

*Registration number: 107727*

# GE Capital European Funding Unlimited Company

Condensed Interim Financial Report

**Half-Year ended 30 June 2023**

GE Capital European Funding Unlimited Company  
Condensed interim financial report

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## GE Capital European Funding Unlimited Company

### Management Review

The Directors present their interim financial report for the six month period ended 30 June 2023.

#### **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 indirect subsidiary of General Electric Company ("GEC").

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 with a small minority listed on Luxembourg Stock Exchange and Euronext Dublin. The purpose of these programmes is to obtain financing in the capital markets, primarily to fund the operations of GEC affiliates. 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+), 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 period, GEC had sufficient liquidity and therefore had no requirement to participate in the CP market.

The Company made a loss of \$15 million for the 6 month period ending 30 June 2023 compared with a profit of \$48 million in the 6 months to 30 June 2022. This is primarily driven by FX losses in the period. The results for the half-year are set out in the Condensed Statement of Comprehensive Income - Unaudited on page 8 and the related notes. During the period end of 30 June 2023, fixed rate debt with a nominal value of \$62 million failed hedge effectiveness as it is due to mature in February 2024 (2022: no debt failed hedge effectiveness).

The directors are not expecting a change in the principal activity of the company in the foreseeable future.

On 9 November 2021, GEC announced that it would form three global listed companies that are intended to be run independently and focus on the aerospace, healthcare, and energy segments. In this context, GEC spun off 80.1% of its Healthcare business in early 2023 and retains a 19.9% interest in GE Healthcare after the spin-off. On 3 January 2023 the spin-off of the healthcare entities was completed. All healthcare entities ownership has changed and their ultimate parent company and controlling party is GE HealthCare Technologies Inc.

In addition, GE Digital, Renewables and Power businesses are planned to be combined into one business and spun off from GEC in early 2024 (going forward known as GE Vernova). Following these transactions, GEC is expected to be an aviation-focused company shaping the future of flight while retaining certain other assets and liabilities including its runoff insurance operations (going forward known as GE Aerospace).

As consequence of planned spin-off by GEC of its GE Vernova operations in 2024, the Company will be part of the GE Aerospace group.

At the date of signing these financial statements there has been no impact from these transactions on this entity.

## GE Capital European Funding Unlimited Company

### Management Review (continued)

#### Going concern

The future growth of the Company is dependent on the cash needs of the GEC Group. 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, also considering events reasonably foreseeable beyond this horizon, which indicates that, taking account of the inflationary impacts in the Irish economy, higher interest rates and the impact of the conflict in Ukraine, 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 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.
- The Directors have reviewed the next 12 months cash flow forecasts and they are happy that Company will continue as going concern for the foreseeable future.

#### CP and MTNs

The following table sets out the period on period increase/(decrease) in MTNs issued, lending from GEC affiliates and lending to GEC affiliates. 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 balances for the period.

	<b>30 June 2023</b>	<b>31 December 2022</b>	<b>% Movement</b>
Issued Medium Term Notes - Nominal	(1,436,148,293)	(1,871,011,723)	-23.2%
Loans from GEC affiliates	(1,003,258,877)	(495,636,544)	102.40%
Loans to GEC affiliates	3,921,410,100	3,892,561,255	0.7%

The movement in MTNs is primarily driven by MTN maturities and an increase of the EUR/USD foreign exchange rate from 1.070 as at 31 December 2022 to 1.091 as at 30 June 2023. During the period, \$457 million MTNs matured on 15 March 2023.

The following table sets out the average maturities of MTNs in issue at 30 June 2023 and 31 December 2022. The maximum maturity date on the medium term notes is 2038.

	<b>30 June 2023</b>	<b>31 December 2022</b>
Medium Term Notes (floating) at amortised cost	7.07 years	7.57 years
Medium Term Notes (fixed) in qualifying hedging relationships	10.08 years	10.11 years
Medium Term Notes (fixed) held at amortised cost	0.62 years	0.20 years



## GE Capital European Funding Unlimited Company

### Management Review (continued)

#### **Risks & uncertainties for the remaining six months of the year**

The main financial risks that the Company is exposed to are foreign exchange risk, liquidity risk, interest rate risk, market risk, credit risk and other price risk. The Directors are responsible for the oversight of the management of these exposures, as set out in Note 13.

The principal risks and uncertainties noted below are the same as the those noted in the Company's financial statements for the year ended 31 December 2022 and are expected to be the same for the remainder of the 2023 financial year.

#### *Foreign exchange risk*

The main financial risk of the Company is the exposure to foreign exchange ("FX") risk. This risk arises during the current period, as some operations including loans and advances to GEC affiliates and all debt securities issued are in Euro while the functional currency of the Company is USD. During the period, the Company recorded an FX loss of \$19 million (30 June 2022: gain of \$124 million) driven by movement in the Euro/USD rates.

#### *Interest rate risk*

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 mis-matches and in so doing reduce its interest rate risk. The Directors monitor interest rate exposure. See Note 13(c) for analysis of interest rate exposure at period 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 fill any short-term liquidity requirements. See further analysis of liquidity risk at the period end at Note 13(b).

#### *Market risk*

The fair value of financial assets and 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 judgments and uncertainties on the selection of the inputs. Critical judgments and uncertainties surrounding valuations are discussed further in Note 13(c) to the condensed financial statements.

#### *Credit risk*

GEC affiliates may experience 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 period. The closing impairment loss provision was \$8 million (2022: \$6 million). Please refer to Note 13 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 minimized.

#### *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, 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 faced by all business entities. The Company's 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, supported by the wider GEC Group, are responsible for the development and implementation of controls to address operational risk.

## GE Capital European Funding Unlimited Company

### Management Review (continued)

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 the reconciliation and monitoring of transactions;
- compliance with legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment 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.

#### **Related parties**

The related party transactions have seen a increase in loans and advances to related parties by 0.8% and a increase of 102.4% in loans and advances from related parties.

The Directors in place at period end were: Shane Pouch, Robert Holmes, Fergal Mullin, Thomas Geary (non-executive) and Michael Power (non-executive). In accordance with the Articles of Association, the Directors are not required to retire by rotation.

