Company Number: 440452

IRIS II SPV DESIGNATED ACTIVITY COMPANY

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

IRIS II SPV DESIGNATED ACTIVITY COMPANY

CONTENTS

DIRECTORS AND OTHER INFORMATION

DIRECTORS

The Directors who held office during the year and subsequently were:

C. Blake (resigned 6th October 2017)
A. Bailie
S. O'Connor (appointed 6th October 2017)

SECRETARY

The Company Secretary is Sanne Capital Markets Ireland Limited.

REGISTERED OFFICE

The registered office is Sanne, Fourth Floor, 76 Lower Baggot Street, Dublin 2, Ireland.

TRUSTEES

HSBC Trustee (C.I.) Limited
1 Grenville Street, St Helier, Jersey, JE4 9PF

HSBC Corporate Trustee Company (UK) Limited
Level 24, 8 Canada Square, London, E14 5HQ

CORPORATE SERVICES PROVIDER

Sanne Capital Markets Ireland Limited
76 Lower Baggot Street, Dublin 2, Ireland

CUSTODIAN, ISSUING AGENT AND PAYING AGENT

HSBC Bank plc
8 Canada Square, London, E14 5HQ

CUSTODIAN

Citibank N.A.
Citigroup Center, Canada Square, Canary Wharf, London, E14 5LB

ARRANGER, SWAP COUNTERPARTY AND CALCULATION AGENT

Société Générale
29 Boulevard Haussmann, 75009, Paris

LEGAL ADVISORS

Matheson
70 Sir John Rogerson's Quay, Dublin 2, Ireland

INDEPENDENT AUDITOR

Ernst & Young, Chartered Accountants
Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland

BANKERS

HSBC Bank PLC
8 Canada Square, London, E14 5HQ

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Center, Earlsfort Terrace, Dublin 2, Ireland

DIRECTORS' REPORT

The Directors present the Directors' Report and the audited financial statements of Iris II SPV Designated Activity Company (the "Company") for the financial year ended 30th June 2018.

PRINCIPAL ACTIVITIES

The Company is incorporated in Ireland. The principal activity of the Company is the issuance of Limited Recourse Notes ("Notes") in separate series and tranches under the terms of the Offering Circular dated 2nd April 2004, last updated on 6th July 2018, under a €20,000,000,000 secured note programme with Claris Limited, Claris 2 Limited, Claris III Limited and Claris IV Limited, all of which are companies incorporated in Jersey, Channel Islands, and Iris SPV PLC, a company incorporated in Ireland. The proceeds from the issuance of the Notes have been used to acquire securities and to enter into repurchase, securities lending transaction, equity linked securities, interest rate swaps ("IRS"), credit default swaps ("CDS") and fully funded swaps ("FFS") with Société Générale ("SG"). The Notes are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in them. The Notes are listed on Euronext Dublin (formerly The Irish Stock Exchange ("ISE")). The Company formerly had Notes listed on the International Stock Exchange ("TISE").

BUSINESS REVIEW

The results for the year and state of affairs as at 30 June 2018 are set out on pages 14 and 15.

FUTURE DEVELOPMENTS

The Directors currently expect the Company to continue to act as an issuer of Limited Recourse Notes/Loans.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks associated with the Company's business are currency risk, interest rate risk, credit risk and liquidity risk. The Company has established policies for managing these risks. The policies and the risk exposure are detailed in note 20 to the financial statements.

GOING CONCERN

The Directors consider the Company to be a going concern and it is their intention to avail themselves of further investment opportunities, should they become available. Refer to note 2 to the financial statements for further details of the Directors' going concern assessment.

SUBSEQUENT EVENTS

Subsequent to the financial year end date, the Company issued Series 32/2018 EUR 100,000,000 Structured Index Linked Notes due in 2031 and redeemed Series 18/2013 Secured Credit Linked Notes originally due in 2020 as disclosed in note 18 of the financial statements. There are no other subsequent events that require adjustment to or disclosure to the financial statements apart from the transactions stated.

KEY PERFORMANCE INDICATORS

The performance of the underlying portfolios applicable to each series of Notes/Loans is the principal key performance indicator monitored by SG and the Board. Under current market conditions, the aggregate assets of the Company may have a tendency to change in value if market interest rates change and/or if credit spreads change, amongst other factors that might affect the value of the Company's assets. Prices may be affected and may decrease if liquidity is limited. All relevant numerical performance metrics are visible on the face of the primary statements. The structure performed in accordance with the parameters set out in the underlying programme documents and the Company's performance may be considered to be satisfactory due to the net profit earned by the Company during the financial year.

DIRECTORS AND SECRETARY

The Directors who served throughout the financial year except as noted, were as follows:

Adrian Bailie	
Conor Blake	(resigned 6th October 2017)
Sinead O'Connor	(appointed 6th October 2017)

The Company Secretary is Sanne Capital Markets Ireland Limited.

DIRECTORS' REPORT - (CONTINUED)

DIRECTORS' AND SECRETARY'S INTERESTS

The Directors and Secretary who held office at 30th June 2018 did not hold any shares, share options, deferred shares or debentures in the Company at that date, or during the financial year. Conor Blake, Sinead O'Connor and Adrian Bailie were Directors of the Company during the financial year. Conor Blake, Sinead O'Connor and Adrian Bailie had an interest in the fees provided to Sanne Capital Markets Ireland Limited, as disclosed in Note 16 to the financial statements. Conor Blake, Sinead O'Connor and Adrian Bailie are also employees of Sanne Capital Markets Ireland Limited.

RESULTS AND DIVIDENDS

The profit for the financial year after taxation amounted to €211 (2017: €337).

The Directors do not propose a dividend for the financial year (2017: €nil).

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the financial year (2017: nil).

INDEPENDENT AUDITOR

Ernst & Young, Chartered Accountants, has indicated its willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014 ("Companies Act 2014").

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 and adequate accounting records are kept by outsourcing this function to a specialised provider of such services. The accounting records are kept at Sanne, Fourth Floor, 76 Lower Baggot Street, Dublin 2, Ireland.

CORPORATE GOVERNANCE STATEMENT

The European Communities (Directive 2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Directors' Report.

Although there is no specific statutory corporate governance code applicable to Irish Section 110 Limited Liability Companies whose debt is listed on Euronext Dublin, the Company is subject to corporate governance practices imposed

(i) The Irish Companies Act 2014;
(ii) The Constitution of the Company which are available for inspection at the registered office of the Company and at the Companies Registration Office in Ireland; and
(iii) Euronext Dublin through the ISE Code of Listing Requirements and Procedures.

With regard to the appointment and replacement of Directors, the Company is governed by its Constitution and Irish Statute comprising the Companies Act 2014. The Constitution themselves may be amended by special resolution of the shareholders.

Financial Reporting

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing Sanne Capital Markets Ireland Limited or its delegate (the "Administrator") to maintain the accounting records of the Company independently of the Arranger and the Custodian. The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Services Agreement.

DIRECTORS' REPORT - (CONTINUED)

CORPORATE GOVERNANCE STATEMENT - (CONTINUED)

Financial Reporting - (continued)

The Administrator has operating responsibility for internal control in relation to the financial reporting process. The Administrator designs and maintains control structures to manage the risks which it judges to be significant for internal control over financial reporting. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodian. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account and the related notes in the Company's financial statements.

The Administrator has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. The Administrator is also contractually obliged to prepare for review and approval by the Board the financial statements intended to give a true and fair view of the Company's performance and liaise with the independent auditors during the audit process. The financial statements must be filed with Euronext Dublin and Irish Companies Registration Office on an annual basis.

The financial instruments issued by the Company are classified as financial liabilities at fair value through profit or loss or other liabilities with the associated collateral classified as financial assets at fair value through profit or loss or loans and receivables, respectively, according to their characteristics. The fair values for the financial instruments and the amortised cost for the loans held by, or issued by, the Company have been provided to us by Société Générale. The Board has relied upon Société Générale, whom they regard as an expert in valuing such financial instruments. The Board is satisfied that the values as stated in the Company's financial statements represent a reasonable approximation of their fair values.

The Company's policies and the Board's instructions with relevance to financial reporting are updated and communicated via appropriate channels, such as e-mail correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place with the aim of timely identification of internal and external matters with a potential effect on financial reporting. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

Audit

The sole business of the Company relates to the issuing of asset-backed securities. It also enters into certain derivative agreements to hedge out interest rate, currency and portfolio default risk arising between asset and liability mismatches. Refer to note 5 for the derivative financial instruments entered by the Company.

Under Section 115 (10) of the European Union (Statutory Audits) (Directive 2006/43/ EC as amended by Directive 2014/ 56/ EU and Regulation (EU) No. 537/ 2014 Regulations 2016 ("S1 312/ 2016 – The EU Audit Directive"), the Company issuing asset backed securities may avail itself of an exemption from the requirements to establish an audit committee.

