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Registered number in Cayman Islands: MC-183103

PELLEAS INVESTMENTS LIMITED

DIRECTORS' REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



PELLEAS INVESTMENTS LIMITED

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PELLEAS INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report together with the financial statements of Pelleas Investments Limited (the 'Company') for the year ended 31 December 2022.

Profits and dividends

During the year the Company made a profit after tax of \$193,895 (2021: \$11,935). The Directors do not recommend the payment of a final dividend (2021: \$nil)

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, where appropriate, are as shown below:

K L Pearson (resigned on 10th July 2023)
C T Senior
V Shah(resigned on 26th June 2023)
P H Avila
D J Blagbrough (appointed on 26th June 2023)
S Austin (appointed on 10th July 2023)

Since the year end, D J Blagbrough was appointed as director on 26th June 2023 and V Shah resigned as a director on 26th June 2023. S Austin was appointed as director on 10th July 2023 and K L Pearson resigned as a director on 10th July 2023.

Going concern

After reviewing the Company's financial position, performance projections and available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations as they fall due and to continue in operational existence for at least the next 12 months from the date of signing these financial statements. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

Statement of Directors' responsibilities

The Directors of Pelleas Investments Limited ('the Directors') have accepted responsibility to prepare these financial statements for the year ending 31 December 2022 on the special purpose basis of preparation and accounting policies set out in notes 2, 3 and 5 to the financial statements.

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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

PELLEAS INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them.

Directors third party indemnity provisions

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2022 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

Environment

The Barclays Group focuses on addressing environmental issues where it is felt that there is the greatest potential to make a difference. As the global effort to tackle climate change grows, the Barclays Group is moving rapidly to take a leading role in contributing to the transition to a low-carbon economy. In March 2020, the Group set out its ambition to be a net zero bank by 2050.

To successfully fulfil against our Purpose, we must ensure that we address the needs of all our stakeholders. This includes our customers and clients, colleagues, investors and the societies in which we operate.

The longevity of our business can only be ensured if we help tackle the challenges of our time, such as social inequality and climate change, whilst minimising any unintended and adverse impacts of our operations and our business as a financial institution. To this end we seek to identify and understand the environmental, social and governance ('ESG') factors which impact our organisation and how we shape and impact the environment and society around us. We do this in the context of the financial services we provide, the geographies in which we operate and the needs of our customers and clients.

We will continue to identify new opportunities and strive to integrate our broader social and environmental impact into the way we run and govern our business and the work we do every day to help customers and clients, colleagues and society.

While we have managed ESG issues for several years, our approach continues to evolve in response to a dynamic external environment, increasing investor and other stakeholder attention and continued innovation in our business and product offerings. We recognise that the focus on the societal impact of businesses and performance against wider ESG factors has increased in recent years, with growing interest from a range of stakeholders including investors, clients, policy makers and regulators.

Disclosure of global greenhouse gas emissions is done at a Barclays Group level with information available in the Barclays PLC Annual Report 2022 with fuller disclosure available on our website at <https://home.barclays/sustainability/addressing-climate-change/>.

PELLEAS INVESTMENTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Small companies provision

This report has been prepared in accordance with the special provisions applicable to small companies set out in section 415A of the Companies Act 2006. The Company has also taken advantage of the small companies exemption from the requirement to prepare a strategic report.