#### **Dividends**

The Directors do not propose a dividend for the current period (*30 June 2022: \$Nil*).

#### **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 period.

#### **Subsequent events**

No significant events affecting the Company occurred since the reporting date, which require adjustment to or disclosure in the condensed interim financial statements.

#### **Independent Auditor**

In accordance with Section 383(2) of the Companies Act 2014, the auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm have expressed their willingness to continue in office.

GE Capital European Funding Unlimited Company  
Statement of Directors' responsibilities  
*for the half-year ended 30 June 2023*

The Directors are responsible for preparing a half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), the Transparency Rules of the Central Bank of Ireland and the Financial Conduct Authority's Transparency Rules.

In preparing the condensed set of financial statements included within the half-yearly financial report, the directors are required to:

- prepare and present the condensed set of financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive the Transparency Rules of the Central Bank of Ireland and the Financial Conduct Authority's Transparency Rules;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

The directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of financial statements in the half-yearly financial report of GE Capital European Funding Unlimited Company ("the Company") for the six months ended 30 June 2023 ("the interim financial information") which comprises the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statements of changes in equity, the condensed cash flow statement and the related explanatory notes, have been presented and prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

(2) The interim financial information presented, as required by the DTR of the UK FCA, includes:

- a. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of financial statements;
- b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year.

On behalf of the Board

  
**Robert Holmes**  
*Director*

  
**Fergal Mullin**  
*Director*

Date 21 September 2023

## **INDEPENDENT REVIEW REPORT TO GE CAPITAL EUROPEAN FUNDING UNLIMITED COMPANY**

### **Conclusion**

We have been engaged by GE Capital European Funding Unlimited Company ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed cash flow statement, and the related notes 1 to 23. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union, the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

### **Basis for Conclusion**

We conducted our review pursuant to International Standard on Review Engagements (Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Irish Auditing and Accountancy Supervisory Authority ("ISRE (Ireland) 2410"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion Relating to Going Concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Scope of Review section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410, however future events or conditions may impact this conclusion.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standard 34 as adopted by the European Union, the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report, including a conclusion relating to the Company's Going Concern, based on our review.



### **Use of our Report**

This report is made solely to the Company pursuant to ISRE (Ireland) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

A handwritten signature in black ink, appearing to read "David McCaffrey".

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

Date 22 September 2023

## GE Capital European Funding Unlimited Company

Condensed Statement of Comprehensive Income - Unaudited  
for the half-year ended 30 June 2023

	<i>Note</i>	30 June 2023 \$'000	30 June 2022 \$'000
Interest income	4	44,028	9,250
Interest expense	5	<u>(42,421)</u>	<u>(6,724)</u>
Net interest income		1,607	2,526
Fee and commission income	6	<u>301</u>	<u>269</u>
<b>Net trading income</b>		<u>1,908</u>	<u>2,795</u>
Movement in provision for impairment	13	(1,805)	398
Net income/(expense) from financial instruments carried at fair value	9	5,508	(76,973)
Service and commitment fee expense to GEC affiliates	7	(1,788)	(2,539)
Other expenses		(62)	(222)
Foreign exchange (loss)/gain	8	<u>(18,645)</u>	<u>124,291</u>
<b>Operating (loss)/income</b>		<u>(16,792)</u>	<u>44,955</u>
<b>(Loss)/profit before income tax</b>		<b>(14,884)</b>	<b>47,750</b>
Tax credit/(charge)	10	<u>-</u>	<u>-</u>
(Loss)/profit for the period		<u>(14,884)</u>	<u>47,750</u>
<b>Total comprehensive (loss)/income for the period</b>		<b><u>(14,884)</u></b>	<b><u>47,750</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		<u>(14,884)</u>	<u>47,750</u>
		<b><u>(14,884)</u></b>	<b><u>47,750</u></b>

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

GE Capital European Funding Unlimited Company  
Condensed Statement of Financial Position - Unaudited  
at 30 June 2023

	<i>Note</i>	<b>30 June 2023</b> \$'000	31 December 2022 \$'000
<b>Non-current assets: amounts falling due greater than one year</b>			
Loans and advances to GEC affiliates	17	1,068,615	1,068,247
<b>Current assets: amounts falling due within one year</b>			
Cash and cash equivalents	11	234	223
Derivative assets not held for qualifying hedging relationships	16	6,513	31,343
Loans and advances to GEC affiliates	17	2,852,795	2,824,315
Other assets		1	-
<b>Total assets</b>		<u>3,928,158</u>	<u>3,924,128</u>
<b>Liabilities: amounts falling due within one year</b>			
Loans and advances from GEC affiliates	17	(1,003,259)	(495,637)
Debt securities issued	18	(89,631)	(520,601)
Bank loans and overdraft		-	-
Other liabilities		(1,679)	(3,269)
<b>Current liabilities</b>		<u>(1,094,569)</u>	<u>(1,019,507)</u>
<b>Net current assets</b>		1,764,974	1,836,374
<b>Total assets less current liabilities</b>		2,833,589	2,904,621
<b>Liabilities: amounts falling due after more than one year</b>			
Derivative liabilities held for qualifying hedging relationships	16	(27,441)	(56,046)
Debt securities issued	18	(1,683,876)	(1,711,419)
<b>Net assets</b>		<u>1,122,272</u>	<u>1,137,156</u>
<b>Capital and reserves</b>			
Share capital		125,789	125,789
Share premium		1,275,653	1,275,653
Capital contribution		305,020	305,020
Undenominated capital reserve		15,402	15,402
Retained loss		(324,662)	(309,778)
Foreign exchange reserve		(274,930)	(274,930)
<b>Shareholders' equity</b>		<u>1,122,272</u>	<u>1,137,156</u>
<b>Total equity</b>		<u>1,122,272</u>	<u>1,137,156</u>

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

GE Capital European Funding Unlimited Company

Condensed Statement of Changes in Equity - Unaudited  
for the half-year ended 30 June 2023