Given the contractual obligations of the Administrator and the limited recourse nature of the securities issued by the Company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. Accordingly, the Company has availed itself of the exemption under paragraph 10(c) of the Regulations.

DIRECTORS' REPORT - (CONTINUED)

CORPORATE GOVERNANCE STATEMENT - (CONTINUED)

Shareholders and Directors

Badb Charitable Trust Limited, Eurydice Charitable Trust Limited and Medb Charitable Trust Limited each hold one share in the Company. No other person has a significant direct or indirect holding of equity securities in the Company. No person has any special rights of control over the Company's share capital. There are no restrictions on voting rights.

The convening and conduct of shareholders' meetings are governed by the Constitution of the Company and the Companies Acts. The Constitution of the Company set out the notice periods, quorum required for an extraordinary general meeting and the use of proxies or voting procedure.

All matters requiring a resolution of the Company in general meetings shall, unless a poll is demanded, be put to a vote by a show of hands. On a show of hands, a declaration by the Chairman that a resolution has been carried unanimously or by majority and an entry to that effect in the minutes, shall be conclusive evidence of the number of votes for or against such resolution.

Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors may not be less than two. Currently, the Board of Directors of the Company is composed of two Directors. The Company is governed by its Constitution which empower the existing Directors to appoint and (if necessary) replace the

The business of the Company is managed by the Directors, who exercise all such powers of the Company as are granted by the Companies Acts or by the Constitution of the Company.

DIRECTORS' COMPLIANCE STATEMENT

As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation). The Directors have drawn up a compliance policy statement, and have put in place arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations. These arrangements and structures were reviewed by the Directors during the financial year.

DIRECTORS' STATEMENT ON RELEVANT AUDIT INFORMATION

So far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditor is unaware and the Directors have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditor is aware of that information.

AUDIT COMMITTEE

The Company has taken the exemption to appoint an audit committee as discussed in more detail on page 4.

On behalf of the Board of Directors

Sinead O'Connor
Director

Adrian Bailie
Director

[date] 30 April 2019.

IRIS II SPV DESIGNATED ACTIVITY COMPANY

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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 at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

* select suitable accounting policies for the Company's financial statements and then apply them consistently;

* make judgements and accounting estimates that are reasonable and prudent;

* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

* state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

These financial statements comply with the abovementioned requirements.

Approved and authorised for issuance and signed on behalf of the Board of Directors on [date].

Sinead O'Connor
Director

Adrian Bailie
Director

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Ernst & Young
Chartered Accountants
Harcourt Centre
Harcourt Street
Dublin 2
D02 YA40
Ireland

Tel: + 353 1 475 0555
Fax: + 353 1 475 0599
ey.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS II SPV DESIGNATED ACTIVITY COMPANY

Opinion

We have audited the financial statements of IRIS II SPV Designated Activity Company ('the Company') for the year ended 30 June 2018, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS II SPV DESIGNATED ACTIVITY COMPANY

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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.

Risk	**Our response to the risk**	**Key observations communicated to the Board of Directors**
Risk of Management override of controls on the management estimate and judgement involved in the valuation of the fair value of financial instruments The Company has acquired securities and entered into securities lending transactions, interest rate swaps ('IRS'), credit default swaps ('CDS') and fully funded swaps ('FFS'). The investments principally comprise financial assets at Fair Value through Profit and Loss (FVTPL) of €1,320 million (2017: €1,311 million), and derivatives namely credit default swaps of nil (2017: € (0.1 million), interest rate swaps of €152 million (2017: €163 million) and fully funded swaps of €225 million (2017: 248 million) and securities lending transactions held at amortised cost of €670 million (2017: €725 million). Further details of these investments can be found in notes 3, 4, 5, 9 and Note 20 of the financial statements. The audit team has identified a risk of management override of the controls over the fair valuation of financial instruments, the impairment of the financial assets held at amortised cost and the associated impairment charge and unrealised gains/losses. This is primarily as a result of the use of complex assumptions and judgments, as outlined in notes 3, 5 and 20, which influence the valuation of the	In light of the inherent difficulty associated with the valuation of financial instruments, we focused our audit procedures on the assessment of fair value techniques adopted in deriving the year-end valuation of the investments including those used in assessing impairment. In obtaining sufficient audit evidence we: • Tested the design and operating effectiveness of key controls over financial instrument valuations including appropriate governance procedures and management review; • Assessed the appropriateness of the valuation models used by the Company. • Tested key inputs into valuation models, including data and key parameters and challenged appropriateness of key assumptions used. • Tested the valuation of the portfolio of investments.	Our planned audit procedures were completed without material exception.

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Risk	Our response to the risk	Key observations communicated to the Board of Directors
level 2 and 3 financial instruments. The incorrect valuation of the financial instruments may result in an overstatement / understatement of both assets and liabilities held by the Company.		

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS II SPV DESIGNATED ACTIVITY COMPANY (Continued)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €36.8 million (2017: €37.4 million), which is 2% (2017: 2%) of noteholder's liability. We believe that noteholder's liability provides us with the most appropriate basis for materiality having considered the expectation of the users of the financial statements and the overall business environment.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely €27.6m (2017: €28.1m). We have set performance materiality at this percentage based on our knowledge of the entity and industry, effectiveness of the control environment, our assessment of the risks associated with the engagement.

Reporting threshold

The Reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We will report to the Board of Directors, all uncorrected audit differences in excess of €1.8m (2017: €1.8m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS II SPV DESIGNATED ACTIVITY COMPANY (Continued)

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and

- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS II SPV DESIGNATED ACTIVITY COMPANY (Continued)

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS II SPV DESIGNATED ACTIVITY COMPANY (Continued)

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

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ramakrishnan

Ramakrishnan Ramanathan
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 30 April 2019

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2018

	Notes	2018	2017
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	3, 21	1,320,792,761	1,311,029,836
Credit default swaps	5	-	136,164
Loans and receivables	4, 22	670,429,656	725,874,767
		1,991,222,417	2,037,040,767
Current assets			
Other receivables	6	99,007	2,307
Cash and cash equivalents	7	261,977	559,040
		360,984	561,347
TOTAL ASSETS		€ 1,991,583,401	€ 2,037,602,114
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	8	3	3
Retained earnings		5,452	5,241
TOTAL SHAREHOLDERS' EQUITY		5,455	5,244
Non-current liabilities			
Financial liabilities at fair value through profit or loss	9, 23	1,168,326,714	1,151,453,154
Other liabilities	10, 24	670,429,656	721,655,140
Interest rate swaps	5	152,466,046	163,932,473
		1,991,222,416	2,037,040,767
Current liabilities			
Payables	11	355,530	556,103
		355,530	556,103
TOTAL LIABILITIES		1,991,577,946	2,037,596,870
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		€ 1,991,583,401	€ 2,037,602,114

The financial statements on pages 14 to 44 were approved and authorised for issue by the Board of Directors on the 2019 and were signed on its behalf by:

Director: Sinead O'Connor

Director: Adrian Bailie

(The notes on pages 18 to 44 form part of these financial statements)

IRIS II SPV DESIGNATED ACTIVITY COMPANY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

	Notes	2018	2017
INCOME AND EXPENSES ON FINANCIAL INSTRUMENTS			
Gain/(loss) on financial instruments:			
Financial assets at fair value through profit or loss	3	9,762,925	(138,133,723)
Financial liabilities at fair value through profit or loss	9	(18,321,566)	95,032,950
Derivative financial instruments at fair value through profit or loss	5	(28,335,553)	9,859,722
Unrealised loss on translation of loans and receivables (net)		(16,313,092)	(23,432,050)
Unrealised gain on translation of other liabilities (net)		12,093,465	23,430,786
		(41,113,821)	(33,242,315)
Interest income and interest expense			
Interest income on financial assets at fair value through profit or loss	3	57,599,711	49,035,637
Interest income on loans and receivables	4	14,659,408	14,521,397
Interest expense on financial liabilities at fair value through profit or loss	9	(16,492,610)	(15,805,587)
Interest expense on other liabilities	10	(14,237,143)	(14,013,451)
		41,529,366	33,737,996
OTHER INCOME AND EXPENSES			
Other income			
Amortisation of upfront swap amounts		362,173	275,742
Transaction fees income		282	450
		362,455	276,192
Other expenses			
Administration fees	11	76,128	92,548
Professional fees	12	681,325	573,620
Audit fees	17	11,309	86,376
Net foreign exchange loss		1,723	14,734
Bank charges		6,791	4,102
Miscellaneous fees		442	43
		777,718	771,423
PROFIT FOR THE FINANCIAL YEAR BEFORE TAXATION		282	450
Taxation	14	(71)	(113)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR AFTER TAXATION ATTRIBUTABLE TO EQUITY SHAREHOLDERS		€ 211	€ 337

Other comprehensive income

There were no items of other comprehensive income in the current or prior financial year.

