Registration number: 367997

GE Capital UK Funding Unlimited Company

Interim Financial Report

Half-Year ended 30 June 2016

GE Capital UK Funding Unlimited Company
Condensed consolidated interim financial report

Contents

GE Capital UK Funding Unlimited Company

Management Review

The Directors present their interim financial report for GE Capital UK Funding Unlimited Company (the "Company") for the period ended 30 June 2016.

Principal activities, business review and future developments

The Company is incorporated and tax resident in Ireland and operates as a financial services company. The Company and GE Capital UK Funding & Co. (the "Partnership" or the "Subsidiary") are consolidated in the GE Capital UK Funding Unlimited Company group (the "Group").

In order to meet the requirements of Section 1237 of the Companies Act 2014, the Company changed its name from GE Capital UK Funding to GE Capital UK Funding Unlimited Company on 13 April 2016.

The Group is a wholly owned subsidiary of General Electric Company ("GEC"). As a result of the reorganisation on 3 December 2015, the intermediate parent in the capital structure changed to GE Capital International Holdings Limited ("GECIHL") (formerly the intermediate parent was General Electric Capital Corporation ("GECC")), a USD functional entity and on that basis, the Group changed functional currency from Pound Sterling to US Dollars ("$" or "USD") as the Group is viewed as an extension of its USD intermediate parent. The Group's presentational currency also changed to USD.

The Group has established a GBP Commercial Paper ("Commercial Paper" or "CP") Programme and a GBP Medium Term Note ("MTN") Programme. The MTN programme is listed on the London Stock Exchange. The purpose of these programmes is to obtain financing in the capital markets, to primarily fund the operations of GEC affiliates . The Group's intermediate parent in the capital structure GECIHL, has guaranteed the CP and MTN programmes of the Group thus reducing the risk to any potential investor and supporting the CP and MTN programmes. As of 10 April 2015, the Group's ultimate parent, GEC, rated AA+, has also guaranteed the CP and MTN programmes of the Group thus reducing further the risk to any potential investor. During the period, GECIHL has excess cash on hand and as a result the Group is not likely to participate in the CP market in 2016.

The Directors are satisfied with the results of the Group. The results for the half-year are set out in the Consolidated Condensed Statement of Comprehensive Income - Unaudited on page 8 and the related notes.

The Group's results before taxation decreased from $37 million profit for the period ended 30 June 2015 to a loss of $111 million for the period ended 30 June 2016. The decrease in profits is mainly driven by foreign exchange losses on assets and liabilities held in non-functional currency primarily caused by volatility in foreign exchange rates in particular associated with Britain's exit from the European Union ("Brexit").

On 25 April 2016, a tender offer was made to purchase certain outstanding debt securities of the Group. On 12 May 2016, $1,982,478,634 of debt was repurchased at a premium of $427,440,241, see Note 5. The debt repurchase resulted in partial termination of associated derivatives in qualifying hedging relationships of the Group. This termination realised a gain of $39 million (30 June 2015: $Nil).

On 12 May 2016, the Company received a distribution of $420,380,665 from its partnership which was used to fund loan drawdowns.

On 30 June 2016, the Company received a distribution of $93,357,589 from its partnership which was used to repay non-USD cash pool borrowings.

The intra-group distributions above are eliminated in preparing the Consolidated Financial Statements.

Going concern
During 2016, changes in loan portfolio and cash management reflected the activity of the wider GEC Group in GBP and the cash required to fund this activity. The future growth of the Group is dependent on the cash needs of the GEC Group and in particular GECIHL. The Directors have assessed the loan receivable positions and have concluded that the balances remain recoverable and no impairment provision is required as at 30 June 2016. The GEC Group continues to collect substantial cash proceeds from business disposals, which are expected to remove the need for new long term debt issuances by the Group for the foreseeable future and the issuance of commercial paper in 2016. As noted above, the entire debt issued by the Group through its CP and MTN arrangements is guaranteed by GEC and GECIHL.

CP and MTN's
The following table sets out the period on period increase / (decrease) in CP and MTNs issued, and lending to GEC affiliates. The Directors define GEC affiliates to be subsidiaries, associates and joint ventures of the wider GEC Group. The table has been calculated using the closing balances over the period.

	June 2016	June 2015
	Period on period increase (decrease)	
Liabilities		
Issued Commercial Paper	(100)%	0.6%
Issued Medium Term Notes	(44)%	(5.4)%
Assets		
Loans to GEC affiliates	(32.9)%	1.44%

The following table sets out the weighted average maturities of CP and MTN in issue at 30 June 2016 and 31 December 2015. The maximum maturity date on the medium term notes is 2039.

	30 June 2016	31 December 2015
Commercial Paper	-	12 days
Medium Term Notes at amortised cost	2.72 years	1.45 years
Medium Term Notes at fair value	9.44 years	9.38 years

Risks & uncertainties for the remaining six months of the year
The main financial risks that the Group is exposed to are foreign exchange risk, liquidity risk, market risk, credit risk and other price risk. The Directors are responsible for the oversight of policies to manage these exposures, as set out in Note 13.

Foreign exchange risk
The main financial risk of the Group is the exposure to foreign exchange ("FX") risk. This risk arises during the current period, as the operations including loans and advances to GEC affiliates and debt securities issued are all in GBP while the functional currency of the Group is USD. During the period, the Group recorded an FX loss of $226 million (31 December 2015: FX loss of $35 million) driven by movement in the GBP/USD rates.

Interest rate risk
During 2016 interest rates remained at low levels. The Company, as a funding company, is exposed to interest rate volatility. Through the use of derivatives the Group is generally able to reduce interest rate mis-matches and in so doing reduce its interest rate risk. The Directors monitor interest rate exposure regularly. See Note 13(c) for analysis of interest rate exposure at period end.