	Share capital \$'000	Share premium \$'000	Undenominated capital reserves \$'000	Capital Contribution* \$'000	Retained Earnings \$'000	Foreign exchange Reserve \$'000	Total \$'000
<b>Balance at 1 January 2022</b>	125,789	1,275,653	15,402	293,048	(335,102)	(274,930)	1,099,860
Total comprehensive income for the period	-	-	-	-	47,750	-	47,750
<b>Transactions with owners of the Company:</b>							
Adjustment to prior year Capital Contribution	-	-	-	11,972	-	-	11,972
<b>Balance at 30 June 2022</b>	125,789	1,275,653	15,402	305,020	(287,352)	(274,930)	1,159,582
<b>Balance at 1 January 2023</b>	125,789	1,275,653	15,402	305,020	(309,778)	(274,930)	1,137,156
Total comprehensive loss for the period	-	-	-	-	(14,884)	-	(14,884)
<b>Balance at 30 June 2023</b>	125,789	1,275,653	15,402	305,020	(324,662)	(274,930)	1,122,272

The accompanying notes form an integral part of these unaudited condensed interim financial statements.



## GE Capital European Funding Unlimited Company

Condensed Cash Flow Statement - Unaudited  
for the half-year ended 30 June 2023

	<i>Note</i>	<b>30 June 2023</b> <b>\$'000</b>	30 June 2022 \$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		(14,884)	47,750
Adjustments for:			
Net interest income		(1,607)	(2,526)
Change in loans and advances to GEC affiliates		(20,711)	346,499
Impairment loss provision		1,805	(398)
Change in other assets		(1)	580
Change in derivative liabilities held for qualifying hedging relationships		(15,963)	(14,341)
FX and fair value movement on fixed rate debt securities in qualifying hedging relationships		43,578	(185,243)
Change in accrued interest on debt securities issued		648	(3,882)
Change in derivative assets not in qualifying hedging relationships		24,829	8,366
Change in derivative liabilities not in qualifying hedging relationships		-	71,135
Change in other liabilities		(1,588)	2,555
		<u>16,106</u>	<u>270,495</u>
Interest received on assets and derivatives		34,084	326
Interest paid on liabilities and derivatives		(98,516)	(82,656)
		<u>(48,326)</u>	<u>188,165</u>
<b>Net cash provided by operating activities</b>			
<b>Cash flows from investing activities</b>			
Net cash flows from investing activities		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Debt securities matured		(456,883)	(249,169)
Change in loans and advances from GEC affiliates		505,220	60,980
		<u>48,337</u>	<u>(188,189)</u>
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January	11	<u>223</u>	<u>251</u>
<b>Cash and cash equivalents at 30 June</b>	11	<u><u>234</u></u>	<u><u>227</u></u>

## GE Capital European Funding Unlimited Company

Notes

*for the half-year ended 30 June 2023*

### **1 Reporting entity**

GE Capital European Funding Unlimited Company is an Irish incorporated, public unlimited company and is Irish tax resident. The unaudited condensed interim financial statements of the Company as at and for the six months ended 30 June 2023 comprise the Company financial performance and financial position. The Company is primarily involved in obtaining financing in the capital markets to fund the operations of the wider GEC Group.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

The unaudited condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union (“EU”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU, and interpretations adopted by the International Accounting Standards Board (“IASB”), and under the requirements of Irish Company Law. The condensed interim financial statements for the six months ended 30 June 2023 are unaudited, but have been reviewed by the auditor whose report is set out on pages 6 and 7. The financial information presented herein for the year to 30 June 2023 does not amount to statutory financial statements that are required by Irish Company Law to be annexed to the annual return of the Company. The statutory financial statements for the year ended 31 December 2022 were annexed to the annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

#### **(b) Judgements and estimates**

Preparing the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing these unaudited condensed interim financial statements, significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2022.

### **3 Significant accounting policies**

The same accounting policies, presentation and methods of computation have been followed in these unaudited condensed financial statements as were applied in the preparation of the Company’s financial statements for the year ended 31 December 2022. These unaudited interim financial statements should be read in conjunction with the Company's financial statements for the year ended 31 December 2022.

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 3 Significant accounting policies (continued)

#### Fair value estimation

The Company's derivatives are carried at fair value and are classified as Level 2. There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the period. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Newly effective EU-endorsed standards for 01 Jan 2023 to 30 June 2023

The below table lists the recent changes to IFRS that are required to be applied with the period beginning on 1 January 2023. The Directors have assessed the impact of the below and are not determined to have a material impact on the statements for the six months ended 30 June 2023.

Description	EU Effective date
Disclosure of Accounting Policies (Amendments to IAS 1)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2023
Insurance Contracts (Amendments to IFRS 17)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01 January 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)	01 January 2023

#### Standards not/not yet endorsed by the EU

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective and have not been applied in preparing these unaudited condensed financial statements. The Directors have reviewed the below and are not determined to have a material impact on the statements when they are effective.

Description	EU Effective Date
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	01 January 2024
Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)	01 January 2024
Classification of Liabilities as Current or Non-current Date and Non-current Liabilities with Covenants (Amendments to IAS 1)	01 January 2024
The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendment to IAS 21)	01 January 2025

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 4 Interest income

The following table details the interest income earned by the Company during the period.

	<b>30 June 2023</b>	30 June 2022
	<b>\$'000</b>	\$'000
Interest income from financial assets that are measured at amortised cost:		
Loans and advances to GEC affiliates	44,028	9,250
	<u>44,028</u>	<u>9,250</u>

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

Movement in the period is primarily driven by average USD loan interest rate increased from 0.6% in 2022 to 2.59% in 2023.

### 5 Interest expense

The following table details the interest expense incurred by the Company during the period.

	<b>30 June 2023</b>	30 June 2022
	<b>\$'000</b>	\$'000
Interest expense on debt securities issued:		
- in qualifying hedging relationships at adjusted amortised cost	(29,869)	(37,165)
- at amortised cost	(6,388)	(21)
Adjustment for the amortisation of fair value component of debt associated with terminated derivative assets, or those no longer in a hedging relationship	16,265	31,056
Interest expense on loans and advances from GEC affiliates	(22,429)	(591)
Bank charges and other interest expense	-	(3)
	<u>(42,421)</u>	<u>(6,724)</u>

Interest expense on loans and advances from GEC affiliates relates to borrowings from GE Capital Treasury Services (U.S.) LLC and Cash Management Services Inc. ("CMS"). Increase in the period is primarily driven by a increase in average loan principal and interest rate in the period.

