

Registration number: 107727

GE Capital European Funding Unlimited Company

Directors' report and audited financial statements

Year ended 31 December 2021

GE Capital European Funding Unlimited Company
Directors' report and audited Financial Statements

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GE Capital European Funding Unlimited Company

Directors and other information

Directors	R. Holmes S. Pouch (appointed 9 Dec 2021) F. Mullin T. Geary M. Power T. Lane (resigned 1 Oct 2021) A. Bhutani (appointed 1 Oct 2021)
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

GE Capital European Funding Unlimited Company

Directors and other information (continued)

Principal bankers	Danske Bank International House 3 Harbourmaster Place I.F.S.C. Dublin 1 D01 KF81 Ireland
	Citi bank CitiGroup Centre, Canary Wharf 33 Canada Square London, ENGLAND E14 5LB
	JP Morgan Chase Bank 270 Park Avenue New York NY 10017, USA
	BNP Paribas 16, Boulevard des Italiens Paris, France
	Barclays Bank Plc 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 2021.

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. The 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 capital markets, primarily to fund the operations of GEC affiliates. The Company's intermediate 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+) (2020: 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 Company will continue in business for the foreseeable future to service existing CP and MTN programmes.

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 page 19. The results for the year are set out in the Statements of Comprehensive Income ('SOCI') on pages 18 and the related notes.

The results before taxation of the Company is profit of USD 74 million (2020: loss of USD 91 million), primarily driven by decreased interest expense from GEC affiliates in the year ended 31 December 2021 as a result of decreased USD LIBOR rates and cash pool principal along with FX gains as a result of the EUR/USD FX rate decreases from 1.2216 as at 31 December 2020 to 1.13775 as at 31 December 2021 (2020: FX rate increases from 1.1213 as at 31 December 2019 to 1.2216 as at 31 December 2020). The decrease in total assets is primarily driven by repayments received on amounts owed by group undertakings which were used to make a cash distribution to the parent GECIHL, MTN maturities and early redemption of MTN. During the year, floating rate debt of USD 380 million and fixed rate debt with a nominal value of USD 260 million has matured (2020: floating rate debt of USD 1,095 million and fixed rate debt with nominal value of USD 2,148 million has matured).

During the year, all derivatives in qualifying hedging relationships were terminated and de-designated in qualifying hedging relationships ahead of GEC to offering to buy and retire external debt ("debt buyback"). During the year, USD 4 million nominal of floating rate debt and USD 712 million nominal of fixed rate debt were bought back for total cash consideration of USD 941 million. As a result of the early termination of derivatives and debt buyback noted above, USD 2,177 million nominal of debt is now no longer held for qualifying hedge relationships as at 31 December 2021 (2020: USD 1,368 million nominal of debt was no longer held for qualifying hedge relationships as at 31 December 2020). See Note 7 for further details.

GE Capital European Funding Unlimited Company

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 took 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 2021. An increase in the average PD of borrowers since 31 December 2020 (31 December 2019: 0.103% to 31 December 2020: 0.287%) used for purposes of calculating the impairment loss provision on Loans and advances to GEC affiliates has been reflected since 31 December 2020, see Note14(a) for further details. Management will continue monitoring and evaluating the effect of COVID-19 on the Company during the 2022 financial year.

On 18 November 2021, the former direct parent GECIHL transferred 94,672,930 Ordinary Shares of USD 1.328674, the entire issued share capital of the Company to GE Capital DG2 Holding LLC ('T3P').

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 and Russia-Ukraine situation, 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.

GE Capital European Funding Unlimited Company

Directors' report (continued)

CP and MTN's

The following table sets out the year on year increase / (decrease) in CP and 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 financial year.

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

	2021	2020
	Year on year increase / (decrease)	
Type of debt / loan		
Liabilities		
Issued Medium Term Notes	(40.5)%	(60.6)%
Loans from GEC affiliates	13.7%	(96.6)%
Assets		
Loans to GEC affiliates	(41.9)%	(57.9)%

The following table sets out the average maturities of MTN in issue at 31 December 2021 and 31 December 2020. The maximum maturity date on the medium term notes is 2038.

	31 December 2021	31 December 2020
Medium Term Notes (floating) at amortised cost	8.57 years	3.5 years
Medium Term Notes (fixed) in qualifying hedging relationships	nil	11.5 years
Medium Term Notes (fixed) held at amortised cost	7.06 years	1.63 years

Principal risk and uncertainties

The main financial risks that the Company is exposed to are foreign exchange risk, liquidity risk, market risk, credit risk and other price risk. The Directors are responsible for the oversight of policies to manage these exposures, as set out in Note 14.

Foreign exchange risk

The Company has exposure to foreign exchange ("FX") risk. This risk arises during the current year, 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 year, the company recorded an FX gain of USD 110 million (31 December 2020: loss of USD (74) million) driven by movement in the Euro/USD rates.

Interest rate risk

During 2021 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 until November 2021, the Company was generally able to reduce interest rate mismatches and in so doing reduced their interest rate risk. The Directors continue to monitor interest rate exposure. See Note 14(c) for an analysis of interest rate exposure at the year-end.

GE Capital European Funding Unlimited Company

Directors' report (continued)

Principal risk and uncertainties (continued)

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 14(b).

Market risk

The carrying 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 14.

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 2021 was USD 9,044 thousand (31 December 2020: USD 14,339 thousand) for the Company, please see Note 14 (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 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.

GE Capital European Funding Unlimited Company

Directors' report (continued)

Principal risk and uncertainties (continued)

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

During the year the Company made a distribution USD 1,500,000,000 to its then parent GECIHL following a share premium reduction of the same amount (2020: USD Nil).

Directors, Secretary and their interests

The Directors are Robert Holmes, Shane Pouch, Aman Bhutani, 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.

Tim lane has resigned effective from 1 October 2021. Aman Bhutani was appointed as director effective from 1 October 2021. Shane Pouch was appointed as director effective from 9 December 2021.

The Secretary is Helena McAneny listed on page 1.

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 42% primarily driven by GE Financial Funding Unlimited Company ('GEFF'), due to repayments received to fund early redemption of external debt and distribution made in the financial year, and the Company's balance of loans and advances from affiliates has increased by 14% due to an increase in the loan from GE Capital Treasury Services (U.S.) LLC ('GECTSLLC') by USD 19 million.

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 books of account 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.

GE Capital European Funding Unlimited Company

Directors' report (continued)

Corporate governance statement (continued)

The preparation and issue of financial reports, including the Financial Statements is managed by the 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 (including subsidiaries) within the GEC Group in advance of each reporting year 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 reconciliation 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 Company level by senior management.

The Company and 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.

As the Company has debt securities principally listed on the London Stock Exchange with a small minority is listed on the London Stock Exchange with a small minority is listed on Luxembourg Stock exchange and Euronext Dublin, it has availed of an exemption from the Financial Services Authority's requirements to make corporate governance disclosures and from auditor review thereof. The Company does not have transferable 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 is not required to include in its Corporate Governance Statement the disclosures required by Section 21 thereof.