FOR AND ON BEHALF OF THE BOARD

DocuSigned by:

David Blagbrough

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David Blagbrough

Director

Date: 11/12/2023

Registered number in England and Wales:FC027452

PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands

PELLEAS INVESTMENTS LIMITED**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 \$	2021 \$
Interest income	7	271,545	17,168
Interest expense	8	(46,557)	(2,785)
Net interest income		<u>224,988</u>	<u>14,383</u>
Profit/(loss) from foreign exchange		38	(27)
Profit before tax		<u>225,026</u>	<u>14,356</u>
Tax expense	10	(31,131)	(2,421)
Profit for the year		<u><u>193,895</u></u>	<u><u>11,935</u></u>

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

PELLEAS INVESTMENTS LIMITED**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 \$	2021 \$
Profit for the year	193,895	11,935
Fair value gains on US treasury Investments	-	39
Other comprehensive income for the year, net of tax	-	39
Total comprehensive income	193,895	11,974


The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

PELLEAS INVESTMENTS LIMITED
REGISTERED NUMBER: FC027452

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Loans and advances at amortised cost	11	14,692,826	14,442,182
Cash and cash equivalents		1,362,938	1,364,996
Total current assets		<u>16,055,764</u>	<u>15,807,178</u>
Total assets		<u>16,055,764</u>	<u>15,807,178</u>
Liabilities			
Current liabilities			
Current Tax Liability		33,199	25,066
Borrowings	12	2,734,508	2,687,950
Total current liabilities		<u>2,767,707</u>	<u>2,713,016</u>
Total liabilities		<u>2,767,707</u>	<u>2,713,016</u>
Net assets		<u>13,288,057</u>	<u>13,094,162</u>
Issued capital and reserves			
Share capital	13	10,000	10,000
Share premium reserve	13	990,000	990,000
Retained earnings	14	12,288,057	12,094,162
TOTAL EQUITY		<u>13,288,057</u>	<u>13,094,162</u>

The financial statements on pages 8 to 21 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

DocuSigned by:

 E227833B44324F0...
 David Blagbrough
 Director

Date: 11/12/2023

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Reporting entity

These financial statements are prepared for Pelleas Investments Limited (the 'Company'), the principal activity of which is to act as an Investment Company.

The financial statements are separate financial statements prepared for the Company only, in line with the UK Companies Act 2006. The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and the ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, both of which prepare consolidated financial statements in accordance with UK-adopted international accounting standards and accordingly consolidated financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10. The Company is a private limited company domiciled and incorporated in the Cayman Islands. The Company's registered office is at PO Box 309, Uglund House, George Town, Grand Cayman, KY1-1104, Cayman Islands.

2. Compliance with International accounting standards

The financial statements have been prepared in accordance with the Overseas Companies Regulations 2009 (SI 2009/1801) made under section 1049 of the Companies Act 2006 (the "Regulations"). The Company has applied Section 396 of the Companies Act 2006, as modified by the Regulations, in producing overseas companies individual financial statements.

The financial statements prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

However, for presentation and disclosure purposes, the Directors have adopted the requirements under the Regulations and selected disclosures under IFRS which the Directors deem to be relevant in understanding its state of affairs. As a result, the following items which are required under IFRS are not included in these financial statements to the extent they are not relevant in assessing the Company's state of affairs:

1. Statement of Changes in Equity;
2. Statement of Cash Flows;
3. Capital Management note;
4. IFRS 7 Financial Instruments
5. IFRS 12 Disclosures of Interest in other Entities; and
6. IFRS 13 Fair Value Measurement.

3. Basis of preparation

The Company financial statements have been prepared in accordance with UK-adopted international accounting standards. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

Going concern

After reviewing the Company's financial position, performance projections and available banking facilities, the Director is satisfied that the Company has adequate access to resources to enable it to meet its obligations as they fall due and to continue in operational existence for at least the next 12 months from the date of signing these financial statements. For this reason, the director have adopted the going concern basis in preparing these financial statements.

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. New and amended standards

i) New standards, interpretations and amendments effective from 1 January 2022

There are no new or amended standards that have had a material impact on the Partnership's accounting policies.

ii) New standards, interpretations and amendments not yet effective

There are no new or amended standards that are expected to have a material impact on the Partnership's accounting policies.