GE Capital UK Funding Unlimited Company

Management Review (continued)

Liquidity risk
The Group has access to the cash pool and the wider GEC Group to fill any short-term liquidity requirements. See further analysis of liquidity risk at the period end at Note 13(b).

Market risks
The fair value of financial assets and liabilities may change due to interest rate volatility, credit spread changes and general market conditions. In an effort to ensure appropriate valuations were obtained, the Group relied on independent pricing providers such as Bloomberg and models used by the wider GEC Group which primarily use observable market data as inputs. Such valuations necessarily involve judgments and uncertainties on the selection of inputs. Critical judgments and uncertainties surrounding valuations are discussed further in Note 14 to the condensed financial statements.

Credit risks
GEC affiliates may experience difficulty in repaying loans. By carrying out comprehensive due diligence on each borrower the Group has been able to manage its exposure to credit risk and the Group experienced no defaults during the period. Additionally the Directors consider no loans to be past due or impaired. The Directors will continue to monitor the financial strength of its borrowers to ensure the Group's exposure to the risk of default is minimized. As all of the Group's lending is to other GEC affiliates, the Directors consider all loans as having low credit risk as at 30 June 2016.

Operational Risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The Directors are responsible for the development and implementation of controls to address operational risk.

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

• requirements for appropriate segregation of duties, including the independent authorisation of transactions;
• requirements for the reconciliation and monitoring of transactions;
• compliance with legal requirements;
• documentation of controls and procedures;
• requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
• training and professional development;
• ethical and business standards.

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

Related parties
The related party transactions have seen a decrease in loans and advances to related parties by 35% and a decrease of 100% in loans and advances from related parties at the period end.

The Directors in place at period end were: Robert M. Green and Columba Glavin.

The Directors do not propose a dividend for the current period *(31 December 2015: $Nil)*.

Subsequent events
On 3 August 2016, the loan and advances to GECIHL was partially repaid and lent to another GEC affiliate, GE Financial Funding Unlimited Company under a one year $4.5 billion revolving facility. At the same time, the Group entered into a $4.3 billion cross currency swap with GE Financial Markets Unlimited Company ("GEFM").

On 4 August 2016, the existing £7 billion facility with GECIHL matured and the Group entered into a new one year £1.5 billion revolving facility with GECIHL.

GE Capital UK Funding Unlimited Company
Responsibility Statement of the Directors
for the half-year ended 30 June 2016

Each of the Directors, whose names are listed in the Management Review on page 3, confirm our responsibility for preparing the half year financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and the Disclosure and Transparency Rules of the UK Financial Conduct Authority and with IAS 34 Interim Financial Reporting, as adopted by the EU, and to the best of each person's knowledge and belief:

(a) The condensed interim financial statements comprising the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related Notes 1 - 22, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

(b) The interim management report includes a fair review of the information required by:

(i) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Robert M. Green
Director

Columba Glavin
Director

Date 25 August 2016

Independent Review Report to GE Capital UK Funding Unlimited Company

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises consolidated condensed statement of comprehensive income, the consolidated condensed statement of financial position, the consolidated condensed statement of changes in equity, the consolidated condensed cash flow statement and the related explanatory notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the EU ("IFRSs"). Our review was conducted in accordance with the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the TD Regulations and the Transparency Rules of the Central Bank of Ireland and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

Basis of our report, responsibilities and restriction on use

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the TD Regulations and the Transparency Rules of the Central Bank of Ireland and the Disclosure and the Transparency Rules of the UK's Financial Conduct Authority. As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The Directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

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

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Review Report to GE Capital UK Funding Unlimited Company (continued)

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 Transparency (Directive 2004/109/EC) Regulations 2007 as amended ("the TD Regulations") and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

John Ahern
for and on behalf of
KPMG,
Chartered Accountants, Statutory Audit firm
1 Harbourmaster Place
I.F.S.C.
Dublin 1

25 August 2016

GE Capital UK Funding Unlimited Company

Consolidated Condensed Statement of Comprehensive Income - Unaudited
for the half-year ended 30 June 2016

	Note	**30 June 2016** **$'000**	30 June 2015 Restated **$'000**
Interest income	4	250,041	277,656
Interest expense	5	(117,342)	(123,785)
Net interest income		132,699	153,871
Fee and commission income	6	1,658	816
Fee and commission expense	7	(74)	(125,129)
Net fee and commission expense		1,584	(124,313)
Net trading income		134,283	29,558
Net (expense)/income from financial instruments carried at fair value	9	(14,092)	12,857
Personnel expenses		(45)	(50)
Other expenses		(4,990)	(141)
Foreign exchange loss	8	(226,228)	(372)
Operating (expense)/income		(245,355)	12,294
(Loss)/profit before income tax		(111,072)	41,852
Tax charge	10	-	(5,280)
(Loss)/profit for the period		(111,072)	36,572
Total comprehensive (loss)/profit for the period		(111,072)	36,572
Attributable to:			
Equity holders of the Company		(111,072)	36,572

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

GE Capital UK Funding Unlimited Company

Consolidated Condensed Statement of Financial Position - Unaudited
at 30 June 2016

	Note	30 June 2016 $'000	31 December 2015 $'000
Assets			
Cash and cash equivalents	11	8,797	-
Derivative assets held for qualifying hedging relationships	16	483,314	-
Loans and advances to GEC affiliates	17	10,090,305	15,615,312
Corporation tax receivable		-	10,020
Total assets		10,582,416	15,625,332
Liabilities			
Derivative liabilities held for qualifying hedging relationships	16	-	96,241
Loans and advances from GEC affiliates	17	-	12,758
Debt securities issued	18	8,240,567	13,067,855
Other liabilities		5,125	682
Total liabilities		8,245,692	13,177,536
Equity			
Share capital		89,261	89,261
Share premium		2,287,244	2,287,244
Retained earnings		92,189	203,261
Foreign exchange reserves		(131,970)	(131,970)
Total equity attributable to equity holders of the Company		2,336,724	2,447,796
Total liabilities and equity		10,582,416	15,625,332

