirement for the Company to issue new long term debt with the expectation that the current MTN portfolio remains until maturity. The CP programme continues presently albeit no CP is in issue at the year end. The Company has access to the GEC cash pool should it be required.

The Company's intermediate parent GECIHL has guaranteed that it will meet the liabilities of the CP and MTN programmes should the Company be unable to meet these liabilities. GEC (rated BBB+), has also guaranteed the CP and MTN programmes of the Company thus reducing further the risk to any potential investor and supporting the CP and MTN programmes. As part of the Company's processes, management monitor the ratings of GEC.

GEC receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. GEC then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Company. The Company also has access to short term liquidity through their access to the GE European Cashpool operated by GE Capital European Treasury Services Ireland Unlimited Company ("GECETSI") and GE Capital Treasury Services (U.S.) LLC ("CECTS"). The Directors, with the assistance of GEC, monitor the ongoing liquidity requirements of the Company, and by way of short-term loans from GEC cover any short-term fluctuations and obtain longer term funding to address any structural liquidity requirements. The overall company daily liquidity position is monitored by GEC.

At 31 December 2020, the Company held derivative assets for qualifying hedging relationships purposes of USD 367 million (2019: USD 322 million) and derivative assets for trading purposes of USD 110 million (2019: USD 83 million). The Company held derivative liabilities for qualifying hedging relationships purposes of USD Nil (2019: USD Nil) and derivative liabilities for trading purposes of USD Nil at 31 December 2020 (2019: USD 7 million).

All derivatives were placed with another GEC affiliate whose external derivative liabilities are backed by GEC's BBB+ (2019: BBB+) credit rating. The derivative assets and liabilities have been split between qualifying hedging relationships and not in hedging relationships, disclosing separately those derivatives that qualify as hedges under IAS39 from those that do not. During the year, fixed rate debt with a nominal value of USD1,368 million failed hedge effectiveness consequently it is held at amortised cost not in qualifying hedging relationships at the year end.

16 Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

Residual contractual maturities of financial assets

31 December 2020	**Carrying amount USD'm**	**Current portion USD'm**	**Non-current portion USD'm**
Non-derivative financial assets			
Loans and advances to GEC affiliates	7,413	5,950	1,463
Cash and cash equivalents	1	1	-
Other non-derivative financial assets	1	1	-
	7,415	5,952	1,463
Derivative financial assets			
Inflow – held for qualifying hedge relationships	1,273	(31)	1,304
Inflow – not in qualifying hedging relationships	2,553	2,245	308
Outflow – held for qualifying hedge relationships	(907)	-	(907)
Outflow – not in qualifying hedging relationships	(2,443)	(2,136)	(307)
	476	78	398
Total	7,891	6,030	1,861

31 December 2019	**Carrying amount USD'm**	**Current portion USD'm**	**Non-current portion USD'm**
Non-derivative financial assets			
Loans and advances to GEC affiliates	17,622	17,582	40
Cash and cash equivalents	1	1	-
Other non-derivative financial assets	-	-	-
	17,623	17,583	40
Derivative financial assets			
Inflow – held for qualifying hedge relationships	1,444	(16)	1,460
Inflow – not in qualifying hedging relationships	100	100	-
Outflow – held for qualifying hedge relationships	(1,122)	-	(1,122)
Outflow – not in qualifying hedging relationships	(17)	(17)	-
	405	67	338
Total	18,028	17,650	378

The below tables show the undiscounted cash flows on the Company's financial assets on the basis of their contractual maturity.

Non-current loans to GEC affiliates represent revolving credit agreements that have a maturity greater than one year where the lender does not have the ability to demand repayment of the loans.

Notes forming part of the financial statements (continued)

16 Financial risk management *(continued)*

(b)Liquidity risk (continued)

Residual contractual maturities of financial liabilities *31 December 2020*	**Carrying amount USD'm**	**Gross nominal in/(out)flow USD'm**	**Less than 1 month USD'm**	**1-3 months USD'm**	**3 months to 1 year USD'm**	**1-5 years USD'm**	**More than 5 years USD'm**
Non-derivative liabilities							
Loans from GEC affiliates	139	(139)	(139)	-	-	-	-
Debt securities issued	5,180	(5,439)	(99)	-	(813)	(1,630)	(2,897)
Other liabilities	4	(4)	-	-	(4)	-	-
	5,323	(5,582)	(238)	-	(817)	(1,630)	(2,897)
Derivative liabilities							
Inflow – (not in qualifying hedging relationship)	-	-	-	-	-	-	-
Outflow (qualifying hedging relationship)	-	-	-	-	-	-	-
Outflow – (not in qualifying hedging relationship)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Undrawn loan commitments		(1,158)	-	-	-	(1,158)	-
	5,323	(6,740)	(238)	-	(817)	(2,788)	(2,897)