The following accounting standards have been issued by the IASB but are not yet effective:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021 the IASB issued amendments to IAS 1 that require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on the concept of materiality and its application to accounting policy information. Under the amendments, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

Definition of Accounting Estimate - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 that replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are clarified as monetary amounts in financial statements that are subject to measurement uncertainty. Where an entity's accounting policy requires an item to be measured at monetary amounts that cannot be observed directly, it should develop an accounting estimate to achieve this objective. The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

Classification of Liabilities as current or non-current- Amendments to IAS 1

In January 2020 the IASB issued amendments to IAS 1 to clarify the presentation of liabilities in the balance sheet, with an effective date of 1 January 2024. The amendments clarify that a liability should be classified as noncurrent only if the entity have the right to defer settlement of the liability for at least 12 months after the reporting period, and that (i) the right to defer settlement must exist at the end of the reporting period and (ii) management's intentions or expectations about whether it will exercise its right to defer settlement does not affect the classification. Further clarifications include how lending conditions affect classification and classification of liabilities the entity will or may settle by issuing its own equity instruments. In October 2022, the IASB also issued further amendments to IAS 1 to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants, and to responded to stakeholders' concerns about the classification of such a liability as current or non-current.

5. Functional and presentation currency

These financial statements are presented in US Dollar [USD], the currency of the country in which the Company is incorporated. All amounts have been rounded to the nearest US Dollar, unless otherwise indicated.

6. Significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

6.1 Foreign currency translation

Items included in the financial statements of the Company are measured using their functional currency, being USD the currency of the main economy to which it is exposed.

The Company applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into Dollar at the rate ruling on the date of the transaction. Foreign currency monetary

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Significant accounting policies (continued)

balances are translated into Dollar at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances in relation to items measured in terms of historical cost are carried at historical transaction date exchange rates. Non-monetary foreign currency balances in relation to items measured at fair value are translated using the exchange rate at the date when the fair value was measured.

6.2 Interest

Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

6.3 Fee and commission

The company recognises fee and commission income charged for services provided by the Barclays Group as the services are provided, for example on completion of the underlying transaction.

6.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

6.5 Current and deferred income tax

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current year or prior year taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised 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. Deferred tax liabilities are recognised for all taxable temporary differences except from the initial recognition of goodwill. Deferred tax is not recognised where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

Income tax expense represents the sum of the tax currently payable and deferred tax.

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Significant accounting policies (continued)

6.6 Dividends from subsidiaries

Dividends income is recognised when the right to receive payment is established, which is when the dividends are received or the dividends are appropriately authorised by the subsidiary or associate.

6.7 Financial assets and liabilities

The Company applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets.

Recognition

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:

- i) the business model within which financial assets are managed; and
- ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Company assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets

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

Financial assets and liabilities measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI. Financial liabilities are held at amortised cost except for those held for trading or designated at fair value through profit & loss.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Company is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Company will consider past sales and expectations about future sales.

For financial assets and liabilities which are held at amortised cost the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Significant accounting policies (continued)

election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and impairment is not recognised in the income statement.

Financial instruments at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income, as described above are measured at fair value through profit or loss (FVTPL).

A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Accounting for financial assets mandatorily at fair value through profit or loss

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

Accounting for financial assets designated at fair value through profit or loss

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch. Subsequent changes in fair value are recognised in the income statement in net investment income.

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise borrowings in the balance sheet.

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market price in an active market wherever possible.

Impairment of financial assets

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3) an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Significant accounting policies (continued)

Quantitative test

The annualised cumulative weighted average lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into Stage 2 via the qualitative route described below.

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk. Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Group policy and typically apply minimum relative thresholds of 50-100% and a maximum relative threshold of 400%. For existing/historic exposures where origination point scores/data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

Back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible, (subject to a data start point no later than 1 January 2015); or

Use of available historic account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

Qualitative test

Accounts meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Group wide customer level data wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

Backstop criteria

Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments.