Financial reporting

The Company is 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 is 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 European Union (E.U.) 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 the 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 annual Financial Statements. The statutory Financial Statements of the Company are required to be approved by the Directors of the Company and filed with the London Stock Exchange. The statutory Financial Statements are required to be audited by independent auditors who report annually to the Directors on their findings. The Directors evaluate and discuss significant accounting and reporting issues as the need arises.

GE Capital European Funding Unlimited Company

Directors' report (continued)

Corporate governance statement (Continued)

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 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 on-going 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 internal audit programmes and the Financial Statements and 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 as are not exercised by the Companies Act 2014 or by the Articles of Association of the Company required to be exercised by the shareholders in general meeting. Unless otherwise determined by the shareholders in a general meeting, the number of Directors shall not be less than two. Currently the Board of Directors of the Company is composed of six Directors, being those listed on page 1 of these Financial Statements.

The Directors may meet together 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 secretaries 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. On that basis, 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.

GE Capital European Funding Unlimited Company

Directors' report (continued)

Subsequent events

The loan from the Company to GECIHL with a maturity date of 14 January 2022 was extended for a further 3 years to 14 January 2025 at existing pricing. The Directors of the Company have assessed that the business is a going concern for the foreseeable future.

The conflict between Russia and Ukraine continues to evolve as military activity proceeds and additional sanctions are imposed. As the Company does not have any operations in Russia and Ukraine, we do not expect any impact to our operations or financial results.

On 10 March 2022, the Company executed interest rate swaps with a notional of Euro 1,161,647,000. These interest rate swaps were subsequently re-designated in fair value hedge relationships with MTNs of Euro 1,161,647,000.

No other significant events affecting the Company occurred since the reporting date, which require adjustment to or disclosure in the Financial Statements.

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 Financial Conduct Authority's Transparency Rules and Tax laws ('relevant obligations'). 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; and
- 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/she ought to have taken as a Director to make himself/herself 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, KPMG will resign as auditor on completion of the Company's 2021 audit.

Following a global re-tendering exercise by GE and pursuant to section 383(2) of the Companies Act 2014, Deloitte LLP will be appointed as the Company's auditor for the financial year end 31 December 2022.

GE Capital European Funding Unlimited Company

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 as at 31 December 2021 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

DocuSigned by:

R. Holmes

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Director

Date 26 April 2022

DocuSigned by:

Fergal Mullin

11008701E6B9684DC...

Director

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).

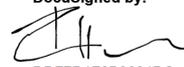
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are 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. 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

DocuSigned by:

DDE7D1F6B9684DC...

R. Holmes

Director

Date 26 April 2022

DocuSigned by:

318240B083284FC...

F. Mullin

Director



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2021 set out on pages 18 to 72, 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 2021 and of its profit 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.

We were appointed as auditor by the directors on 18 November 2002. The period of total uninterrupted engagement is the 20 years ended 31 December 2021. 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 entity'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 has excess cash in its bank accounts.



INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF GE CAPITAL EUROPEAN FUNDING UNLIMITED COMPANY *(continued)*

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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:

Recoverability of loans and advances to GEC affiliates – \$ 4,305,638K (2020: \$7,413,138K)	
<i>Refer to note 2 (accounting policy) and note 20 (financial disclosures)</i>	
The key audit matter	How the matter was addressed in our audit
<p>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 99.8% of total Company assets.</p> <p>There is a judgement involved in determining the recoverable amount of these loans and the associated expected credit loss provisions made on such loans.</p> <p>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.</p>	<p>Our audit procedures included among others:</p> <ul style="list-style-type: none"> • Obtaining and documenting our understanding of the loans monitoring and impairment process and testing of the design and implementation of the relevant control 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 agreeing selected inputs to external data sources including rating agencies; and • Considering adequacy of the related disclosures made in the financial statements. <p>No material misstatements were noted as part of our testing.</p>



INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF GE CAPITAL EUROPEAN FUNDING UNLIMITED COMPANY *(continued)*

Accuracy of hedge accounting	
<i>Refer to note 2 (accounting policy) and note 17 (financial disclosures)</i>	
The key audit matter	How the matter was addressed in our audit
<p>The Company had fixed for floating interest rates swaps and cross currency swaps (the "Swaps") with GE Financial Markets Unlimited Company in order to hedge interest rate risk and currency risk of its notes. Just before the year end, all derivatives in qualifying hedging relationships were terminated and de-designated in qualifying hedging relationships.</p> <p>The application of hedge accounting, including determining effectiveness, is manual in nature, which increases the risk of errors and hence the risk that financial reporting is not in line with the relevant accounting standards.</p>	<p>Our procedures included among others:</p> <ul style="list-style-type: none"> • We obtained and documented our understanding of the hedging process and tested the design and implementation of the relevant control therein; • With the assistance of our valuation specialist, we critically assessed hedge documentation by determining whether it complied with the relevant accounting standards; and • We considered the adequacy of the related disclosures in the financial statements in accordance with the relevant accounting standards including the adequacy of the disclosures in respect to the risks associated with IBOR Reform. <p>No material misstatements were noted as part of our testing.</p>

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

Materiality for the financial statements as a whole was set at \$43 million (2020: \$78.9m), determined with reference to a benchmark of total assets of which it represents 1% (2020: 1%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$2m (2020: \$3.9m), 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 information included in 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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GE CAPITAL EUROPEAN FUNDING UNLIMITED COMPANY *(continued)*

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 8 to 10, 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 12, 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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GE CAPITAL EUROPEAN FUNDING UNLIMITED COMPANY *(continued)*

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 members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

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

27 April 2022

GE Capital European Funding Unlimited Company

Statement of Comprehensive Income for the year ended 31 December 2021

	<i>Note</i>	2021 USD'000	2020 USD'000
Interest income	3	44,004	181,730
Interest expense	4	<u>(5,076)</u>	<u>(111,900)</u>
Net interest income		38,928	69,830
Fee and commission income	5	<u>842</u>	<u>2,995</u>
Net trading income		<u>39,770</u>	<u>72,825</u>
Net expense from financial instruments carried at fair value	7	(78,172)	(79,830)
Service fee expense to GEC affiliates	6	(3,916)	(3,437)
Other expenses		(326)	(4,472)
Movement in provision for impairment	14	5,295	(2,435)
Foreign exchange gain/(loss)	8	<u>110,881</u>	<u>(74,113)</u>
Operating income/(expense)		<u>33,762</u>	<u>(164,287)</u>
Profit/(loss) before income tax		73,532	(91,462)
Tax credit/(charge)	10	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>73,532</u>	<u>(91,462)</u>
Total Profit/(loss) for the period		<u>73,532</u>	<u>(91,462)</u>
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>73,532</u>	<u>(91,462)</u>

The accompanying notes form an integral part of the financial statements.