16 Financial risk management *(continued)*

(b)Liquidity risk *(continued)*

Residual contractual maturities of financial liabilities *31 December 2019*	**Carrying amount USD'm**	**Gross nominal in/(out)flow USD'm**	**Less than 1 month USD'm**	**1-3 months USD'm**	**3 months to 1 year USD'm**	**1-5 years USD'm**	**More than 5 years USD'm**
Non-derivative liabilities							
Loans from GEC affiliates	4,109	(4,109)	(4,109)	-	-	-	-
Debt securities issued	11,309	(11,881)	(2,935)	-	(1,500)	(4,688)	(2,758)
Other liabilities	7	(7)	-	-	(7)	-	-
	15,425	(15,997)	(7,044)	-	(1,507)	(4,688)	(2,758)
Derivative liabilities							
Inflow – (not in qualifying hedging relationship)	(8,874)	8,851	2,658		6,193	-	
Outflow (qualifying hedging relationship)	-	-	-	-	-	-	-
Outflow – (not in qualifying hedging relationship)	8,881	(8,966)	(2,742)	-	(6,224)	-	-
	7	(115)	(84)	-	(31)	-	-
Undrawn loan commitments		(1,258)	-	-	-	(1,258)	-
	15,432	(17,370)	(7,128)	-	(1,538)	(5,946)	(2,758)

16 Financial risk management *(continued)*

(b) Liquidity risk (continued)

Loans and advances from GEC affiliates represent outstanding principal and interest balances on borrowings with GEC affiliates in the capital structure.

The tables above show the undiscounted cash flows on the Company's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Company's expected cash flows on these instruments may vary significantly from this analysis. For example, undrawn loan commitments are not all expected to be drawn down immediately, but upon drawdown would have contractual maturity not greater than 4 years.

The gross nominal inflow / (outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability or commitment. The disclosure for derivatives shows a net amount for derivatives that are net settled, and a gross inflow and outflow amount for derivatives that have simultaneous gross settlement.

To manage the liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents and is linked to the GEC European and U.S. Cashpool. Hence, the Company believes that it is not necessary to disclose a maturity analysis in respect of these assets to enable users to evaluate the nature and extent of liquidity risk. The cash pools with another GEC affiliate nightly, is payable on demand and is recorded under loans and advances from GEC affiliates and/or loans and advances to GEC affiliates depending on whether cash has been borrowed from or lent to the cashpool.

(c) Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) 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 on risk.

Exposure to foreign currency risk
The principal market risk faced by the Company relates to currency risk as some borrowing and lending is in Euro while the functional currency is USD. The following table sets out the Company's non-USD monetary assets and liabilities at 31 December 2020 and 31 December 2019 and the net exposure in original currency and USD of those monetary assets and liabilities.

31 December 2020	Original Currency Amounts					
Currency	Monetary Assets '000	Monetary Liabilities '000	Swaps '000	Net Exposure '000	Rates	Net Exposure $'000
EUR	1,497,770	(4,285,561)	2,089,753	(698,038)	1.2216	(852,724)
GBP	191	-	-	191	1.3670	261

31 December 2019	Original Currency Amounts					
Currency	Monetary Assets '000	Monetary Liabilities '000	Swaps '000	Net Exposure '000	Rates	Net Exposure $'000
EUR	1,528,869	(10,090,420)	7,914,354	(647,197)	1.1213	(725,702)
GBP	417	-	-	417	1.3257	553
HUF	5,550	-	-	5,550	0.0034	19

16 Financial risk management *(continued)*

(c) Market risks *(continued)*

The Company reduces currency exposure through the use of cross-currency derivatives.

A 3% appreciation/depreciation in the EUR/USD exchange rate as at 31 December 2020 would give rise to approximately a USD 29 million loss/profit based on the net exposure at 31 December 2020 *(2019: Approximately a USD 22 million loss/profit).*

A 4% appreciation/depeciation in the GBP/USD exchange rate as at 31 December 2020 would give rise to approximately a USD 0.01 million loss/profit based on the net exposure at 31 December 2020 *(2019: Approximately a USD 0.02 million loss/profit).*

Interest rate benchmark reform

(i) Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Company has exposure to IBORs on its financial instruments that will be reformed as part of this market-wide initiative. It is expected that most reforms affecting the Company will be completed by the end of 2021. However, although sterling LIBOR and US dollar LIBOR were planned to be discontinued by the end of 2021, consultations and possible regulatory changes are in progress. This may mean that some LIBORs continue to be published beyond that date.

The Company is in the process of reviewing legislation and amending or preparing to amend contractual terms in response to IBOR reform, and there is still uncertainty over the timing and the methods of transition in some jurisdictions that the Company operates in. The Company established a cross-functional IBOR Committee to manage its transition to alternative rates.

The Company's Executive Committee approved a policy requiring that all newly originated floating-rate loans and advances to customers incorporate fallback provisions for if and when an IBOR ceases to exist. The fallback provisions will provide for a transition to the applicable alternative nearly risk-free rate, which will vary depending on the jurisdiction.

For existing contracts that are indexed to an IBOR and mature after the expected cessation of the IBOR rate, the IBOR Committee has established policies to either determine how to comply with the terms of any new legislation or amend the contractual terms of affected contracts. These amendments include the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate as mentioned above.

(ii) Non derivative financial assets

The Company's IBOR exposures on floating-rate loans and advances to GEC affiliates include Euribor and USD LIBOR.

The reform of Euribor is now complete and consisted of a change to the underlying calculation methodology *(Note 19 – Impact of IBOR reform).*

The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR).
The Company has amended its existing loans and advances to GEC affiliates in 2020. These amendments are made to incorporate a fallback provision stating that the US dollar LIBOR benchmark rate will be replaced by SOFR when LIBOR ceases to exist.

