Lansdowne 199 Limited

Annual Report and Financial Statements

For the period from 14 January 2015 to 31 December 2015

CONTENTS

	Page
DIRECTORS AND OTHER INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	5
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS	7
INDEPENDENT AUDITORS' REPORT	8
ACCOUNTING POLICIES	10
STATEMENT OF FINANCIAL POSITION	14
STATEMENT OF COMPREHENSIVE INCOME	15
STATEMENT OF CHANGES IN EQUITY	16
STATEMENT OF CASH FLOWS	17
NOTES TO THE FINANCIAL STATEMENTS	18

DIRECTORS AND OTHER INFORMATION

Directors

Alan Cook	*(appointed on 9 April 2015)*
Aidan Doherty	*(appointed on 10 November 2015)*
Jerold Williamson	*(resigned on 30 September 2015)*
Glen Lucken	*(resigned on 28 September 2015)*
David John Pudge	*(resigned on 9 April 2015)*
Adrian Joseph Morris	*(resigned on 9 April 2015)*
Shane O'Sullivan	*(resigned on 10 August 2015)*

Solicitors

Rosling King LLP
10 Old Bailey
London
EC4M 7NG
United Kingdom

Registered Office

5th floor
6 St. Andrew Street
London
EC4A 3AE
United Kingdom

Bankers

Barclays Bank plc
Financial Markets Team
Level 28
One Churchill Place
London
E14 5HP
United Kingdom

Registered Number: 09387837

Secretary

Conor Ryan *(appointed on 9 April 2015)*

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

STRATEGIC REPORT

The Directors present their annual report and audited financial statements for the period from the date of incorporation 14 January 2015 to 31 December 2015.

Principal activities

Lansdowne 199 Limited ("Lansdowne" or "the Company") was incorporated on the 14 January 2015 under its previous name Visioncroft Limited. The Company which is limited by shares is domiciled in the United Kingdom and its registered office is situated on the 5th floor, 6 St. Andrew Street, London, United Kingdom. The principal activity of Lansdowne is the management of buy-to-let mortgages secured on properties in the United Kingdom. The loan book was acquired from CHL during 2015. Lansdowne completed no new lending in 2015.

Business review, results and future developments

Lansdowne is focussed on managing the current mortgage portfolio with a gross loan balance of £2.4 billion largely consisting of performing UK buy-to-let loans. These are funded via the following:

- Funding arrangements with its immediate parent undertaking, Permanent TSB plc ("PTSB").
- Funding arrangement with a third party bank.

Lansdowne recorded a loss of £9m in 2015.

The company is focused on running down its existing loan book via:

- keeping a tight control over its cost basis;
- proactive arrears management which is evidenced by its below industry arrears level with accounts over 3 months in arrears by value at 1.37% at 31 December 2015
- high standard of customer services; and
- working closely with PTSB to reduce funding costs.

The Directors expect the business to register continued losses going forward due to the high cost of funds versus the loan portfolio yield and continued bad debt charge.

The redemption rate in 2015 was 4.76% and the Directors are not expecting a material change in the redemption rate in 2016 despite the outcome of the UK's EU referendum.

Details of the results for the period are set out in the statement of comprehensive income on page 15 and in the related notes.

STRATEGIC REPORT - continued

Key performance indicators

Key performance indicators utilised by the Company were net interest income, net profits, gross loan book value and bad debt provisioning measures, all of which are set out in more detail in the notes to these accounts. Additionally, the Company closely monitors its loan portfolio arrears performance and its redemption rates which are discussed in the above business review section.

Principal risks and uncertainties

In common with all businesses, the Company faces certain risks and uncertainties. As the Company operates in the financial services industry the majority of its key risks and uncertainties arise from its financial instruments and principally relate to mortgage arrears and associated liquidity and interest rate profile – these risks are discussed in more detail in note 14.

Going concern

The Company's ultimate parent undertaking is Permanent TSB Group Holdings plc, therefore when assessing the Company's ability to continue as a going concern, the Directors of the Company take into consideration the going concern assessment which was performed for the Permanent TSB Group Holdings plc and its subsidiary undertakings, ("PTSBGH") for the financial year ended 31 December 2015.

The Directors of PTSBGH have considered various matters in evaluating the appropriateness of the going concern basis of preparation for its financial statements. These various matters are set out in the basis of preparation note within note 1 of the PTSBGH Annual Report. In the PTSBGH 2015 Annual Report the Directors of PTSBGH have concluded that there are no material uncertainties which would cast significant doubt on the ability of PTSBGH to continue on a going concern basis for the foreseeable future. The Directors of Lansdowne have concluded that there is no material uncertainty regarding the ability of PTSBGH to continue to provide financial support to Lansdowne which may cast significant doubt on the ability of Lansdowne to continue as a going concern.

