

Registered number: 219615

NEWFOUNDLAND CLO I LIMITED

Directors' report and audited Financial Statements

For the year ended 31 December 2018

NEWFOUNDLAND CLO I LIMITED

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CORPORATE INFORMATION

DIRECTORS

Sunil Masson

Julius Manuel Bozzino (appointed 15 August 2018)

Nicholas Bland (resigned 13 August 2018)

SECRETARY AND CORPORATE SERVICE PROVIDER

Up to 15 August 2018

Deutsche Bank (Cayman) Limited

P.O. Box 1984

Boundary Hall

Cricket Square

Georgetown

Grand Cayman KY1-1104

Cayman Islands

As from 15 August 2018

Vistra (Cayman) Limited

Grand Pavilion Commercial Centre

802 West Bay Road

P.O. Box 31119

Grand Cayman KY1-1205

Cayman Islands

INDEPENDENT AUDITOR

KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

United Kingdom

REGISTERED OFFICE

Up to 15 August 2018

P.O. Box 1984

Boundary Hall

Cricket Square

Grand Cayman KY1-1104

Cayman Islands

As from 15 August 2018

Vistra (Cayman) Limited,

P.O. Box 31119

Grand Pavilion

Hibiscus Way 802 West Way

Grand Cayman KY1-1205

Cayman Islands

COLLATERAL MANAGER, ACCOUNT BANK, VENDOR, VENDOR TRUSTEE AND ORIGINATOR

Barclays Bank PLC

1 Churchill Place

Canary Wharf

London E14 5HP

COLLATERAL ADMINISTRATOR, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

Up to 15 August 2018

Deutsche Bank AG, London Branch

Winchester House

1 Great Winchester Street

London EC2N 2DB

As from 15 August 2018

Vistra (UK) Limited

3rd Floor

11-12 St. James's Square, Suite 2

London England SW1Y 4LB

TRUSTEE

Up to 15 August 2018

Deutsche Trustee Company Limited

Winchester House

1 Great Winchester Street

London EC2N 2DB

As from 15 August 2018

Vistra (Cayman) Limited

Grand Pavilion Commercial Centre

802 West Bay Road

P.O. Box 31119

Grand Cayman KY1-1205

Cayman Islands

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of Newfoundland CLO I Limited for the year ended 31 December 2018.

The financial statements have been prepared under International Financial Reporting Standards as adopted by the EU (IFRS).

PRINCIPAL ACTIVITIES

Newfoundland CLO I Limited (the "Company" and the "Issuer"), an exempted company incorporated in the Cayman Islands with limited liability, was set up by Barclays Bank Plc ("BBPLC" and the "Originator") under the Companies Law (2007 Revision) of the Cayman Islands with company registration number 219615 as a special purpose entity ("SPE") for the purpose of issuing limited recourse notes (the "Notes"). The registered office of the Issuer was at P.O. Box 1984, Boundary Hall, Cricket Square, Georgetown, Grand Cayman KY1-1104, Cayman Islands up to 15 August 2018. As from 15 August 2018, the registered office of the Company was changed to Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way 802 West Way, Grand Cayman, KY1-1205, Cayman Islands.

Given that the entity is an exempted company, it is free from any form of income tax, capital gains tax or corporation tax and no withholding tax is imposed by the Cayman Islands on any cash flows. However, the Company is subject to tax under The Taxation of Securitisation Companies Regulations 2006 since it is considered to be UK resident for tax purposes.

The principal activity of the Company is the issue of Notes. The proceeds of the Notes have been used to acquire a beneficial interest in the portfolio of collateral debt obligations from BBPLC. BBPLC was the initial purchaser of the Notes and as at the year end the notes are held by several noteholders including various Barclays Company members.

The Originator failed the derecognition criteria of IAS 39 when it sold the legal ownership of the collateral debt obligations to the Company as the significant risks and rewards of the loans were not transferred to the Company. There has been no change following the adoption of IFRS 9 as the derecognition criteria under IFRS 9 is similar to IAS 39. Therefore, these loans remain on the Statement of Financial Position of the Originator. As such, the beneficial interest in the underlying portfolio is shown as a deemed loan in the financial statements of the Company.

BBPLC is considered to be the Company's ultimate controlling party.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

As at the year end, the Company acted as a SPE established to raise or borrow money and to grant security over its assets for such purpose and to acquire receivables and administer these receivables. The directors do not anticipate any changes to the present level of activity, or the nature of the Company's business in the near future.

On 26 November 2018, the Senior Secured Floating Rate Notes due 2025 and USD 2,136,000,000 Senior (S-1) Secured Floating Rate Notes due 2025 were renamed to Class A-1 Notes and Class A-2 Notes respectively. Their maturity dates were extended to the year 2039.

On 26 November 2018, the Company fully redeemed the Subordinated Notes and the Subordinated (Sub-1) Notes and issued USD 483,750,000 Class B-1 Mezzanine Secured Floating Rate Notes due 2039, USD 483,750,000 Class B-2 Mezzanine Secured Floating Rate Notes due 2039, USD 415,330,000 Class C-1 Subordinated Notes due 2039 and USD 417,630,000 Class C-2 Subordinated Notes due 2039.

The Notes during the year are as per the table below:

	A-1 Notes (previously known as Senior Notes)	A-2 Notes (previously known as Senior Notes (S-1))	Subordinated Notes	Subordinated Notes (Sub-1)
	USD	USD	USD	USD
As at 1 January 2018	5,065,840,000	2,136,000,000	615,150,000	1,185,310,000
Redemption during the year	-	-	(615,150,000)	(1,185,310,000)
As at 31 December 2018	<u>5,065,840,000</u>	<u>2,136,000,000</u>	<u>-</u>	<u>-</u>
	B-1 Notes USD	B-2 Notes USD	C-1 Notes USD	C-2 Notes USD
As at 1 January 2018	-	-	-	-
Issuance during the year	483,750,000	483,750,000	415,330,000	417,630,000
As at 31 December 2018	<u>483,750,000</u>	<u>483,750,000</u>	<u>415,330,000</u>	<u>417,630,000</u>

DIRECTORS' REPORT (CONTINUED)

On 19 April 2016, the Ninth Supplemental Trust Deed was executed to effect among others the below amendments:

- a) Condition 7(b) (Redemption at the Option of the Subordinated Noteholders) of the Terms and Conditions of the Notes was amended to reflect that, at the option of the Subordinated Noteholders, either or both of the two classes of senior notes can be redeemed. Prior to the amendment, the two classes of senior notes could only be redeemed together.
- b) The notional amounts of the Senior Notes and the Subordinated (Sub-1) Notes were written up to reflect an increase in the notional amounts for a total amount of USD 3,500,000,000.

The Notes are intended only for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Notes.

The Company has no direct employees.

The Company has no subsidiaries.

FUTURE DEVELOPMENT

BBPLC operates a group wide Brexit response program called ERRP (European Referendum Response Program). This manages Brexit related issues across the bank and is the co-ordination centre and centre of expertise to provide advice to business lines. The ERRP program includes the creation of Barclays Bank Ireland as main EU entity for the Barclays Group. Any business activities required to be done from the EU would be executed through this Irish entity as first choice. The Company, as a BBPLC consolidated entity, is included in the Brexit impact analysis for transaction specific issues.

INCORPORATION

The Company was incorporated in the Cayman Islands on 12 November 2008.

On 12 November 2008, the Company issued 250 Ordinary shares at USD 1 each.

RESULTS

The Company's loss for the year was USD 50,362 (2017: USD 115,216).

DIVIDENDS

The directors do not recommend the payment of a dividend for the year under review (2017: USD nil).