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 6 Fee and commission income

	<b>30 June 2023</b>	30 June 2022
	<b>\$'000</b>	\$'000
Commitment fee income from GEC affiliates	<u>301</u>	<u>269</u>

Increase in commitment fee income from GEC affiliates primarily driven by increase in unused facilities on loans and advances to GEC affiliates.

### 7 Service and commitment fee expense

	<b>30 June 2023</b>	30 June 2022
	<b>\$'000</b>	\$'000
Service fee expense	(1,679)	(2,539)
Commitment fee expense	<u>(109)</u>	<u>-</u>
	<u>(1,788)</u>	<u>(2,539)</u>

The Company has a management service agreement and investment services agreement in place with GE Treasury Ireland Services UC ("T2K"), a group company, the service fee charge above relates to services provided by T2K. Commitment fee expense to GEC affiliates relates to loan facility used to fund debt maturities.

### 8 Foreign exchange gain/(loss)

	<b>30 June 2023</b>	30 June 2022
	<b>\$'000</b>	\$'000
Foreign exchange (loss)/gain	<u>(18,645)</u>	<u>124,291</u>

The FX loss for the current period is driven by the decrease in euro-denominated net liabilities during the period and the translation of Euro currency to USD at period end rates. Movement in EUR/USD exchange rate from 1.070 as at 31 December 2022 to 1.091 as at 30 June 2023 (movement in EUR/USD exchange rate from 1.138 as at 31 December 2021 to 1.058 as at 30 June 2022).

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 9 Net (expense)/income from financial instruments carried at fair value

	<b>30 June 2023</b>	30 June 2022
	<b>\$'000</b>	\$'000
Fair value movement on interest rate swaps		
- in qualifying hedging relationships	17,297	(140,707)
Fair value movement on fixed rate debt securities issued in qualifying hedging relationships	(15,940)	148,508
Net expense from cross currency swaps carried at fair value	-	-
Gain/(loss) on foreign currency forwards	4,151	(84,774)
	<u>5,508</u>	<u>(76,973)</u>

### 10 Income tax charge

	<b>30 June 2023</b>	30 June 2022
	<b>\$'000</b>	\$'000
Analysis of charge/(credit) in year		
<i>Current tax:</i>		
Total current tax	<u>-</u>	<u>-</u>
Total tax charge in the Income Statement	<u>-</u>	<u>-</u>

#### *Factors effecting tax charge/credit for the year*

The tax assessed 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**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before taxation	(14,884)	47,750
Profit/(loss) multiplied by the standard rate of corporation tax in Republic of Ireland of 12.5% (2015:12.5%)	(1,861)	5,969
<i>Tax effect of:</i>	-	-
Non deductible expenditure	86	24
Non-taxable income	(1)	(158)
Utilisation of losses forward	<u>1,776</u>	<u>(5,835)</u>
Total tax charge/(credit) in the profit or loss	<u>-</u>	<u>-</u>

## GE Capital European Funding Unlimited Company

### Notes

for the half-year ended 30 June 2023 (continued)

#### 11 Cash and cash equivalents

	<b>30 June 2023</b>	31 December 2022
	<b>\$'000</b>	\$'000
Cash and balances with banks	234	223
	<u>234</u>	<u>223</u>

There were no restricted cash balances at the period end (31 December 2022: USD Nil). Cash balances are held with Barclays Bank rated BBB+ (31 December 2022: Barclays Bank rated BBB).

All 2023 and 2022 ratings are S&P long-term counterparty credit ratings as at 30 June 2023 (2022: 31 December 2022). The percentage of cash held by bank is *Barclays Bank* 100% (31 December 2022: The percentage of cash held by bank is *Barclays Bank* 100%).

#### 12 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 the asset and as a consequence of the 10 April 2015 GEC announcement which reduced the need for new long term debt issuance for the foreseeable future and the change in functional currency to USD with the foreign exchange exposure. The Company is not recognising the deferred tax assets because of FX loss. As a result, the Company has recorded no deferred tax asset for the period ending 30 June 2023 (31 December 2022: \$Nil).

The Company has an unrecognized deferred tax asset at period end of \$75 million (31 December 2022: \$73 million) which relates to losses carried forward.

## GE Capital European Funding Unlimited Company

Notes

*for the half-year ended 30 June 2023 (continued)*

### 13 Financial risk management

#### ***Introduction and overview***

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

- (a) credit risk
- (b) liquidity risk
- (c) market risk
- (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.

The condensed interim financial statements do not include all financial risk information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at 31 December 2022. There have been no significant changes in the risk management department or in any risk management policies since the year end.

#### **Risk management framework**

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

The Board of Directors has five members.

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.



## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 13 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 and derivative transactions which are entered into with 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 and continually assess recoverability of loans (see points below). All loans and advances made by the Company are with GEC affiliates. All loans are uncollateralized.

#### *Management of credit risk*

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

- Following GEC credit policies covering credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorization 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.

At 30 June 2023 the total carrying amount of lending exposed to credit risk in the Company amounted to \$3,922 million (31 December 2022: \$3,893 million).

As at 30 June 2023, the loans and advances to CMS was 27% (31 December 2022: 27%) of the total loan portfolio for the Company. As at 30 June 2023, the loans and advances to GE Financial Funding Unlimited Company ('GEFF') was 72% (31 December 2022: 72%) 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 30 June 2023, the Directors consider none of the loans and advances to be either past due or credit impaired.

The Company is also exposed to counterparty credit risk in relation to derivatives. The derivative counterparty is a GEC affiliate.

Cash and cash equivalents are held with financial institutions rated BBB+ by Standard and Poor at the period end as per Note 11.

#### *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 on the Condensed Statement of Financial Position - Unaudited as at 30 June 2023 were renegotiated during the period (31 December 2022: \$Nil).

#### *Allowances for impairment*

The Company establishes an allowance for impairment based on the Expected credit losses ("ECL") model as required by IFRS 9.