(The notes on pages 18 to 44 form part of these financial statements)

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

	Share capital	Retained earnings	Total
Balance at 1st July 2016	3	4,904	4,907
Total comprehensive income for the financial year	-	337	337
Balance at 30th June 2017	€ 3	€ 5,241	€ 5,244
Balance at 1st July 2017	3	5,241	5,244
Total comprehensive income for the financial year	-	211	211
Balance at 30th June 2018	€ 3	€ 5,452	€ 5,455

(The notes on pages 18 to 44 form part of these financial statements)

IRIS II SPV DESIGNATED ACTIVITY COMPANY

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

	Notes	2018	2017
Cash flows from operating activities			
Total comprehensive income before tax for the financial year		282	450
Increase in receivables		(96,700)	(434)
Decrease in payables		(200,574)	(119,794)
Net (gain)/loss on financial instruments:			
Financial assets at fair value through profit or loss		(9,762,925)	138,133,723
Financial liabilities at fair value through profit or loss		18,321,566	(95,032,950)
Derivative financial instruments at fair value through profit or loss		28,335,553	(9,859,722)
Interest income on financial assets at fair value through profit or loss		(57,599,711)	(49,035,637)
Interest income on loans and receivables		(14,659,408)	(14,521,397)
Interest expense on financial liabilities at fair value through profit or loss		16,492,610	15,805,587
Interest expense on other liabilities		14,237,143	14,013,451
Loss on translation of loans and receivables		16,313,092	23,432,050
Gain on translation of other liabilities		(12,093,465)	(23,430,786)
Financial assets at fair value through profit or loss acquired		-	(637,382,712) *
Loans and receivables sold		39,132,020	1,799,196
Proceeds on redemption/disposal of financial assets at fair value through profit or loss		-	836,587,321
Income received on financial assets at fair value through profit or loss		57,599,711	49,035,637
Loan interest received		14,659,408	14,521,397
Swap amounts paid		(39,665,816)	(33,223,049)
Tax paid		(71)	(338)
Net cash flows generated from operating activities		71,012,715	230,721,993
Cash flows from financing activities			
Issue of financial liabilities at fair value through profit or loss		-	637,382,712 *
Redemption of financial liabilities at fair value through profit or loss	9	(1,448,006)	(838,405,783)
Interest paid on financial liabilities at fair value through profit or loss		(16,492,610)	(15,805,586)
Interest paid on other liabilities		(14,237,142)	(14,013,451)
Net cash flows used in financing activities		(71,309,778)	(230,842,108)
Net decrease in cash and cash equivalents		(297,063)	(120,115)
Cash and cash equivalents at the beginning of the financial year		559,040	679,155
Cash and cash equivalents at the end of the financial year	7	€ 261,977	€ 559,040

* *These amounts were directly routed through the bank of the Swap Counterparty*

(The notes on pages 18 to 44 form part of these financial statements)

1. COMPANY INFORMATION

The Company is incorporated in Ireland with company registration number 440452 on 28th May 2007. The registered office of the Company is Sanne, Fourth Floor, Lower Baggot Street, Dublin 2, Ireland.

The principal activity of the Company is the issuance of limited recourse Notes ("Notes") in separate series and tranches under the terms of the Offering Circular dated 2nd April 2004, last updated on 6th July 2018, under a €20,000,000,000 secured note programme with Claris Limited, Claris 2 Limited, Claris III Limited and Claris IV Limited, all of which are companies incorporated in Jersey, Channel Islands, and Iris SPV PLC, a company incorporated in Ireland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 2014, applicable to companies reporting under IFRS. The significant accounting policies used are set out below.

The financial statements have been prepared under the historical cost convention except in relation to the derivative financial instruments and financial assets and financial liabilities at fair value through profit or loss which are measured at fair value.

Going concern

The Company's debt funding has been provided by the Note/Loan holders, whose recourse to the assets of the Company are limited to those aggregate net assets designated as underlying assets (assets acquired and other agreements) for the particular series of Notes/Loans held and who have no right to petition for insolvency proceedings against the Company in the event that the aggregate proceeds from the realisation of the underlying assets are insufficient to repay the principal and any outstanding interest of the Notes/Loans. From a Note/Loan holder point of view, defaults on any one particular series should not impact any other series.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current financial year

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current financial year that are relevant and to the Company. Consequently, no such mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

New Accounting Requirements not yet adopted

The following applicable New Accounting Requirements have been issued. However, these New Accounting Requirements are not yet mandatory and have not yet been adopted by the Company. All other New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed in these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

IFRS 9, "Financial Instruments" (Replacement of IAS 39 — "Financial Instruments: Recognition and Measurement") – effective date 1st January 2018

IFRS 9 requires financial assets to be classified into the following measurement categories: (i) those measured at fair value through profit or loss; (ii) those measured at fair value through other comprehensive income; and, (iii) those measured at amortised cost. The determination is made at initial recognition. Unless the option to designate a financial asset as measured at fair value through profit or loss is applicable, the classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model for the measurement of impairment loss. The new model applies to financial assets that are not measured at fair value through profit or loss. IFRS 9 also introduces a new hedge accounting model.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1st January 2018, but early adoption is permitted at any time. The Company intends to adopt IFRS 9 no later than the mandatory effective date as it applies to the Company's financial reporting cycle.

The Company's business model is to manage financial assets' principal and income returns that will match the liability to the holders of each series of Notes. Based on this business model, the Directors believe that the adoption of IFRS 9 will not result in reclassification of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss. Furthermore, the Directors expect that the Company will not apply the hedge accounting principles of IFRS 9.

Loans receivables as well as other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, the Directors have concluded that reclassification for these instruments is also not required.

IFRS 9 requires the Company to record expected credit losses are held to collect contractual cash flows are expected to give rise to cash flows representing solely payments of principal and interest. The Directors analysed the contactual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, the Directors have concluded that reclassification of these instruments is also not required.

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans receivables and other receivables, either on a 12-month or lifetime basis. The Company believes that there will be no significant impact on the expected losses based on the following:

1) the Company's asset is a certificate of deposit with SG, a bank with a credit rating of A based on Standard and Poor's as discussed in note 20; and

2) SG provided a collateral to the Company to further reduce the counterparty risk with SG.

Furthermore, the Directors expect that the Company will not apply the hedge accounting principles of IFRS 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

IFRS 15, "Revenue from Contracts with Customers"– effective date 1st January 2018

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard supersedes all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1st January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date. The Directors believe that the adoption of IFRS 15 will not have any material impact to the reported amounts on the Company's financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the financial year. Actual results could differ from those estimates.

There were no significant areas of uncertainty or judgement in applying accounting policies except for the estimation of the fair values of the Company's financial instruments as set out below and in note 20. Due to the limited recourse nature of each series of Notes/Loans issued, any differences between the estimated fair values and the realisable values of such financial instruments would be borne by the Note/Loan holders and would have no net effect on the Company's overall financial position or results.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income.

In the Directors' opinion, due to the limited recourse nature of the Loans issued, the aggregate amortised cost of each separate series of Loans and any other net asset or liability for that Series is equal to the aggregate amortised cost of the loans and receivables relating to each separate series. From the perspective of the Company, any change in the amortised cost of the loans and receivables would be matched by an equal and opposite change in the amortised cost of the Loans. Consequently, although the Loan holders are exposed to changes in the amortised cost of the loans and receivables, the Company itself is not exposed.

Impairment of assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been materially negatively impacted.

Financial assets and financial liabilities at fair value through profit or loss

In accordance with IAS 39, "Financial Instruments: Recognition and Measurement", a financial instrument is classified at fair value through profit or loss if it is either held for trading, or designated as such upon initial recognition. Financial instruments at fair value through profit or loss are measured at fair value, and fair value changes thereon are recognised in the statement of comprehensive income in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Financial assets and financial liabilities at fair value through profit or loss

Under IAS 39, all derivative transactions, except designated hedging instruments, are required to be classified as held for trading. The Company's derivative transactions have not been designated as hedging instruments in accordance with IAS 39. Consequently, these transactions are classified as held for trading, with all gains and losses on such transactions being recognised in statement of comprehensive income. Where a derivative transaction forms part of the underlying assets for a series (except for Series 18), the Company has designated its associated investments held and its Notes issued as at fair value through profit or loss as permitted by IAS 39, as this results in more relevant financial information because it eliminates, or significantly reduces, potential mismatches.

The Company enters into fully funded swap agreements under a Credit Support Annex ("CSA") for Series 25, 30 and 31 (2017: Series 25, 30 and 31). In accordance with IAS 39, these instruments were accounted for as financial assets or financial liabilities at fair value through profit or loss and reported under indexed deposits.

Under the fully funded swap agreements, the Company pays to the Swap Counterparty an upfront payment which corresponds to the issue proceeds of each series of Note or receives from the Swap Counterparty an upfront payment which corresponds to a cash amount received against securities posted by the Company under the agreement.