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

GE Capital UK Funding Unlimited Company

Consolidated Condensed Statement of Changes in Equity - Unaudited
for the half-year ended 30 June 2016

	Share capital $'000	Share premium $'000	Capital Contribution $'000	Retained Earnings $'000	Foreign exchange Reserve $'000	Total $'000
Restated balance at 1 January 2015	50,894	548,498	-	203,964	(55,078)	748,278
Total comprehensive profit for the period	-	-	-	36,572	-	36,572
Transactions with owners:						
Shares issued during the period	38,367	1,738,746	-	-	-	1,777,113
Foreign exchange reserves	-	-	-	-	49,415	49,415
Restated balance at 30 June 2015	89,261	2,287,244	-	240,536	(5,663)	2,611,378
Balance at 1 January 2016	89,261	2,287,244	-	203,261	(131,970)	2,447,796
Total comprehensive loss for the period	-	-	-	(111,072)	-	(111,072)
Transactions with owners:						
Balance at 30 June 2016	89,261	2,287,244	-	92,189	(131,970)	2,336,724

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

GE Capital UK Funding Unlimited Company

Consolidated Condensed Cash Flow Statement - Unaudited
for the half-year ended 30 June 2016

	Note	30 June 2016 $ 000	30 June 2015 Restated $ 000
Cash flows from operating activities			
(Loss)/profit for the period		(111,072)	36,572
Adjustments for:			
Net interest income		(132,699)	(153,871)
Income tax charge	10	-	5,280
Foreign exchange	8	226,228	372
Change in short term investments		-	157,840
Change in loans and advances to GEC affiliates		4,432,844	(146,741)
Change in derivative assets held for qualifying hedging relationships		(555,788)	290,534
Change in derivative liabilities held for qualifying hedging relationships		(93,459)	36,948
Fair value gain on fixed rate debt securities in qualifying hedging relationships		591,064	(261,131)
Change in accrued interest on debt securities issued		(444,616)	(78,213)
Change in derivative assets held for trading		-	2,376
Change in derivative liabilities held for trading		-	(2,376)
Change in loans and advances from GEC affiliates		(13,389)	(1,645,680)
Change in other liabilities		4,797	(888)
		3,903,910	(1,758,978)
Interest received		271,600	277,524
Interest paid		(265,525)	(116,860)
Change in tax		9,742	2,248
Derivative termination receipts		39,065	119,724
Net cash provided by operating activities		3,958,792	(1,476,342)
Cash flows from financing activities			
Debt securities issued		2,449,642	1,428,225
Debt securities redeemed		(6,399,522)	(1,774,260)
Cash inflow from issued share capital		-	1,777,113
Net cash flows from financing activities		(3,949,880)	1,431,078
Net increase/(decrease) in cash and cash equivalents		8,912	(45,264)
Cash and cash equivalents at 1 January	11	-	189,169
Effect of exchange rate fluctuations on cash held		(115)	(495)
Cash and cash equivalents at 30 June	11	8,797	143,410

Effect of exchange rate fluctuations arises in 2015 and 2016 in the Consolidated Condensed Cash Flow Statement due to activity denominated in GBP and large gross movements included within balances in the Cash Flow Statement.

1 Reporting entity

GE Capital UK Funding Unlimited Company is an Irish incorporated, public unlimited company and tax resident company. The unaudited consolidated condensed interim financial statements of the Company as at and for the six months ended 30 June 2016 comprise the Company and the Partnership (together referred to as the Group and individually as Group entities). The Group is primarily involved in obtaining financing in the capital markets to fund the operations of GEC affiliates.

2 Basis of preparation

(a) Statement of compliance

The unaudited consolidated condensed financial statements of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union ("EU"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, and interpretations adopted by the International Accounting Standards Board ("IASB"), and under the requirements of Irish Company Law. The consolidated condensed interim financial statements for the six months ended 30 June 2016 are unaudited, but have been reviewed by the auditor whose report is set out on pages 6 and 7. The financial information presented herein for the year to 31 December 2015 does not amount to statutory financial statements that are required by Irish Company Law to be annexed to the annual return of the Company. The statutory financial statements for the year ended 31 December 2015 were annexed to the annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

(b) Judgements and estimates

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

In preparing these unaudited consolidated condensed interim financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2015 and are set out in Note 14.

(c) Change in functional currency

IAS 21: "The effect of changes in foreign exchange rates" states that "an entity's functional currency reflects the underlying transactions, events and conditions that are relevant to it". On 3 December 2015, the intermediate parent of the Company changed to GECIHL. As the Company and subsidiary are viewed as an extension of their parent, the functional currency changed to USD, to be consistent with their new parent.

The change was effective from 3 December 2015. In accordance with IAS 21 this change has been accounted for prospectively from this date.

2 Basis of preparation (continued)

Change in presentation currency

From 1 January 2015, the Group has changed their presentation currency to $ and hence all presentations and disclosures are in $, unless stated otherwise. Comparative information has been restated in $ in accordance with the guidance contained in IAS 21.

The 2015 half year Statement of Comprehensive Income, Cash Flow Statement and full year Statement of Financial Position and associated notes have been retranslated from GBP to $ using the procedures outlined below:
- Assets and liabilities were translated into $ at closing rates of exchange at each reporting date. Income and expenses were translated into $ at the rates of exchange prevailing at the dates of transaction or average rates where these are a suitable proxy. Differences resulting from the retranslation of the opening net assets and the results for the year have been taken to reserves; and
- The cumulative translation reserve was set to nil at 1 January 2005 (i.e. transition to IFRS). Share capital, share premiums and other reserves were translated at historic rates prevailing at the dates of transactions.