The Company does not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated. Determining the PD at initial recognition requires management estimates.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

Forward-looking information

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, five forward-looking economic scenarios are considered to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss. Stress testing methodologies are leveraged within forecasting economic scenarios.

The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Significant accounting policies (continued)

of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk. Impairment charges will tend to be more volatile and will be recognised earlier. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted.

The Company utilises an external consensus forecast as the baseline scenario. In addition, two adverse and two favourable scenarios are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also incorporating IFRS 9 specific sensitivities and non-linearity. The most adverse scenarios are benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenarios from Moody's inventory, but are not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include six core variables, (GDP, unemployment and House Price Index in both the UK & US markets), and expanded variables using statistical models based on historical correlations. The probability weights of the scenarios are estimated such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices and base rates, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

Definition of default, credit impaired assets, write-offs, and interest income recognition

The definition of default for the purpose of determining ECLs has been aligned to the Regulatory Capital CRR Article 178 definition of default, which considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

Loan modifications and renegotiations that are not credit-impaired

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Expected life

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. The expected life for these revolver facilities is expected to be behavioural life. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Discounting

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Significant accounting policies (continued)

receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;

IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;

Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and

ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, Barclays Group' risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, Barclays Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forborne state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts in all circumstances and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

6.8 Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment, if any.

6.9 Share capital

Share capital classified as equity, provided that there is no present obligation to deliver cash or another financial asset to the holder, is shown in called up share capital, and the costs associated with the issuance of shares are recorded as a deduction from equity.

6.10 Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's directors.

PELLEAS INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****6. Significant accounting policies (continued)****6.11 Cash and cash equivalents for the purposes of cash flow statement**

Cash comprises cash on hand, demand deposits, and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. Trading balances are not considered to be part of cash equivalents.

6.12 Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note.

7. Interest income

	2022 \$	2021 \$
Interest Income from Parent Companies	20,908	2,186
Interest Income from Group Companies	250,637	14,499
Interest Income from US Treasuries	-	483
	<u>271,545</u>	<u>17,168</u>

8. Interest expenses

	2022 \$	2021 \$
Interest Expense to Parent Companies	(46,557)	(2,785)
	<u>(46,557)</u>	<u>(2,785)</u>

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Employees and key management, including Directors

The Company has no direct employees during 2022 and 2021. All Staff providing services to the Company are contracted from Barclays Execution Services Limited or Barclays Bank PLC. All costs in this respect have not been recharged to the Company.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Directors of the Company listed on page 2.

The Directors are employed and remunerated by other companies within the Barclays Group and consider that their services to the company are incidental to their other responsibilities within the Barclays Group. The Directors' remuneration in respect of their qualifying services for the company is considered to be trivial.

During the period:

Four Directors are accruing retirement benefits under a defined benefit scheme or defined contribution scheme (2021: three).

No Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes during 2022 (2021: none).

One Director is entitled to benefits under the Share Value Plan (2021: one).

PELLEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation

10.1 Income tax recognised in profit or loss

	2022 \$	2021 \$
Current tax		
Current tax on profits for the year	31,131	2,421
UK corporation tax	31,131	2,421
Total tax expense	31,131	2,421

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022 \$	2021 \$
Profit for the year	193,895	11,935
Income tax expense	31,131	2,421
Profit before income taxes	225,026	14,356
Tax using the Company's domestic tax rate of 19% (2021: 19%)	42,755	2,728
Adjustments in respect of prior years	-	(3)
Effect of Foreign Exchange	(3,608)	165
Transfer pricing adjustments	(8,016)	(469)
Total tax expense	31,131	2,421

Changes in tax rates and factors affecting the future tax charges

The UK corporation tax rate of 19% has been used to calculate current tax balances for the year ended 31 December 2022.

Legislation has been introduced to increase the main rate of corporation tax from 19% to 25%, effective from 1 April 2023, which was substantively enacted on 24 May 2021. This will have a consequential impact on the Company's future tax charge.