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 13 Financial risk management (continued)

The following table provides information about exposure to credit risk and ECLs as at 30 June 2023 :

In thousand's of \$	S&P rating	Gross carrying amount	Impairment loss allowance	Credit impaired
Low risk				
Loans and advances to GEC affiliates	BBB	3,929,530	(8,120)	No
<b>Total</b>		<b>3,929,530</b>	<b>(8,120)</b>	

The following table provides information about exposure to credit risk and ECLs as at 31 December 2022 :

In thousand's of \$	S&P rating	Gross carrying amount	Impairment loss allowance	Credit impaired
Low risk				
Loans and advances to GEC affiliates	BBB+	3,898,877	(6,315)	No
<b>Total</b>		<b>3,898,877</b>	<b>(6,315)</b>	

The movement in the allowance for impairment in respect of loans and advances to GEC affiliates during the reporting period was as follows:

In thousand's of \$	
Balance at 1 January 2023	6,315
Increase in loss allowance	1,805
<b>Balance at 30 June 2023</b>	<b>8,120</b>

The increase in the loss allowance is mainly attributable to the increase in the average PD rate from 0.26% as at 31 December 2022 to 0.266% as at 30 June 2023.

#### *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 30 June 2023. All derivatives are executed with Hedge Management Services, Inc. ("HMS") and a credit valuation adjustment ("CVA") is calculated to reflect the credit risk of HMS. 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 Interim Financial Report. As at 30 June 2023 the bilateral adjustment for the Company amounted to \$1 million (31 December 2022: credit of \$1 million) which has been recorded as a debit including in Fair value movement on interest rate swaps to the 'Net (expense)/income from financial instruments carried at fair value' in the Statement of Comprehensive Income.

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 13 Financial risk management (continued)

#### **(b) Liquidity risk**

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

#### **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 for the foreseeable future with the expectation that the current MTN portfolio remains until maturity. The CP programme continues presently albeit no CP is in issue at period end. The Company has access to the GEC cash pool should it be required.

GECIHL has guaranteed that it will meet the liabilities of the CP and MTN programmes should the Company be unable to meet these liabilities. As of 10 April 2015, GEC, 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 liabilities and details of other projected cash flows arising from projected future business. The repayment terms of debt securities are outlined in Note 18. The Company has loans and advances to GEC affiliates net of impairment loss provisions of \$3,922 million (31 December 2022: \$3,893 million). At period end, 27% (2022: 27%) of Company lending was to CMS and 72% (2022: 72%) of Company lending was to GEFF. GEC maintains a portfolio 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 CMS, GE Capital European Treasury Services Ireland Unlimited Company ('GECETSI') and GE Capital Treasury Services (U.S.) LLC ('GECTS'). The Directors with the assistance of GEC monitor the on-going liquidity requirements of the Company, and by way of short-term loans from GEC to cover any short-term fluctuations and obtain longer term funding to address any structural liquidity requirements. The overall group daily liquidity position is monitored by GEC.

The Company held derivative assets for qualifying hedging relationships purposes of \$Nil (31 December 2022: \$Nil) and derivative assets held for qualifying trading purposes of \$6 million at 30 June 2023 (31 December 2022: \$31 million). The Company held derivative liabilities for qualifying hedging relationships purposes of \$27 million (31 December 2022: \$56 million) and derivative liabilities for trading purposes of \$Nil at 30 June 2023 (31 December 2022: \$Nil). The derivative assets and liabilities have been split between qualifying hedging relationships and not in hedging relationships, disclosing separately those derivatives that qualify as hedging instruments under IAS39 from those that do not.

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 13 Financial risk management (continued)

#### Residual contractual maturities of financial assets

	Note	Carrying amount	Current amount	Non-current amount
<i>In millions of \$</i>				
<b>30 June 2023</b>				
<i>Non-derivative financial assets</i>				
Cash and cash equivalents	11	-	-	-
Loans and advances to GEC affiliates	17	3,922	2,853	1,069
Other assets		-	-	-
		<u>3,922</u>	<u>2,853</u>	<u>1,069</u>
<i>Derivative assets</i>				
Inflow - not in qualifying hedging relationships	16	425	425	-
Outflow - not in qualifying hedging relationships	16	(419)	(419)	-
		<u>6</u>	<u>6</u>	<u>-</u>
		<u>3,928</u>	<u>2,859</u>	<u>1,069</u>

#### Residual contractual maturities of financial assets

	Note	Carrying amount	Current amount	Non-current amount
<i>In millions of \$</i>				
<b>31 December 2022</b>				
<i>Non-derivative financial assets</i>				
Loans and advances to GEC affiliates	17	<u>3,893</u>	<u>2,825</u>	<u>1,068</u>
		<u>3,893</u>	<u>2,825</u>	<u>1,068</u>
<i>Derivative assets</i>				
Inflow - not in qualifying hedging relationships	16	811	811	-
Outflow - held for trading	16	(780)	(780)	-
		<u>31</u>	<u>31</u>	<u>-</u>
		<u>3,924</u>	<u>2,856</u>	<u>1,068</u>

GE Capital European Funding Unlimited Company

Notes  
for the half-year ended 30 June 2023 (continued)

13 Financial risk management (continued)

Residual contractual maturities of financial liabilities

Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
<i>In million of \$</i>							
<b>30 June 2023</b>							
<i>Non derivative liabilities</i>							
Loans and advances from GEC affiliates	17	1,003	(555)	-	(448)	-	-
Debt securities issued	18	1,774	(28)	-	(125)	(532)	(1,432)
Other liabilities	19	2	-	-	(2)	-	-
		<u>2,779</u>	<u>(583)</u>	<u>-</u>	<u>(575)</u>	<u>(532)</u>	<u>(1,432)</u>

*Derivative liabilities*

Inflow - held for qualifying hedging relationships	16	(1,444)	-	-	-	320	1,124
Outflow - held for qualifying hedging relationships		<u>1,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(326)</u>	<u>(1,145)</u>
Undrawn loan commitments		27	-	-	-	(6)	(21)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,197)</u>	<u>-</u>	<u>-</u>
		<u>2,806</u>	<u>(583)</u>	<u>-</u>	<u>(1,772)</u>	<u>(538)</u>	<u>(1,453)</u>

At 30 June 2023, loans and advances from GEC affiliates represent outstanding principal and interest balances on borrowings with GEC affiliate in the capital structure.