As a result of the change in functional and presentation currency of the Group, the prior period results at 30 June 2015 have been restated to $.

3 Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these unaudited consolidated condensed financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015 with the addition of the following new standards, amendments and interpretations that are effective:

Amendment to IAS 1 'Presentation of Financial Statements';
Amendment to IFRS 11 'Joint Arrangements';
Amendment to IAS 16 'Property, Plant and Equipment';
Amendment to IAS 27 ' Separate Financial Statements';
Amendment to IFRS 10 'Consolidated Financial Statements';
Amendment to IAS 28 'Investments in Associates and Join Ventures' and
the IASB's annual improvements (2014).

The adoption of these standards did not have a significant impact on the financial position or performance of the Group for the period ended 30 June 2016.

Basis of Consolidation
The Consolidated Financial Statements of the Company as at and for the period ended 30 June 2016 include the Company and the Partnership (together referred to as the "Group" and individually as "Group entities").

The unaudited condensed financial statements of the Group have been prepared under the historical cost convention, except for the following:
• derivative financial instruments are measured at fair value.

3 Significant accounting policies (continued)

Financial risk factors
The Group's activities expose it to a variety of financial risks: foreign exchange risk, asset risk, interest rate risk, credit risk and liquidity risk.

The consolidated condensed interim financial statements do not include all financial risk information and disclosures required in the annual financial statements; these should be read in conjunction with the Group's annual financial statements as at 31 December 2015. There have been no changes in the risk management department or in any risk management policies since the year end.

Fair value estimation
All of Group's derivatives whether in qualifying hedging relationships or not in qualifying hedging relationships are carried at fair value and are classified as Levels 2, as outlined in Note 14. The different levels have been defined as follows:

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

4 Interest income

The following table detail the interest income earned by the Group during the period.

	30 June 2016 $'000	30 June 2015 $'000 (Restated)
Interest income from financial assets that are measured at amortised cost:		
Loans and advances to GEC affiliates *(Note 17)*	250,041	276,657
Interest income from cash and cash equivalents and short-term investments	-	999
	250,041	277,656

Interest income is earned on loans made by the Group directly to other GEC affiliates, and primarily on a loan to the Group's intermediate parent GECIHL.

5 Interest expense

The following table detail the interest expense incurred by the Group during the period.

5 Interest expense (continued)

	30 June 2016 $'000	30 June 2015 $'000 (Restated)
Net interest expense for financial liabilities:		
Debt securities issued;		
- in qualifying hedging relationships at adjusted amortised cost	201,975	122,322
- at amortised cost	8,039	11,627
Premium on debt repurchase	427,440	-
Amortisation of fair value component of debt with associated terminated derivative assets	(521,097)	(10,164)
Loans and advances from GEC affiliates *(Note 17)* at amortised cost	985	-
	117,342	123,785

In the Group, for the period ended 30 June 2016, 100% of interest expense on loans and advances from GEC affiliates relates to cash pool borrowings from a GEC affiliate, GE Capital European Treasury Services Ireland Unlimited Company ("GECETS").

The increase in interest expense in the current period is attributable to the derivatives executed in December 2015 at higher rates than the terminated derivatives. This expense is offset by the amortisation of the fair value component of debt associated with these terminated derivative assets.

The premium on debt repurchase relates to the debt buyback of $1,982,478,634 in May 2016 at a premium of $427,440,241.

6 Fee and commission income

	30 June 2016 $'000	30 June 2015 $'000 (Restated)
Commitment fee income from GEC affiliates *(Note 20)*	1,210	816
Service fee income from GEC affiliate *(Note 20)*	448	-
	1,658	816

The service fee income in the current period arises due to the release of prior year over accrual.

7 Fee and commission expense

	30 June 2016 $'000	30 June 2015 $'000 (Restated)
Guarantee fee expense to intermediate parent in the capital structure *(Note 20)*	-	124,122
Service fee expense to GEC affiliates *(Note 20)*	-	573
Management fee expense to GEC affiliates	74	434
	74	125,129

At period end GECIHL, an intermediate parent of the Group has guaranteed the CP and MTN programmes of the Group thus reducing the risk to any potential investor. As of 10 April 2015, GEC has also guaranteed the CP and MTN programmes of the Group. No guarantee fee is payable since 3 December 2015.

8 Foreign exchange (loss)/gain

	30 June 2016 $'000	30 June 2015 $'000 (Restated)
Foreign exchange loss	(226,228)	(372)
Total foreign exchange loss	(226,228)	(372)

The FX loss in the current period is driven by the translation of foreign currency denominated receivables and payables to $ at period end rates while equity translated at historical rates.

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

	30 June 2016 $'000	30 June 2015 $'000 (Restated)
Fair value movement on interest rate swaps - in qualifying hedging relationships	576,971	(248,268)
Fair value movement on fixed rate debt securities issued in qualifying hedging relationships *(Note 18)*	(591,063)	261,132
Fair value movement on short term investments	-	(7)
	(14,092)	12,857

The portion of net (expense)/income from financial instruments carried at fair value relating to the ineffective portion of fair value hedges as at 30 June 2016 was $(14,092,261) *(30 June 2015: $12,863,506).*

10 Income tax charge

	30 June 2016 $'000	30 June 2015 $'000 Restated
Analysis of charge/(credit) in year		
Current tax:		
Irish corporation tax on profits/losses for the year	-	5,280
Total current tax	-	5,280
Deferred tax:		
Total tax charge in the Income Statement	-	5,280

11 Cash and cash equivalents

	30 June 2016 $ 000	31 December 2015 $ 000
Cash and balances with banks	8,797	-
	8,797	-

There were no restricted cash balances at the period end *(31 December 2015: USD Nil)*. Cash balances are held with National Irish Bank, a subsidiary of Danske Bank, rated A *(31 December 2015: A)* and at Societe Generale, rated A *(31 December 2015: A)*.