Having made due enquiries, the Directors of Lansdowne have a reasonable expectation that continued financial support and funding will likely be available for Lansdowne for a period of at least 12 months from the date of approval of these financial statements. The intention to continue to support Lansdowne has been formally confirmed to the company by Permanent TSB plc. The Directors of Lansdowne have also considered the agreement entered into by Permanent TSB plc to sell the Lansdowne assets within the period of assessment which is now unlikely to occur as a result of BREXIT, and have concluded that this does not give rise to a material uncertainty which may cast significant doubt on the ability of Lansdowne Company to continue as a going concern. Further, the Directors of PTSBGH have signed a letter of support for a 12 month period for the Company. For these reasons, the Directors of Lansdowne adopt the going concern basis in preparing the financial statements.

By order of the Board on 26 September 2016 and signed on behalf by:

Alan Cook
Director

DIRECTORS' REPORT

The Directors note that, as a result of the Strategic Report and Directors Report regulations 2013 (which are amendments to the Companies Act 2006) some of the reporting which would previously have been contained within the Directors' report must now (along with certain other reporting) appear within the Strategic report. The Directors' report now refers to the remaining statutory information requiring disclosure.

Dividends

No dividends have been paid during 2015.

Directors and secretary

The Directors and Secretary who held office at 31 December 2015 are listed on page 2 and except where indicated, have served for the entire period.

Policy on payment of creditors

The Company is responsible for agreeing terms and conditions under which business transactions with suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with these terms, normally between 30 and 60 days, provided that the supplier is also complying with all relevant terms and conditions.

Political and charitable contributions

The Company made no political or charitable contributions during the period.

Disclosure of information to auditor

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Subsequent events

Post year end the company refinanced its £750m external loan facility and drew down on a £1.6bn 3 year funding arrangement. This reduced Group funding by £924m.

The implication arising from the outcome of the UK's EU referendum on the UK and Global economies are yet to be fully determined. The decision to leave the EU creates heightened uncertainty over the UK's medium to long term growth prospects. S&P downgraded the UK's long term rating from AAA to AA on 27th June, citing that BREXIT would negatively impact on the UK's economic performance. Fitch also downgraded the UK's long term rating on 27th June from AA+ to AA citing the likelihood of "an abrupt slowdown" in economic growth now that BREXIT has been confirmed, as the reasoning for the downgrade. The Company has incorporated these developments into their provisioning approach for 2016 and the Directors continue to believe that the loan book is appropriately provided for and that BREXIT will not have an impact on the Company's going concern. The Company's parent, Permanent TSB plc, has confirmed their intention to continue to support the Company.

DIRECTORS' REPORT - continued

Auditor

PricewaterhouseCoopers have been appointed as auditors of the company and will continue in office in accordance with the UK Companies Act 2006.

By order of the Board on 26 September 2016 and signed on behalf by

Alan Cook
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as applied in accordance with the provisions of the Companies Act 2006.

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 Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a 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.

pwc

Independent auditors' report to the members of Lansdowne 199 Limited

Report on the financial statements

Our opinion

In our opinion, Lansdowne 199 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss and cash flows from 14 January 2015 to 31 December 2015 (the "period") 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- Statement of Financial Position as at 31 December 2015;
- Statement of Comprehensive Income for the period then ended;
- Statement of Cashflow for the period then ended;
- Statement of Changes in Equity for the period then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Lansdowne 199 Limited - continued

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report and the Directors' Report and the Financial Statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Ivan McLoughlin

Ivan McLoughlin
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
26 September 2016

ACCOUNTING POLICIES

Statement of compliance

The statutory financial statements set out herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and those parts of UK Companies Act 2006 applicable to companies reporting under IFRS. The standards adopted by the Company are those that are effective and adopted by the European Union as of the date of the statement of financial position.

Basis of preparation

Lansdowne 199 Limited is a company incorporated in the United Kingdom. Its principal activities are outlined in the strategic report.

The financial statements have been prepared on the historical cost basis. The accounting policies that the Company has applied in the preparation of the financial statements for the period ended 31 December 2015 have been set out below.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about the carrying amounts of assets and liabilities. Actual results may differ from the estimates made. The estimates and assumptions are reviewed on an ongoing basis and where necessary are revised to reflect current conditions. The principal estimates and assumptions made by management relate to loans and advances, impairment provisions including security valuations. Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

Going Concern

The Company's ultimate parent undertaking is Permanent TSB Group Holdings plc, therefore when assessing the Company's ability to continue as a going concern, the Directors of the Company take into consideration the going concern assessment which was performed for the Permanent TSB Group Holdings plc and its subsidiary undertakings, ("PTSBGH") for the financial year ended 31 December 2015.