Purchases of financial assets are recognised on the trade date that is the date on which the Company commits to purchase the financial asset. Financial instruments are initially recognised at fair value and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Subsequent changes in the fair value of such financial instruments, aggregated with realised profits and losses on disposal/redemption there of and amounts received and paid there on, are recognised in the statement of comprehensive income in the period in which they arise.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to the cash flows on that financial asset are cancelled, expire or are transferred to another party, or if the Company retains the contractual rights but enters into a contract under which the relevant cash flows must be duly paid under a 'pass-through arrangement'. A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liabilities) is derecognised when the obligation is discharged or cancelled or expires.

Derivative financial instruments

The Company may enter into derivative financial instruments such as interest rate swaps ("IRS") and credit default swaps ("CDS"). The derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative. Subsequent changes in the fair value of any derivative instrument and any realised gains and losses are recognised immediately in the statement of comprehensive income. These derivative financial instruments do not qualify for hedge accounting treatment under IAS 39 "Financial Instruments: Recognition and Measurement".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation

All fair values used in the preparation of these financial statements have been provided to the Directors by Société Générale, (the "Calculating Agent" or "Swap Counterparty"), upon whom the Directors rely as an expert provider of such valuations. The actual realisable value of the Company's financial instruments may differ from such fair values.

The Company invests in and enters into a variety of financial instruments and derivative transactions (together "financial instruments"). For financial instruments recognised at fair value in the statement of financial position, where possible, fair value is determined primarily on the basis of prices quoted in an active market. These prices may be adjusted if none are available on the reporting date or if such prices do not reflect observed transaction prices. However, due notably to the varied characteristics of financial instruments traded over-the-counter in the financial markets, a number of financial products traded by the Company do not have quoted prices in the markets. For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the reporting date.

Where valuation models are used, these are validated independently from the department responsible for such valuation models by suitably qualified and/or experienced experts from the Market Risk Department of Société Générale's Risk Division. The parameters used in valuation models, whether derived from observable market data or not, are checked by the Finance Division of Société Générale's Global Banking and Investor Solutions Department, in accordance with the methodologies defined by the Market Risk Department of Société Générale.

Some of the inputs and assumptions used in calculating the fair values were based on observable inputs. Where unobservable inputs were used in calculating the fair values, reasonably possible changes to such inputs could materially affect the calculations of the fair values. If independent third party prices had been available for the financial instruments, or if different methods and/or assumptions were used, the valuations might be different from those presented and those differences could be material. Therefore, the realisable value of the financial instruments may differ significantly from the fair value recorded. The possible outcomes of these uncertainties cannot be reliably determined at present.

In the Directors' opinion, due to the limited recourse nature of the Notes issued, the aggregate fair value of each relevant separate series of Notes is equal to the aggregate fair value of the underlying assets and any other net asset or liability relating to each separate series. From the perspective of the Company, any change in the fair value of the underlying assets would be matched by an equal and opposite change in the fair value of the Notes. Consequently, although the Noteholders are exposed to changes in the fair value of the relevant underlying assets, the Company itself is not exposed.

IFRS 13 "Financial Instruments: Disclosures" ("IFRS 13") establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation - (continued)

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company's Directors based on information available to them including those provided by Société Générale. The Directors consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instrument.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no offsetting of assets and liabilities as at the current and prior year ends.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Deferred income and amortisation of upfront amounts

With respect to certain series of Notes/Loans issued, the swap counterparty pays an initial exchange amount into deposit accounts (the "Suspense Deposit accounts"), held in the Company's name, for the purpose of covering the permitted expenses of the Company relating to such series. Any balances held in these accounts at the year end in excess of accrued permitted expenses have been deferred to the following accounting period to match this income against the corresponding expense.

For the series that do not have expense accounts, the Company may hold upfront amounts received in a current account to meet the permitted expenses of the Company relating to such series. Any amounts held in these accounts at year end that relate to such upfront amounts held in excess of accrued and future payable permitted expenses are treated as deferred income in order to match such income against the corresponding permitted expenses when they are incurred by way of amortisation of such deferred income.

Foreign currency translation

a) Functional currency and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates, the Company's functional currency. The financial statements are presented in Euro which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Foreign currency translation - (continued)

b) Transactions and balances
Foreign currency transactions are translated into the Euro using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Transaction fees receivable

The Company is entitled to receive a minimum transaction fee of not less than €100 for each separate series of Limited Recourse Notes/Loans that it issues. These fees are recognised on an accruals basis immediately on the date a new series of such Limited Recourse Notes/Loans is issued by the Company. The Company is also entitled to receive an additional transaction fee of a minimum of €250 per annum that is used to cover operational expenses of the Company in cases where there are no issuances of Limited Recourse Notes/Loans during the period.

Share capital

Ordinary shares are not redeemable and are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved and paid by the Company's Directors.

Interest income and interest expense

Interest income and interest expense are composed of investment income, swap income, swap expense, note interest expense, loan interest income and loan interest expense and are accounted for on accrual basis using the effective interest method. For assets and liabilities held at fair value, the interest income and interest expense are shown as part of net gain/(loss) on financial instruments.

Taxation

The Company is an Irish resident Section 110 qualifying company and is subject to a corporation tax in Ireland at a rate of 25% of profit before tax.

Current income tax

The tax currently payable by the Company is based on taxable profit for the year as calculated in accordance with Irish tax laws. Taxable profit differs from profit before tax as reported in the
statement of comprehensive income because it excludes items of income or expense that are not taxable or deductible and items that have a timing difference. The Company's liability for current
tax is calculated using the tax rate that has been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Deferred tax - (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Company and make decisions using financial information at the entity level only. Accordingly, the Directors believe that the Company has only one reportable operating segment.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day to day management of the business, including the decisions to purchase and sell securities, to other parties both internal and external to the Company. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. Therefore the Directors retain full responsibility as to the major allocation decisions of the Company.

Other liabilities

Other liabilities are non-derivative financial liabilities with fixed or determinable payments. The Company initially recognises Loans payable on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. After initial measurement, such other liabilities are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on issuance that are an integral part of the EIR. The EIR amortisation is included in interest expense in the statement of comprehensive income.

The Company derecognises loans payable when its contractual obligations are discharged, cancelled or expire.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
Investments	1,320,792,761	1,311,029,836
	€ 1,320,792,761	€ 1,311,029,836

The financial assets are held as collateral for each related series. Such assets have been purchased or invested in by using principally the issuance proceeds of Notes. They can take the form of securities or deposits. Further details of the financial assets at fair value through profit or loss are set out in note 21. There is no offsetting agreement in place and therefore no balance has been set off on any of the Series underlying assets and their related derivative instruments and Notes.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

In addition, the Company entered into one or several derivatives contracts for some Series issued, either to (i) reduce mismatch between the amounts payable in respect of the Notes and return received from the financial assets held as Collateral, and/or (ii) to create a risk profile appropriate for the investor, and/or to mitigate the investor exposure to market risk (interest rate risk, equity linked securities, currency risk) from the Company. The rationale behind entering into these instruments is to provide an asset risk profile which is suited to the needs of the investors. Those derivatives contracts entered into by the Company can be grouped into two categories being CDS and IRS as detailed in note 5.

	2018	2017
Movement in investments:		
Opening balance	1,311,029,836	1,648,368,168
Acquisitions during the financial year	-	637,382,712
Proceeds from disposal during the financial year	-	(836,587,321)
Loss on disposal	-	(27,910,128)
Change in fair value during the financial year	9,762,925	(110,223,595)
Closing balance	1,320,792,761	1,311,029,836

Of which:

	2018	2017
Non-current	1,320,792,761	1,311,029,836
	€ 1,320,792,761	€ 1,311,029,836

Total gain on financial assets amounted to €9,762,925 during the financial year (2017: loss of €138,133,723).

Total interest income earned during the financial year on financial assets at fair value through profit or loss was €57,599,711 (2017: €49,035,637).

4. LOANS AND RECEIVABLES

	2018	2017
Non-current	670,429,656	725,874,767
	€ 670,429,656	€ 725,874,767

Total interest income earned during the financial year on loans and receivables was €14,659,408 (2017: €14,521,397).

Further details of loans and receivables are set out in note 22.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's derivative financial instruments consist of credit default swap and interest rate swaps as follows:

Credit default swap	2018	2017
Fair value at the financial year end	€ -	€ 136,164
Initial notional amount	€ -	€ 30,000,000

The Company entered into to a CDS agreement with the Swap Counterparty. In exchange for the receipt of premium income for the relevant Series, the Company sold credit protection on a number of reference entities. By entering into such CDS, the Company is exposed to the default risk of those reference entities. Upon the occurrence of a credit event with respect to a reference entity, resulting in a Loss Amount in excess of the relevant Threshold Amount (if applicable), the Company would have to pay an amount (or deliver equivalent assets) as defined in each relevant CDS agreement. As a consequence of such credit event, the principal amount of the Notes would be reduced.