All 2016 and 2015 ratings are S&P long-term counterparty credit ratings as at 30 June 2016 (*2015: 31 December 2015*). The percentage of cash held by each bank is National Irish Bank 99.95% and Societe Generale 0.05% *(31 December 2015: The percentage of cash held by each bank is Societe Generale 100%)*.

12 Deferred tax asset

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. At 30 June 2016, an unrecognised deferred tax asset of $13.8 million arises *(31 December 2015: $ 0.1 million)*. The Directors have considered the assumptions underpinning the recognition of the asset including the impact of the 10 April 2015 GEC announcement, which reduced the need for new long term debt issuance and the change in functional currency to USD with the foreign exchange exposure. As a result, the Group has recorded no deferred tax asset for the period ending 30 June 2016, *(31 December 2015: $Nil)*.

The Group has an unrecognized deferred tax asset at period end of $13,870,411 *(31 December 2015: $145,055)* which relates to losses carried forward.

13 Financial risk management

Introduction and overview
The Group has exposure to the following risks from the use of financial instruments:

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

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

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

The Board of Directors has two members.

The Group's risk management policies are based on the policies of the Group's ultimate parent GEC and are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

13 Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to GEC affiliates. For risk management reporting purposes the Group considers and consolidates all elements of credit risk exposure (such as individual obligor risk, default risk and country risk). The Directors monitors performance of borrowers continually assessing recoverability of loans (see points below). The Directors set the credit policy to minimise and continually assess the risk to earnings and capital. All loans and advances made by the Group are with GEC affiliates. All loans are uncollateralized.

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

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

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

At 30 June 2016, the total carrying amount of lending exposed to credit risk in the Group amounted to $10,090 million *(31 December 2015: $15,615 million)*.

As at 30 June 2016, the loans and advances to GECIHL was 92% (31 December 2015: 94%) of the total loan portfolio for the Group. The Directors monitor the performance of GECIHL to assess the recoverability of the loan in line with the overall GEC risk framework. As at 30 June 2016, the Directors considers none of the loans and advances to that or other counterparties to be either past due or impaired.

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

Impaired loans
Individually impaired loans are loans and advances for which the Group determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan agreement(s).

Past due but not impaired loans
Past due but not impaired loans are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis that the following have not occurred:

• Delinquency by the borrower;
• Restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider;
• Indications that a borrower will enter bankruptcy.

At 30 June 2016, there were no loans past due but not impaired in the Group *(31 December 2015: $:Nil)*. The Directors concluded that no Incurred but Not Reported Reserve ("IBNR") is necessary.

13 Financial risk management (continued)

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to the deterioration of the borrower's financial position. No loans on the Statement of Financial Position as at 30 June 2016 were renegotiated during the period *(31 December 2015: $:Nil)*.

Allowances for impairment
The Group establishes an allowance for impairment losses on assets carried at amortised costs that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and, for assets measured at amortised cost. There was no allowance for impairment losses in the period ended 30 June 2016 (31 December 2015: $Nil).

Write-off policy
The Group writes off loans and advances when they are determined to be uncollectable. No loans were written off during the period (*31 December 2015: $Nil*).

Fair value adjustment for credit risk
The Group assesses the valuation adjustments required for credit risks associated with derivatives measured at fair value as at 30 June 2016. All derivatives are executed with GEFM and a credit valuation adjustment ("CVA") is calculated to reflect the credit risk of GEFM. A debit valuation adjustment ("DVA") is calculated to reflect the credit risk of the Group with the bilateral adjustment recorded in the measurement of the derivatives in the financial statements. As at 30 June 2016, the bilateral adjustment for the Group amounted to $29 million *(31 December 2015: Credit of $4 million)* which has been recorded as a debit to the 'Net expense from financial instruments carried at fair value" in the Statement of Comprehensive Income.

(b) Liquidity risk

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

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In the course of the GE Capital restructuring it is anticipated that there will be no requirement for the Group to issue new long term debt in the foreseeable future with the expectation that the current MTN portfolio remains until maturity. The CP programme continues presently albeit no CP is in issue at period end. The Group has access to the cash pool should it be required.

The Group's intermediate parent GECIHL has guaranteed that it will meet the liabilities of the CP and MTN programmes should the Group, be unable to meet these liabilities. As of 10 April 2015, GEC, rated AA+, has also guaranteed the CP and MTN programmes of the Group thus reducing further the risk to any potential investor and supporting the CP and MTN programmes. As part of the Group's processes, management monitor the ratings of GEC and the GEC affiliates with which the Group trades.

13 Financial risk management (continued)

GEC receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The repayment terms of debt securities issued are outlined in Note 18. The Group has loans and advances to GEC affiliates of $10,090 million *(2015: $15,615 million)*. At period end, 92% of Group lending was to GECIHL. On 3 August 2016, the loans and advances to GECIHL was partially repaid and lent to another GEC affiliate, GE Financial Funding Unlimited Company under a one year $4.5 billion revolving facility. On 4 August 2016, the existing £7 billion facility with GECIHL matured and the Group entered into a new one year £1.5 billion revolving facility with GECIHL. GEC maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group. The Directors with the assistance of GEC monitor the on-going liquidity requirements of the Group, and by way of short-term loans from GEC to cover any short-term fluctuations and obtain longer term funding to address any structural liquidity requirements. The overall group daily liquidity position is monitored by GEC.

