

MBNA Europe Holdings Limited

Annual report and financial statements for the year ended 31 December 2019

Registered office

Cawley House
Chester Business Park
Chester
CH4 9FB

Registered number

02898169

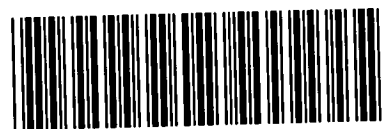
Current directors

D J Walker
J B West
A M North

Company Secretary

A E Mulholland

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COMPANIES HOUSE

Directors' report

For the year ended 31 December 2019

The directors present their report and the audited financial statements of MBNA Europe Holdings Limited ("the Company") for the year ended 31 December 2019.

General information

The Company is a private limited company, limited by shares, incorporated, registered and domiciled in England and Wales (registered number: 02898169).

The principal activity of MBNA Europe Holdings Limited is that of an investment holding company.

The Company is funded entirely by other companies within the Lloyds Banking Group plc.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 15 to the financial statements.

The rapid pace and scale of measures to contain a major health issue such as the Covid-19 pandemic demonstrate the potentially adverse impact of those measures on the economy. The government and regulators are taking significant action to address the economic impact which maybe temporary, but depending on the severity it could lead to a significant loss of output and recession in the UK. Any sector-specific or wider impact due to this could potentially impact the retail customers of Lloyds Banking Group plc and as a result have a material adverse effect on the Lloyds Banking Group plc's results of operations, financial conditions or prospects.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. KPIs are monitored and reported at a divisional level.

Future outlook

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Following the UK's exit from the EU, significant negotiation is now required on the terms of the future trade agreement. As a result, the possibility of a limited or no deal at the end of the transition period remains and could manifest in prolonged business uncertainty across the UK, including in the financial services sector. This continued lack of clarity over the UK's relationship with the EU and other foreign countries, and on-going challenges in the Eurozone, including weak growth, raise additional uncertainty for the UK's economic outlook. There also remains the possibility of a further referendum on Scottish independence. The Company is part of the wider Lloyds Banking Group, and, it is at that level that consideration of the many potential implications this may have has been undertaken. Work continues to assess the impact of EU exit at the level of the Lloyds Banking Group, as well as for the Company, upon customers, colleagues and products. This assessment includes all legal, regulatory, tax, finance and capital implications. No impact is expected for the Company.

There are risks arising from the outbreak of Covid-19 which has occurred since the balance sheet date. In view of its currently evolving nature, the directors continue to monitor the environment closely and based on emerging signals known at the time concluded that there will be no significant impact for the Company.

Dividends

- No dividends were paid or proposed during the year ended 31 December 2019 (2018: £140,173,105).

Going concern

The financial statements have been prepared on a going concern basis. The Company does not have material external debt and is funded by other companies within the Lloyds Banking Group plc.

It was further noted that a letter of support had been issued by Lloyds Banking Group plc, dated 19 February 2020, confirming that it was its current intention to provide financial support to Lloyds Bank plc and its subsidiaries (of which the Company is one) to meet their respective financial liabilities as they fall due.

As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' report (continued)

For the year ended 31 December 2019

Directors

The current directors of the Company are shown on the front cover.

The following changes have taken place between the beginning of the reporting period and the approval of the Annual report and financial statements:

A M North	(appointed 28 October 2019)
J P Metcalfe	(resigned 15 June 2019)

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of the director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. The indemnity remains in force for the duration of a Director's period of office. The deed indemnifies the Directors to the maximum extent permitted by law. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors 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.

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.

Directors' report (continued)

For the year ended 31 December 2019

Auditors and disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that 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 auditors are aware of that information.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within section 414 of Part 15 of the Companies Act 2006

Approved by the board of directors and signed on its behalf by:



J B West
Director

23 July 2020

Statement of comprehensive income

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Interest income	3	-	387
Profit on share capital reduction in subsidiary undertakings		-	4,953
Profit before tax		-	5,340
Taxation	7	-	(73)
Profit for the year, being total comprehensive income		-	5,267

The accompanying notes to the financial statements are an integral part of these financial statements.

Balance sheet

As at 31 December 2019

	Note	2019 £'000	2018 £'000
ASSETS			
Cash and cash equivalents	9	-	192
Amounts due from group undertakings	10	192	-
Investment in subsidiary undertakings	11	-	-
Total assets		192	192
LIABILITIES			
Amounts due to group undertakings	12	192	22
Current tax liability		-	170
Total liabilities		192	192
EQUITY			
Share capital	13	-	-
Retained earnings		-	-
Total equity		-	-
Total equity and liabilities		192	192

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:



J B West
Director

23 July 2020

Statement of changes in equity

For the year ended 31 December 2019

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 January 2018	12,300	122,606	134,906
Profit for the year being total comprehensive income	-	5,267	5,267
Share capital reduction	(12,300)	12,300	-
Dividend paid to equity holders of the Company	-	(140,173)	(140,173)
At 31 December 2018	-	-	-
Profit for the year being total comprehensive income	-	-	-
At 31 December 2019	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows (used in)/generated from operating activities		
Profit before tax	-	5,340
Adjustments for:		
Profit on share capital reduction in subsidiary undertakings	-	(4,953)
Cash generated from operations	-	387
Tax paid	(170)	(143)
Net cash (used in)/generated from operating activities	(170)	244
Cash flows generated from investing activities		
Dividend income	-	17,983
Net cash generated from investing activities	-	17,983
Cash flows used in financing activities		
Dividends paid	-	(140,173)
(Increase in)/proceeds from net lending to group undertakings	(22)	122,138
Net cash used in financing activities	(22)	(18,035)
Change in Cash and cash equivalents	(192)	192
Cash and cash equivalents at beginning of year	192	-
Cash and cash equivalents at end of year	-	192

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both years presented, unless otherwise stated.

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

There are no new pronouncements relevant to the Company requiring adoption in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at December 2019 and which have not been applied in the preparation of these financial statements are given in note 18. No standards have been early adopted.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company and its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

The financial statements have been prepared on a going concern basis as detailed in the Directors' report and under the historic cost convention.

Going Concern

The financial statements have been prepared on a going concern basis. The Company does not have material external debt and is funded by other companies within the Lloyds Banking Group plc.

It was further noted that a letter of support had been issued by Lloyds Banking Group plc, dated 19 February 2020, confirming that it was its current intention to provide financial support to Lloyds Bank plc and its subsidiaries (of which the Company is one) to meet their respective financial liabilities as they fall due.

As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.2 Income recognition

Dividend income

Dividend income is recognised when the right to receive payment is established.

Income and expense from financial instruments

Interest income and expense are recognised in the Statement of comprehensive income for all interest bearing financial instruments, including loans and advances, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to a period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings. Financial liabilities comprise Borrowed funds.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

1.3 Financial assets and liabilities (continued)

Interest bearing financial assets and financial liabilities are recognised and measured at amortised cost inclusive of transaction costs, using the effective interest rate method.

Amounts due from group undertakings is assessed at the reporting date for impairment on a forward looking basis and where appropriate an expected credit loss ("ECL") is recognised based on reasonable and supportable information.

1.4 Dividends paid

Dividends on ordinary shares are recognised through equity in the period in which they are paid.

1.5 Cash and cash equivalents

For the purposes of the Balance sheet and Cash flow statement, Cash and cash equivalents comprise balances with less than three months' maturity.

1.6 Taxation

Tax expense comprises current tax. Current tax is charged or credited in the Statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the Balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs ("HMRC") or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each Balance sheet date, and the provisions are re-measured as required to reflect current information.

1.7 Investments

Investment in subsidiary undertakings

Investment in subsidiary undertakings is stated in the Balance sheet at cost less any provision for impairment.

Investment in subsidiary undertakings is reviewed for impairment losses at the end of each period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of comprehensive income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use. For the purposes of assessing impairment, investments are grouped at the lowest level at which cash flows are separately monitored by management.

Where circumstances indicate a provision for impairment is no longer required an amount equal to the excess of the asset's recoverable amount above its carrying value, but not exceeding the provision for impairment, is recognised as a credit in the Statement of comprehensive income.

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

In the course of preparing these financial statements, no critical accounting estimates or judgements have been made in the process of applying the company's accounting policies, other than those involving estimations which are disclosed separately below.

3. Interest income

	2019 £'000	2018 £'000
Interest receivable (see note 14)	-	387

Notes to the financial statements (continued)

For the year ended 31 December 2019

4. Staff costs

The Company did not have any employees during the year (2018: nil) and incurred no staff costs (2018: nil).

5. Auditors' remuneration

Fees payable to the Company's auditors for the audit of the Company's annual financial statements were £4,000 (2018: £4,000). These were borne by the parent company.

6. Directors' emoluments

No director received any fees or emoluments from the Company during the year (2018: £nil). The directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 14).

7. Taxation

	2019 £'000	2018 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	-	73

Corporation tax is calculated at a rate of 19.00% (2018: 19.00%) of the taxable profit for the year.

b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:

Profit before tax	-	5,340
Tax charge thereon at UK corporation tax rate of 19.00% (2018: 19.00%)	-	1,015
Factors affecting charge:		
- Other differences leading to an increase / (decrease)	-	(942)
Tax charge on profit on ordinary activities	-	73
Effective rate	0.0%	1.4%

8. Dividends

No dividends were paid or proposed during the year ended 31 December 2019 (2018: £140,173,105).

9. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank (see note 14)	-	192

10. Amounts due from group undertakings

	2019 £'000	2018 £'000
Amounts due from group undertakings (see note 14)	192	-

Amounts due from group undertakings is unsecured, non-interest bearing and repayable on demand. All Amounts due from group undertakings are included within stage 1 for IFRS 9 purposes. The ECL is £nil.

Notes to the financial statements (continued)

For the year ended 31 December 2019

11. Investment in subsidiary undertakings

	2019 £'000	2018 £'000
Cost		
Cost brought forward	-	243,681
Disposals	-	(243,681)
Cost at 31 December	-	-
Provision for impairment		
Provision brought forward	-	(230,651)
Disposals	-	230,651
Provision at 31 December	-	-
Carrying value of investments at 31 December	-	-

Investment in subsidiary undertakings is stated at cost less impairment. As permitted by section 611 of the Companies Act 2006, where the relief afforded under section 612 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiaries.

During 2018 the Company completed a review of its investment in subsidiaries, leading to a capital reduction within both subsidiaries. The total carrying value of investment in subsidiaries as at 31 December 2019 is £60 (2018: £60).

The subsidiary undertakings at 31 December 2019 and 31 December 2018, listed below:

Subsidiary undertakings	Company interest	Principal activities	Registered Address
MBNA Europe Finance Limited	100.00%	Financing	Gategny Court PO Box 140 Gategny Esplanade St Peter Port Guernsey GY1 3HQ
MBNA Receivables Limited	100.00%	Financing	26 New Street St Helier Jersey JE2 3RA

12. Amounts due to group undertakings

	2019 £'000	2018 £'000
Amounts due to group undertakings (see note 14)	192	22

Amounts due to group undertakings are unsecured, non interest bearing and repayable on demand, although there is no expectation that such a demand would be made.

13. Share capital

	2019 £'000	2018 £'000
Allotted, issued and fully paid		
1 (2018: 1) ordinary shares of £1 each	-	-

Notes to the financial statements (continued)

For the year ended 31 December 2019

14. Related party transactions

The Company is controlled by the LBG Equity Investments Limited. A number of transactions are entered into with related parties in the normal course of business. A summary of the outstanding balances at the year end and the related income for the year is set out below.

	2019 £'000	2018 £'000
Amounts due from group undertakings		
MBNA Limited (see note 10)	192	-
Amounts due to group undertakings		
MBNA Limited	170	-
MBNA Receivables Limited	22	192
MBNA Europe Finance Limited	-	-
Total Amounts due to group undertakings (see note 12)	192	22
Cash and cash equivalents held with group undertakings		
Lloyds Bank plc (see note 9)	-	192
Interest income		
MBNA Limited (see note 3)	-	387
Dividend Received		
MBNA Europe Finance Limited	-	902
MBNA Receivables Limited	-	17,081
Total Dividend Received	-	17,983
Dividend Paid		
MBNA Limited (see note 8)	-	140,173

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management is comprised of the directors of the Company and LBG Equity Investments Limited. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

15. Financial risk management

The Company's operations are not exposed to any significant risks. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by LBG Equity Investments Limited, and the ultimate parent, Lloyds Banking Group plc. Interest rate and liquidity risk faced by the Company is in substance managed and borne by other group undertakings which fund the Company and credit risk is carefully monitored by the Retail Division's credit committee and credit functions. A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

Notes to the financial statements (continued)

For the year ended 31 December 2019

16. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors. In order to maintain or adjust the capital structure, the board of directors may return capital to shareholders, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

17. Post balance sheet events

Since the balance sheet date there has been a global pandemic from the outbreak of Coronavirus which is causing widespread disruption to financial markets and normal patterns of business activity across the world, including the UK. The Directors assess this event to be a non-adjusting post balance sheet event. The directors have considered the actual and potential impacts of Covid-19 and the UK government's response to the pandemic on the activities of the Company and concluded that there will be no significant impact for the Company.

18. Future developments

The following pronouncement will be relevant to the Company but was not effective at 31 December 2019 and has not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
Minor amendments to other accounting standards	The IASB has issued a number of minor amendments to IFRSs effective 1 January 2020 (including IFRS 3 Business Combinations and IAS 1 Presentation of Financial Statements). These amendments are not expected to have a significant impact on the Group.	Annual periods beginning on or after 1 January 2020

The full impact of this pronouncement is being assessed by the Company. However, the initial view is that this is not expected to cause any material adjustments to the reported numbers in the financial statements.

19. Ultimate parent undertaking and controlling party

The immediate parent company is LBG Equity Investments Limited (Incorporated in England and Wales). The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent undertaking of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com.

Independent auditors' report to the members of MBNA Europe Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, MBNA Europe Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of comprehensive income, the Cash flow statement, and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusion relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Independent Auditors' report to the members of MBNA Europe Holdings Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting


Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

23 July 2020