16 Financial risk management *(continued)*

(c) Market risks *(continued)*
Exposure to interest rate risk *(continued)*
Interest rate benchmark reform *(continued)*

(iii) Non derivative financial liabilities

The Company's floating rate liabilities are referenced to Euribor. There have been no modifications of our financial liabilities during the years ended 31 Dec 2020 and 31 Dec 2019 as a result of IBOR reform. The IBOR reform committee is exploring how to comply with all new IBOR legislation in respect of its financial liabilities.

(iv) Derivatives and hedge accounting

The Company holds derivatives for risk management purposes with a GEC affiliate (see *Note 19*). Some derivatives held for risk management purposes are designated in hedging relationships. The interest rate and cross-currency swaps have floating legs that are indexed to various IBORs. The Group's derivative instruments are governed by ISDA's 2006 definitions.

ISDA has reviewed its definitions in light of IBOR reform and issued an IBOR fallbacks supplement on 23 October 2020. This sets out how the amendments to new alternative benchmark rates (e.g. SOFR, SONIA) in the 2006 ISDA definitions will be accomplished. The effect of the supplement is to create fallback provisions in derivatives that describe what floating rates will apply on the permanent discontinuation of certain key IBORs or on ISDA declaring a non-representative determination of an IBOR. The Company and GEC have adhered to the protocols to implement the fallbacks to derivative contracts that were entered into before the effective date of the supplement. The new fallbacks will be automatically implemented in existing derivative contracts when the supplement becomes effective – i.e. on 25 January 2021. From that date, all new derivatives that reference the ISDA definitions will also include the fallbacks. The impact of IBOR reform on the Company's hedge accounting is discussed in Note *19*.

The Company has exposure to interest rates. This is mitigated by entering into interest rate swaps to match the maturity of assets and liabilities held by the Company.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on refence to interest rates, tenor, repricing dates and maturities and notional or par amounts.

Under the Company policy, in order to conclude that a hedge relationship is effective, all of the following criteria should be met:

- The regression co-efficient (R Squared), which measures the correlation between the variables in the regression, is at least 0.8;
- The slope of the regression line is within a 0.8 – 1.25 range;
- The confidence level of the slope is at least 95%.

In these hedge relationships the main sources of ineffectiveness are:

- The effect of the counterparty's and the Company's own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- Differences in repricing dates between the swaps and the borrowings.

16 Financial risk management *(continued)*

(c) Market risks *(continued)*
Exposure to interest rate risk *(continued)*

Portfolios are exposed to the risks associated with fixed rate liabilities versus floating rate receivables, the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and the Directors are responsible for monitoring such interest rate gaps.

The interest rate on floating rate assets and liabilities are reset quarterly from the initial date of funding. Therefore, movements in the benchmark interest rate during the quarter can give rise to a mismatch between interest expense and income. The effect on the company of a 0.5% increase in the benchmark rate for a full year could give rise to additional profit of approximately USD 13 million (2019: USD 13 million). A decrease of 0.5% would have an equal and opposite effect. A summary of the Company's interest rate gap position is as set out overleaf.

Notes forming part of the financial statements (continued)

16 Financial risk management *(continued)*

(c) Market risks *(continued)*

Exposure to interest rate risk (continued)

31 December 2020	**Carrying amount USD'm**	**Non-interest bearing USD'm**	**Less than 3 months USD'm**	**3-6 months USD'm**	**6-12 months USD'm**	**1-5 years USD'm**	**Over 5 years USD'm**
Cash and cash equivalents	1	-	1	-	-	-	-
Other assets	1	1	-	-	-	-	-
Loans and advances to GEC affiliates	7,413	112	-	-	5,838	1,463	-
	7,415	113	1	-	5,838	1,463	-
Loans and advances from GEC affiliates	(139)	-	(139)	-	-	-	-
Debt securities issued	(5,180)	(99)	-	-	(381)	(1,494)	(3,206)
Other liabilities	(4)	(4)	-	-	-	-	-
	(5,323)	(103)	(139)	-	(381)	(1,494)	(3,206)
Effect of derivatives held for risk management (notional)	-	-	(2,012)	-	-	70	1,943
Average fixed interest rate			-	-	-	4.05%	4.74%
Sensitivity gap			(2,150)	-	5,457	39	(1,263)

The Company hedges its fixed rate debt securities using interest rate derivatives. The effect of derivatives held for risk management represents the nominal value of these derivatives and their respective issued maturity. The Company uses a combination of qualifying hedges and economic hedges.

16 Financial risk management *(continued)*

(c) Market risks (continued)

Exposure to interest rate risk (continued)

31 December 2019	**Carrying amount USD'm**	**Non-interest bearing USD'm**	**Less than 3 months USD'm**	**3-6 months USD'm**	**6-12 months USD'm**	**1-5 years USD'm**	**Over 5 years USD'm**
Cash and cash equivalents	1	-	1	-	-	-	-
Other assets	-	-	-	-	-	-	-
Loans and advances to GEC affiliates	17,622	(9)	5	-	17,586	40	-
	17,623	(9)	6	-	17,586	40	-
Loans and advances from GEC affiliates	(4,109)	(18)	(4,091)	-	-	-	-
Debt securities issued	(11,300)	(210)	(2,639)	-	(1,279)	(4,308)	(2,864)
Other liabilities	(7)	(7)	-	-	-	-	-
	(15,416)	(235)	(6,730)	-	(1,279)	(4,308)	(2,864)
Effect of derivatives held for risk mgt (notional)	-	-	(5,939)	-	1,121	3,035	1,783
Average fixed interest rate			5.38%		2.25%	3.43%	4.74%
Sensitivity gap			(12,663)	-	17,428	(1,233)	(1,081)