At 30 June 2016, the Group held derivative assets for qualifying hedging relationships purposes of $483 million *(31 December 2015: $ Nil)*. The Group held derivative liabilities for qualifying hedging relationships purposes of $Nil *(31 December 2015: $96 million)*. During the period, derivatives in qualifying hedging relationships of $39 million were terminated associated with the partial debt repurchase in May 2016 (*31 December 2015: Derivatives in qualifying hedging relationships of $1,556 million were terminated and replaced with new derivatives. All derivative assets and liabilities held for trading purposes were terminated during the year ended 31 December 2015. All derivatives were placed with another GEC affiliate whose external derivative liabilities are backed by GEC's AA+ credit rating)*. The derivative assets and liabilities all qualify as hedged under IAS39.

13 Financial risk management (continued)

Residual contractual maturities of financial assets

	Note	Carrying amount	Current amount	Non-current amount
In millions of $				
30 June 2016				
Non-derivative financial assets				
Loans and advances to GEC affiliates	17	10,090	10,090	-
Cash and cash equivalents	11	9	9	-
		10,099	10,099	-
Derivative assets				
Inflow - held for qualifying hedging relationships	16	3,383	-	3,383
Outflow - held for qualifying hedging relationships	16	(2,900)	-	(2,900)
		483	-	483
		10,582	10,099	483

Residual contractual maturities of financial assets

	Note	Carrying amount	Current amount	Non-current amount
In million of $				
31 December 2015				
Non-derivative financial assets				
Loans and advances to GEC affiliates	17	15,615	15,615	-
		15,615	15,615	-
Derivative assets				
Inflow - held for qualifying hedging relationships	16	-	-	-
Outflow - held for qualifying hedging relationships	16	-	-	-
		-	-	-
		15,615	15,615	-

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

13 Financial risk management (continued)

Residual contractual maturities of financial liabilities

	Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
In million of $								
30 June 2016								
Non derivative liabilities								
Debt securities issued	18	8,241	(10,564)	(197)	-	(549)	(4,346)	(5,472)
Other liabilities		5	(5)	-	-	(5)	-	-
		8,246	(10,569)	(197)	-	(554)	(4,346)	(5,472)
Undrawn loan commitments		-	(3,490)	(3,490)	-	-	-	-
		8,246	(14,059)	(3,687)	-	(554)	(4,346)	(5,472)

13 Financial risk management (continued)

Residual contractual maturities of financial liabilities

	Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
In million of $								
31 December 2015								
Non derivative liabilities								
Loans and advances from GEC affiliates	17	13	(13)	-	(13)	-	-	-
Debt securities issued	18	13,068	(17,023)	(581)	(315)	(1,963)	(6,391)	(7,773)
Other liabilities		1	(1)	-	-	(1)	-	-
		13,082	(17,037)	(581)	(328)	(1,964)	(6,391)	(7,773)
Derivative liabilities								
Outflow - held for qualifying hedging relationship	16	96	(112)	117	(43)	(80)	(32)	(74)
		96	(112)	117	(43)	(80)	(32)	(74)
Undrawn loan commitments		-	(5,311)	(5,311)	-	-	-	-
		13,178	(22,460)	(5,775)	(371)	(2,044)	(6,423)	(7,847)

13 Financial risk management (continued)

The previous table shows the undiscounted cash flows on the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments may vary significantly from this analysis. For example, undrawn loan commitments are not all expected to be drawn down immediately, but upon draw down would have contractual maturity not greater than 1 years.

Residual contractual maturities of financial liabilities

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

To manage the liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents. Hence, the Group believes that it is not necessary to disclose a maturity analysis in respect of these assets to enable users to evaluate the nature and extent of liquidity risk.

(c) Market risks

Exposure to foreign currency risk
The principal market risk faced by the Group relates to currency risk as almost all borrowing and lending is in GBP while the functional currency is USD. A 1% increase in the GBP/USD exchange rate as at 30 June 2016 would give rise to additional FX gain of approximately $23,666,790. A decrease of 1% would give an equal and opposite effect.

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

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

The interest rate on floating rate assets and liabilities are reset quarterly from the initial date of funding. Therefore movements in the benchmark interest rate during the quarter can give rise to a mismatch between interest expense and income. The effect on the group of a 0.5% increase in the benchmark rate for a full year could give rise to additional profit of approximately $12 million *(31 December 2015: $12 million)*. A decrease of 0.5% would have an equal and opposite effect.

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

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

13 Financial risk management (continued)

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

One GEC affiliate engaged in financial services and incorporated in the United Kingdom accounted for 99% of Group revenue.

In addition to the above, the Company and Group had entered into lending commitments of $3,490 million *(31 December 2015: $5,311 million)* with 100% owned GEC affiliates.

14 Use of estimates and judgements

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

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

(a) Critical accounting judgements
Critical accounting judgements made in applying the Group's accounting policies include:

• **Allowances for credit losses**

Assets accounted for at amortised cost are evaluated for impairment as per the accounting policy 2 (h) Financial assets and liabilities in the Group's financial statements for the year ended 31 December 2015.

The specific counterparty component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon the best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, judgements are made about a counterparty's financial situation.

There is no specific or collective provision at the period end (31 December 2015: $Nil).

• **Determining fair values**

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

(b) Sources of estimation uncertainty

Valuation of financial instruments

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve market uncertainties and matters of judgement (including interest rates, volatility, estimated cash flows) and therefore, cannot be determined with precision. The Group has estimated the fair value of its loans and advances to GEC affiliates taking into account market risk and the changes in credit quality of its borrowers.

14 Use of estimates and judgements (continued)

(c) Valuation of financial assets and liabilities

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

• **Level 1** - Quoted market price in an active market for an identical instrument.
• **Level 2** - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
• **Level 3** - 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 could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments.