GOING CONCERN

At 31 December 2018, the Company had net liabilities of USD 2,331,670 (31 December 2017: USD 2,281,308). At the creation of the Newfoundland transaction in 2008, the transaction setup costs were financed through the issuance of additional junior notes. These expenses created a loss but the associated junior notes were not written down. This created the net liability position and in order to resolve this position, the Newfoundland Deed of Amendment and Restatement dated 26 November 2018 was approved by all relevant transaction parties. As per the provisions of the amendment, the interest proceeds due to the junior noteholders on the payment date of February 2019 has been used to redeem the junior note position related to the legacy set up costs. In considering the appropriateness of preparing the financial statements on a going concern basis, the directors have taken into account the variable nature of the interest payable on the Class C-1 and Class C-2 Notes (the "Subordinated Notes") (which is based upon residual available cash flows after payment of agreed expenses), the partial redemption of the junior notes in February 2019 and the limited recourse nature of the Notes.

Furthermore, they have taken into account the underlying purpose of the SPE (being a funding vehicle for BBPLC) and the fact that, as at the year end, the notes are held by several noteholders including various Barclays Company members.

Finally, the directors have assessed the collateral quality tests that are performed by the Collateral Administrator and disclosed in the monthly investor reports. At 28 May 2019, the status of the triggers involved in the collateral tests was as set out in the table below:

TESTS	TRIGGERS	RESULTS 31 Dec 2018	STATUS 31 Dec 2018	RESULTS 28 May 2019	RESULTS 28 May 2019
Moody's Maximum Asset Correlation Test	<=8.00%	5.46%	PASS	5.49%	PASS
Moody's Maximum Weighted Average Rating	<=1000	945.00	PASS	956.00	PASS
Moody's Minimum Weighted Average Recovery	>=35.00%	35.00%	PASS	35.00%	PASS
Weighted Average Maturity Test	<=27 Nov 2023	4 Dec 2021	PASS	13 Jun 2022	PASS
Minimum Weighted Average Spread Test	>=2.80%	2.80%	PASS	2.80%	PASS

DIRECTORS' REPORT (CONTINUED)**GOING CONCERN (CONTINUED)**

The above collateral quality tests are calculated on a monthly basis by the Collateral Administrator using data obtained from the Company's credit rating agency (Moody's) and the Collateral Manager. These tests are used primarily as the criteria for the acquisition of beneficial interest in collateral debt obligations by the Company.

In addition, the collateral quality tests are used to assess and mitigate concentration risk, which refers to the higher degree risk of default in the case of an economic downturn relating to an industry if the whole or major part of the portfolio of collateral debt obligations is concentrated in that particular industry. As at 28 May 2019, the Company has passed all its collateral quality tests.

The directors consider that, having taken all available relevant information into account in their going concern assessment, there is no reasonable doubt over the performance of the underlying collateral obligations and that the substantial risks and rewards will be ultimately borne by the subordinated noteholders. As a consequence, the directors have a reasonable expectation that the Company has sufficient viability to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors of the Company during the year and up to the date on which the financial statements were approved are shown on page 1.

None of the directors held any beneficial interest in the ordinary share capital of the Company. None of the directors had any interest either during or at the end of the year in any material contract or arrangement with the Company.

The directors benefited from qualifying third party indemnity provisions in place during the year.

FINANCIAL RISK MANAGEMENT

The Company's operations are primarily financed by Notes issuances. The Company issued such financial instruments to finance the acquisition of the beneficial interest in a portfolio of collateral debt obligations from BBPLC.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The principal nature of these risks is summarised below.

Credit risk

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due.

Liquidity risk

Liquidity risk reflects the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments, should the actual cash flows from its assets differ from those expected.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different bases or reset at different times.

Other risks

The directors are of the opinion that the Company successfully mitigates material residual credit, liquidity, currency, counterparty and interest rate risks via the structure of the transaction, which means that these risks are ultimately borne by the noteholders.

KEY PERFORMANCE INDICATORS

The key performance indicators of the Company are considered to be the portfolio profile tests, the collateral quality tests set out on page 3 and the coverage tests which are set out in the monthly investor reports and reviewed by the directors.

In order to qualify as a collateral debt obligation, an obligation must satisfy certain Eligibility Criteria specified in the Collateral Management Agreement on the relevant Trust Date. Full details of the Eligibility Criteria are set out in "The Management Criteria" section on pages 104 to 125 of the Offering Circular dated 26 November 2008. If a collateral debt obligation does not meet the Eligibility Criteria on the relevant Trust Date the Vendor Trustee shall re-acquire the beneficial interest in such collateral debt obligation from the Issuer at the price at which the Issuer acquired the beneficial interest therein.

As at 31 December 2018, the Company passed all the portfolio profile tests, collateral quality tests and coverage tests. In addition none of the triggers set out in the transaction documents had been breached.

DIRECTORS' REPORT (CONTINUED)**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR

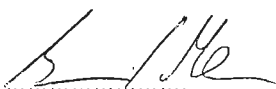
After a rigorous tender process conducted by the Barclays PLC Audit Committee, KPMG LLP assumed the role as independent auditor for the Barclays PLC Company, of which the Company is a member, for the year ended 31 December 2018. KPMG LLP was formally appointed as auditor of the Company for the financial year 2018 after the approval of the prior year financial statements.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

The directors confirm that:

- so far as the directors are aware, there is no relevant information of which the Company's auditor are unaware of; and
- each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



Director **Sunil Masson**

Date: 11 October 2019

Vistra (Cayman) Limited,
P.O. Box 31119
Grand Pavilion
Hibiscus Way 802 West Way
Grand Cayman KY1-1205
Cayman Islands

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWFOUNDLAND CLO I LIMITED

1 Our opinion is unmodified

We have audited the financial statements of Newfoundland CLO I Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 06 June 2019. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 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:

The impact of uncertainties due to the UK exiting the European Union on our audit	Unprecedented levels of uncertainty
	<p>All audits assess and challenge the reasonableness of estimates, in particular, as described in the structure and the contractual terms of the asset-backed notes below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on the assessments of the future economic environment and the company's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the Annual Report and the financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>

<p>The structure and the contractual terms of the asset-backed notes present a risk to the accounting of interest income, interest expense, loans and borrowings.</p> <p>Interest Income - \$456 million (2018), \$362 million (2017) Interest Expense - \$456 million (2018), \$362 million (2017)</p> <p>Deemed Loan to Originator - \$9 billion (2018), \$9 billion (2017) Debt Securities Issued - \$9 billion (2018), \$9 billion (2017)</p>	<p>Securitisation structure</p> <p>The Company is set up by Barclays Bank Plc with the sole purpose being to issue asset-backed notes as part of the securitisation of a pool of loans.</p> <p>As part of the securitisation structure, Newfoundland CLO I Limited issues investment certificates collateralised by the receivables from the assets to Barclays Bank Plc.</p> <p>The structure of the asset-backed security can lead to a lack of understanding of transactions and contractual terms, hence there is a risk that interest income and principal balances receivable from notes (referred to as "Deemed Loan to Originator"), interest expense and principal balances of asset-backed notes payable to investors (referred to as "Debt Securities Issued") are not appropriately accounted and reported.</p>
<p>Valuation of Deemed Loan</p> <p>Deemed Loan to Originator - \$9 billion (2018), \$9 billion (2017)</p>	<p>The risk of deterioration in the underlying credit quality of the deemed loan collateral</p> <p>The Company has a Deemed Loan to Originator from Barclays Bank Plc for a portfolio of loans to which the Company has acquired a beneficial interest. The Deemed Loan is collateralised on the portfolio of loans sold by the Originator.</p> <p>Subjective estimate</p> <p>IFRS 9 was adopted by the Company on 1 January 2018. This new and complex standard requires the Company to recognise expected credit losses ("ECL") on financial instruments which involves significant judgement and estimates. As at 31 December 2018, ECL provisions of \$9 million were recognised against the Deemed Loan. The key areas where we identified greater levels of management judgement, and therefore increased levels of audit focus, in the Company's implementation of IFRS 9 are:</p> <p>Model Estimations – Inherently, judgemental modelling is used to estimate ECLs which involves determining the Probabilities of Default ("PD") and Loss Given Default ("LGD").</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of the Deemed Loan held at amortised cost has a high degree of estimation uncertainty, with a potential range of reasonable outcomes.</p> <p>Disclosure quality</p> <p>The disclosures regarding the Company's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.</p>

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

Materiality for the financial statements, as a whole, was set at \$90.5 million (2017: \$90.4 million), determined with reference to a benchmark of total assets of \$9.05 billion (2017: \$9.04 billion) of which it represents 1%.