## GE Capital European Funding Unlimited Company

Notes  
for the half-year ended 30 June 2023 (continued)

## 13 Financial risk management (continued)

## Residual contractual maturities of financial liabilities

Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
<i>In millions of \$</i>							
<b>31 December 2022</b>							
<i>Non derivative liabilities</i>							
Loans and advances from GEC affiliates	17	496	(496)	-	-	-	-
Debt securities issued	18	2,232	(56)	(465)	(63)	(590)	(1,428)
Other liabilities		<u>3</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
		2,731	(552)	(465)	(66)	(590)	(1,428)
<i>Derivative liabilities</i>							
Outflow - held for qualifying hedging relationship	16	1,515	-	-	-	(1,052)	(463)
Inflow - held for qualifying hedging relationships	16	(1,459)	-	-	-	1,013	446
Undrawn loan commitments		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,197)</u>	<u>-</u>	<u>-</u>
		<u>2,787</u>	<u>(552)</u>	<u>(465)</u>	<u>(1,263)</u>	<u>(629)</u>	<u>(1,445)</u>

At 31 December 2022, loans and advances from GEC affiliates represent outstanding principal and interest balances on borrowings with GEC affiliates in the capital structure.

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 13 Financial risk management (continued)

The previous table shows the undiscounted cash flows on the Company's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity details see Note 16. 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 draw down would have current contractual maturity not greater than 1 year.

#### Residual contractual maturities of financial liabilities

To manage the liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents and is linked to the CMS, GECETSI and GECS 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 balances pool 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 the cash has been borrowed from or lent to the cashpool.

#### (c) Market risks

##### Exposure to foreign currency risk

The principal market risk faced by the Company relates to currency risk as almost all 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 30 June 2023 and 31 December 2022 and the net exposure in original currency and USD of those monetary assets and liabilities.

Currency	Original Currency Amounts		Derivatives	Net Exposure	Year end Rates	Net Exposure
	Monetary Assets	Monetary Liabilities				
<b>30 June 2023</b>	'000	'000	'000	'000		<b>\$'000</b>
<b>EUR</b>	983,338	(1,626,028)	343,445	(299,245)	1.0913	(326,552)
<b>GBP</b>	184			184	1.2699	234
	Original Currency Amounts		Derivatives	Net Exposure	Year end Rates	Net Exposure
Currency	Monetary Assets	Monetary Liabilities				
<b>31 December 2022</b>	'000	'000	'000	'000		<b>\$'000</b>
<b>EUR</b>	979,258	(2,108,193)	771,417	(357,518)	1.0705	(382,705)
<b>GBP</b>	185			185	1.209	223

## GE Capital European Funding Unlimited Company

### Notes

*for the half-year ended 30 June 2023 (continued)*

### 13 Financial risk management (continued)

Since November 2021, the Company replaced cross currency swaps with foreign currency forwards to reduce currency exposure. A 1% appreciation/depreciation in the EUR/USD exchange rate as at 30 June 2023 would give rise to approximately a \$3 million loss/profit based on the net exposure at 30 June 2023 (2022: A 1% appreciation/depreciation in the EUR/USD exchange rate as at 31 December 2022 would give rise to approximately a \$4 million loss/profit based on the net exposure at 31 December 2022).

#### *Interest rate benchmark reform*

The Company completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform), during the interim period. USD LIBOR publication was suspended on 30 June 2023 and the Company undertook amendments to financial instruments with contractual terms indexed to USD LIBOR such that it incorporated the new benchmark Secured Overnight Financing Rate (SOFR).

#### **Exposure to interest rate risk**

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.

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.

Portfolios are exposed to the risks associated with fixed rate liabilities versus floating rate receivables, the loss from fluctuations in the future cash flows and 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 group of a 0.5% increase in the benchmark rate for a full year could give rise to additional profit of approximately \$6 million (31 December 2022: \$6 million). A decrease of 0.5% would have an equal and opposite effect.



## GE Capital European Funding Unlimited Company

Notes

*for the half-year ended 30 June 2023 (continued)*

### 13 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.

The Directors consider the impact of other price risk to be low.

The process for monitoring and measuring this risk is unchanged from year end.

One GEC affiliate, GEFF, engaged in financial services and incorporated in Ireland accounted for 83% of Interest income (2022: 93%).

In addition to the above, the Company had entered into lending commitments of \$1,197 million (31 December 2022: \$1,197 million) with 100% owned GEC affiliates.

### 14 Use of estimates and judgements

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

These disclosures supplement the commentary on financial risk management (see Note 13).

#### **Sources of estimation uncertainty**

##### **(a) Determining fair values of financial instruments where a quoted market price is unavailable**

As indicated in Note 15, 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.

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.

## GE Capital European Funding Unlimited Company

Notes

*for the half-year ended 30 June 2023 (continued)*

### 14 Use of estimates and judgements (continued)

#### (b) Valuation of financial assets and liabilities

The Company measures fair values using the hierarchy of methods stated in Note 3.