Notes forming part of the financial statements (continued)

16 Financial risk management *(continued)*

(c) Market risks *(continued)*

Exposure to interest rate risk (continued)

The amounts relating to items designated as hedging instruments against debt securities and hedge ineffectiveness were as follows:

In millions of USD							
31 December 2020							
		Carrying amount					
	Nominal amount	**Assets**	**Liabilities**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in SOCI**	**Hedge ineffectiveness recognised in SOCI**	**Line item in SOCI that includes hedging ineffectiveness**
Interest rate swaps held for qualifying hedging relationships	2,012	367	-	Non-Current Assets: Derivative assets held for qualifying hedging relationships; Current Assets: Derivative assets held for qualifying hedging relationships	46	(40)	Net expense from financial instruments carried at fair value
31 December 2019							
Interest rate swaps held for qualifying hedging relationships	4,818	322	-	Non-Current Assets: Derivative assets held for qualifying hedging relationships; Current Assets: Derivative assets held for qualifying hedging relationships	147	4	Net expense from financial instruments carried at fair value

16 Financial risk management *(continued)*

(d) Other price risk

Other price risk is the risk that the fair value of the financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual instrument, its issuer or factors affecting all instruments traded in the market.

One GEC affiliate, GE Financial Funding Unlimited Company ('GEFF'), engaged in financial services and incorporated in Ireland, accounted for 96% (2019: 97%) of Company revenue.

In addition to the above, the Company had entered into lending commitments of USD 1,158 million *(31 December 2019: USD 1,258 million)* with 100%-owned GEC affiliates.

The Directors consider the impact of other price risk to be low. The process for monitoring and measuring this risk is unchanged from the prior year.

17 Use of estimates and judgements

The Directors review the development, selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates on a regular basis.

These disclosures supplement the commentary on financial risk management (see *Note 16*).

A. Judgements
Critical accounting judgements made in applying the Company's accounting policies include:

(a) Allowances for impairment

Note 2 (i) and *Note 16 (a)* outline the following:
Criteria for establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL as described in *Note 16.*

(b) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy (i). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

B. Sources of estimation uncertainty

(a) Determining fair values of financial instruments where a quoted market price is unavailable
As indicated in *Note 18*, certain of the Company's financial instruments are measured at fair value on the respective Statements of Financial Position and it is usually possible to determine their fair values within a reasonable range of estimates.

17 Use of estimates and judgements *(continued)*

B. Sources of estimation uncertainty (continued)

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve market uncertainties and matters of judgement (including interest rates, volatility, estimated cash flows) and therefore, cannot be determined with precision.

The Company has estimated the fair value of its loans and advances to GEC affiliates taking into account market risk and the changes in credit quality of its borrowers.

(b) Valuation of financial assets and liabilities

The Company measure fair values using the following hierarchy of methods:

- **Level 1 -** Quoted market price in an active market for an identical instrument.
- **Level 2 -** Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3 -** Unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments.

The valuation techniques and significant inputs used in determining the fair values for financial assets and liabilities classified as Level 1, Level 2 and Level 3 are as follows:

Cash and cash equivalents - The fair value of cash and cash equivalents are considered to be approximately equal to their carrying amount as the components are highly liquid.

Loans and advances from GEC affiliates - The fair value of issued loans is estimated from the present value of the cash flows, using current market rates from similar loans.

Loans and advances to GEC affiliates - The fair value of issued loans is estimated from the present value of the cash flows, using current market rates from similar loans.

Other assets and other liabilities - For all other assets and other liabilities, the carrying value has been determined to be a good approximation of fair value.

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

17 Use of estimates and judgements *(continued)*

(b) Valuation of financial assets and liabilities *(continued)*

Derivative assets and liabilities - the Company use widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt securities of the parent, GEC, exchange traded derivatives and simple over the counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. Derivatives are shown gross on statements of financial position as they do not qualify for offset in accordance with IAS 32. In addition there are no master netting agreements in place. All derivatives are executed with GEFM and a credit valuation adjustment ("CVA") is calculated to reflect the credit risk of GEFM. A debit valuation adjustment ("DVA") is calculated to reflect the credit risk of the Company with the bilateral adjustment recorded in the measurement of the derivatives in the Financial Statements.

The table below analyses the fair values of financial assets and liabilities between those carried at fair value and amortised cost, by valuation level:

	Measured at Fair Value			Measured at Amortised Cost			Total
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
In millions of USD							
31 December 2020							
Assets							
Cash and cash equivalents	-	-	-	-	1	-	1
Loans and advances to GEC affiliates	-	-	-	-	7,413	-	7,413
Derivative assets held for qualifying hedging relationships	-	367	-	-	-	-	367
Derivative assets held for trading-CCS	-	109	-	-	-	-	109
Other assets	-	-	-	-	1	-	1
	-	476	-	-	7,415	-	7,891
Liabilities							
Derivative assets held for trading-CCS	-	-	-	-	-	-	-
Debt securities issued *	-	-	-	-	5,180	-	5,180
Loans and advances from GEC affiliates	-	-	-	-	139	-	139
Other liabilities	-	-	-	-	4	-	4
	-	-	-	-	5,323	-	5,323

* Measured at amortised cost as adjusted for the fair value of hedged risk under hedge accounting rules.