We consider total assets to be the most appropriate benchmark as the Company is a special purpose entity, setup by Barclays Bank Plc to issue limited recourse asset-backed notes as part of the securitisation of a pool of receivables. Accordingly, the Company is not established with the objective of profit maximisation but, rather, its main purpose is to remit the cash received in respect of its assets so as to repay its liabilities. As such, total assets is determined to be the benchmark which users of the financial statements focus their attention on.

4 We have nothing to report on going concern

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

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

6 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

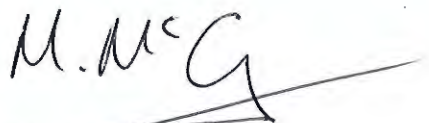
Auditor's responsibilities

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

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

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

This report is made solely to the Company, in accordance with the terms of our engagement to assist the Company in meeting the requirements of The International Stock Exchange. Our audit work has been undertaken so that we might state to the Company those matters we have been engaged to state to them in this report and for no other purpose. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.



Michael McGarry
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom
14 October 2019

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

		Year ended 31 December 2018 USD	Year ended 31 December 2017 USD
	Note		
NET INTEREST INCOME			
Interest income	7	456,096,756	362,654,254
Interest expense	8	(455,930,215)	(362,527,008)
Net interest income		<u>166,541</u>	<u>127,246</u>
EXPENSES			
Administration and trustee fees		(103,941)	(106,675)
Impairment reversal on deemed loan to Originator	10	5,156,513	-
Provision of loss on limited recourse notes	14	(5,156,513)	-
Other expenses		<u>(111,687)</u>	<u>(134,519)</u>
LOSS FOR THE YEAR BEFORE TAXATION		<u>(49,087)</u>	<u>(113,948)</u>
Taxation	9	(1,275)	(1,268)
LOSS FOR THE FINANCIAL YEAR & TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u><u>(50,362)</u></u>	<u><u>(115,216)</u></u>

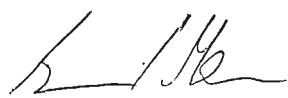
The Company has made no recognised gains and losses other than the above results for the year.

The result for the year was derived from continuing operations.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

ASSETS		31-Dec-18	31-Dec-17
	Note	USD	USD
NON-CURRENT ASSETS			
Deemed loan to Originator	10	8,991,479,936	9,000,000,000
Unpaid share capital		250	250
		<u>8,991,480,186</u>	<u>9,000,000,250</u>
CURRENT ASSETS			
Trade and other receivables	11	54,769,400	36,241,781
Cash and cash equivalents	12	62,579	54,792
		<u>54,831,979</u>	<u>36,296,573</u>
TOTAL ASSETS		<u>9,046,312,165</u>	<u>9,036,296,823</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Limited recourse notes	14	8,993,779,936	9,002,300,000
TOTAL NON-CURRENT LIABILITIES		<u>8,993,779,936</u>	<u>9,002,300,000</u>
CURRENT LIABILITIES			
Trade and other payables	13	54,863,899	36,278,131
		<u>54,863,899</u>	<u>36,278,131</u>
TOTAL LIABILITIES		<u>9,048,643,835</u>	<u>9,038,578,131</u>
EQUITY			
Share capital	15	250	250
Accumulated losses		(2,331,920)	(2,281,558)
TOTAL EQUITY		<u>(2,331,670)</u>	<u>(2,281,308)</u>
TOTAL LIABILITIES AND EQUITY		<u>9,046,312,165</u>	<u>9,036,296,823</u>

The financial statements on pages 9 to 30 were approved and authorised for issue by the Board of Directors on 11 October 2019 and were signed on its behalf by:



Director

Sunil Masson

Registered number: 219615

The notes on pages 13 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share capital USD	Accumulated losses USD	Total Equity USD
Balance as at 1 January 2017	250	(2,166,342)	(2,166,092)
Loss and total comprehensive expense for the financial year	-	(115,216)	(115,216)
Balance as at 31 December 2017	250	(2,281,558)	(2,281,308)
Loss and total comprehensive expense for the financial year	-	(50,362)	(50,362)
Balance as at 31 December 2018	250	(2,331,920)	(2,331,670)

The notes on pages 13 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Year ended 31 December 2018 USD	Year ended 31 December 2017 USD
Cash flows from operating activities		
Loss before tax for the year	(49,087)	(113,948)
Adjustments for:		
Interest expense	455,930,215	362,527,008
Interest income	(456,096,756)	(362,654,254)
Provision of loss on limited recourse notes	5,156,513	-
Impairment reversal on deemed loan to Originator	(5,156,513)	-
	<u>(215,628)</u>	<u>(241,194)</u>
Decrease / (increase) in receivables	11,976	(11,976)
Increase in payables	27,464	30,014
Interest received	437,557,160	357,197,856
Interest paid	(437,371,800)	(357,096,434)
Taxation	(1,385)	(1,465)
Net cash generated from / (used in) operating activities	<u>7,787</u>	<u>(123,199)</u>
Cash and cash equivalents at beginning of the year	54,792	177,991
Net increase / (decrease) in cash and cash equivalents	<u>7,787</u>	<u>(123,199)</u>
Cash and cash equivalents at the end of the year	<u>62,579</u>	<u>54,792</u>

The notes on pages 13 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL INFORMATION

The principal activity of the Company is the issue of Notes. The proceeds of the Notes have been used to acquire a beneficial interest in the portfolio of collateral debt obligations from BBPLC. BBPLC was the initial purchaser of the Notes and as at the year end, the notes are held by several noteholders including various Barclays Company members.

2. BASIS OF PREPARATION**(a) Statement of compliance**

The financial statements have been prepared under International Financial Reporting Standards as adopted by the EU (IFRS) and based on interpretations issued by the IFRS Interpretations Committee (IFRS IC).

(b) Going concern

The directors consider that, having taken all available relevant information into account in their going concern assessment, there is no reasonable doubt on the performance of the underlying collateral obligations and that the substantial risks and rewards from the trade will be ultimately borne by the subordinated noteholders. As a consequence, the directors have a reasonable expectation that the Company has sufficient viability to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(e) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. These financial statements are presented in USD. All financial information presented has been rounded to the nearest whole number.

(f) New standards, amendments or interpretations

Effective for annual periods beginning on 1 January 2018

The following new standards, amendments and interpretations issued became effective as of 1 January 2018:

The directors have set out below both the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations.

Description	Effective date
IFRS 1: First-time Adoption of International Financial Reporting Standards	1 January 2018
Amendments to IFRS 2: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9: Financial Instruments	1 January 2018
IFRS 15: Revenue from contracts with customers	1 January 2018
IAS 39: Financial Instruments: Recognition and Measurement	1 January 2018
Amendments to IAS 40: Transfers of Investment Property	1 January 2018
IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018

None of the above standards, amendments and interpretations had a significant impact on the Company's financial statements except IFRS 9 which is detailed below.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognised when losses were incurred. The Company accounted for an expected credit loss of USD 8,520,064 as at 31 December 2018 (2017: USD Nil); and
- separate presentation in the statement of comprehensive income of interest revenue calculated using the effective interest method.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2018 but have not generally been applied to comparative information.