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:

**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.

**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.

**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 HMS and a credit valuation adjustment ("CVA") is calculated to reflect the credit risk of HMS. 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

## GE Capital European Funding Unlimited Company

Notes  
for the half-year ended 30 June 2023 (continued)

### 14 Use of estimates and judgements (continued)

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

Company	Measured at Fair Value			Measured at Amortised Cost			Total
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
<i>In millions of USD</i>							
<b>30 June 2023</b>							
<b>Assets</b>							
Derivative asset held for trading	-	6	-	-	-	-	6
Loans to GEC affiliates	-	-	-	-	3,922	-	3,922
	-	6	-	-	3,922	-	3,928
<i>In millions of USD</i>							
<b>Liabilities</b>							
Derivative liabilities - held for qualifying hedging relationships	-	(27)	-	-	-	-	(27)
Loans from GEC affiliates	-	-	-	-	(1,003)	-	(1,003)
Debt securities issued*	-	-	-	-	(1,774)	-	(1,774)
Other liabilities	-	-	-	-	(2)	-	(2)
	-	(27)	-	-	(2,779)	-	(2,806)

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

## GE Capital European Funding Unlimited Company

Notes  
for the half-year ended 30 June 2023 (continued)

### 14 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	
<i>In millions of \$</i>							
<b>31 December 2022</b>							
<b>Assets</b>							
Derivative assets held for trading	-	31	-	-	-	-	31
Loans to GEC affiliates	-	-	-	-	3,893	-	3,893
	-	31	-	-	3,893	-	3,924
<i>In millions of \$</i>							
<b>31 December 2022</b>							
<b>Liabilities</b>							
Debt securities issued*	-	-	-	-	(2,232)	-	(2,232)
Derivative liabilities held for qualifying hedging relationships	-	(56)	-	-	-	-	(56)
Loans and advances from GEC affiliates	-	-	-	-	(496)	-	(496)
Other liabilities	-	-	-	-	(3)	-	(3)
	-	(56)	-	-	(2,731)	-	(2,787)

\* 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.

## GE Capital European Funding Unlimited Company

Notes  
for the half-year ended 30 June 2023 (continued)

### 15 Accounting classifications and fair values

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

<i>In millions of \$</i> 30 June 2023	Fair value through profit or loss		Amortised Cost		Qualifying hedging relationships at amortised cost	Total carrying amount	Fair Value *
	Held for qualifying hedging relationships	Not in qualifying hedging relationships	Loans and receivables	Loans and receivables			
Derivative assets held for trading	-	6	-	-	-	6	6
Loans and advances to GEC affiliates	-	-	3,922	3,922	-	3,922	3,857
	-	6	-	3,922	-	3,928	3,863
Derivative liabilities held for qualifying hedging relationships	(27)	-	-	-	-	(27)	(27)
Loans and advances from GEC affiliates	-	-	(1,003)	(1,003)	-	(1,003)	(999)
Debt securities issued	-	-	(232)	(232)	(1,542)	(1,774)	(1,581)
Other liabilities	-	-	(2)	(2)	-	(2)	(2)
	(27)	-	(1,003)	(234)	(1,542)	(2,806)	(2,609)



## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 16 Financial assets and liabilities

#### Fair value hedging relationships

At 30 June 2023, certain MTN's shown within debt securities issued are in interest rate hedging relationships valued at \$1,205 million (31 December 2022: \$1,243 million). These are nominal valued with respect to the hedged interest risk.

#### Derivatives held for risk management

At 30 June 2023 certain 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, HMS.

	30 June 2023	31 December 2022
	\$'000	\$'000
<b>Derivative assets</b>		
Instrument type:		
Interest rate swaps held for qualifying hedging relationships	-	-
Foreign currency forwards held for trading	6,513	31,343
<b>Derivative liabilities</b>		
Instrument type:		
Interest rate swaps held for qualifying hedging relationships	(27,441)	(56,046)
FX forward held for trading		
	<u>(20,928)</u>	<u>(24,703)</u>

#### 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 MTN's. Interest rate swaps are matched to specific issuances of fixed rate notes. The fair value of derivative assets designated as fair value hedges is \$Nil (31 December 2022: \$Nil) and the fair value of derivative liabilities designated as fair value hedges is \$27 million (31 December 2022: \$56 million)

#### Other derivatives not held in qualifying hedging relationship

The Company use other derivatives, not designated in a qualifying hedge relationship, to manage the exposure to foreign exchange risk. The instruments used are FX forwards. The fair values of those derivatives are shown in the table above.

The notional amounts of all interest rate swaps outstanding at 30 June 2023 were \$1,268 million (31 December 2022: \$1,243 million). The notional amount of all foreign currency forward outstanding at 30 June 2023 were \$368 million (31 December 2022: \$823 million).

## GE Capital European Funding Unlimited Company

### Notes

for the half-year ended 30 June 2023 (continued)

#### 17 Loans and advances

##### Loans and advances to GEC affiliates at amortised cost

	<b>30 June 2023</b>	31 December 2022
	<b>\$'000</b>	\$'000
Amounts falling due within one year	2,852,795	2,824,315
Amounts falling due after one year	1,068,615	1,068,247
	<u>3,921,410</u>	<u>3,892,562</u>

##### Loans and advances from GEC affiliates at amortised cost

	<b>30 June 2023</b>	31 December 2022
	<b>\$'000</b>	\$'000
Amounts falling due within one year:		
Loans and advances from GEC affiliates at amortised cost - due within one year	1,003,259	495,637
	<u>1,003,259</u>	<u>495,637</u>

Please refer to note 13 for details of impairment loss provision recognised in relation to loans and advances to GEC affiliates.

The Company had unutilised loan commitments, all to other GEC affiliates, of \$1,197 million at 30 June 2023 (31 December 2022: \$1,197 million), due to the repayment of loans and advances by GEC affiliates in the period. 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 2025.



## GE Capital European Funding Unlimited Company

### Notes

for the half-year ended 30 June 2023 (continued)

#### 18 Debt securities issued

	<b>30 June 2023</b>	31 December 2022
	<b>\$'000</b>	\$'000
Fixed rate debt securities in qualifying hedging relationship	(1,541,825)	(1,592,985)
Floating rate debt securities issued at amortised cost	(168,636)	(165,208)
Fixed rate debt securities held at amortised cost (no longer in qualifying hedging relationships)	(63,046)	(473,827)
	<u>(1,773,507)</u>	<u>(2,232,020)</u>

At 30 June 2023, \$1,374 million (31 December 2022: \$1,409 million) of nominal debt securities issued are expected to be settled more than twelve months after the reporting date.

Floating rate debt securities issued by the MTN program held at amortised cost have maturities from 6 years to 9 years (31 December 2022: 6 years to 10 years), a weighted average maturity of 7 years (31 December 2022: 7 years) and a range of interest rates from 3 month Euribor plus 0.3400% to 3 month Euribor plus 0.5500% (31 December 2022: from 3 month Euribor plus 0.3400% to 3 month Euribor plus 0.5500%).