Level 1 instruments are valued using the independent pricing provider IDC.

Level 2 instruments are valued using a discounted cash flow model.

There have been no changes to the valuation methods applied to the financial instruments held at fair value.

17 Use of estimates and judgements *(continued)*

	Measured at Fair Value			Measured at Amortised Cost			Total
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
In millions of USD							
31 December 2019							
Assets							
Cash and cash equivalents	-	-	-	-	1	-	1
Loans and advances to GEC affiliates	-	-	-	-	17,622	-	17,622
Derivative assets held for qualifying hedging relationships	-	322	-	-	-	-	322
Derivative assets held for trading-IRS	-	83	-	-	-	-	83
Other assets	-	-	-	-	-	-	-
	-	405	-	-	17,623	-	18,027
Liabilities							
Derivative assets held for trading-CCS	-	7	-	-	-	-	7
Debt securities issued *	-	-	-	-	11,309	-	11,309
Loans and advances from GEC affiliates	-	-	-	-	4,109	-	4,109
Other liabilities	-	-	-	-	7	-	7
	-	7	-	-	15,425	-	15,432

* Measured at amortised cost as adjusted for the fair value of hedged risk under hedge accounting rules.

Significant transfers between Level 2 and Level 3 of the fair value hierarchy

During the period ended 31 December 2020 and 31 December 2019, there were no transfers between Level 2 and Level 3 of the fair value hierarchy.

Qualifying hedge relationships

In designating financial instruments into qualifying hedge relationships, the Company have determined that it expects the hedge to be highly effective over the life of the hedging instrument. For disclosure of the impact of hedge ineffectiveness in the year, see *Note 16*.

18 Accounting classifications and fair values

The tables below set out the carrying amounts and fair values of the Company's financial assets and liabilities.

In millions of USD **31 December 2020**	**Fair value through SOCI** – **Held for qualifying hedging relationships**	**Fair value through SOCI** – **Derivatives not in qualifying hedging relationships**	**Amortised Cost** – **Amortised cost**	**Amortised Cost** – **Qualifying hedging relationships at amortised cost**	**Amortised Cost** – **Total Carrying Amount**	**Fair value ***
Cash and cash equivalents	-	-	1	-	1	1
Derivative assets held for qualifying hedging relationships	367	-	-	-	367	367
Derivative assets not in qualifying hedging relationships	-	109	-	-	109	109
Other assets	-	-	1	-	1	1
Loans and advances to GEC affiliates	-	-	7,413	-	7,413	7,414
	367	109	7,415	-	7,891	7,892
Loans and advances from GEC affiliates	-	-	139	-	139	139
Derivative assets not in qualifying hedging relationships	-	-	-	-	-	-
Debt securities issued	-	-	2,012	3,168	5,180	4,825
Embedded derivatives	-	-	-	-	-	-
Other liabilities	-	-	4	-	4	4
	-	-	2,155	3,168	5,323	4,968

Notes forming part of the financial statements (continued)

18 Accounting classifications and fair values *(continued)*

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

	Fair value through SOCI		Amortised Cost			
In millions of USD **31 December 2019**	**Held for qualifying hedging relationships**	**Derivatives not in qualifying hedging relationships**	**Amortised cost**	**Qualifying hedging relationships at amortised cost**	**Total Carrying Amount**	**Fair value ***
Cash and cash equivalents	-	-	1	-	1	1
Derivative assets held for qualifying hedging relationships	322	-	-	-	322	322
Derivative assets not in qualifying hedging relationships	-	83	-	-	83	83
Other assets	-	-	-	-	-	-
Loans and advances to GEC affiliates	-	-	17,622	-	17,622	17,622
	322	83	17,623	-	18,028	18,028
Loans and advances from GEC affiliates	-	-	4,109	-	4,109	4,109
Debt securities issued	-	-	5,316	5,985	11,301	11,033
Derivative liabilities not in qualifying hedging relationships	-	7	-	-	7	7
Embedded derivatives	-	-	-	8	8	8
Other liabilities	-	-	7	-	7	7
	-	7	9,432	5,993	15,432	15,164

* Readers of these Financial Statements are advised to use caution when using the data in the table above to evaluate the Company's financial position or to make comparisons with other institutions. All "Loans and advances to GEC affiliates" are with GEC affiliates and planned to be held to maturity. Market risks are key assumptions in the estimation of the fair value of "Loans and advances to GEC affiliates". Derivative assets and liabilities are valued using internal models. These models maximise the use of market observable inputs including market observable swap rates and spread indicators obtained from three leading market makers.

19 Financial assets and liabilities

Fair value hedging relationships
At 31 December 2020, certain MTNs shown within debt securities issued are designated in qualifying fair value interest rate hedging relationships (Nominal - Company - 2020: USD 2,012 million (Company - 2019: USD 4,818 million)).

Derivatives held for risk management
All derivatives are entered into for risk management purposes. However, those that qualify under IAS 39 for hedge accounting are disclosed separately from those that are not. All the derivatives are with a GEC affiliate, GEFM. During the year, fixed rate debt with a nominal value of USD 2,953 million failed hedge effectiveness.