Details of these new requirements as well as their impact on the Company's financial statements are described in note 3(e).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

2. BASIS OF PREPARATION (Continued)

(f) New standards, amendments or interpretations (continued)

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value Through Profit or Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 3(e).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<i>In Dollars</i>				
Financial assets				
Deemed loan to Origination	Loans and receivables	Amortised cost	9,000,000,000	8,986,323,423
Cash and cash equivalents	Loans and receivables	Amortised cost	54,792	54,792
Trade and other receivables	Loans and receivables	Amortised cost	36,241,781	36,241,781
Total financial assets			9,036,296,573	9,022,619,996
Financial liabilities				
Limited Recourse Notes issued	Loans and receivables	Amortised cost	9,002,300,000	8,988,623,423
Trade and other payables	Loans and receivables	Amortised cost	36,278,131	36,278,131
Total financial liabilities			9,038,578,131	9,024,901,554

The following table reconciles the carrying amounts of financial assets and financial liabilities under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

	IAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 January 2018
<i>In Dollars</i>				
Financial assets at amortised cost				
Deemed loan to Origination	9,000,000,000	-	(13,676,577)	8,986,323,423
Cash and cash equivalents	54,792	-	-	54,792
Trade and other receivables	36,241,781	-	-	9,000,000,000
Total amortised cost	9,036,296,573	-	(13,676,577)	17,986,378,215
Financial liabilities at amortised cost				
Limited Recourse Notes issued	9,002,300,000	-	(13,676,577)	8,988,623,423
Trade and other payables	36,278,131	-	-	36,278,131
Total amortised cost	9,038,578,131	-	(13,676,577)	9,024,901,554

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

2. BASIS OF PREPARATION (Continued)

(f) New standards, amendments or interpretations (continued)

Quantitative impact on transitioning to IFRS 9

The Company will recognise any measurement difference between the previous carrying amount and the new carrying amount, at the transition date, through an adjustment to opening retained earnings and reflect the application of the requirements of the new standard and related changes to other accounting standards, at the adoption date.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and loans and receivables at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in no additional allowance for impairment as follows:

In Dollars

Loss allowance at 31 December 2017 under IAS 39	-
Impairment recognised at 1 January 2018 on:	
Deemed loan	(13,676,577)
Limited Recourse Notes	13,676,577
Loss allowance at 1 January 2018 under IFRS 9	-

The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an impairment charge of USD 13,676,577 on deemed loan.

Standards not yet effective, but available for early adoption

Description	Effective date
IFRS 9: Prepayment features with negative compensation	1 January 2019
IFRS 16: Leases	1 January 2019
IFRS 17: Insurance contracts	1 January 2021**
IFRS 3: Business Combinations	1 January 2020**
IFRS 11: Joint Arrangements	1 January 2019**
IAS 1: Presentation of Financial Statements	1 January 2020**
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020**
IAS 12: Income Taxes	1 January 2019**
IAS 19: Employee Benefits	1 January 2018
IAS 23: Borrowing Costs	1 January 2019**
IAS 28 Investments in Associates and Joint Ventures	1 January 2019**
IFRIC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

*Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

** Not endorsed.

The directors have considered the new standards, amendments and interpretations as detailed in the above table and does not plan early adoption of these standards. The application of all of these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2. BASIS OF PREPARATION (Continued)**(g) Changes in accounting policies**

The Company's accounting policies have been updated for the application of IFRS 9 and IFRS 15 from 1 January 2018. The updates together with the accounting policies for the comparative year up to 31 December 2017 are detailed below.

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: recognition and measurement'. It sets out requirements relating to recognition and de-recognition, classification, measurement and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model. Financial assets within its scope are required to be classified as being measured, subsequent to initial recognition, at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification is dependent on both the overall objective of the business model within which the asset is held and the contractual cash flow characteristics of the asset. Impairment under IFRS 9 is forward-looking and is based on expected rather than incurred losses. For financial liabilities, there is no change to classification and measurement except for recognition of changes in own credit risk in other comprehensive income (OCI) for certain liabilities designated at FVTPL.

The financial statements for the comparative year have not been restated to reflect the change.

Transition to IFRS 9 from IAS 39

As set out in the basis of preparation and the Company accounting policies, the Company has adopted IFRS 9 as endorsed by the EU. The Company has availed of the exemption in paragraph 7.2.15 of IFRS 9 from restating prior periods in respect of the classification and measurement requirements of IFRS 9. Accordingly, differences in the carrying amount of financial instruments arising from the adoption of IFRS 9 are recognised in equity as at 1 January 2018.

A description of the IFRS 9 accounting policies is set out in pages 17 to 22 of this document. A reconciliation of the balance sheet classification as at 1 January 2018 under IAS 39 to the classification under IFRS 9 is included in note 2 (separately identifying by measurement category the changes in the carrying amount arising from reclassification and re-measurement on transition to IFRS 9). In addition, a reconciliation of the closing impairment provision under IAS 39 and provision under IAS 37 at 31 December 2017 to the opening loss allowance at 1 January 2018 determined in accordance with IFRS 9 is included on page 14.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes: 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied.

IFRS 15 specifies how and when an entity recognises revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single principles-based five-step model to be applied to all contracts with customers. The standard does not impact income recognition related to financial instruments within the scope of IFRS 9. IFRS 15 did not have a material impact on the Company's financial statements.

The Company has applied these standards prospectively with the cumulative effect of initially applying this standard recognised at the date of initial application. Prior periods have not been restated. For contracts completed before the earliest period presented, the Company has not restated the opening balance of retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES**(a) Interest income and expense**

Interest income is derived from the Company's deemed loan and funds invested while interest expense is derived from the issued Notes. Interest income and interest expense are recognised using the effective interest method. The effective interest rate is the rate that exactly 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. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The year end accrual for interest payable on the Notes is recognised unless the collectability of the income from the underlying asset in which the proceeds from the Notes were invested is in doubt, in which case no interest expense is recognised as there is no obligation to pay interest to the noteholders in those circumstances.

(b) Foreign currencies

As stated in note 2 (e), the results and financial position of the entity are expressed in USD which is the functional currency of the Company. Transactions in currencies other than USD are recorded at the rate prevailing at the date of the transaction. At each statement of financial position date, monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the Statement of financial position date. Gains and losses arising on retranslation are recognised in the Statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2018****3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(c) Other operating income and expense**

All other operating income and expense is accounted for on an accrual basis.

(d) Taxation

Income tax expense comprises current tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable to the Company's activities enacted or substantively enacted at the statement of financial position date, and adjustments to tax payable in respect of previous periods.

The Company is taxable under The Taxation of Securitisation Companies Regulations 2006, which is effective for accounting periods beginning on or after the 1 January 2007.

(e) Financial instruments

The financial instruments held by the Company include the following:

- Deemed loan to Originator
- Limited recourse Notes

Recognition and initial measurement

The Company initially recognises loans and receivables at Fair value through Other Comprehensive Income (FVOCI) and financial liabilities at amortised cost on the trade date which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Company has determined that it has one business model as described below.

Classification of financial assets – Policy applicable from 1 January 2018

On initial recognition, the Company classifies financial assets as measured at amortised cost, FVOCI or FVTPL.

A financial asset/debt investment 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 is to hold assets to collect contractual cash flows; and
- 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/debt investment is measured at 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 is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets/debt investments are classified as measured at FVTPL. This includes all derivative financial assets.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The Company may also irrevocably designate a financial asset, on initial recognition, that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the arranger is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity; and
- financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

Business model assessment (continued)

The Company has determined it has the following business models:

- Held-to-collect business model: this includes cash and cash equivalents, trade and other receivables and deemed loan to originator. These financial assets are held to collect contractual cash flow.