GE Capital European Funding Unlimited Company

Statement of Financial Position As at 31 December 2021

	<i>Note</i>	31 December 2021 USD'000	31 December 2020 USD'000
Non-current assets: amounts falling due greater than one year			
Derivative assets held for qualifying hedging relationships	17	-	366,607
Derivative assets not in qualifying hedging relationships	17	-	1,359
Loans and advances to GEC affiliates	18	40,000	1,462,580
Current assets: amounts falling due within one year			
Cash and cash equivalents	12	251	544
Derivative assets held for trading	17	8,366	108,400
Loans and advances to GEC affiliates	18	4,265,638	5,950,558
Other assets		609	1,351
Total assets		<u>4,314,864</u>	<u>7,891,399</u>
Creditors: amounts falling due within one year			
Loans and advances from GEC affiliates	18	(157,504)	(138,587)
Debt securities issued	19	(431,611)	(763,924)
Other liabilities		(4,692)	(4,324)
Current liabilities		<u>(593,807)</u>	<u>(906,835)</u>
Net current assets		3,681,057	5,154,018
Total assets less current liabilities		3,721,057	6,984,564
Creditors: amounts falling due after more than one year			
Debt securities issued	19	(2,621,197)	(4,416,154)
Net assets		<u>1,099,860</u>	<u>2,568,410</u>
Capital and reserves			
Share capital	13	125,789	125,789
Share premium	13	1,275,653	2,775,653
Capital contribution	13	293,048	335,130
Undenominated capital reserve	13	15,402	15,402
Accumulated losses		(335,102)	(408,634)
Foreign exchange reserves	13	(274,930)	(274,930)
Shareholders' equity		<u>1,099,860</u>	<u>2,568,410</u>

GE Capital European Funding Unlimited Company

Statement of Financial Position

As at 31 December 2021 (continued)

The accompanying notes an integral part of the Financial Statements.

On behalf of the board

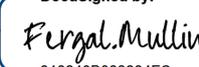
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R. Holmes

Director

Date 26 April 2022

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F. Mullin

Director

GE Capital European Funding Unlimited Company

Statement of Changes in Equity for the year ended 31 December 2021

	Share capital USD'000	Share premium USD'000	Undenominated capital reserves USD'000	Accumulated losses USD'000	Foreign exchange Reserve USD'000	Capital Contribution USD'000	Total USD'000
Balance at 1 January 2020	125,789	2,775,653	15,402	(317,172)	(274,930)	271,393	2,596,135
Total comprehensive loss for the year	-	-	-	(91,462)	-	-	(91,462)
Transactions with owners:							
Capital contribution *	-	-	-	-	-	63,737	63,737
Balance at 31 December 2020	<u>125,789</u>	<u>2,775,653</u>	<u>15,402</u>	<u>(408,634)</u>	<u>(274,930)</u>	<u>335,130</u>	<u>2,568,410</u>
Balance at 1 January 2021	125,789	2,775,653	15,402	(408,634)	(274,930)	335,130	2,568,410
Total comprehensive profit for the year	-	-	-	73,532	-	-	73,532
Transfer deemed capital contribution to retained earnings *	-	-	-	42,082	-	(42,082)	-
Deemed distributions *	-	-	-	(42,082)	-	-	(42,082)
Share Premium reduction	-	(1,500,000)	-	1,500,000	-	-	-
Distribution to parent	-	-	-	(1,500,000)	-	-	(1,500,000)
Balance at 31 December 2021	<u>125,789</u>	<u>1,275,653</u>	<u>15,402</u>	<u>(335,102)</u>	<u>(274,930)</u>	<u>293,048</u>	<u>1,099,860</u>

* Please refer to Note 13 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 2021

	<i>Note</i>	31 December 2021 USD'000	31 December 2020 USD'000
Cash flows from operating activities			
Profit / (loss) for the year		73,532	(91,462)
Adjustments for:			
Net interest income		(38,928)	(69,830)
Foreign exchange (gain)/loss	8	(110,881)	74,113
Impairment loss provision	14	(5,295)	2,435
Change in loans and advances to GEC affiliates		2,965,451	10,366,626
Change in other assets		743	(1,330)
Change in derivative assets held for qualifying hedging relationships		363,843	(132,605)
Fair value movement on fixed rate debt securities in qualifying hedging relationships		(152,216)	180,935
Change in accrued interest on debt securities issued		(246,347)	(71,851)
Change in derivative liabilities held for trading		(213,777)	(175,452)
Change in loans and advances from GEC affiliates		18,904	(3,952,465)
Change in other liabilities and provisions		364	(2,732)
		<u>2,655,393</u>	<u>6,126,382</u>
Interest received		182,088	211,457
Interest paid		(180,065)	(387,991)
Derivative termination receipts		214,168	63,045
		<u>2,871,584</u>	<u>6,012,893</u>
Cash flows from financing activities			
Debt securities redeemed		(1,356,061)	(6,429,013)
Share premium reduction		(1,500,000)	-
		<u>(2,856,061)</u>	<u>(6,429,013)</u>
Net cash flows from financing activities		<u>(2,856,061)</u>	<u>(6,429,013)</u>
Net increase/(decrease) in cash and cash equivalents		15,523	(416,120)
Cash and cash equivalents at 1 January	12	544	552
Effect of exchange rate fluctuations on cash held		(15,816)	416,112
		<u>251</u>	<u>544</u>
Cash and cash equivalents at 31 December	12	<u>251</u>	<u>544</u>

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

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021

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 2021 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 with a small minority is listed on Luxembourg Stock exchange and Euronext Dublin.

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 15.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

1 Basis of preparation (continued)

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 14, 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

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 and Russia Ukraine situation, 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

Transactions and balances

Foreign currency transactions are translated into the functional currency using average exchange rates applicable to this 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 Statement of Comprehensive Income. 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

Foreign currency translation (continued)

The assets and liabilities of foreign currency, 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 Statement of Comprehensive Income using the effective interest rate 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 estimates 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.

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 Statement 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 transaction and service fees. They are expensed as the services are received.

(e) Net income/ (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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

(f) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement 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 profit or loss;
- 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.

Additional taxes that arise from the distribution of dividends by the Company is 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

Recognition and initial measurement (continued)

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 derecognises 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 derecognises 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:

- It is held within a business model whose objective it is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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:

- It is held within a business model whose objective it is to both collect contractual cash flows and sell financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The business model of the Company for loans and advances is to hold assets to collect contractual cash flows. 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 does 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

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 is derecognised and the consideration paid is recognised in SOCI.

Interest rate benchmark reform

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 has a legal right to set off the amounts and intends 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

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 establishes 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 calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data where possible.

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 has 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

(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 14 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.

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 experienced a significant 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).

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

(i) Impairment (continued)

Credit-impaired financial assets (continued)

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.

(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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

Hedges directly affected by interest rate benchmark reform

The Company has adopted Interest rate benchmark (IBOR) reform Phase 2 amendments and retrospectively applied them from 1 January 2021.

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. 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; or
- updating the description of the hedging instrument.

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 using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach 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.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Company deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Policy applicable for all hedging relationships

On initial designation of the hedge, 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%.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

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

(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 Statement 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

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

2 Significant accounting policies (continued)

(m) Debt securities issued

Debt securities issued are the Company's source of debt funding.

The Company classifies 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 profit or loss in the Statement of Comprehensive income as described in the accounting policy (k).

The Company carries certain debt securities at fair value through the profit or loss, with fair value changes recognised immediately through profit or loss in the Statement 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 2021. 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.