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

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

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

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

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

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

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

14 Use of estimates and judgements (continued)

	Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
In million of $				
30 June 2016				
Assets				
Cash and cash equivalents	-	-	-	-
Loans and advances to GEC affiliates	-	-	-	-
Derivative assets held for qualifying hedging relationship	-	483	-	483
Other assets	-	-	-	-
	-	483	-	483

	Level 1	Level 2	Level 3	Total
In million of $				
30 June 2016				
Liabilities				
Debt securities issued	-	-	-	-
Derivative liabilities held for qualifying hedging relationships	-	-	-	-
Derivative liabilities held for trading	-	-	-	-
Loans and advances from GEC affiliates	-	-	-	-
Other liabilities	-	-	-	-
	-	-	-	-

	Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
In million of $				
31 December 2015				
Assets				
Cash and cash equivalents	-	-	-	-
Loans and advances to GEC affiliates	-	-	-	-
Derivative assets held for qualifying hedging relationship	-	-	-	-
Other assets	-	-	-	-
	-	-	-	-

	Level 1	Level 2	Level 3	Total
In million of $				
31 December 2015				
Liabilities				
Debt securities issued	-	-	-	-
Derivative liabilities held for qualifying hedge relationships	-	96	-	96
Derivative liabilities held for trading	-	-	-	-
Loans and advances from GEC affiliates	-	-	-	-
Other liabilities	-	-	-	-
	-	96	-	96

15 Accounting classifications and fair values

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

	Fair value through profit or loss		Amortised Cost				
In millions of $ 30 June 2016	Held for qualifying hedging relationships	Designated at fair value	Loans and receivables	Amortised cost	Qualifying hedging relationships at amortised cost	Total Carrying Amount	Fair Value *
Cash and cash equivalents	-	-	9	-	-	9	9
Derivative assets held for qualifying hedging relationships	483	-	-	-	-	483	483
Loans and advances to GEC affiliates	-	-	10,090	-	-	10,090	10,114
	483	-	10,099	-	-	10,582	10,606
Debt securities issued	-	-	-	471	7,770	8,241	9,246
Other liabilities	-	-	-	5	-	5	5
	-	-	-	476	7,770	8,246	9,251

15 Accounting classifications and fair values (continued)

The tables below sets out the carrying amounts and fair values of the Group's financial assets and liabilities, and their fair values.

	Fair value through profit or loss		Amortised Cost				
In millions of $ **31 December 2015**	**Held for qualifying hedging relationships**	**Designated at fair value**	**Loans and receivables**	**Amortised cost**	**Qualifying hedging relationships at amortised cost**	**Total Carrying Amount**	**Fair Value ***
Cash and cash equivalents	-	-	-	-	-	-	-
Derivatives assets held for qualifying hedging relationships	-	-	-	-	-	-	-
Loans and advances to GEC affiliates	-	-	15,615	-	-	15,615	15,616
	-	-	15,615	-	-	15,615	15,616
Derivative liabilities held for qualifying hedging relationships	96	-	-	-	-	96	96
Loans and advances from GEC affiliates	-	-	-	13	-	13	13
Debt securities issued	-	-	-	2,274	10,794	13,068	14,304
Other liabilities	-	-	-	1	-	1	1
	96	-	-	2,288	10,794	13,178	14,414

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

16 Financial assets and liabilities

Fair value hedging relationships
At 30 June 2016, certain MTN's shown within debt securities issued are designated in qualifying fair value interest rate hedging relationships valued at $ 7,574 million; *(31 December 2015: $ 10,507 million)*) and are fair valued with respect to the hedged interest rate.

Derivatives held for risk management and trading
At 30 June 2016, all derivatives are entered into for risk management purposes and qualify under IAS 39 for hedge accounting as disclosed. All the derivatives are with a GEC affiliate, GEFM.

	30 June 2016 $ 000	31 December 2015 $ 000
Derivative assets		
Instrument type:		
Interest rate swaps held for qualifying hedging relationships	483,314	-
Derivative liabilities		
Instrument type:		
Interest rate swaps held for qualifying hedging relationships	-	(96,241)
	483,314	(96,241)

Fair value hedges of interest rate risk
The Group may use interest rate swaps to hedge its exposure to changes in the fair value of its fixed rate GBP MTNs. Interest rate swaps are matched to specific issuances of fixed rate notes. The fair value of derivative assets designated as fair value hedges is $483 million *(31 December 2015: $Nil)* and the fair value of derivative liabilities designated as fair value hedges is $Nil *(31 December 2015: $96 million)*.

The notional amounts of all interest rate swaps outstanding at 30 June 2016 were $6,040 million *(31 December 2015: $8,916 million)*.

17 Loans and advances

Loans and advances to GEC affiliates

	30 June 2016 $'000	31 December 2015 $ 000
Loans and advances to GEC affiliates at amortised cost	10,090,305	15,615,312
	10,090,305	15,615,312

The opening provision for impairment in 2016 was $Nil *(31 December 2015: $Nil)*. No provisions were created in the period *(31 December 2015: $ Nil)*. The closing balance on the provision for impairment in June 2016 was $Nil *(31 December 2015: $Nil)*.

17 Loans and advances (continued)

Loans and advances from GEC affiliates

	30 June 2016 $ 000	31 December 2015 $'000
Loans and advances from GEC affiliates at amortised cost	-	12,758
	-	12,758

18 Debt securities issued

	30 June 2016 $ 000	31 December 2015 $ 000
Fixed rate debt securities in qualifying hedging relationship	7,769,793	10,793,942
Floating rate debt securities issued at amortised cost	470,774	2,273,913
	8,240,567	13,067,855

At 30 June 2016, $7,890 million *(31 December 2015: $10,741 million)* of nominal debt securities issued are expected to be settled more than twelve months after the reporting date. During the period, derivative assets in qualifying hedging relationships of $36 million were terminated resulting in the amortisation of the fair value of the associated debt over the life of the debt.