Interest rate swaps	2018	2017
Fair value at the financial year end	€ (152,466,046)	€ (163,932,473)
Notional amount outstanding at the financial year end	€ 375,000,000	€ 375,000,000

Interest rate swaps ("IRS") were transacted to economically hedge the risk associated with the potential mismatch between the amounts receivable from the Investments and the Company's obligations under the Notes. Investment income received from the investments are paid to the Swap Counterparty and in return under the terms of the swap agreements the Swap Counterparty pays the Company the interest amount payable by the Company to the Noteholders. A final asset swap payment at redemption is payable under the terms of some of the swap agreements. IRS is in place for Series 22/2014, Series 25/2014 and Series 26/2014.

The net loss during the year charged to the Statement of Comprehensive Income of €28,335,553 consists €11,330,263 unrealised fair value gain and €39,665,816 net expense paid on derivative transactions (2017: net gain of €9,859,722 made up of €43,082,771 unrealised fair value movement and €33,223,049 net expense on derivative transactions).

6. OTHER RECEIVABLES

	2018	2017
Corporate benefit fees receivable	1,073	1,083
Transaction fees receivable	971	1,221
Receivable for reimbursement of expense from SG	96,960	-
Unpaid share capital	3	3
	€ 99,007	€ 2,307

7. CASH AND CASH EQUIVALENTS

	2018	2017
HSBC EUR unpledged account	46,359	7,344
HSBC EUR Call deposit account - series 16/2012	19	250
HSBC EUR Call deposit account - series 18/2013	451	10,597
HSBC USD Call deposit account - series 20/2013	69,910	347,083
HSBC USD Call deposit account - series 21/2013	287	293
HSBC EUR Call deposit account - series 22/2014	95,804	99,511
HSBC EUR Call deposit account - series 23/2014	267	8,996
HSBC EUR Call deposit account - series 24/2014	-	2,308
HSBC EUR Call deposit account - series 25/2014	996	1,172
HSBC EUR Call deposit account - series 26/2014	47,503	58,258
HSBC EUR Call deposit account - series 27/2014	109	10,433
HSBC EUR Call deposit account - series 28/2014	-	4,374
HSBC EUR Call deposit account - series 29/2015	-	3,382
HSBC EUR Call deposit account - series 30/2016	272	2,709
HSBC EUR Call deposit account - series 31/2016	-	2,330
	€ 261,977	€ 559,040

8. SHARE CAPITAL

	2018	2017
AUTHORISED:		
3 ordinary shares of €1 each	€ 3	€ 3
CALLED UP AND UNPAID:		
3 ordinary shares of €1 each	€ 3	€ 3

Ordinary shares entitle the holders to: receive notice of, and vote at, any general meeting of the Company; to ordinary dividends as may be declared by the Directors from time to time; and to participate in the winding up of the Company.

9. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
Non-current		
Notes issued	943,287,628	903,283,166
Indexed deposits (fully funded swap agreements)	225,039,086	248,169,988
	€ 1,168,326,714	€ 1,151,453,154

9. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

The Company has entered into a programme for the issue of limited recourse obligations (the "Programme") whereby the Company may issue Notes/Loans, or other limited recourse obligations, in separate series. Each such series is separately secured by a charge on assets acquired and other agreements entered into (the "underlying assets") to fund the Company's payment obligations on each series. The maximum aggregate principal amount of all obligations issued pursuant to the Programme, as described in the Directors' report on page 2, shall not exceed €20,000,000,000 or its equivalent in other currencies at the time of issue. In the event that the net proceeds from the redemption of any of the investments secured as Collateral are insufficient to discharge the obligations of the Company to the Note/Loan holders of that particular series, the recourse of holders of any series of Notes/Loans is limited to amounts receivable from the net proceeds of the underlying assets applicable to that series. In such event, the holder of any Note/Loan is not entitled to proceed directly against any other assets of the Company.

In the absence of a holder put option being specified in the relevant issue documentation, the Notes are not redeemable at the option of the holder. However, upon receipt of a request from a Noteholder, the Company may, at its absolute discretion, redeem Notes prior to their scheduled maturity date in accordance with clause 7(i) of Schedule II of the Principal Trust Deed. Full details of the terms and conditions applicable to each series of Notes can be found in the original offering documentation for each Series, as provided to the Noteholders upon issue and subsequently in the event of any amendments there to, together with the original programme documentation, including the Principal Trust Deed and Offering Circular, both dated 11th June 2007 (as amended from time to time).

On the maturity of the Notes, the Company will pay the Noteholders an amount equal to the redemption value of the underlying assets. The commercial substance of each transaction is that the liability under the limited recourse Notes payable is exactly matched by the proceeds from the underlying assets applicable to that series. Further details of the financial liabilities at fair value through profit or loss are set out in note 23.

	2018	2017
Movement in Notes issued:		
Opening balance	903,283,166	871,379,828
Issued during the financial year	-	446,300,000
Redemptions during the financial year	(1,448,006)	(448,146,951)
Loss on redemption during the financial year	-	29,331,391
Change in fair value during the financial year	41,452,468	4,418,898
Closing balance	€ 943,287,628	€ 903,283,166
Movement in Indexed deposits (fully funded swap agreements):	**2018**	**2017**
Opening balance	248,169,988	576,129,347
New issues during the year	-	191,082,712
Redemptions during the year	-	(390,258,832)
Realised gain on redemption	-	(57,241,517)
Change in fair value during the financial year	(23,130,902)	(71,541,722)
Closing balance	225,039,086	248,169,988
	€ 1,168,326,714	€ 1,151,453,154

Net loss on financial liabilities attributable to changes in fair value during the financial year amounted to €18,321,566 (2017: net gain of €95,032,950).

Total interest expense incurred during the financial year on the financial liabilities at fair value through profit or loss was €16,492,610 (2017: €15,805,587).

10. OTHER LIABILITIES

		2018		2017
Non-current		670,429,656		721,655,140
	€	670,429,656	€	721,655,140

Further details of other liabilities are set out in note 24.

Total interest expense incurred during the financial year on other liabilities was €14,237,143 (2017: €14,013,451).

11. PAYABLES

		2018		2017
Audit fee		130,021		190,114
Custodian fees		23,010		141,399
Deferred income from SG		-		123,216
HSBC fees		50,360		9,405
Professional fees		21,264		21,925
Corporate service provider fees		130,833		69,931
Tax payable		42		113
	€	355,530	€	556,103

The Administration fees charged in the year amounted to €146,117 (2017: €92,548). During the year, accrual of such fees from prior year amounting to €70,000 has been reversed which has resulted to a net impact of €76,128 as shown in the Statement of comprehensive income.

12. PROFESSIONAL FEES

		2018		2017
Legal fees		20,767		64,315
Custodian fees		576,297		382,790
Others		84,261		126,515
	€	681,325	€	573,620

13. OPERATING SEGMENTS

Geographical information

The Company's primary source of revenue are the underlying assets which consist of debt securities issued in France. Details of the underlying assets are set out in notes 21 and 22. The Company's other sources of income are the transaction fees from Société Générale, which is domiciled in France, as described in note 2.

Non-current assets

The Company has no non-current assets other than financial instruments.

Sources of income

The Company's primary source of revenue are the underlying assets which consist of debt securities issued in France. Details of the underlying assets are set out in notes 21 and 22. The Company's other sources of income are the transaction fees from Société Générale, as described in note 2.

14. TAXATION

	2018	2017
Analysis of charge in the financial year		
Irish corporation tax charge for the financial year on ordinary activities	€ 71	€ 113
Factors affecting current tax charge		
Profit for the financial year before taxation	282	450
Provision for corporation tax at 25%	(71)	(113)
Profit for the financial year after taxation	€ 211	€ 337

The Company is an Irish registered company and is structured to qualify as a securitisation company under Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporation tax under Case III Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I Schedule D.

Circumstances affecting future tax charges

The total taxation charge in future periods will be affected by any future changes to the corporation taxation rates in force in Ireland.

15. CONTROLLING PARTY

The Company's shares are owned by Registered Shareholder Services No.1 Company Limited by Guarantee, Registered Shareholder Services No.2 Company Limited by Guarantee and Registered Shareholder Services No.3 Company Limited by Guarantee, all of which are companies incorporated in Ireland. Société Générale consolidates the Company's financial statements within its own financial statements because, for each series of Notes, Société Générale (either directly or via a group company) is either the Note/Loan holder or is a counterparty to the Collateral transactions entered into by the Company. Hence, Société Générale has control over all the assets and liabilities of the Company to the extent that it has a recourse to. The Company meets the definition of a structured entity under IFRS 12. In accordance with the requirements of IFRS 10 "Consolidated Financial Statements", the subsidiary's accounts are consolidated within the accounts of Société Générale, for the year ended 30 June 2018. Therefore, in the opinion of the Directors, under IFRS 10, Société Générale is the ultimate controlling party.