Assessment whether contractual cash flows are Solely Payments of Principal and Interest ("SPPI")

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Refer to below table for a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IFRS 9:

	Mandatorily at Fair value	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<i>In Dollars</i>				
31-Dec-18				
Deemed loan to Origination	-	8,991,479,936	-	8,991,479,936
Cash and cash equivalents	-	62,579	-	62,579
Trade and other receivables	-	54,769,400	-	54,769,400
	-	9,046,311,915	-	9,046,311,915
Debt securities issued	-	-	8,993,779,936	8,993,779,936
Trade and other payables	-	-	54,863,899	54,863,899
	-	-	9,048,643,835	9,048,643,835

	Designated at FVTPL	Loans and receivables	Financial liabilities at amortised cost	Total
<i>In Dollars</i>				
31-Dec-17				
Deemed loan to Origination	-	9,000,000,000	-	9,000,000,000
Cash and cash equivalents	-	54,792	-	54,792
Trade and other receivables	-	36,241,781	-	36,241,781
	-	9,036,296,573	-	9,036,296,573
Debt securities issued	-	-	9,002,300,000	9,002,300,000
Trade and other payables	-	-	36,278,131	36,278,131
	-	-	9,038,578,131	9,038,578,131

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost	-	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost:

- This includes trade and other payables and debt securities issued.

Impairment of financial assets

General concepts within IFRS 9 expected loss approach

Under IFRS 9 an entity is required to track and assess changes in credit risk on financial instruments since origination and determine whether the credit risk on those financial instruments has increased significantly since initial recognition. Under the IFRS 9 ECL model, the change in credit risk should be based on the risk of default and not changes in the amount of ECL which may be expected on a financial instrument. The standard introduces a 3-stage model for impairment, based on changes in credit risk quality since initial recognition:

Stage 1 – includes financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month ECL is recognised. A 12-month ECL is the expected credit losses that result from default events that are possible within 12 months of the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. Therefore, all financial assets in scope will have an impairment provision equal to at least 12-month ECL.

Stage 2 – includes financial instruments that have had a significant increase in credit risk since initial recognition but that does not have objective evidence of impairment. For these assets, lifetime ECL is recognised, being the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3 – includes financial assets that have objective evidence of impairment at the reporting date, i.e. are credit-impaired. For these assets, lifetime ECL is recognised.

Implementation of impairment accounting key changes

The move to the expected loss accounting model in IFRS 9 will result in a number of changes to the Company's current impairment approach. The following is a list of the more important changes for understanding the impact of IFRS 9 on the Company:

- All loans and other assets within scope of the Standard will attract a provision equal to at least 12 months expected loss.
- The Standard will require the Company to calculate and maintain lifetime inputs, such as lifetime Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).
- The Company will be required to conduct its assessment of a change in credit risk relative to the risk at origination of that exposure except for low risk financial assets that follow 12 month ECL (simplified approach).

Implementation of classification & measurement policy changes

- Where there has been an increase in credit risk since origination that is determined to be significant, a provision for lifetime expected losses will be recognised.
- Forward looking macroeconomic scenarios are required to be included in the provisioning process and in determining changes in credit risk.
- IFRS 9 requires the Company to calculate ECL which considers multiple scenarios and possible outcomes together with their probability of occurrence.

ECL framework

IFRS 9 introduces an expected credit loss impairment model that differs significantly from the incurred loss model under IAS 39 and is expected to result in earlier recognition of credit losses. In order to implement ECL models, the Company has leveraged the systems and data used to originate and underwrite its loans and also developed statistical models tailored to the requirements of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

Impairment of financial assets (continued)*Measurement*

For all material portfolios, the Company will adopt an ECL framework that takes into consideration industry best practice, and reflects a component approach using PD, EAD and LGD components calibrated for IFRS 9 purposes. Because all financial assets within the scope of the IFRS 9 impairment model will be assessed for at least 12-months of expected credit losses, and that underperforming assets will attract full lifetime expected credit losses, loss allowances are generally expected to be higher under IFRS 9 relative to IAS 39. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Key drivers of ECL

The following concepts introduce significant judgment to impairment accounting and will have a significant impact on the level of ECL allowances:

- Assessing both 12 month and lifetime ECL;
- Determining when a significant increase in credit risk has occurred; and
- Incorporating forward looking information including forecast macro-economic factors through probability weighted scenarios.

Definition of default

IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard and Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Assessment of significant increases in credit risk

The standard requires that an entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. At each reporting date, to identify a significant increase in credit risk (SICR) in relation to an exposure since origination, and classification as Stage 2 within the IFRS 9 ECL framework, the Company has relied on the following measures:

- 1) Delinquency – greater than 30 days past due;
- 2) Forbearance – reported as currently forborne or restructured;
- 3) Risk Grade – accounts that migrate to a risk grade which the Company has specified as being outside its risk appetite for origination, and
- 4) Change in remaining lifetime PD – accounts that have a remaining lifetime PD that is in excess of the risk at which the Company seeks to originate risk. For the purposes of this assessment, credit risk is based on an instrument's lifetime PD, not the losses expected to be incurred.

The assessment is performed on a relative basis and is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Forward looking information (FLI)

IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macro-economic factors and FLI are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination.

Measurement of ECLs at each reporting period should reflect reasonable and supportable information.

The requirement to incorporate a range of unbiased future economic scenarios, including macro-economic factors, is a distinctive feature of the ECL accounting framework which increases both the level of complexity and judgement in the measurement of expected loss. The Company has developed the capability to incorporate a number of macro-economic impacts and scenarios into the ECL models.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

Classification of financial assets – Policy applicable before 1 January 2018*Recognition*

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments. Purchases and sales of financial assets and financial liabilities are recognised using trade date accounting.

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 is created or retained by the Company is recognised as a separate asset or liability.

Where there is a modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability, the Directors assess whether the modification is significant or not. Where it is, the existing financial liability is de-recognised and a new financial liability recognised in its place. Any difference between the carrying amount of a financial liability (or part of a financial liability) extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of comprehensive income.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

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 by the accounting standards, or for gains and losses arising from a group of similar transactions.

Deemed loan to Originator

The Originator failed the derecognition criteria of IFRS 9 when it sold the legal ownership of the collateral debt obligations to the Company as the significant risks and rewards of the loans were not transferred to the Company. Therefore, these loans remain on the Statement of financial position of the Originator. As such, the beneficial interest in the underlying portfolio is shown as a deemed loan in the financial statements. It is initially recognised at fair value and subsequently measured at amortised cost.

Purchases and sales of the deemed loan are recognised on trade date - the date on which the Company commits to purchase or sell the assets. They are initially recognised at cost and subsequently measured at amortised cost. They are derecognised when the right to recover cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership.

The Company recognises principal and interest cash flows from the underlying pool of collateral debt obligations only to the extent that it is entitled to retain such cash flows. Cash flows attributable to the Originator are not recognised by the Company.

The Company has entered into a swap with BBPLC under which (a) the Company swaps each principal amount on each collateral debt obligation (including for the avoidance of doubt each principal amount received in respect of a collateral debt obligation denominated in USD) for its USD denominated equivalent principal amount (or for the return payment of such principal amount in respect of a collateral debt obligation denominated in USD) from BBPLC and (b) the Company swaps the interest proceeds on the collateral debt obligations for Scheduled Periodic Payments from BBPLC. This swap is not recognised separately as a financial derivative instrument, as the amounts payable under the swap reflect interest flows from the collateral debt obligations which are not recognised by the Company for accounting purposes. Instead, the deemed loan to Originator is recognised with an interest rate which reflects the amount receivable under the swap recovery leg.

The deemed loan to the Originator is regularly assessed for impairment, based primarily on the performance of the underlying receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

Impairment on deemed loan

The transaction documentation sets out eligibility criteria for the underlying assets. Full due diligence on eligibility is conducted by the Collateral Manager prior to any investments being made by the Company. The Company reviews the loan to assess impairment at least on a yearly basis. In determining whether an impairment loss should be recorded in the Statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers.