Newly effective EU-endorsed standard for 01 Jan 2021 to 31 Dec 2021

New standards of amendments	Effective date
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)	1 June 2021

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***2 Significant accounting policies (continued)****(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:

Standards not / not yet endorsed by the EU

Classifications of liabilities as current and non current (Amendments to IAS 1)	Not yet endorsed
Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Not yet endorsed
Definition of accounting estimates (Amendments to IAS 8)	Not yet endorsed
Sale of contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Not endorsed

3 Interest income

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

	2021	2020
	USD'000	USD'000
Interest Income	44,004	181,730
	<u>44,004</u>	<u>181,730</u>

4 Interest expense

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

	2021	2020
	USD'000	USD'000
Net interest expense for financial assets and liabilities:		
Debt securities issued;		
- in qualifying hedging relationships at adjusted amortised cost	(341,315)	(211,618)
- at amortised cost	(987)	(6,034)
Adjustment for the amortisation of fair value component of debt associated with terminated derivative assets, or those no longer in a hedging relationship	337,354	137,208
Interest expense on loans and advances from GEC affiliates	(124)	(31,456)
Bank charges	(4)	-
	<u>(5,076)</u>	<u>(111,900)</u>

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.

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***5 Fee and commission income**

	2021	2020
	USD'000	USD'000
Commitment fee income from GEC affiliates	835	1,832
Management fee income from GEC affiliates	7	1,163
	<u>842</u>	<u>2,995</u>

Decrease in commitment fee income from GEC affiliates primarily driven by decrease in unused facilities on loans and advances to GEC affiliates. There is no management fee income in 2021, as all staff and related costs are now charged to affiliates by GE Treasury Ireland Services UC ("T2K"), the figure in 2021 is the true up for 2020 management fees.

6 Service fee expense to GEC affiliates

	2021	2020
	USD'000	USD'000
Service fee expense to GEC affiliates	(3,916)	(3,437)
	<u>(3,916)</u>	<u>(3,437)</u>

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 period ending 31 December 2021 and 31 December 2020.

7 Net expense from financial instruments carried at fair value

	2021	2020
	USD'000	USD'000
Fair value movement on interest rate swaps:		
- in qualifying hedging relationships	(298,338)	45,829
- not in qualifying hedging relationships	-	(3,202)
Realised profit on early termination of interest rate swap	214,168	50,361
Fair value movement on fixed rate debt securities issued in qualifying hedging relationships	97,365	(95,918)
Gain/(loss) on foreign currency forwards	(55,585)	-
Fair value movement in embedded derivatives	-	8,254
Net expense from cross-currency swaps carried at fair value *	(35,782)	(85,154)
	<u>(78,172)</u>	<u>(79,830)</u>

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***7 Net expense from financial instruments carried at fair value (continued)**

* The Company entered into cross-currency swaps to hedge certain debt securities resulting in an interest expense of (USD 16,438 thousand) and fair value movement of (USD 19,344 thousand) for the year ended 31 December 2021 (2020: interest expense (USD 72,992 thousand) and fair value movement (USD 12,162 thousand)). All the cross currency swaps were terminated in November 2021 and replaced with foreign currency forwards to hedge foreign currency exposure. The termination resulted in realising a loss on the terminated the cross-currency swaps of (USD 20,909 thousand) (2020: (USD 25,667 thousand)).

During the year, the Company offered to buy and retired external debt ('debt buyback'). The debt buyback was executed on 1 December 2021. Associated with the transaction was the termination of USD 1,874 million nominal of interest rate swaps in qualifying hedging relationships which were subsequently de-designated from qualifying hedging relationships. The termination resulted in realising a gain on the terminated the interest rate swaps of USD 214 million, which had previously been recognised as an unrealised gain in the fair value movement on interest rate swaps. The transaction also resulted in USD 4 million nominal of floating rate debt and USD 712 million nominal of fixed rate debt being bought back for total cash consideration of USD 941 million. This termination of securities in qualifying hedging relationships that can be seen in the above table.

In the 2020 financial year, debt buybacks were executed on 23 April, 19 May and 22 December 2020. The effect of these transactions 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 termination resulted in realising a gain on the terminated derivatives of USD 50 million. The transaction also 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.

8 Foreign exchange gain/(loss)

	2021	2020
	USD'000	USD'000
Foreign exchange gain/(loss)	<u>110,881</u>	<u>(74,113)</u>
Total foreign exchange gain/(loss)	<u><u>110,881</u></u>	<u><u>(74,113)</u></u>

The foreign exchange gain 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 1.2216 as at 31 December 2020 to 1.13775 as at 31 December 2021 (2020: FX rate increases from 1.1213 as at 31 December 2019 to 1.2216 as at 31 December 2020).

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***9 Profit/(loss) before taxation**

	2021	2020
	USD'000	USD'000
Profit/(loss) before taxation has been arrived at after charging		
Directors' remuneration *	75	66
Auditor's remuneration		
Audit of Company financial statements	89	75
Other assurance services	37	28
Tax advisory services	-	-
Other non-audit services	-	-
	<u>-</u>	<u>-</u>

*Includes, short term benefits and post-employment benefits in respect of key management personnel. Directors' remuneration for the year ended 31 December 2021 was paid by an affiliated entity, T2K, 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 75 thousand for the year ended 31 December 2021 (2020: USD 66 thousand).

10 Income tax charge

	2021	2020
	USD'000	USD'000
Analysis of charge/(credit) in year		
<i>Current tax:</i>		
Total current tax	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Total tax charge in the Income Statement	<u>-</u>	<u>-</u>

Reconciliation of effective rate

	2021	2020
	USD'000	USD'000
Profit/(loss) before taxation	<u>73,532</u>	<u>(91,462)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in Republic of Ireland of 12.5% (2020:12.5%)	9,192	(11,433)
<i>Tax effect of:</i>		
Non-taxable income	(2,710)	(320)
Non-deductible expenditure	7,112	2,758
Losses surrendered to other group companies	-	8,995
Losses carried forward utilised	<u>(13,594)</u>	<u>-</u>
Total tax charge/(credit) in the profit or loss	<u>-</u>	<u>-</u>

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***11 Deferred tax**

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 2021 (31 December 2020: USD Nil). The Company has an unrecognised deferred tax asset at year end of USD 68,615,086 (2020: USD 83,507,335) which relates to losses carried forward. These losses may be carried forward indefinitely against profits of the same trade.

12 Cash and cash equivalents

	31 December 2021	31 December 2020
	USD'000	USD'000
Cash and balances with banks	<u>251</u>	<u>544</u>
	<u>251</u>	<u>544</u>

There were no restricted cash balances at the year end (*31 December 2020: USD Nil*). Cash balances are held with Barclays rated A (2020: Barclays Bank A and Societe Generale A). The percentage of cash held by bank is Barclays Bank 100% (2020 Barclays Bank 48.02% and Societe Generale 51.98%).

All 2021 and 2020 ratings are S&P long-term counterparty credit ratings as at 31 December 2021 and 31 December 2020.