	31 December 2020 USD'000	31 December 2019 USD'000
Derivative assets held for risk management		
Interest rate swaps in qualifying hedging relationships	366,607	321,813
Interest rate swaps not in a qualifying hedging relationship	-	82,927
Cross-currency swaps not in a qualifying hedging relationship	109,759	-
Derivative liabilities held for risk management		
Interest rate swaps held for qualifying hedging relationships	-	-
Cross-currency swaps not in a qualifying hedging relationship	-	(6,927)
	476,366	397,813

Fair value hedges of interest rate risk
The Company use interest rate swaps to hedge its exposure to changes in the fair value of its fixed rate Euro MTNs. Interest rate swaps are matched to specific issuances of fixed rate notes. The fair value of derivative assets designated as fair value hedges is USD 367 million *(2019: USD 322 million).*

Other derivatives held for risk management
The Company use other derivatives, not designated in a qualifying hedge relationship, to manage the exposure to interest rate risk and foreign exchange risk. The instruments used include interest rate swaps and cross-currency swaps. The fair values of those derivatives are shown in the table above.

The notional amounts of all interest rate swaps outstanding at 31 December 2020 were USD 2,012 million *(2019: USD 7,622 million).* The notional amounts of all cross-currency swaps outstanding at 31 December 2020 were USD 2,438 million *(2019: USD 8,681 million).*

19 Financial assets and liabilities (*continued)*

Impact of IBOR reform

Uncertainty arising from IBOR reform

The Company evaluated the extent to which its fair value hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Company's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates, which are mainly Euribor.

For hedges of Euribor risk, the Group does not consider there to be uncertainty in the timing or amount of Euribor cash flows arising from IBOR reform as at 31 December 2020. This is because the calculation methodology of Euribor changed during 2019 and the reform of Euribor is complete. In July 2019, the Belgian Financial Services and Markets Authority (as the administrator of Euribor) granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor after 1 January 2020 for both existing and new contracts. The Company expects that Euribor will continue to exist as a benchmark rate for the foreseeable future. The Company does not anticipate changing the hedged risk to a different benchmark. For these reasons, the Company does not consider its fair value hedges of the Euribor benchmark interest rate to be directly affected by uncertainty about IBOR reform at 31 December 2020.

20 Loans and advances

Loans and advances to GEC affiliates at amortised cost	**31 December 2020 USD'000**	31 December 2019 USD'000
Amounts falling due within one year	5,950,558	17,582,139
Amounts falling after one year	1,462,580	40,000
	7,413,138	17,622,139

Loans and advances from GEC affiliates at amortised cost	**31 December 2020 USD'000**	31 December 2019 USD'000
Amounts falling due within one year	138,587	4,108,830

20 Loans and advances (*continued*)

Please see *Note 16* for details of impairment recognised in relation to loans and advances to GEC affiliates.

Schedule 3.58 of the Companies Act 2014 requires the disclosure of the aggregate amount of any debt outstanding at year end. The outstanding debt of the Company is as follows:

Currency	**Amount (‘000)**	**USD Equivalent (‘000)**	**Interest Rate**	**Repayment Terms**
2020				
EUR	44,493	54,353	0.00000%	On demand
USD	84,234	84,234	0.25475%	On demand
	Total	138,587		
2019				
EUR	5,242	5,878	0.00000%	On demand
USD	4,102,952	4,102,952	2.16713%	On demand
	Total	4,108,830		

21 Debt securities issued

	31 December 2020 USD’000	31 December 2019 USD’000
Fixed rate debt securities in qualifying hedging relationship	3,168,006	5,992,778
Floating rate debt securities issued at amortised cost	574,393	2,405,377
Fixed rate debt securities held at amortised cost (no longer in qualifying hedging relationships)	1,437,679	2,910,356
	5,180,078	11,308,511

Fixed rate debt securities in qualifying hedging relationships includes an embedded derivative of USD Nil *(2019: USD 8 million).*

At 31 December 2020, USD 4,416 million (2019: USD 7,172 million) of debt securities issued are expected to be settled more than twelve months after the reporting date.

	31 December 2020 USD’000	31 December 2019 USD’000
Debt securities at amortised cost		
Medium term notes – floating rate	574,393	2,405,377
	574,393	2,405,377

21 Debt securities issued *(continued)*

	31 December 2020 USD'000	31 December 2019 USD'000
Debt securities issued in qualifying hedging relationship		
Medium term notes – fixed rate	3,168,006	5,984,599
Embedded derivative	-	8,179
	3,168,006	5,992,778

	31 December 2020 USD'000	31 December 2019 USD'000
Debt securities at amortised cost no longer in qualifying hedging relationships		
Medium term notes - fixed rate	1,437,679	2,910,356
	1,437,679	2,910,356

The carrying amount of financial liabilities designated at amortised cost in qualifying hedging relationships at 31 December 2020 was USD 1,078 million higher than the contractual amount at maturity (2019: USD 1,067 million).