As at 31 December 2018, the deemed loan to the Originator was impaired by USD 8,520,064 (2017: Nil).

Limited recourse Notes

All limited recourse notes are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables do not carry any interest and are short-term in nature and are accordingly stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts, where applicable.

(f) Share capital

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

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks and other short term highly liquid investments 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 its short-term commitments. This can only be used for the Notes programme and is considered to be restricted.

(h) Statement of cash flows

Interest income and interest expense are considered to come from the Company's core operations, and are therefore classified as cash flows generated from operating activities in the Statement of Cash Flows.

(i) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the accounting of the deemed loan and considerations of impairment of the deemed loan.

4. EMPLOYEE COSTS

The entity does not have any employees and therefore, there are no associated costs during the year under review (2017: USD Nil).

5. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of the services rendered during the year ended 31 December 2018 to the Company (2017: USD Nil). The services of the directors were provided under the Administration Agreement with Vistra (UK) Limited (up to 15 August 2018: Deutsche Bank AG, London Branch) (See note 19).

6. AUDITOR'S REMUNERATION

The audit fees payable during the year in respect of the non-statutory audit of the Company's financial statements amounted to USD 32,719 (2017: USD 32,719). The audit fee is settled directly by the Originator on behalf of the Company and is therefore not included within the expenses of the Company

During the year under review, payment for non-audit services provided to the Company amounted to USD Nil (2017: USD 11,638).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

7. INTEREST INCOME

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
	USD	USD
Interest income on deemed loan to Originator	456,083,038	362,648,348
Bank interest income	6,058	5,906
Other income	7,660	-
	<u>456,096,756</u>	<u>362,654,254</u>

8. INTEREST EXPENSE

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
	USD	USD
Interest on Class A-1 and A-2 Senior Notes (previously known as Senior Notes)	342,754,000	268,287,223
Interest on Class B-1 and B-2 Mezzanine Notes	6,280,496	-
Interest on Class C-1 and C-2 Subordinated Notes	7,055,215	-
Interest on Subordinated Notes	99,838,336	94,237,764
Bank charges	2,168	2,021
	<u>455,930,215</u>	<u>362,527,008</u>

9. TAXATION

The Company is taxable under The Taxation of Securitisation Companies Regulations 2006 (the "Regulations"), which is effective for accounting periods beginning on or after 1 January 2007. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the transaction.

The Company is entitled to retain one basis point of each interest payment date income collection as profit. This profit meets the definition of Retained Profits under the Regulations, and is taxable at the current taxation rate.

The standard rate of Corporation Tax in the UK is 19% (2017: 19% which represented a weighted daily average rate between the standard rate of corporation tax in the UK of 20% up to 31 Mar 2017 and 19% as from 1 April 2017). The difference is explained below:

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
	USD	USD
Tax expense comprises:		
Current tax expense	1,275	1,268
Tax charge for the year	<u>1,275</u>	<u>1,268</u>
Loss on ordinary activities before tax	(49,087)	(113,948)
The total charge for the year can be reconciled to the accounting profit as follows:		
Income tax credit calculated at the rate of 19% (2017: 19%/20%)	(9,327)	(21,935)
Effect of adjustments under the Regulations in determining taxable profit	10,602	23,203
Income tax expense recognised in the Statement of comprehensive income	<u>1,275</u>	<u>1,268</u>

As at 31 December 2018, the Company has not provided for deferred tax assets or liabilities, as it is taxed under the Regulations referred to above. The Regulations only take the annual retention profit into consideration for the purpose of determining the Company's tax liability. The directors are not aware of any factors that will have a significant effect on the future tax charge of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

10. DEEMED LOAN TO ORIGINATOR

	2018 USD	2017 USD
Balance as at 1 January	9,000,000,000	9,000,000,000
Impact of IFRS 9 as at 01 Jan 2018	(13,676,577)	-
	8,986,323,423	9,000,000,000
Impairment reversal on deemed loan during the financial year	5,156,513	-
Balance as at 31 December	8,991,479,936	9,000,000,000

On 26 November 2008, the Company obtained a beneficial interest in a portfolio of collateral debt obligations from BBPLC by way of a Declaration of Trust. The deemed loan, and all subsequent acquisitions and disposals, are recorded at par value.

On 19 February 2016, there has been an increase of the notional amount of notes, amounting to a total of USD 3,500,000,000.

Under the deal structure, BBPLC pays interest of 3-month USD LIBOR plus a margin of 2.80% to the Company. All receipts from the beneficial interest are used to pay interest to the Company's note holders and other expenses.

11. TRADE AND OTHER RECEIVABLES

	2018 USD	2017 USD
Interest receivable	54,769,400	36,229,805
Prepayments	-	11,976
	54,769,400	36,241,781

12. CASH AND CASH EQUIVALENTS

	2018 USD	2017 USD
Cash held at US Bank and Butterfield Bank (Cayman) Limited (2017: Barclays Bank PLC)	62,579	54,792

13. TRADE AND OTHER PAYABLES

	2018 USD	2017 USD
Expenses payable	93,366	66,564
Issuer profit payable	5,648	4,986
Tax payable	3,070	3,180
Interest payable	54,761,815	36,203,401
	54,863,899	36,278,131

14. LIMITED RECOURSE NOTES

Limited recourse and segregation of assets and liabilities

The Notes issued by the Company are limited in recourse to the amount due from the deemed loan to the Originator. In the event of the termination of the Declaration of Trust, any outstanding claims will be borne by the note holders pro rata to their holdings.

On 26 November 2008, the Company issued USD 16,601,700,000 Senior Secured Floating Rate Notes due 2018 and USD 3,400,000,000 Subordinated Notes due 2018. The Senior Notes bear interest of 3 month USD LIBOR plus a margin of 2.50%.

On 19 March 2009, a further issue was made of USD 16,464,200,000 Senior (S-1) Secured Floating Rate Notes due 2025 and USD 2,700,000,000 Subordinated (Sub-1) Notes due 2025. The Senior (S-1) Notes bear interest of 3-month USD LIBOR plus a margin of 2.50%. On this date, the maturity date of the Notes was amended to 26 November 2025.

On 10 September 2009, the Company repurchased part of the Notes at fair value and the amount remaining was USD 12,550,000,000 as Senior Notes, USD 4,300,000,000 as Senior (S-1) Notes, USD 2,346,300,000 as Subordinated Notes and USD 803,900,000 as Subordinated (Sub-1) Notes.

On 19 November 2009, the Company repurchased part of the Notes at fair value and the amount remaining was USD 3,246,000,000 as Senior Notes, USD 3,246,000,000 as Senior (S-1) Notes, USD 615,150,000 as Subordinated Notes and USD 615,150,000 as Subordinated (Sub-1) Notes.

On 28 May 2015, the Sixth Supplement Trust Deed was executed, scheduling a Special Redemption (in accordance with Condition 7(d) of the Prospectus) in the amount of USD 2,220,000,000 on the May 2015 Payment Date. The Special Redemption was applied in accordance with the Principal Priority of Payments and equally between to the Senior Notes and Senior (S-1) Notes. As stated in the Sixth Supplemental Trust Deed, the Company's obligation to pay USD 2,220,000,000 to BBPLC (as the Senior Noteholder) and BBPLC's obligation (as the Vendor) to pay USD 2,220,000,000 to the Company was offset as at the date of this Sixth Supplemental Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

14. LIMITED RECOURSE NOTES (Continued)

Limited recourse and segregation of assets and liabilities (continued)

On 19 April 2016, there were an increase of USD 2,929,840,000 for the Senior Secured Floating Rate Notes due 2025 and USD 570,160,000 for the Subordinated Notes (S-1) due 2025. The Senior Notes bear interest of 3 month USD LIBOR plus a margin of 2.50%.