13 Share capital, share premium and reserves

	31 December	31 December
	2021	2020
Company	USD'000	USD'000
<i>Authorised</i>		
100,000,000 Ordinary Shares of USD 1.328674 each	<u>132,867</u>	<u>132,867</u>
<i>Allotted</i>		
94,672,930 Ordinary Shares of USD 1.328674 each	<u>125,789</u>	<u>125,789</u>

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***13 Share capital, share premium and reserves (continued)**

	Share capital USD'000	Share premium USD'000	Undenominated capital reserves USD'000	Foreign exchange reserve USD'000	Capital contribution USD'000	Total USD'000
Opening at 1 January 2020	125,789	2,775,653	15,402	(274,930)	271,393	2,913,307
Issued during the year	-	-	-	-	63,737	63,737
Balance at 31 December 2020	<u>125,789</u>	<u>2,775,653</u>	<u>15,402</u>	<u>(274,930)</u>	<u>335,130</u>	<u>2,977,044</u>
Opening at 1 January 2021	125,789	2,775,653	15,402	(274,930)	335,130	2,977,044
Share Premium reduction	-	(1,500,000)	-	-	-	(1,500,000)
Transfer deemed capital contribution to retained earnings	-	-	-	-	(42,082)	(42,082)
Balance at 31 December 2021	<u>125,789</u>	<u>1,275,653</u>	<u>15,402</u>	<u>(274,930)</u>	<u>293,048</u>	<u>1,434,962</u>

On 22 October 2021, the Company passed a written resolution to reduce the share premium account of the Company by an amount of USD 1,500,000,000 in connection with an internal reorganization, and made a cash distribution to the Company's parent GECIHL on the same day.

On 18 November 2021, the former direct parent GECIHL transferred 94,672,930 Ordinary Shares of USD 1.328674, the entire issued share capital of the Company to T3P.

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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

13 Share capital, share premium and reserves (continued)

In prior years, 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 were subsequently amended which reduced the excess of interest over market rates resulting in a reduction in capital contribution during the comparative period. On the renewal of the loan in the prior year, the new interest rate was below market rates and the difference between the interest rate and the market rate of interest was treated as a distribution. The interest rate on the loan was subsequently lowered during the year and the difference between this lower rate and the market rate of interest was recorded as a deemed distribution. In order to offset the impact of this deemed distribution on the retained earnings balance of the Company, a portion of the deemed capital contribution balance, in the amount of USD 42,082 thousand was transferred to the retained earnings balance of the Company.

14 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.

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.

(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 and continually assess recoverability of loans (see points below). The Directors set the credit policy to minimise the risk to earnings and capital. All loans and advances made by the Company with GEC affiliates are the loans on demand. All loans are uncollateralized.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(a) Credit risk (continued)

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.

A comprehensive due diligence is carried out on each borrower annually as part of the repricing process.

As at 31 December 2021 the total carrying amount of lending exposed to credit risk in the Company amounted to USD 4,306 million (*31 December 2020: USD 7,413 million*).

As at 31 December 2021, the loans and advances to GECIHL was 26% (31 December 2020: 20%) of the total loan portfolio for the Company. As at 31 December 2021, the loans and advances to GE Financial Funding Unlimited Company ("GEFF") was 73% (2020: 80%) 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 2021, the Directors considers none of the loans and advances to GEC affiliates to be either past due or impaired.

Cash and cash equivalents are held with financial institutions rated A (2020: A) by S&P at the year-end as per Note 12.

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 2021 and 2020.

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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 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 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- an analysis model used to assess the credit risk of the Company, 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(a) Credit risk (continued)

The following tables provides information about exposure to credit risk and ECLs for the Company as at 31 December 2021. All loans are considered low-risk. The impairment allowance includes the ECL on loan commitments.

31 December 2021	S&P rating	Gross carrying amount *	Impairment allowance	Credit-impaired?
		USD'000	USD'000	
Loans and advances to GEC affiliates	BBB+	5,333,037	(9,044)	No
31 December 2020	S&P rating	Gross carrying amount *	Impairment allowance	Credit-impaired?
		USD'000	USD'000	
Loans and advances to GEC affiliates	BBB+	8,571,315	(14,339)	No
Impairment allowance		31 December 2020	31 December 2021	Movement
		USD'000	USD'000	USD'000
Loans and advances to GEC affiliates		(14,339)	(9,044)	5,295
Impairment allowance		31 December 2019	31 December 2020	Movement
		USD'000	USD'000	USD'000
Loans and advances to GEC affiliates		(11,904)	(14,339)	(2,435)

*The gross carrying amount in the above table includes USD 1,027 million (2020: USD 1,158 million) of commitments made to GEFM and GECHIL for the future loan financing.

The decrease in loss allowance is mainly attributable to the reduction in the principal of loans and advances to GEC affiliates. As a result, USD 5 million impairment allowance is released in profit and loss. PD rates are consistent with the prior year (average PD rate is 0.282% as at 31 December 2021 and 0.287% as at 31 December 2020).

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 2021 (2020: 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 2021. 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 2021 the bilateral adjustment for the Company amounted to USD 31 million which has been recorded as a credit to the 'Net expense from financial instruments carried at fair value' in the Statements of Comprehensive Income (2020: USD 14 million debit).

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 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 cash pool should it be required.

The Company's intermediate parent 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, 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 2021, the Company held derivative assets for qualifying hedging relationships purposes of USD Nil (2020: USD 367 million) and derivative assets for trading purposes of USD 8 million (2020: USD 110 million). The Company held derivative liabilities for qualifying hedging relationships purposes of USD Nil (2020: USD Nil) and derivative liabilities for trading purposes of USD Nil as at 31 December 2021 (2020: Nil).

All derivatives were placed with another GEC affiliate whose external derivative liabilities are backed by GEC's BBB+ (2020: 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, all derivatives in qualifying hedging relationships were early terminated and de-designated in qualifying hedging relationships ahead of the debt buyback. The effect of the transaction resulted in fixed rate debt with a nominal value of USD 2,177 million failing hedge effectiveness consequently it is held at amortised cost not in qualifying hedging relationships at the year end.

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***14 Financial risk management (continued)****(b) Liquidity risk (continued)****Residual contractual maturities of financial assets**

	Note	Carrying amount	Current amount	Non-current amount
<i>In millions of USD</i>				
31 December 2021				
<i>Non-derivative financial assets</i>				
Loans and advances to GEC affiliates	18	4,306	4,266	40
Other assets		<u>1</u>	<u>1</u>	<u>-</u>
		<u>4,307</u>	<u>4,267</u>	<u>40</u>
<i>Derivative assets</i>				
Inflow - held for trading	17	1,243	1,243	-
Outflow - held for trading	17	<u>(1,235)</u>	<u>(1,235)</u>	<u>-</u>
		<u>8</u>	<u>8</u>	<u>-</u>
		<u>4,315</u>	<u>4,275</u>	<u>40</u>
	Note	Carrying amount	Current amount	Non-current amount
<i>In millions of USD</i>				
31 December 2020				
<i>Non-derivative financial assets</i>				
Loans and advances to GEC affiliates	18	7,413	5,950	1,463
Cash and cash equivalents	12	1	1	-
Other assets		<u>1</u>	<u>1</u>	<u>-</u>
		<u>7,415</u>	<u>5,952</u>	<u>1,463</u>
<i>Derivative assets</i>				
Inflow - held for qualifying hedging relationships	17	1,273	(31)	1,304
Inflow - held for trading	17	2,553	2,245	308
Outflow - held for qualifying hedging relationships	17	(907)	-	(907)
Outflow - held for trading	17	<u>(2,443)</u>	<u>(2,136)</u>	<u>(307)</u>
		<u>476</u>	<u>78</u>	<u>398</u>
		<u>7,891</u>	<u>6,030</u>	<u>1,861</u>