16. RELATED PARTIES

The Company has appointed Sanne Capital Markets Ireland Limited to provide certain administrative and secretarial services ("corporate services") in Ireland pursuant to a corporate service agreement (as novated). Under the terms of the agreement, Sanne Capital Markets Ireland Limited is paid for the various administrative, corporate, and secretarial services incurred on behalf of the Company. Sinead O'Connor and Adrian Bailie are employees of Sanne Capital Markets Ireland Limited. Total charges to expenses related to Sanne Capital Markets Ireland Limited were €146,117 for the financial year ended 30th June 2018 (2017: €92,548) of which €130,831 was outstanding as at 30th June 2018 (2017: €69,931).

Société Générale is considered to be a related party by virtue of the control exercised by Société Générale on the Company. Société Générale is also the counterparty for all derivative transactions entered into by the Company. The carrying values of those derivative transactions are disclosed in note 5. As at 30th June 2018, total financial assets with carrying value of €330,052,949 was held by Société Générale (2017: €339,984,009). Société Générale was also the counterparty to the indexed-linked swap liabilities with a carrying value of €225,039,086 as at 30th June 2018 (2017: €248,169,988).

16. RELATED PARTIES - (CONTINUED)

During the financial year, the net amount charged to the Statement of Comprehensive Income in relation to the swap agreements entered into by the Company with Société Générale was an expense of €27,973,380 (2017: income of €10,135,464) which comprise €28,335,553 (2017: €9,859,722 income) loss on the derivative financial instruments and €362,173 (2017: €275,742) income from reimbursement of expenses received from SG.

The Company has no employees. The Directors of the Company are employees of the Administrator. There are no separate Directors' remuneration other than the fees paid to the Administrator as disclosed above.

17. AUDITOR'S REMUNERATION

Remuneration for all work carried out for the Company by the statutory audit firm has been specified in the table below with all figures shown includes VAT. There were no other assurance or non-audit service provided by the statutory audit firm to the Company during the current financial year or the prior financial year. The audt fee has declined as a result of an over accrual of €54,691 in the prior year.

		2018		2017
Statutory audit fee	€	11,309	€	86,376

18. SUBSEQUENT EVENTS

On 22nd January 2019 the Company has issued Series 32/2018 EUR100,000,000 Structured Index Linked Notes due in 2031 (the "Notes"). The Notes were listed on Euronext Dublin.
On 21st September 2018 the Company redeemed Series 18/2013 in advance of its original maturity date of 20 November 2020.

In the opinion of the Directors, there are no other significant events subsequent to the financial year end that are deemed necessary to be adjusted or disclosed in the financial statements apart from the transaction stated above.

19. CAPITAL MANAGEMENT

The Company is not subject to externally imposed capital requirements. The Company was initially financed by €3 equity. Any subsequent transactions entered into by the Company are designed to enable the Company to pay its liabilities as they fall due. Each Note/Loan issue is structured such that the Company's expenses are met either by the Note/Loan holders (indirectly through the suspense accounts set up at inception), or are met by equal and opposite receipts under the relevant derivative transactions.

20. FINANCIAL INSTRUMENTS

Strategy in using financial instruments

As stated in the Directors' Report, the principal activity of the Company is limited to the issue of limited recourse obligations in separate series. The proceeds from the issue of each series of Notes/Loans are used to invest in financial transactions in order to enable the Company to meet its obligations under the Notes/Loans. Therefore the role of financial assets and financial liabilities is central to the activities of the Company; the financial liabilities provide the funding to purchase the Company's financial assets. Financial assets and financial liabilities provide the assets and liabilities of the Company along with all of the income and expenses.

The strategies used by the Company in achieving its objectives regarding the use of its financial assets and liabilities were set when the Company entered into the transactions. The Company has matched the characteristics of its financial liabilities to its assets (after taking into account the effect of any derivative transactions) to avoid significant elements of risk generated by mismatches of investment performance against its obligations, together with any currency, maturity or interest rate risk.

For each series of Notes, the financial assets and derivative financial instruments, if any, relating to each such series either exactly match the Company's liabilities under the terms of that series of Notes or substantially match the Company's liabilities under the terms of that series of Notes except for a small margin, which is considered to be immaterial. Consequently, in the following interest rate risk, currency rate risk and liquidity risk disclosures, the Company's financial assets are presented net of all applicable derivative transactions in order to present a useful comparison against the Company's liabilities.

Cash, short-term receivables and short-term payables have been excluded from the following disclosures.

Sensitivity analysis

In the Directors' opinion, there is no material difference between the aggregate fair value of the underlying assets and the aggregate fair value of the Notes/Loans at any time. From the perspective of the Company, any change in the fair value of the underlying assets would be matched by an equal and opposite change in the fair value of the Notes/Loans as discussed in note 2. Consequently, the Company is not exposed to market price risk, as any changes in the fair value of the underlying assets would have no overall effect on profit or loss and/or equity. Also as disclosed below, in the Directors' opinion, there is no material interest rate risk to the Company.

IFRS 7 requires disclosure of "a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date." As stated, whilst the financial instruments held by the Company are separately exposed to interest rate risk and market price risk, the Company itself is not exposed to market risk overall.

20. FINANCIAL INSTRUMENTS - (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty

As described in note 1, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts disclosed in the financial statements. Moreover, where these are significant, further disclosure is required.

In the opinion of the Directors, the critical accounting judgements and key sources of estimation uncertainty are derived from the Company's indirect exposure to the valuation of financial assets and financial liabilities that are valued using "Level 3" methodology (i.e. using valuation parameters that are not based on observable market data and therefore classified within Level 3 under the IFRS 13 fair value hierarchy). The values of unobservable parameters result from hypotheses and/or correlations that are not based on either transaction prices observable on the same instrument on the valuation date, or observable market data available on such date. As mentioned in the sensitivity analysis disclosure, any change in the fair value of a financial asset and/or a financial liability resulting from such unobservable parameters would be matched by an equivalent change in the fair value of the Notes/Loans. Therefore any such changes have no overall net effect on either the profit or the financial position of the Company. Consequently, the Company bears no material risk in relation to any such estimation uncertainties.

Interest rate risk

The Company primarily finances its operations through the issuance of Notes/Loans upon which interest is payable. When issuing any series of Notes/Loans, the Company ensures that the net amount of interest receivable on the financial assets and derivative transactions (if any) secured with respect to each such series either exactly matches the interest payable on such Notes/Loans, or exceeds the interest payable on such Notes/Loans by a small margin that is considered to be sufficient to cover the proportion of the Company's expenses attributable to that series. Accordingly, the Directors believe that there is no material net interest rate risk to the Company. Interest rate risk is ultimately borne by the Note/Loan holders.

The interest rate profile of the Company's financial assets and liabilities, net of applicable derivative transactions, is presented below. It should be noted that in the prior year, this disclosure appeared to show a mismatch between the interest rate risk profile of the Company's financial assets (net of applicable derivative transactions) and the interest rate risk profile of the Company's financial liabilities. However, this apparent mismatch was caused by the fact that the cash collateral for Series 18 is classified within loans and receivables, whilst the Series 18 Notes are classified within financial liabilities at fair value through profit or loss. In fact, as stated above, the Company itself has no material exposure to interest rate risk, as the interest rates applicable on its financial liabilities are either matched or marginally exceeded by the interest rates applicable on its financial assets and derivative transactions, where applicable.

	2018			2017		
Interest charging basis	Weighted average interest rate %		Amount	Weighted average interest rate %		Amount
Financial assets (net of applicable derivative transactions)						
Financial assets at fair value through profit or loss:						
Fixed	3.69%	€	436,654,703	3.62%	€	421,386,211
Zero	nil	€	731,672,011	nil	€	248,306,152
Loans and receivables:						
Variable	2.07%	€	670,429,656	2.03%	€	725,874,767

20. FINANCIAL INSTRUMENTS - (CONTINUED)

Interest rate risk - (continued)

	2018			2017		
Interest charging basis	Weighted average interest rate %		Amount	Weighted average interest rate %		Amount
Financial liabilities						
Financial liabilities at fair value through profit or loss:						
Fixed	3.69%	€	436,654,703	3.62%	€	421,386,211
Zero	nil	€	731,672,011	nil	€	252,525,779
Other liabilities:						
Variable	2.07%	€	670,429,656	2.03%	€	721,655,140

Due to the structure of each series of Notes/Loans, movements in market interest rates are expected to have no material net effect to the profit or loss of the Company. For example, a 5% increase in market interest rates would change the income on the financial assets as well as their reported fair value but this will be offset by an equal but opposite change in the expense on the derivative financial instruments and the Notes/Loans and their reported fair values.