Schedule 3.58 of the Companies Act 2014 requires the disclosure of the aggregate amount of any debt outstanding at year end. The outstanding debt of the Company at 31 December 2020 is as follows:

Debt securities in qualifying hedging relationships

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate	Repayment Terms
EUR	64,447	78,728	4.05%	13 February 2024
EUR	802,309	980,100	4.63%	22 February 2027
EUR	75,185	91,846	5.75%	15 April 2030
EUR	137,345	167,780	3.65%	23 August 2032
EUR	251,063	306,699	3.65%	23 August 2032
EUR	1,262,977	1,542,853	6.03%	01 March 2038
Total USD		**3,168,006**		

Debt securities at amortised cost

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate*	Repayment Terms
EUR	312,665	381,951	3M EURIBOR + 0.225%	May 17, 2021
EUR	107,671	131,531	3M EURIBOR + 0.34%	June 29, 2029
EUR	49,862	60,911	3M EURIBOR + 0.55%	October 15, 2032
Total USD		**574,393**		

*3M EURIBOR at 31 December 2020 - (0.538)%.

21 Debt securities issued *(continued)*

Debt securities at amortised cost (no longer in qualifying hedging relationships)

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate	Repayment Terms
EUR	212,105	259,108	4.35%	03 November 2021
EUR	21,258	25,968	4.35%	03 November 2021
EUR	255,966	312,689	0.80%	21 January 2022
EUR	109,139	133,324	5.98%	16 September 2022
EUR	578,414	706,590	2.63%	15 March 2023
Total USD		**1,437,679**		

The outstanding debt of the Company at 31 December 2019 is as follows:

Debt securities in qualifying hedging relationships

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate	Repayment Terms
EUR	541,926	607,662	4.35%	November 3, 2021
EUR	52,811	59,217	4.35%	November 3, 2021
EUR	1,022,216	1,146,211	0.80%	January 21, 2022
EUR	115,757	129,798	5.98%	September 16, 2022
EUR	1,080,642	1,211,724	2.63%	March 15, 2023
EUR	65,177	73,084	4.05%	February 13, 2024
EUR	808,120	906,145	4.63%	February 22, 2027
EUR	74,167	83,163	5.75%	April 15, 2030
EUR	133,198	149,355	3.65%	August 23, 2032
EUR	242,669	272,104	3.65%	August 23, 2032
EUR	1,200,514	1,346,136	6.03%	March 1, 2038
EUR	6,754	7,573	10yr Euro CMS Rate	July 10, 2020
EUR	540	606	10yr Euro CMS Rate	July 10, 2020
Total USD		**5,992,778**		

Debt securities at amortised cost

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate*	Repayment Terms
EUR	849,918	953,013	3M EURIBOR + 0.38%	January 21, 2020
EUR	10,263	11,508	10yr Euro CMS Rate	July 10, 2020
EUR	128,296	143,858	10yr Euro CMS Rate	July 10, 2020
EUR	999,196	1,120,399	3M EURIBOR + 0.225%	May 17, 2021
EUR	107,633	120,688	3M EURIBOR + 0.34%	June 29, 2029
EUR	49,863	55,911	3M EURIBOR + 0.55%	October 15, 2032
Total USD		**2,405,377**		

3M EURIBOR at 31 December 2019 - (0.383)%.

Debt securities at amortised cost (no longer in qualifying hedging relationships)

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate	Repayment Terms
EUR	1,579,129	1,770,678	5.375%	January 23, 2020
EUR	1,016,391	1,139,678	2.250%	July 20, 2020
Total USD		**2,910,356**		

21 Debt securities issued *(continued)*

The Company had undrawn loan commitments, all to other GEC affiliates, of USD 1,158 million at 31 December 2020 *(2019: USD* 1,258 *million)*. An unutilised commitment is the amount of any given credit facility that has not been drawn by the borrower. The longest of these commitments has the potential to extend to 2022. The table below analyses nominal movements in medium term notes:

	31 December 2020 Medium Term Notes USD'000	31 December 2019 Medium Term Notes USD'000
Opening balance	10,024,590	12,889,080
Maturities	(3,242,523)	(2,554,123)
Early redemption	(3,122,027)	-
Foreign exchange	294,412	(310,367)
Closing Balance	3,954,452	10,024,590

The Company have not had any defaults of principal, interest or other breaches with respect to its debt securities during 2020 or 2019.

Foreign exchange arises due to large gross movements in balances, redemptions and issuances which have been translated at the rates of exchange prevailing at the dates of transaction and opening and closing balances have been translated at the closing rates of exchange as at 31 December 2020 and 31 December 2019.

22 Changes in liabilities from financing activities

	1 January 2020	**Cash Flows**	**Non-cash Changes**			**31 December 2020**
			FX Movements	**Fair Value Changes**	**Other**	
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt securities issued	11,308,511	(6,364,550)	294,412	51,905	(110,200)	5,180,078

	1 January 2019	**Cash Flows**	**Non-cash Changes**			**31 December 2019**
			FX Movements	**Fair Value Changes**	**Other**	
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt securities issued	14,320,633	(2,593,492)	(270,998)	(64,685)	(82,947)	11,308,511

The Other column includes the effect of accrued but not yet paid interest on debt securities issued. The Company classify interest paid on debt securities issued of USD 295,036 thousand as cash flows used in operating activities.

23 Related party disclosures

(a) Transactions with subsidiary undertakings and other affiliate GEC Group companies

The Company enters into financial transactions with other GEC affiliates in the normal course of business. These include loans, derivative instruments and foreign currency transactions. In addition, the Company enter into transactions with GEC and derivative transactions with GEFM. Transactions and balances between the Company and other Group affiliates are detailed in Notes 1, 2, 3, 4, 5, 6, 7, 14, 16, 17, 18, 19, 20, 24, 25 and 26.