	30 June 2016 $ 000	31 December 2015 $ 000
Debt securities at amortised cost		
Floating rate debt securities	-	606,954
Medium term notes - floating rate	470,774	1,666,959
	470,774	2,273,913

	30 June 2016 $ 000	31 December 2015 $ 000
Debt securities issued in qualifying hedging relationship		
Medium term notes fixed rate	7,769,793	10,793,942
	7,769,793	10,793,942

18 Debt securities issued (continued)

Included in the floating rate debt securities at 31 December 2015 is CP amounting to $607 million with an average maturity of 12 days and a range of interest rates from 0.49% to 0.55%. There is no CP in issuance at 30 June 2016.

Floating rate debt securities issued by the MTN program held at amortised cost have maturities from 9 months to 22 years *(31 December 2015: 5 months to 22 years)*, an average maturity of 2.7 years *(31 December 2015: 1.4 years)* and a range of interest rates from 3 month GBP Libor plus 0.15% to 3 month GBP Libor plus 1.3% *(31 December 2015: from 3 month GBP Libor plus 0.15% to 3 month GBP Libor plus 1.3%).*

Fixed rate debt securities issued by the MTN program held at fair value have a range of maturities from 1 year to 23 years *(31 December 2015: 1 month to 23 years)*, an average maturity of 9.4 years *(31 December 2015: 9.4 years)* and a range of interest rates from 2.375% to 8% *(31 December 20154: 2.375% to 8%).*

The Group had unutilised loan commitments, all to other GEC affiliates, of $3,490 million at 30 June 2016 *(31 December 2015: $5,311 million)*. An unutilised commitment is the amount of any given credit facility that has not been drawn by the borrower. The longest of these commitments has the potential to extend to 2016. The table below analyses nominal movements in medium term notes and commercial paper:

	30 June 2016 Medium Term Notes $'000	31 December 2015 Medium Term Notes $'000
Opening balance	10,582,167	11,942,837
Issued	-	501,146
Maturities	(1,375,059)	(1,244,987)
Early redemption	(1,982,479)	-
Foreign Exchange	(713,844)	(616,829)
Closing Balance	6,510,785	10,582,167

	30 June 2016 Commercial Paper $'000	31 December 2015 Commercial Paper $'000
Opening balance	607,221	817,223
Issued	2,449,642	2,287,590
Redeemed	(3,041,984)	(2,459,089)
Foreign Exchange	(14,879)	(38,503)
Closing Balance	-	607,221

The Group have not had any defaults of principal, interest or other breaches with respect to its debt securities during 2016 or 2015.

19 Operating segments

It is the Directors' view that the Group's business is organised as a single segment. The Group has earned all its revenues in the Republic of Ireland and all of the Group's revenues arise from the provision of loans to GEC affiliates and reversal of over-accrual for service fee expense with GEC affiliate.

19 Operating segments (continued)

Group

	30 June 2016 Ireland $'000	30 June 2015 Ireland $'000
Revenue from loans and advances to GEC affiliates	250,041	277,656
Revenue from commitment fees from GEC affiliates	1,210	816
Revenue from service fees with GEC affiliates	448	-
Total segment revenue	251,699	278,472
Reportable segment (loss)/profit before tax	(111,072)	41,852

	30 June 2016 $'000	31 December 2015 $'000
Reportable segment assets	10,582,416	15,625,332
Reportable segment liabilities	8,245,692	13,177,536

One GEC affiliate, GECIHL, accounted for 99% of total revenue of the Group during the period *(30 June 2015: GE Capital International Holdings Corporation accounted for 97% of total revenue during the period).* No other clients accounted for more than 10% of total revenue.

Loans to GECIHL, accounted for 87% of segment assets at 30 June 2016 *(31 December 2015: 94%).* No other GEC affiliates accounted for more than 10% of segment assets.

20 Related party disclosures

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

The Group enters into financial transactions with its subsidiaries and other GEC affiliates in the normal course of business. These include loans, derivative instruments and foreign currency transactions on an "arm's length" basis. In addition, the Group enters into transactions with GEC affiliates and derivative transactions with GEFM. Transactions and balances between the Company, its subsidiary, its partnership and other GEC affiliates are detailed in Notes 4, 5, 6, 7, 9, 13, 14, 15, 17, 19 and 20.

Profit and loss transactions with related parties

	30 June 2016 $'000	31 December 2015 $'000
Affiliate/Parent	-	(228,058)
Affiliate/other group companies	827,603	398,622
	827,603	170,564

20 Related party disclosures (continued)

Balances with related parties

	30 June 2016 $'000	31 December 2015 $'000
Affiliate/Intermediate parent	10,568,502	15,505,637
	10,568,502	15,505,637

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

GE Capital International Holdings Limited, GE Capital European Treasury Services Ireland Unlimited Company, GE Leveraged Loans Limited, GE Capital European Funding Unlimited Company, GE Capital US Holdings, Inc. and GE Financial Markets Unlimited Company.

(b) Sale of loans
In the current period no loans were sold *(31 December 2015: No loans sold).*

(c) Compensation of key management personnel
Under IAS 24,"Key Management Personnel" are defined as comprising the Directors together with senior executive officers. The Group has a management service and investment services agreement in place with GE Capital European Funding Unlimited Company, a group company. Directors' remuneration has been included in the service fee charged from this Company. The employee of the Company is not a senior executive officer or a member of the Board.

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

(e) Off balance sheet arrangements
As part of the wider GEC Group, the Group avail of services provided by other GEC affiliates. These include cash operations, treasury, human resources and technical accounting services.

21 Subsequent events

On 3 August 2016, the loan and advances to GECIHL was partially repaid and lent to another GEC affiliate, GE Financial Funding Unlimited Company under a one year $4.5 billion revolving facility. At the same time, the Group entered into a $4.3 billion cross currency swap with GEFM.

On 4 August 2016, the existing £7 billion facility with GECIHL matured and the Group entered into a new one year £1.5 billion revolving facility with GECIHL.

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

22 Approval of financial statements

The unaudited consolidated condensed interim financial report was approved by the Directors on 25 August 2016.