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

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(b) Liquidity risk (continued)

Residual contractual maturities of financial liabilities		Carrying amount inflow/(outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Note	Gross nominal amount inflow/(outflow)						
<i>In millions of USD</i>							
31 December 2021							
<i>Non derivative liabilities</i>							
Loans and advances from GEC affiliates	18	158	(158)	-	-	-	-
Debt securities issued	19	3,053	(315)	-	(215)	(841)	(1,912)
Other liabilities		5	(5)	-	(5)	-	-
		3,216	(473)	-	(220)	(841)	(1,912)
<i>Derivative liabilities</i>							
Undrawn loan commitments		-	-	-	-	-	-
		-	-	-	-	(1,027)	-
		3,216	(473)	-	(220)	(1,868)	(1,912)

As at 31 December 2021, loans and advances from GEC affiliates represent outstanding principal and interest balances on cashpool borrowings with a GEC affiliate.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(b) Liquidity risk (continued)

Residual contractual maturities of financial liabilities (continued)		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 USD</i>									
31 December 2020									
<i>Non derivative liabilities</i>									
Loans and advances from GEC affiliates	18	139	(139)	(139)	-	-	-	-	-
Debt securities issued	19	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

Undrawn loan commitments		-	-	-	-	-	-	-	-
		-	(1,158)	-	-	-	(1,158)	-	-
		5,323	(6,740)	(238)	-	(817)	(2,788)	(2,897)	-

As at 31 December 2020, loans and advances from GEC affiliates represent outstanding principal and interest balances on cashpool borrowings with a GEC affiliate.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 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 3 years (2020: 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 2021 and 31 December 2020 and the net exposure in original currency and USD of those monetary assets and liabilities.

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***14 Financial risk management (continued)****(c) Market risks (continued)****Exposure to foreign currency risk (continued)****31 December 2021**

Currency	Original Currency Amounts		Swaps/FX forwards	Net Exposure	Rates	Net Exposure
	Monetary Assets	Monetary Liabilities				
	'000	'000	'000	'000		USD'000
EUR	979,801	(2,701,951)	1,088,313	(633,837)	1.1378	(721,180)
GBP	186	-	-	186	1.3529	251

31 December 2020

Currency	Original Currency Amounts		Swaps	Net Exposure	Rates	Net Exposure
	Monetary Assets	Monetary Liabilities				
	'000	'000	'000	'000		USD'000
EUR	1,497,770	(4,285,561)	2,089,753	(698,038)	1.2216	(852,724)
GBP	191	-	-	191	1.367	261

Since August 2017, through the use of cross currency swaps, the Company was able to reduce currency exposure, but 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 31 December 2021 would give rise to approximately a USD 7 million loss/profit based on the net exposure at 31 December 2021 (2020: A 3% appreciation/depreciation gave rise to approximately a USD 29 million loss/profit).

A 1% appreciation/depreciation in the GBP/USD exchange rate as at 31 December 2021 would give rise to approximately a USD 0.01 million loss/profit based on the net exposure at 31 December 2021 (2020: A 1% appreciation/depreciation gave rise to approximately a USD 0.01 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 exposures to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. The Company's main IBOR exposure at 31 December 2020 was US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Company has finished the process of amending contractual terms or implementing appropriate fallback provisions in response to IBOR reform by the end of 2021. Although US dollar LIBOR was planned to be discontinued by the end of 2021, in November 2020 the ICE Benchmark Administration (IBA), the FCA-regulated and authorised administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain USD LIBORs after June 2023. As at 31 December 2021, it is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place. Nevertheless, the Company had finished the process of implementing appropriate fallback provisions for all US dollar LIBOR indexed exposures by the end of 2021.

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***14 Financial risk management (continued)****(c) Market risk (continued)****Interest rate benchmark reform (continued)****(i) Overview (continued)**

The IBOR reform committee monitors and manages the transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform to counterparties. The Company monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Company considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract'). The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 1 January 2021 and at 30 December 2021. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

31 December 2021	USD Libor (in millions of USD)	
	Total amount of unreformed contracts	Amount with appropriate fallback clause
Financial assets		
Loan and advances to GEC affiliates	-	3,194
Financial liabilities		
Loan and advances from GEC affiliates	-	(136)
Floating debt securities issued	-	-
Derivatives		
Floating interest rate swaps	-	-
Cross currency swaps	-	-
Foreign currency forwards	-	8

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***14 Financial risk management (continued)****(c) Market risk (continued)****Interest rate benchmark reform (continued)****(i) Overview (continued)**

1 January 2021	USD Libor (in millions of USD)	
	Total amount of unreformed contracts	Amount with appropriate fallback clause
Financial assets		
Loan and advances to GEC affiliates	-	5,888
Financial liabilities		
Loan and advances from GEC affiliates	-	(84)
Floating debt securities issued	-	-
Derivatives		
Floating interest rate swaps	-	-
Cross currency swaps	(2,438)	-

(ii) Non derivative financial assets

The Company's IBOR exposures to non-derivative financial assets as at 31 December 2021 were loans and advances to GEC affiliates indexed to USD LIBOR. As explained above, in respect of USD LIBOR exposures, the Company has been a party to agreements that introduce fallback clauses into all such instruments.

These clauses automatically switch the instrument from USD LIBOR to SOFR as and when USD LIBOR ceases. It is unclear when the announcement that will set a date for the termination of the publication of USD LIBOR will take place.

(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 December 2021 and 31 December 2020 as a result of IBOR reform. The calculation methodology of Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor for both existing and new contracts and the Company expects that Euribor will continue to exist as a benchmark rate for the foreseeable future.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(c) Market risk (continued)

Interest rate benchmark reform (continued)

(iii) Non derivative financial liabilities (continued)

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 5 million (2020: 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(c) Market risks (continued)

Exposure to interest rate risk

31 December 2021	Carrying Amount USD'm	Non Interest bearing USD'm	Less than 3 month USD'm	3-6 month USD'm	6-12 month USD'm	1-5 years USD'm	More than 5 years USD'm
Cash and cash equivalents	-	-	-	-	-	-	-
Derivative assets held for trading	8	8	-	-	-	-	-
Other assets	1	1	-	-	-	-	-
Loans and advances to GEC affiliates	4,306	(12)	-	-	4,278	40	-
	4,315	(3)	-	-	4,278	40	-
Loans and advances from GEC affiliates	(158)	-	(158)	-	-	-	-
Debt securities issued	(3,053)	(63)	(250)	-	(118)	(572)	(2,049)
Other liabilities	(5)	(5)	-	-	-	-	-
	(3,216)	(68)	(408)	-	(118)	(572)	(2,049)
Effect of derivatives held for risk management (notional)	-	-	-	-	-	-	-
Average fixed interest rate			0.8%	-	5.98%	3.34%	4.74%
Sensitivity gap			(408)	-	4,160	(532)	(2,049)