Currency rate risk

Net proceeds received from its underlying assets would always cover the amount and currency required to make payments due under the Notes/Loans issued. Consequently, the Directors believe that there is no material currency risk to the Company.

	2018		2017	
	Financial Assets	**Financial Liabilities**	**Financial Assets**	**Financial Liabilities**
Denominated in EUR	1,168,326,714	1,168,326,714	1,151,453,154	1,151,453,154
Denominated in JPY	-	-	39,132,020	39,132,020
Denominated in USD	670,429,656	670,429,656	682,523,120	682,523,120
	€ 1,838,756,370	€ 1,838,756,370	€ 1,873,108,294	€ 1,873,108,294

If the EUR had been weaker as at the reporting date by 5%, this would have resulted in €33,521,483 (2017: €36,082,757) increase in the foreign exchange gain recognised within the "Net gain/(loss) on financial assets at value through profit or loss" and "Unrealised gain/(loss) on translation of loans and receivables" lines in the statement of comprehensive income. Similarly, if the EUR had been stronger as at the reporting date by 5%, this would have resulted an equal but opposite impact to the Company's reported profit or loss.

20. FINANCIAL INSTRUMENTS - (CONTINUED)

Currency rate risk - (continued)

Due to the structure of each series of Notes/Loans, the movements on the assets would be expected to match those on the Notes/Loans (taking into account the effect of any swap agreement) and thus the net effect on income would be €nil. Currency risk is ultimately borne by the Note/Loan holders.

Credit risk

The principal credit risks are the risk of failure by a Collateral counterparty to meet its obligations under the terms of the Collateral and the risk of failure by a derivative counterparty to meet its obligations under the terms of such a derivative. The maximum exposure of the Company to credit risk (without taking into account the limited recourse nature of the Notes/Loans) equal the total assets of the Company as shown in the Statement of Financial Position. As the obligations under the Notes/Loans are limited to amounts received from the underlying assets, the Directors believe that the Company has no net exposure to any non-performing financial agreements or credit risk. Credit risk is ultimately borne by the Loan/Note holders.

Société Générale has a credit rating of A (2017: A) from Standard & Poor's and HSBC Bank PLC has a credit rating of AA- (2017: AA-) from Standard & Poor's. Société Générale is the derivative counterparty for all derivatives entered into by the Company and the majority of the Company's cash is held with HSBC Bank PLC.

Concentration risk

Concentration risk is the risk that the Company may be exposed to any one counterparty, industry, region or asset class. The Directors believe that the Company is not exposed to any net concentration risk due to the way the Loans/Notes are structured. Each series of note has limited recourse to the proceeds of the Collateral for such Series. The Collateral and any provision for substitutions are defined at the time of issue of the Loans/Notes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk is ultimately borne by the Note/Loan holders.

IFRS 7 requires the maturity profile to disclose the gross undiscounted cash flows payable on the Company's financial liabilities at maturity. However, where the amount payable at maturity is dependent upon the performance of the relevant underlying assets, it is not possible to accurately estimate such cash flows. Instead, in the opinion of the Directors, the liquidity risk of the Company is best assessed by comparing the valuation of the Company's financial liabilities to the valuation of the Company's financial assets as at the statement of financial position date, as disclosed in the maturity analysis below.

Accrued interest receivable and payable on the Company's financial instruments at fair value through profit or loss are recognised within the valuation of the relevant financial instruments and have not been presented separately in the maturity analysis below. Future interest on the notes was not included since it will be determined on future profitability and performance of the investments. For each series, the aggregate of any such accrued amounts receivable is at all times equal and opposite to the aggregate of any such accrued amounts payable. Therefore, in the opinion of the Directors, the non-disclosure of separate amounts for accrued amounts receivable and accrued amounts payable is not material to the financial statements. The maturity profile of the Company's financial assets (after taking into account the effect of derivatives) and financial liabilities is as follows:

20. FINANCIAL INSTRUMENTS - (CONTINUED)

Liquidity risk - (continued)

Maturity of financial assets and liabilities:	2018 Financial Assets	2018 Financial Liabilities	2017 Financial Assets	2017 Financial Liabilities
Within one year	-	-	-	-
In more than one year, but not more than five years	670,429,655	670,429,655	686,878,912	686,878,912
In more than five years	1,168,326,715	1,168,326,715	1,186,229,382	1,186,229,382
	€ 1,838,756,370	€ 1,838,756,370	€ 1,873,108,294	€ 1,873,108,294

Fair value of financial instruments not measured at fair value in the statement of financial position

	2018 Carrying value	2018 Fair value	2017 Carrying value	2017 Fair value
Loans and receivables:				
Non-current assets	670,429,656	665,402,504	725,874,767	723,158,527
	€ 670,429,656	€ 665,402,504	€ 725,874,767	€ 723,158,527
Other liabilities:				
Non-current liabilities	670,429,656	665,402,504	721,655,140	718,938,900
	€ 670,429,656	€ 665,402,504	€ 721,655,140	€ 718,938,900

The loans and receivables and other liabilities consist of long term deposits and securities lending agreement with SG with market interest rates therefore the fair value of the Company's financial instruments classified as loans and receivables and other liabilities approximate their carrying values.

Future interest on the investments and on notes were not presented separately in the maturity analysis above. For each Series, the aggregate of any such accrued amounts payable is structured to be met by equal and opposite contractual receipts under the relevant transactions.

Fair value of financial instruments measured at fair value in the statement of financial position

	2018 Fair value	2017 Fair value
Financial assets:		
Financial assets at fair value through profit or loss	1,320,792,761	1,311,029,836
Credit default swaps	-	136,164
	€ 1,320,792,761	€ 1,311,166,000
Financial liabilities:		
Financial liabilities at fair value through profit or loss		
- Notes issued	943,287,628	903,283,166
- Indexed deposits (fully funded swap agreement)	225,039,086	248,169,988
Interest rate swaps	152,466,046	163,932,473
	€ 1,320,792,760	€ 1,315,385,627

20. FINANCIAL INSTRUMENTS - (CONTINUED)

Financial assets and financial liabilities by fair value hierarchy

To increase consistency and comparability in fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of the asset's fair value.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair values are estimated using valuation techniques or valuation models based on market prices or rates prevailing at the balance sheet date.

Level 3 in the fair value hierarchy consists of those types of assets which fair values cannot be obtained directly from the quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates.

The derivative financial instruments, mainly because of their many features are not subject to a direct quotation on the markets. For these instruments, the fair value is determined by Société Générale Corporate Investment Banking using valuation techniques commonly used by market participants to assess financial instruments such as discounted future cash flows for swaps or the Black & Scholes model for some options and using valuation parameters for which the estimate value is based on market conditions existing at the end of the period. Prior to their use, these valuation models are validated by independent experts of the Market Risk Department among the Group Risk Management of Société Générale who perform back-testing consistency checks on such valuation models. Besides, the parameters used in valuation models, whether they come from observable markets or not, are deeply monitored on a monthly basis by experts from the Market Risk Department among the Group Risk Management and supplemented if needed by the necessary reserves (including liquidity and bid-ask).

The following tables analyse within the fair value hierarchy the Company's financial assets and financial liabilities measured at fair value as at 30th June 2018 and 30th June 2017.

	Level 1	Level 2	Level 3	Total
30th June 2018 - carried at fair value				
Financial assets at fair value through profit or loss	€ 1,140,406,053	€ 180,386,708	€ -	€ 1,320,792,761
Credit default swaps	-	-	-	-
Financial liabilities at fair value through profit or loss				
- Notes issued	€ -	€ -	€ (943,287,628)	€ (943,287,628)
- Indexed deposit (fully funded swap agreement)	€ -	€ -	€ (225,039,086)	€ (225,039,086)
Interest rate swaps	€ -	€ (49,284,343)	€ (103,181,703)	€ (152,466,046)

20. FINANCIAL INSTRUMENTS - (CONTINUED)

Financial assets and financial liabilities by fair value hierarchy - (continued)

IFRS requires disclosure of fair values of financial assets and financial liabilities carried at amortised cost.

	Level 1	Level 2	Level 3	Total
30th June 2018 - carried at amortised cost				
Loans and receivables	€ -	€ -	€ 665,402,504	€ 665,402,504
Other liabilities	€ -	€ -	€ (665,402,504)	€ (665,402,504)
30th June 2017 - carried at fair value				
Financial assets at fair value through profit or loss	€ 1,118,464,836	€ 192,565,000	€ -	€ 1,311,029,836
Credit default swaps	€ -	€ -	€ 136,164	€ 136,164
Financial liabilities at fair value through profit or loss - Notes issued	€ -	€ (57,703,651)	€ (845,579,515)	€ (903,283,166)
Indexed deposit (fully funded swap agreement)	€ -	€ -	€ (248,169,988)	€ (248,169,988)
Interest rate swaps	€ -	€ (11,176,690)	€ (152,755,782)	€ (163,932,472)
30th June 2017 - carried at amortised cost				
Loans and receivables	€ -	€ 4,286,908	€ 718,871,619	€ 723,158,527
Other liabilities	€ -	€ -	€ (718,938,900)	€ (718,938,900)

Financial assets and financial liabilities measured at fair value

There were no transfers between level 1 to level 2 during the current and prior years. During the year, €19,613,299 (2017: €19,666,801) of Interest rate swaps was transferred from Level 2 to Level 3 and €59,563,646 (2017: € 57,703,651) of financial liabilities at fair value through profit or loss and €56,039,156 (2017: €68,153,776) of Interest rate swap was transferred from level 2 to level 3 (2017: €68,153,776 was transferred from level 2 to level 3 and €8,490,111 was transferred from level 3 to level 2). These transfers were included in the Realised and unrealised gains/(losses) column in the table below.