Since 3 December 2015, the guarantee for the CP and MTNs programmes has been provided by GECIHL and GEC. No fee has been payable from this date for these guarantees.

Company profit and loss transactions with related parties	**2020**	2019
	USD'000	USD'000
Affiliate / Other group companies	149,974	516,621
Intermediate parent	5,255	6,090
Partnership	-	46,379
Subsidiary	-	42,429
	155,229	611,519

The transactions above with related parties comprise of interest income, interest expense, commitment fee income, management fee income, service charge, movement of impairment loss provision, details can be seen in Note 3,4,5,6 and 16. In addition the Company has entered into derivatives with related parties as outlined in Note 7.

Company balances with related parties	**2020**	2019
	USD'000	USD'000
Affiliate / Other group companies	6,291,758	12,658,778
Intermediate parent	1,456,926	1,255,325
	7,748,684	13,914,103

The following are the related parties with whom the Company has balances or has transacted with during the year:

GE Financial Funding Unlimited Company
GE Financial Markets Unlimited Company
GE Capital US Holdings, Inc.
GE Emerald Finance Unlimited Company
GE Ireland Financial Funding Unlimited Company
Alcyone Corporation
GE Industrial Funding (Ireland) Unlimited Company
GE Albany Funding Unlimited Company
GE Industrial Hedging Services Unlimited Company
GE Ireland USD Holdings Unlimited Company
GE Ireland Holdings Unlimited Company
GE Financial Holdings Unlimited Company
GE Capital Treasury Services (U.S.) LLC
GE Capital DG2 Holdings LLC
GECIF Holding Unlimited Company
GE Capital International Holdings Limited
GE Capital European Treasury Services Ireland Unlimited Company
GE Capital UK Funding Unlimited Company
GE Financial Markets Funding I
GE Capital European Treasury Services Limited
GE Capital Irish PLZ Funding Co Unlimited Company
GE Treasury Services Industrial Ireland Limited
GE Capital International Funding Company Unlimited Company
General Electric Services (Bermuda) Ltd.
GE Capital Irish USD Funding Co I Limited
GE Ireland CHF Funding Unlimited Company
GE Asset Finance Holding Unlimited Company
GEFM Edinburgh Linited
GE Treasury Ireland Service Unlimited Company

23 Related party disclosures *(continued)*

(b) Sale of loans
In the current year no loans were sold *(2019: No loans sold)*.

(c) Compensation of key management personnel
Disclosures are made in *Note 9* in accordance with the provisions of IAS 24 - Related Party Disclosures and Company law in respect of the compensation of Key Management Personnel. Under IAS 24 – Related Party Disclosures, "Key Management Personnel" are defined as comprising the Directors (executive and non-executive) at year end.

The compensation of key management personnel during the year consists of short-term employment benefits of USD 63,848 and post-employment benefits USD of 2,630. As outlined in *Note 9*, Directors' remuneration for the year ended 31 December 2020 was paid by an affiliated entity, T2K. Directors remuneration has been included in the service fee charged from this company.

(d) Transactions with key management personnel
There were no loans, quasi-loans or credit transactions outstanding by the Company to its Directors at any time during the current or preceding year.

24 Operating segments

The Company's business is organised as a single segment and have earned all their material revenues in the Republic of Ireland, non-material revenues have been earned in the United Kingdom. All of the Company's revenues arise from the provision of loans to GEC affiliates and from management fee income from GEC affiliates.

	2020 Ireland USD'000	2019 Ireland USD'000
Revenue from loans and advances to GEC affiliates	181,730	363,298
Revenue from commitment fees and management fees from GEC affiliates	2,995	5,596
Total segment revenue	184,725	368,894
Reportable segment (loss)/profit before tax	(91,462)	50,317
Reportable segment assets	7,891,400	18,027,452
Reportable segment liabilities	5,322,986	15,431,317

One GEC affiliate, GEFF, accounted for 96% of total revenue during the year. *(2019: One GEC affiliate, GEFF, accounted for 97% of total revenue during the year)*. No other GEC affiliates accounted for more than 10% of total revenue.

Loans to GEFF, accounted for 75% (2019: 90%) of segment assets at 31 December 2020. Loan to GECIHL, accounted for 18% (2019: 7%) of segment assets at 31 December 2019. No other GEC affiliates accounted for more than 10% of segment assets.

Loans from GECETSI, accounted for 0.2% (2019: 27%) of segment liabilities at 31 December 2020. No other GEC affiliates accounted for more than 10% of segment liabilities.

25 Holding company

At 31 December 2020, the Company is a wholly owned subsidiary of GECIHL, a limited company incorporated in the UK, which is ultimately a wholly owned subsidiary of GEC, a company incorporated in the USA.

The smallest and largest group in which the Company results are included is that held by GEC, a company incorporated in the USA, copies of whose consolidated Financial Statements may be obtained from GEC, 41 Farnsworth Street, Boston, MA 02210, USA.

26 Commitments and contingencies

The Company had commitments to lend USD 1,158 million at 31 December 2020 *(2019: USD 1,258 million)*.

In the opinion of the Directors, the Company had no contingent liabilities at 31 December 2020 or 2019.

27 Subsequent events

No significant events affecting the Company have occurred since the reporting date which require amendment to the financial statements or inclusion of a note therein.

28 Approval of Financial Statements

The Board of Directors approved the Financial Statements on 22 April 2021.