On 26 November 2018, the Senior Secured Floating Rate Notes due 2025 and USD 2,136,000,000 Senior (S-1) Secured Floating Rate Notes due 2025 were renamed to Class A-1 Notes and Class A-2 Notes respectively. Their maturity dates were extended to the year 2039.

On 26 November 2018, the Company fully redeemed the Subordinated Notes and the Subordinated (Sub-1) Notes and issued USD 483,750,000 Class B-1 Mezzanine Secured Floating Rate Notes due 2039 (the "Class B-1 Notes"), USD 483,750,000 Class B-2 Mezzanine Secured Floating Rate Notes due 2039, USD 415,330,000 Class C-1 Subordinated Notes due 2039 (the "Class C-1 Notes") and USD 417,630,000 Class C-2 Subordinated Notes due 2039. The notional amount outstanding on the Notes is as follows:

	2018 USD	2017 USD
Class A-1 Senior Secured Floating Rate Notes due 2039	5,065,840,000	5,065,840,000
Class A-2 Senior Secured Floating Rate Notes due 2039	2,136,000,000	2,136,000,000
Class B-1 Mezzanine Secured Floating Rate Notes due 2039	483,750,000	-
Class B-2 Mezzanine Secured Floating Rate Notes due 2039	483,750,000	-
Class C-1 Subordinated Notes due 2039	415,330,000	-
Class C-2 Subordinated Notes due 2039	417,630,000	-
Subordinated Notes due 2025	-	615,150,000
Subordinated (Sub-1) Notes due 2025	-	1,185,310,000
	<u>9,002,300,000</u>	<u>9,002,300,000</u>
	2018 USD	2017 USD
Balance as at 1 January	9,002,300,000	9,002,300,000
Impact of IFRS 9 as at 01 Jan 2018	(13,676,577)	-
	<u>8,988,623,423</u>	<u>9,002,300,000</u>
Provision of loss on debt securities	5,156,513	-
Balance as at 31 December	<u>8,993,779,936</u>	<u>9,002,300,000</u>

Status

The Notes will at all times be direct and unconditional obligations of the Company. Class B Notes are fully subordinated to the Class A Notes and the Class C Notes are fully subordinated to the Class B Notes and the Class A Notes. Payments in respect of the Class A Notes will rank pari passu amongst themselves and payments in respect of the Class B Notes will rank pari passu amongst themselves, in each case, subject as provided in the Priorities of Payment.

Security

The Company acquired the beneficial interest in the collateral debt obligations from BBPLC, which represents the collateral of the Notes in issue.

Interest

Interest is paid on the Senior Notes and Mezzanine Notes at a rate of 3 month USD LIBOR plus a margin of 2.50% and 3 month USD LIBOR plus a margin of 4% respectively. The payment of interest on the Notes is dependent on the receipt of income from the deemed loan to Originator. If the Company does not receive sufficient income from the deemed loan to Originator then there is no obligation to pay interest to the subordinate noteholders. The non-payment of interest amounts due and payable on the subordinated notes as a result of insufficiency of available Interest Proceeds does not constitute an event of default.

Redemption

Redemption of the Notes will be made from the proceeds received on the sale or maturity of the underlying collateral debt obligations on the relevant redemption date. Also, in the case that the Senior Coverage Test is not satisfied on any Determination Date following the Issue Date, Interest Proceeds and thereafter Principal Proceeds will be used to redeem the Senior Notes until each Coverage Test is satisfied if recalculated after such redemption.

Additionally at the option of all noteholders, the Notes or collateral may be redeemed early, in whole but not in part, at any Payment Date. The early redemption price of the Senior Notes and Mezzanine Notes will be 100% of the principal amount outstanding of the Notes to be redeemed plus accrued and unpaid interest thereon to the day of redemption. The redemption price for each Subordinated Note will be its pro rata share of the aggregate proceeds of liquidation of the collateral, or realisation of the security there over which are payable in respect of such Subordinated Notes pursuant to the Priorities of Payment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

14. LIMITED RECOURSE NOTES (Continued)

Notes details as at 31 December 2018 are as follows:

Description of the notes	Maturity date	Interest rate	31 Dec 2018 USD
Class A-1 Senior Secured Floating Rate Notes	November 2039	3 month USD LIBOR + 2.50%	5,065,840,000
Class A-2 Senior Secured Floating Rate Notes	November 2039	3 month USD LIBOR + 2.50%	2,136,000,000
Class B-1 Mezzanine Secured Floating Rate Notes	November 2039	3 month USD LIBOR + 4.00%	483,750,000
Class B-2 Mezzanine Secured Floating Rate Notes	November 2039	3 month USD LIBOR + 4.00%	483,750,000
Class C-1 Subordinated Notes	November 2039	Available funds basis	415,330,000
Class C-2 Subordinated Notes	November 2039	Available funds basis	417,630,000
			<u>9,002,300,000</u>

Notes details as at 31 December 2017 are as follows:

Description of the notes	Maturity date	Interest rate	31 Dec 2017 USD
Senior Secured Floating Rate Notes	November 2025	3 month USD LIBOR + 2.50%	5,065,840,000
Senior (S-1) Secured Floating Rate Notes	November 2025	3 month USD LIBOR + 2.50%	2,136,000,000
Subordinated Notes	November 2025	Available funds basis	615,150,000
Subordinated (Sub-1) Notes	November 2025	Available funds basis	1,185,310,000
			<u>9,002,300,000</u>

15. SHARE CAPITAL

	2018 USD	2017 USD
<i>Authorised:</i>		
50,000 (2017: 50,000) ordinary shares of USD 1 each	<u>50,000</u>	<u>50,000</u>
<i>Issued:</i>		
250 (2017: 250) ordinary shares of USD 1 each	<u>250</u>	<u>250</u>

The Company is not exposed to externally imposed capital requirements and accordingly the directors do not actively manage the ordinary share capital.

16. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2018 USD	Cash flows USD	Non-cash flows USD	31 December 2018 USD
Cash	54,792	7,787	-	62,579
Limited recourse notes	(9,002,300,000)	-	-	(9,002,300,000)
Trade and other payables	(36,278,131)	36,215,355	(54,801,123)	(54,863,899)
	<u>(9,038,523,339)</u>	<u>36,223,142</u>	<u>(54,801,123)</u>	<u>(9,057,101,320)</u>

17. FINANCIAL RISK MANAGEMENT

Introduction

The principal activity of the Company is limited to the issue of secured floating rate Notes which are listed on The International Stock Exchange ("TISE"). Therefore the role of financial liabilities is central to the activities of the Company.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, credit and liquidity risks of the financial assets and liabilities held are ultimately borne by the holders of the Notes issued.

The Noteholders are exposed to the following risks arising from the financial instruments held by the Company:

- Interest rate risk, currency risk and liquidity risk;
- Credit risk and counterparty risk.

All substantial risks and rewards associated with the investment securities are ultimately borne by the noteholders.

Interest rate risk, currency risk and liquidity risk

The Company pays floating interest of 3 month USD LIBOR plus a margin of 2.50% on the Senior Notes and 3 month USD LIBOR plus a margin of 4% on the Mezzanine Notes issued.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

17. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk, currency risk and liquidity risk (continued)

The notional value of the swap is matched to the nominal value of the Notes and as such the Company is not exposed to interest rate risk. The margin earned by the Company is used to make priority payments and the remainder used to pay interest on the Subordinated Notes. All amounts paid in USD and further beneficial interests in non-USD denominated collateral debt obligations are effectively acquired using the USD-equivalent set out in the swap agreement. Also, the Company swaps the interest proceeds on the collateral debt obligations for scheduled periodic payments denominated in USD. Thus, the directors are of the opinion that there is no net significant currency risk, interest rate risk or liquidity risk to the Company.

The following table shows the undiscounted interest income and interest expense estimations for the deemed loan to Originator and the Notes as at the Statement of Financial Position date. For the purposes of this disclosure, the final principal settlement on the deemed loan to Originator and the Notes have been omitted.