Changes in financial assets and liabilities classified within level 3 for the financial year ended 30th June 2018 and 2017 are as follows:

30th June 2018	Opening fair value €	Additions and redemptions (net) €	Realised and unrealised gains/(losses) €	Closing fair value €
Credit default swaps	136,164	-	(136,164)	-
Financial liabilities at fair value through profit or loss - Notes issued	(845,579,515)	1,448,006	(99,156,119)	(943,287,628)
Indexed deposit (fully funded swap agreement)	(248,169,988)	-	23,130,902	(225,039,086)
Interest rate swaps	(152,755,782)	-	49,574,079	(103,181,703)

20. FINANCIAL INSTRUMENTS - (CONTINUED)

Financial assets and financial liabilities measured at fair value - (continued)

30th June 2017	**Opening fair value** €	**Additions and redemptions (net)** €	**Realised and unrealised gains/(losses)** €	**Closing fair value** €
Financial assets at fair value through profit or loss		-		-
Credit default swaps	(273,222)	-	409,386	136,164
Financial liabilities at fair value through profit or loss - Notes issued	(809,363,831)	448,146,951	(484,362,635)	(845,579,515)
Indexed deposit (fully funded swap agreement)	(576,129,347)	(390,258,833)	718,218,192	(248,169,988)
Interest rate swap	(96,550,667)	59,663,665	(115,868,780)	(152,755,782)

Fair value measurements

Estimate of main unobservable inputs for financial instruments, the fair value for which is classified within level 3 of the fair value hierarchy:

Product Category	**Valuation technique**	**Unobservable parameters**
Series 20 and 29 debt security collateral*	Fair value estimated at the notional amount of the transaction	Repo rate homogeneous to the transaction
Series 25 and Series 26 interest rate derivative	Hybrid model for rate and credit	Hybrid model rate/credit, rate/credit correlation and volatility of default intensity
Series 30 and Series 31	Different valuation models for equity or hybrid derivatives	Credit/equity correlation

**These relate to loans and receivables carried at amortised cost which are classified as level 3.*

A change in the credit-equity correlation by 27% (2017: 32%) would result in a change in fair value of the Series 30 equity linked swap of approximately €58,711 (2017: €60,772) with an opposite and equivalent change to the fair value of the Series 30 Notes. Similarly, a change in credit-equity correlation by 27% (2017: 32%) would result in a change in fair value of the Series 31 equity linked swap of approximately €3,133 (2017: €76,694) with an opposite and equivalent change to the fair value of the Series 31 Notes.

Series 22, Series 25 and Series 26 derivatives have been classified as level 3 due to possible exposure to rate and credit spread correlation. The related Series 22, Series 25 and Series 26 Notes have also been classified as level 3 due to the dependency of the valuation of those Notes to the related derivative transactions. In the Directors' opinion, a reasonably possible change in the unobservable parameters used in the estimation of the Series 22, Series 25 and Series 26 derivatives would have no material impact on the fair value of the Series 25 and 26 Notes.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Related Note Issue	Nominal	Maturity Date	CCY	Description	Coupon	Fair value hierarchy level	Fair value at 2018	Fair value at 2017
Investments								
Series 22/2014	37,277,000	25/04/2035	EUR	French Government OAT	4.75% p.a.	1	59,029,580	56,355,090
	12,723,000	25/04/2035	EUR	French Government OAT - lending to SG	4.75% p.a.	1	20,147,365	21,015,362
Series 25/2014	125,000,000	25/04/2035	EUR	French Government OAT - lending to SG	4.75% p.a.	1	197,942,363	193,426,130
	125,000,000	Various	EUR	Euro Medium Term Note Securities	Zero	2	180,386,708	192,565,000
Series 26/2014	147,580,000	25/04/2035	EUR	French Government OAT	4.75% p.a.	1	233,698,671	223,388,611
	52,420,000	25/04/2035	EUR	French Government OAT - lending to SG	4.75% p.a.	1	83,009,109	86,093,197
Series 30/2016	209,665,000	25/10/2027	EUR	French Government OAT	Zero	1	256,774,543	253,329,895
Series 30/2016	13,435,000	25/10/2027	EUR	French Government OAT - lending to SG	Zero	1	16,453,705	15,703,034
Series 31/2016	212,993,000	25/10/2027	EUR	French Government OAT	Zero	1	260,850,310	245,407,231
Series 31/2016	10,207,000	25/10/2027	EUR	French Government OAT - lending to SG	Zero	1	12,500,407	23,746,286
							€ 1,320,792,761	€ 1,311,029,836

22. LOANS AND RECEIVABLES

Related Loan Issue	Nominal	Maturity Date	CCY	Description	Coupon	Fair value hierarchy level	Amortised cost at 2018	2017
Series 18/2013	30,000,000	20/11/2020	EUR	Cash Collateral with Société Générale	Variable	2	-	4,219,627
Series 20/2013	777,000,000	25/10/2022	USD	Securities Lending Agreement with Société Générale	3M USD LIBOR BBA +1.15%	3	670,429,656	682,523,120
Series 29/2015	-	Redeemed early	JPY	Securities Lending Agreement with Société Générale	Variable	-	-	39,132,020
							€ 670,429,656	€ 725,874,767

The carrying amount of the cash collateral with Société Générale for Series 18/2013 was nil at year end as the notional of the corresponding deposit has also been reduced to nil in Q1 2018 to (i) cover for the latest portfolio amortizations and (ii) absorb the primary loss in relation to the latest credit event declared on one name of the underlying portfolio under the CDS.

Series 29/2015 was redeemed on 25th April 2018.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Related Note Issue	Nominal	Maturity Date	CCY	Note description	Coupon	Fair value hierarchy level	Fair value at 2018	Fair value at 2017
Notes issued								
Series 18/2013	30,000,000	20/11/2020	EUR	Secured Credit Linked Notes due 2020	Zero	3	-	4,355,791
Series 22/2014	50,000,000	27/04/2035	EUR	OAT 2035 Collateral Fixed Income Structured Interest Notes	2.46%	3	59,563,646	57,703,651
Series 25/2014	125,000,000	27/04/2035	EUR	Multi-Collateral Fixed Income Structured Interest Notes due 2035	2.31%	3	143,951,680	138,802,758
Series 26/2014	200,000,000	27/04/2035	EUR	OAT 2035 Collateral Fixed Income Structured Interest Notes	2.035%	3	233,139,377	224,879,802
Series 30/2016	223,100,000	20/12/2027	EUR	Structured Index Linked Notes due 2027	Zero	3	251,678,332	241,196,723
Series 31/2016	223,200,000	20/12/2027	EUR	Structured Index Linked Notes due 2027	Zero	3	254,954,593	236,344,441
							943,287,628	903,283,166
Indexed deposit (fully funded swap agreements)								
Series 25/2014	125,000,000	27/04/2035	EUR	Equity linked swap agreement with Société Générale	Zero	3	185,093,048	187,524,706
Series 30/2016	223,100,000	20/12/2027	EUR	Equity linked swap agreement with Société Générale	Zero	3	21,549,915	27,836,206
Series 31/2016	223,200,000	20/12/2027	EUR	Equity linked swap agreement with Société Générale	Zero	3	18,396,123	32,809,076
							225,039,086	248,169,988
							€ 1,168,326,714	€ 1,151,453,154

The carrying amount of Series 18/2013 was reduced to nil at year end on the basis that the first loss tranche, which the Note represents has been reduced to nil as a result of (i) the underlying portfolio amortization and of (ii) the credit event declared on one name of the portfolio.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

24. OTHER LIABILITIES

Related Loan Issue	Nominal	Maturity Date	CCY	Description	Coupon	Fair value hierarchy level	Amortised cost at 2018	Amortised cost at 2017
Series 20/2013	777,000,000	25/10/2022	USD	Securities Lending Notes due 2022	3M USD LIBOR BBA +1.08%	3	670,429,656	682,523,120
Series 29/2015	-	Redeemed early	JPY	Securities Lending Agreement with Société Générale	Variable	3	-	39,132,020
							€ 670,429,656	€ 721,655,140