Fixed rate debt securities issued in qualifying hedging relationships by the MTN program have a range of maturities from 4 years to 15 years (31 December 2022: 1 year to 15 years), a weighted average maturity of 10 years (31 December 2022: 10 years) and a range of interest rates from 3.65% to 6.025% (31 December 2022: 3.65% to 6.025%).

Fixed rate debt securities issued at amortised cost no longer in qualifying hedging relationships by the MTN program are due to mature in 7 months (31 December 2022: 2 months) with an interest rate of 4.05% (31 December 2022: 2.625%).

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 18 Debt securities issued (continued)

The table below analyses nominal movements in medium term notes and commercial paper:

	<b>30 June 2023</b>	31 December 2022
	<b>Medium Term Notes</b>	Medium Term Notes
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	1,871,012	2,352,378
Maturities	(456,883)	(349,294)
Early redemption	-	
Foreign Exchange (gains)/loss	22,019	(132,072)
<b>Closing Balance</b>	<u>1,436,148</u>	<u>1,871,012</u>

The Company has not had any defaults of principal, interest or other breaches with respect to its debt securities during 2023 or 2022.

### 19 Changes in liabilities from financing activities

	<b>1 January 2023</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>			<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>FX Movements</b>	<b>Fair Value Changes</b>	<b>Accrued interest and fees</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Debt securities issued	2,232,020	(456,883)	22,019	5,141	(28,790)	1,773,507
	<b>1 January 2022</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>			<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>FX Movements</b>	<b>Fair Value Changes</b>	<b>Accrued interest and fees</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Debt securities issued	3,052,808	(349,294)	(132,073)	(333,260)	(6,161)	2,232,020

## GE Capital European Funding Unlimited Company

### Notes

for the half-year ended 30 June 2023 (continued)

### 20 Operating segments

It is the Directors' view that the Company's business is organised as a single segment. The Company has earned its interest income in the Republic of Ireland and the United States and all of the Company's revenues arise from the provision of loans to GEC affiliates and from management fee income from GEC affiliates.

#### Company

	<b>30 June 2023</b>	30 June 2022
	<b>Ireland</b>	Ireland
	<b>\$'000</b>	\$'000
Revenue from loans and advances to GEC affiliates	44,028	9,250
Revenue from commitment fees and management fees from GEC affiliates	<u>301</u>	<u>269</u>
<b>Total segment revenue</b>	<u><u>44,329</u></u>	<u><u>9,519</u></u>
Reportable segment profit/(loss) before tax	<u><u>(14,884)</u></u>	<u><u>47,750</u></u>
	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Reportable segment assets	3,928,158	3,924,128
Reportable segment liabilities	<u><u>(2,805,884)</u></u>	<u><u>(2,786,972)</u></u>

One GEC affiliate, GEF, accounted for 83% of total revenue of the Company during the period (30 June 2022: 97%) and another GEC affiliate, CMS, accounted for 14% of total revenue of the Company during the period (30 June 2022: 0%). No other GEC affiliates accounted for more than 10% of total revenue.

Loans to CMS, accounted for 27% of segment assets at 30 June 2023 (31 December 2022: 27%). Loans to GEF, accounted for 72% of segment assets at 30 June 2023 (31 December 2022: 72%). No other GEC affiliates account for more than 10% of segment assets.

## GE Capital European Funding Unlimited Company

Notes

for the half-year ended 30 June 2023 (continued)

### 21 Related party disclosures

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

The Company enters into financial transactions with other GEC affiliates in the normal course of business. In addition, the Company enters into transactions with GEC affiliates and derivative transactions with HMS. Transactions and balances between the Company and other GEC affiliates are detailed in Notes 4, 5, 6, 7, 9, 13, 14, 15, 16, 17 and 20.

#### Profit and loss transactions with related parties

	30 June 2023 \$'000	30 June 2022 \$'000
Affiliate/Other group companies	39,113	218,698
Intermediate parent	641	-
	<u>39,754</u>	<u>218,698</u>

#### Balances with related parties

	30 June 2023 \$'000	31 December 2022 \$'000
Affiliate/Other group companies	2,875,260	3,348,716
Intermediate parent	20,286	20,238
	<u>2,895,546</u>	<u>3,368,954</u>

The following are the related parties with whom the Group has balances or has transacted with during the period:

GE Financial Funding Unlimited Company	GE Capital International Holdings Limited
GE Capital European Treasury Services Ireland Unlimited Company	GE Capital UK Funding Unlimited Company
GE Capital US Holdings, Inc.	GE Industrial Hedging Services Unlimited Company
GE Financial Holdings Unlimited Company	GE ASSET FINANCE HOLDING UNLIMITED COMPANY
GE Treasury Services Industrial Ireland limited	GE Capital Irish USD Funding Co I Limited
GE RZU Holdings LLC	Hedge Management Services, Inc.
GE Ireland CHF Funding Unlimited Company	Cash Management Services Inc.
GE Capital International Funding Company Unlimited Company	GE Capital Treasury Services (U.S.) LLC
GE Treasury Ireland Services Unlimited Company	GE Capital DG2 Holdings LLC
GE Ireland USD Holdings Unlimited Company	

## GE Capital European Funding Unlimited Company

Notes

*for the half-year ended 30 June 2023 (continued)*

### **21 Related party disclosures (continued)**

#### ***(b) Sale of loans***

In the current period no loans were sold (*31 December 2022: No loans sold*).

#### ***(c) Compensation of key management personnel***

There has been no material change in the remuneration of key management personnel for the period ended 30 June 2023.

Under IAS 24, “Key Management Personnel” are defined as comprising of the Directors together with senior executive officers.

#### ***(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.

#### ***(e) Off balance sheet arrangements***

As part of the wider GEC Group, the Company avail of services provided by other GEC affiliates. These include cash operations, treasury, human resources and technical accounting services.

### **22 Subsequent events**

No significant events affecting the Company occurred since the reporting date, which require adjustment to or disclosure in the unaudited condensed interim financial statements.

### **23 Approval of financial statements**

The unaudited condensed interim financial report was approved by the Directors on 21 September 2023.