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(c) Market risks (continued)

Exposure to interest rate risk (continued)

31 December 2020	Carrying Amount	Non Interest bearing	Less than 3 month	3-6 month	6-12 month	1-5 years	More than 5 years
	USD'm	USD'm	USD'm	USD'm	USD'm	USD'm	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	-	(2,151)	-	-	5,457	39	(1,263)

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 Financial risk management (continued)

(c) Market risk (continued)

In millions of USD

31 December 2021		Carrying amount		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
Nominal amount	Assets	Liabilities					
Interest rate swaps held for qualifying hedging relationships	-	-	-	Non-Current Assets: Derivative assets held for qualifying hedging relationships; Current Assets: (298)	(232)		Net expense from financial instruments carried at fair value
31 December 2020							
Interest rate swaps held for qualifying hedging relationships	2,012	367	-	Non-Current Assets: Derivative assets held for qualifying hedging relationships; Current Assets: 46	(40)		Net expense from financial instruments carried at fair value

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

14 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 95% (2020: 96%) of Company revenue.

In addition to the above, the Company had entered into lending commitments of USD 1,027 million (*31 December 2020: USD 1,158 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.

15 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 14).

A. Judgements

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

(a) Allowances for impairment

Note 2 (i) and Note 14 (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 14.

B Sources of estimation uncertainty

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

As indicated in Note 16, 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 forming part of the financial statements 31 December 2021 (continued)

15 Use of estimates and judgements (continued)

B Sources of estimation uncertainty (continued)

(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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

15 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. At the year end, the carrying amount of the financial instruments in the Company is a reasonable approximation of fair value.

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

During the year ended 31 December 2021 and 31 December 2020, 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 has 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 period, see Note 7.

During the year, all derivatives in qualifying hedging relationships were early terminated ahead of the debt buyback. The effect of the transaction resulted in the termination of USD 1,874 million nominal of derivatives in qualifying hedging relationships which were subsequently de-designated from qualifying hedging relationships.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

16 Accounting classifications and fair values

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

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

<i>In millions of USD</i>	Fair value through SOCI		Amortised Cost		Fair Value *
	Held for qualifying hedging relationships	Derivatives not in qualifying hedging relationships	Amortised cost	Qualifying hedging relationships at amortised cost	
31 December 2021					
Cash and cash equivalents	-	-	-	-	-
Derivative assets held for qualifying hedging relationships	-	-	-	-	-
Derivative assets not in qualifying hedging relationships	-	8	-	-	8
Other assets	-	-	1	-	1
Loans and advances to GEC affiliates	-	-	4,306	-	4,307
	-	8	4,307	-	4,315
	-	-	(158)	-	(158)
Loans and advances from GEC affiliates	-	-	-	-	-
Derivative assets not in qualifying hedging relationships	-	-	(3,053)	-	(3,053)
Debt securities issued	-	-	(5)	-	(5)
Other liabilities	-	-	(3,216)	-	(3,216)
	-	-	-	-	(3,162)

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

16 Accounting classifications and fair values (continued)

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

* 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 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.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

17 Financial assets and liabilities

Fair value hedging relationships

At 31 December 2021, as a result of the early termination of all derivatives held for interest rate hedging purposes and de-designation of all hedge relationships no MTNs are in a hedge relationship and carried at amortized cost. (31 December 2020: USD 2,012 million of MTNs were held in interest rate hedging relationships).

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 1,874 million failed hedge effectiveness.

	31 December 2021 USD'000	31 December 2020 USD'000
Derivative assets		
Instrument type:		
Interest rate swaps held for qualifying hedging relationships	-	366,607
Foreign currency forwards held for trading	8,366	-
Cross currency swaps held for trading	-	109,759
Derivative liabilities		
Instrument type:		
Cross currency swaps held for trading	-	-
	8,366	476,366

Fair value hedges of interest rate risk

Prior to the termination of all derivatives held for interest rate hedging purposes in December 2021, the Company used interest rate swaps to hedge its exposure to changes in the fair value of its fixed rate EURO MTN's. Interest rate swaps were matched to specific issuances of fixed rate notes. At 31 December 2021, the fair value of derivative assets designated as fair value hedges is USD Nil (31 December 2020: USD 367 million) and the fair value of derivative liabilities designated as fair value hedges is USD Nil (31 December 2020: USD Nil).

Other derivatives held for qualifying hedging relationship

The Company uses 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, cross-currency swaps and foreign currency forwards. The fair values of those derivatives are shown in the table above.

The notional amounts of all interest rate swaps outstanding at 31 December 2021 were nil (2020: USD 2,012 million). The notional amounts of all cross-currency swaps outstanding at 31 December 2021 were nil (2020: USD 2,438 million). The notional amounts of foreign currency forwards outstanding at 31 December 2021 were USD 1,238 million (2020: USD Nil).

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***18 Loans and advances****Loans and advances to GEC affiliates at amortised cost**

	31 December 2021	31 December 2020
	USD'000	USD'000
Amounts falling due within one year	4,265,638	5,950,558
Amounts falling after one year	40,000	1,462,580
	<u>4,305,638</u>	<u>7,413,138</u>

Loans and advances from GEC affiliates at amortised cost

	31 December 2021	31 December 2020
	USD'000	USD'000
Amounts falling due within one year:		
Loans and advances from GEC affiliates at amortised cost	157,504	138,587
	<u>157,504</u>	<u>138,587</u>

Please see Note 14 for details of impairment loss provision 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
2021				
EUR	18,684	21,258	0.00000%	On demand
USD	136,246	136,246	0.28925%	On demand
Total		<u>157,504</u>		
2020				
EUR	44,493	54,353	0.00000%	On demand
USD	84,234	84,234	0.25475%	On demand
Total		<u>138,587</u>		

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***19 Debt securities issued**

	31 December 2021	31 December 2020
	USD'000	USD'000
Fixed rate debt securities in qualifying hedging relationship	-	3,168,006
Floating rate debt securities issued at amortised cost	175,209	574,393
Fixed rate debt securities held at amortised cost (no longer in qualifying hedging relationships)	2,877,599	1,437,679
	<u>3,052,808</u>	<u>5,180,078</u>

At 31 December 2021, USD2,621 million (31 December 2020: USD4,416 million) of nominal debt securities issued are expected to be settled more than twelve months after the reporting date.