11. Loans and advances at amortised cost

	2022 \$	2021 \$
Current		
Loans and advances due from group companies	14,692,826	14,442,182
Loans and advances due from parent companies	-	-
Loans and advances at amortised cost-Current	14,692,826	14,442,182

PELLEAS INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The current amount due from group includes floating rate notes with a total principal amount of \$14,440,970 at a rate equal to USD 1 Month Libor and maturity date of 13 July 2026. As of 31 December 2022 these notes had accrued interest of \$251,856. The aforementioned loans and advances can be broken at anytime, without penalty, by either the lender or borrower, and thus are classified as current loans.

12. Borrowings

	2022 \$	2021 \$
Amounts due to Group Undertakings	(8,472)	(8,472)
Amounts due to Parent Undertakings	(2,726,036)	(2,679,078)
	<u><u> </u></u>	<u><u> </u></u>

The current amount due to parent companies includes a floating rate note with a total principal amount of \$2,722,115 at a rate equal to USD 1 Month SOFR and a maturity date of 20 December 2023. As of 31 December 2022 this note had accrued interest of \$3,921.

The current borrowings due to group companies include a settlement balance of \$8,472.

13. Share capital**Authorised**

	2022 Number	2022 \$	2021 Number	2021 \$
Shares treated as equity				
Ordinary shares of \$0.01 each	10,000,000	100,000	10,000,000	100,000
	<u><u>10,000,000</u></u>	<u><u>100,000</u></u>	<u><u>10,000,000</u></u>	<u><u>100,000</u></u>

Issued and fully paid

	2022 Number	2022 \$	2021 Number	2021 \$
Ordinary shares of \$0.01 each				
At 1 January and 31 December	<u><u>1,000,000</u></u>	<u><u>10,000</u></u>	<u><u>1,000,000</u></u>	<u><u>10,000</u></u>

In addition to the aforementioned issued and fully paid share capital the Company had a share premium balance of \$990,000 for the year (2021 \$990,000).

The holders of the ordinary shares are entitled to vote at the general meetings of the Company and are entitled to receive such dividends as directors may declare. The ordinary shares are not redeemable. The holders of the ordinary shares are entitled to participate in the distribution of any surplus assets of the Company.

PELLEAS INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****14. Retained earnings and other reserves**

	Other comprehensive income reserve	Retained earnings	Total
As at 1st January 2022	-	12,094,162	12,094,162
Gain for the year	-	193,895	193,895
As at 31st December 2022	-	12,288,057	12,288,057

	Other comprehensive income reserve	Retained earnings	Total
As at 1st January 2021	(39)	12,082,227	12,082,188
Loss for the year	-	11,935	11,935
Gain taken to equity	39	-	39
As at 31st December 2021	-	12,094,162	12,094,162

15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. Barclays Bank PLC is the parent undertaking and controlling party.

During the year, there have been no other transactions with related parties other than the transactions disclosed in the notes of the financial statements and cash in hand which is held with a related party, Barclays Bank PLC.

16. Related undertakings

As at 31 December 2022, the Company directly held the following investments in related undertakings. The company did not indirectly hold investments in related undertakings:

Company name	Registered office address	Class of shares/units	Number of Shares held	Percent of Class of Share / Units Held (%)	Percent of voting power held (%)
Aequor Investments Limited	1 Churchill Place, E14 5HP, England and Wales	Ordinary	1,000,000	100%	100%

Details of transactions between the Company and its related parties are disclosed below.

As at 31 December 2022 the carrying value of the investment in Aequor Investments Limited has been fully impaired due to the loss on the underlying activities of the subsidiary.

PELLEAS INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Parent undertaking and ultimate holding company

The parent of the company is Barclays Bank PLC. The parent undertaking of the smallest group that presents group financial statements is Barclays Bank PLC. The ultimate parent company and controlling party is Barclays PLC, which is the parent company of the largest group that presents group financial statements. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.