	In less than one year USD	Two to five years USD	More than five years USD	Total USD
31 December 2018				
Financial assets	492,924,600	1,971,698,400	7,989,486,225	10,454,109,225
Financial liabilities	(437,434,330)	(1,749,737,321)	(7,090,081,435)	(9,277,253,086)
Balance available for expense/subordinated noteholders payment	55,490,270	221,961,079	899,404,790	1,176,856,139
	In less than one year USD	Two to five years USD	More than five years USD	Total USD
31 December 2017				
Financial assets	383,585,400	1,534,341,600	1,112,949,015	3,030,876,015
Financial liabilities	(285,341,222)	(1,141,364,888)	(827,899,685)	(2,254,605,795)
Balance available for expense/subordinated noteholders payment	98,244,178	392,976,712	285,049,330	776,270,220

Sensitivity analysis

The sensitivity analysis has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the statement of financial position date and has been based on management's assessment of the possible changes in interest rates.

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is negligible due to the structuring of the basis swap.

Credit risk

Credit risk is the risk of the financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables.

The underlying collateral debt obligations have not been assigned to the Issuer and legal title has remained with BBPLC in its capacity as Vendor Trustee under the Vendor Trust. Accordingly, neither the Issuer nor the Trustee is in privity of contract with the Obligors under the collateral debt obligations and does not have the right to assert claims or effect remedies directly against the Obligors. In the event of default by Obligors under the collateral debt obligations, the Issuer and the Trustee have rights solely against the Vendor under the Vendor Trust Deed and have no rights against the Obligors under the collateral debt obligations and only BBPLC is entitled to take any remedial actions or exercise any votes permitted to be taken or given thereunder. However, the Vendor Trustee Power of Attorney is drafted such that it allows the Issuer, the Collateral Manager on behalf of the Issuer or, where applicable, the Trustee to act in the name of BBPLC to enforce the collateral debt obligations against the Obligors and collect the proceeds therefrom upon the occurrence of certain events of default, without the need to seek the leave of a court under English insolvency laws.

The directors are of the opinion that the Company successfully mitigates credit risk via the structure of the transaction, which means that credit risk is ultimately borne by the Noteholders.

The maximum exposure to the credit risk at reporting date was as follows:

	2018 USD	2017 USD
Deemed loan to Originator	8,991,479,936	9,000,000,000
Cash at bank and in hand	62,579	54,792
	8,991,542,515	9,000,054,792

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

17. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

Full due diligence was conducted by the Collateral Manager prior to the initial investment being made at inception of the transaction. The Transaction Documents set out eligibility criteria for the underlying assets. The Company reviews the deemed loan to assess impairment at least on a monthly basis. The credit quality of the financial assets is also reviewed on a monthly basis by the Collateral Manager. At 31 December 2018, the financial assets were still performing and none were past due (2017: None).

The credit quality of the underlying collateral debt obligations at financial year ended 31 December 2018 and 31 December 2017 were as follows:

	31-Dec-18	31-Dec-17
	%	%
A1	0.11%	0.12%
A2	1.12%	0.36%
A3	2.36%	2.17%
Aaa	0.00%	1.56%
Aa2	0.22%	0.00%
Aa3	0.45%	0.00%
B1	10.57%	6.98%
B2	2.70%	1.93%
B3	0.00%	1.32%
Ba1	16.99%	10.47%
Ba2	15.07%	14.56%
Ba3	12.26%	12.88%
Baa1	1.69%	4.45%
Baa2	9.56%	12.03%
Baa3	26.90%	31.17%
	100.00%	100.00%

	Rating Agency	Rating	
		31-Dec-18	31-Dec-17
US Bank	Moody's	A1	-
Butterfield Bank (Cayman) Limited	Moody's	A3	-
Barclays Bank PLC	Moody's	-	A2

Counterparty risk

The directors believe that there is no net significant counterparty risk since all material contracts involving the Notes are subject to limited recourse provisions as described in note 14, and therefore all counterparty risk is borne by the Noteholders.

Fair value of financial assets and liabilities

There is no active market for the assets or the limited recourse notes, therefore the directors have estimated the fair value of both the Notes and the deemed loan to the Originator by discounting the cash flows using a discount rate based upon comparable structures in the market.

The fair values and accounting classification of the financial assets and liabilities at the Balance Sheet date are as follows:

	31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD	USD	USD	USD
<i>Loans and receivables</i>				
Deemed loan to Originator	8,991,479,936	9,000,000,000	9,000,000,000	9,000,000,000
Cash and cash equivalents	62,579	62,579	54,792	54,792
Trade and other receivables	54,769,400	54,769,400	36,241,781	36,241,781
Financial assets	9,046,311,915	9,054,831,979	9,036,296,573	9,036,296,573
<i>Financial liabilities measured at amortised cost</i>				
Limited recourse Notes	8,993,779,936	9,002,300,000	9,002,300,000	9,002,300,000
Trade and other payables	54,863,899	54,863,899	36,278,131	36,278,131
Financial liabilities	9,048,643,835	9,057,163,899	9,038,578,131	9,038,578,131

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2018****17. FINANCIAL RISK MANAGEMENT (Continued)****Valuation of financial instruments**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or 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: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair values of financial assets and financial liabilities that are traded in active markets, Level 1, are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and 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.

Level 2 prices uses widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency 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 and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. 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.

At 31 December 2018 and 2017, none of the assets or liabilities of the Company were valued using Level 1 or Level 3 pricing.

18. ULTIMATE CONTROLLING PARTY

The immediate parent of the Company is Vistra (Cayman) Limited (up to 15 August 2018: Deutsche Bank (Cayman) Limited). It does not consolidate the Company in its financial statements.

BBPLC, being the Originator, among the noteholders and servicers of the underlying assets, is considered to have control over the Company's operations by virtue of power and exposure to variable returns. On this basis, the Company is consolidated in BBPLC's financial statements.

Barclays PLC is the ultimate parent of the Company.

BBPLC and Barclays PLC are incorporated in the United Kingdom and registered in England. BBPLC's and Barclays PLC's statutory financial statements are available from the Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

19. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the following related party transactions took place between the Company and the related parties during the financial year:

Vistra (UK) Limited (Up to 15 August 2018: Deutsche Bank AG, London Branch)

	Year ended 31 December 2018	Year ended 31 December 2017
	USD	USD
Administration fees expense for the year	92,008	94,818
Year end administrative fee creditor	5,769	9,395

	Year ended 31 December 2018	Year ended 31 December 2017
	USD	USD
Trustee fees expense for the year	11,933	11,857
Trustee fees payable at year end	1,154	1,174

Barclays Bank PLC

	Year ended 31 December 2018	Year ended 31 December 2017
	USD	USD
Interest income on deemed loan to Originator for the year	456,083,038	362,648,348
Interest income on deemed loan to Originator receivable	54,769,400	36,229,805

	Year ended 31 December 2018	Year ended 31 December 2017
	USD	USD
Interest expense on limited recourse notes for the year	455,928,047	362,524,987
Interest expense on limited recourse Notes payable	54,761,815	36,203,401

	Year ended 31 December 2018	Year ended 31 December 2017
	USD	USD
Deemed loan to Originator	8,991,479,936	9,000,000,000

	Year ended 31 December 2018	Year ended 31 December 2017
	USD	USD
Limited recourse notes	8,993,779,936	9,002,300,000

20. EVENTS AFTER THE REPORTING DATE

There has been a partial redemption of a portion of the Class C-2 Notes equal to USD 2,300,000 on the Payment Date in February 2019. This redemption has been carried out in order to redeem the junior note position related to the legacy set up costs as explained on page 3. As a result of this redemption, the company will not be in a net liability position.

21. COMMITMENT AND CONTINGENCIES

As at 31 December 2018, the Company has no commitments or contingencies.