	31 December 2021	31 December 2020
	USD'000	USD'000
Debt securities at amortised cost		
Medium term notes - floating rate	175,209	574,393
	<u>175,209</u>	<u>574,393</u>

	31 December 2021	31 December 2020
	USD'000	USD'000
Debt securities issued in qualifying hedging relationship		
Medium term notes fixed rate	-	3,168,006
	<u>-</u>	<u>3,168,006</u>

	31 December 2021	31 December 2020
	USD'000	USD'000
Debt securities at amortised cost no longer in qualifying hedging relationships		
Medium term notes fixed rate	2,877,599	1,437,679
	<u>2,877,599</u>	<u>1,437,679</u>

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***19 Debt securities issued (continued)**

The carrying amount of financial liabilities designated at amortised cost in qualifying hedging relationships at 31 December 2021 was USD nil (2020: USD 1,078 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 2021 is as follows:

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

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate	Repayment Terms
EUR	891,629	1,014,450	6.0250%	01 March 2038
EUR	356,268	405,344	4.6250%	22 February 2027
EUR	221,444	251,948	0.8000%	21 January 2022
EUR	105,555	120,096	5.9800%	16 September 2022
EUR	451,282	513,446	2.6250%	15 March 2023
EUR	62,529	71,143	4.0500%	13 February 2024
EUR	130,451	148,420	3.6500%	23 March 2032
EUR	238,681	271,560	3.6500%	23 August 2032
EUR	71,362	81,192	5.7500%	15 April 2030
Total EUR		2,877,599		

Floating rate debt securities issued at amortised cost

Currency	Amount ('000)	USD Equivalent ('000)	Interest Rate	Repayment Terms
EUR	104,130	118,474	3M EURIBOR+0.3400%	29 June 2029
EUR	49,866	56,735	3M EURIBOR+0.5500%	15 October 2032
Total EUR		175,209		

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***19 Debt securities issued (continued)**

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 EUR		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 EUR		574,393		

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 EUR		1,437,679		

The Company had undrawn loan commitments, all to other GEC affiliates, of USD 1,027 million at 31 December 2021 (2020: USD 1,158 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 2024. The table below analyses nominal movements in medium term notes.

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***19 Debt securities issued (continued)**

	31 December 2021	31 December 2020
	Medium Term	Medium Term
	Notes	Notes
	USD'000	USD'000
Opening balance	3,954,452	10,024,590
Maturities	(640,207)	(3,242,523)
Early redemption	(715,854)	(3,122,027)
Foreign exchange (gain)/loss	(246,013)	294,412
Closing Balance	2,352,378	3,954,452

The Company have not had any defaults of principal, interest or other breaches with respect to its debt securities during 2021 or 2020.

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 2021 and 31 December 2020.

GE Capital European Funding Unlimited Company*Notes forming part of the financial statements 31 December 2021 (continued)***20 Changes in liabilities from financing activities**

1 January 2021	Cash Flows	Non-cash Changes		31 December 2021
		FX Movements	Fair Value Changes	Accrued interest and fee
	USD'000	USD'000	USD'000	USD'000
31 December 2021	(1,356,061)	(246,013)	(493,621)	(31,575)
Debt securities issued	5,180,078			3,052,808

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

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

21 Related party disclosures

On 18 November 2021, the former direct parent GECIHL transferred 94,672,930 Ordinary Shares of USD 1.328674, the entire issued share capital of the Company to T3P.

(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 enters into 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, 15, 16, 17, 18, 22, 23 and 24.

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

	31 December 2021 USD'000	31 December 2020 USD'000
Affiliate / Other group companies	129,436	149,974
Intermediate parent	-	5,255
	<u>129,436</u>	<u>155,229</u>

Balances with related parties

	31 December 2021 USD'000	31 December 2020 USD'000
Intermediate parent	1,114,117	1,456,926
Affiliate/Other group companies	3,038,343	6,291,758
	<u>4,152,460</u>	<u>7,748,684</u>

The following are the related parties with the Company 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 Financial Markets Unlimited Company
GE Capital US Holdings, Inc.	GE Capital UK Funding Unlimited Company
GE Financial Markets Funding I	GE Ireland Financial Funding Unlimited Company
GE Capital Irish PLZ Funding Co Unlimited Company	GE Treasury Services Industrial Ireland limited
GE Industrial Funding (Ireland) Unlimited Company	GE Industrial Hedging Services Unlimited Company
GE Albany Funding Unlimited Company	General Electric Services (Bermuda) Ltd.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

21 Related party disclosures (continued)

GE Capital International Funding Company Unlimited Company	GE Capital Irish USD Funding Co I Limited
GE Ireland Holdings Unlimited Company	GE Ireland CHF Funding Unlimited Company
GE Ireland USD Holdings Unlimited Company	GE Financial Holdings Unlimited Company
GE Capital Treasury Services (U.S.) LLC	GE ASSET FINANCE HOLDING UNLIMITED COMPANY
GE Capital DG2 Holdings LLC	GEFM Edinburgh Limited
GE Treasury Ireland Services Unlimited Company	

(b) Sale of loans

In the current period no loans were sold (31 December 2020: 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 72,040 and post-employment benefits of USD 3,228. As outlined in Note 9, Directors' remuneration for the year ended 31 December 2021 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.

22 Operating segments

The Company's business is organised as a single segment and the Company earned all 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.

	31 December 2021	31 December 2020
	Ireland	Ireland
	USD'000	USD'000
Revenue from loans and advances to GEC affiliates	44,004	181,730
Revenue from commitment fees and management fees from GEC affiliates	842	2,995
Total segment revenue	44,846	184,725
Reportable segment gain/(loss) before tax	73,532	(91,462)

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

22 Operating segments (continued)

	31 December 2021 USD'000	31 December 2020 USD'000
Reportable segment assets	4,314,864	7,891,399
Reportable segment liabilities	<u>3,215,004</u>	<u>5,322,989</u>

One GEC affiliate, GEFF, accounted for 95% of total revenue of the Company during the year (31 December 2020: 96%). No other GEC affiliates accounted for more than 10% of total revenue.

Loans to GECHIL, accounted for 26% of segment assets at 31 December 2021 (31 December 2020: 18%). Loans to GEFF, accounted for 73% of segment assets at 31 December 2021 (31 December 2020: 75%). No other GEC affiliates accounted for more than 10% of segment assets.

23 Holding Company

At 31 December 2021, the Company is a wholly owned subsidiary of T3P, a limited company incorporated in the USA, 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.

24 Commitments and contingencies

The Company had commitments to lend of USD 1,027 million at 31 December 2021 (2020: USD 1,158 million).

In the opinion of the Directors, the Company had no contingent liabilities at 31 December 2021 or 31 December 2020.

25 Subsequent events

The loan from the Company to GECIHL with a maturity date of 14 January 2022 was extended for a further 3 years to 14 January 2025 at existing pricing. The Directors of the Company have assessed that the business is a going concern for the foreseeable future.

The conflict between Russia and Ukraine continues to evolve as military activity proceeds and additional sanctions are imposed. As the Company does not have any operations in Russia and Ukraine, we do not expect any impact to our operations or financial results.

On 10 March 2022, the Company executed interest rate swaps with a notional of Euro 1,161,647,000. These interest rate swaps were subsequently re-designated in fair value hedge relationships with MTNs of nominal Euro 1,161,647,000.

No other significant events affecting the Company have occurred since the reporting date, which require adjustment to the Financial Statements or inclusion of a note therein.

GE Capital European Funding Unlimited Company

Notes forming part of the financial statements 31 December 2021 (continued)

26 Approval of financial statements

The Board of Directors approved the Financial Statements on 26 April 2022.