The Directors of PTSBGH have considered various matters in evaluating the appropriateness of the going concern basis of preparation for its financial statements. These various matters are set out in the basis of preparation note within note 1 of the PTSBGH Annual Report. In the PTSBGH 2015 Annual Report the Directors of PTSBGH have concluded that there are no material uncertainties which would cast significant doubt on the ability of PTSBGH to continue on a going concern basis for the foreseeable future. The Directors of Lansdowne have concluded that there is no material uncertainty regarding the ability of PTSBGH to continue to provide financial support to Lansdowne which may cast significant doubt on the ability of Lansdowne to continue as a going concern.

Having made due enquiries, the Directors of Lansdowne have a reasonable expectation that continued financial support and funding will likely be available for Lansdowne for a period of at least 12 months from the date of approval of these financial statements. The intention to continue to support Lansdowne has been formally confirmed to the company by Permanent TSB plc. The Directors of Lansdowne have also considered the agreement entered into by Permanent TSB plc to sell the Lansdowne assets within the period of assessment which is now unlikely to occur as a result of BREXIT, and have concluded that this does not give rise to a material uncertainty which may cast significant doubt on the ability of Lansdowne Company to continue as a going concern. Further, the Directors of PTSBGH have signed a letter of support for a 12 month period for the Company. For these reasons, the Directors of Lansdowne adopt the going concern basis in preparing the financial statements.

Key risks, uncertainties and key performance indicators

The key risks and uncertainties are outlined in note 14.

ACCOUNTING POLICIES- continued

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company has no intention of trading. They are initially recorded and subsequently measured at amortised cost less an allowance for incurred impairment losses. Income is recognised on an effective interest basis as interest income in the statement of comprehensive income. The Company assesses impairment of these financial assets at each year end date on a case by case basis for assets that are individually significant and collectively for assets that are not individually significant.

Assets are impaired only if there is objective evidence that the result of one or more events that have occurred after the initial recognition of the asset have had an impact on the estimated future cash flows of the assets. For individual assets the objective evidence of impairment may include the following:

- Delinquency in contractual interest or principal repayments;
- Significant financial difficulty of the borrower;
- Deterioration in value of the collateral;
- For reasons relating to the borrower's financial difficulty a concession is granted that would not otherwise be considered;
- It is probable that the borrower will enter bankruptcy or other financial re-organisation;
- A forbearance request by the customer accompanied by submission of personal budget form; and
- Any significant exceptional events.

This impairment is calculated by comparing the present value of the cash flows discounted at the effective interest rate applicable to the asset (after taking into account security held) with the carrying value in the statement of financial position.

Collective assessment groups together assets that share similar risk characteristics and applies a collective provisioning methodology, based on existing risk conditions or events which have a strong correlation with a tendency to default.

Write-offs are charged against previously established provisions for impairment or directly to the statement of comprehensive income.

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment provision account accordingly. The write-back is recognised in the income statement.

Common Control Transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Company, in accordance with IAS 8, uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making this judgement management considers the requirement of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.

Where the transactions meet the definition of a group reconstruction or achieves a similar result, predecessor accounting is applied. The assets and liabilities of the business transferred are measured in the acquiring entity upon initial recognition at their existing book value in the Group, as measured under IFRS. The Company incorporates the results of the acquired businesses only from the data on which the business combination occurs.

Determination of fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability which is accessible to the Company.

ACCOUNTING POLICIES- continued

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole described as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques such as discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

An analysis of the fair values of financial instruments and further details as to how they are measured are provided in note 13.

Loan and advances to credit institutions

Loan and advances to credit institutions are initially recorded at their fair value and subsequently measured at amortised cost using the effective rate method.

Foreign currencies

The financial statements are presented in Pounds Sterling, which is the Company's functional currency. Except otherwise indicated, financial information presented in Pounds Sterling has been rounded to the nearest thousand ('000').

Foreign currency transactions are translated into Sterling at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Sterling at the exchange rates prevailing at the balance sheet date. Exchange movements on these are recognised in the statement of comprehensive income.

Income tax expense

Income tax expense comprises both current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent it relates to an item in equity, in which case it is recognised directly in equity. Current tax payable is provided on taxable profits at current taxation rates enacted or substantively enacted at the year end and also includes any adjustments to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, without discounting. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised when it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities and assets are offset only 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.

ACCOUNTING POLICIES- continued

Dividends

Final dividends on ordinary shares are recognised in the period in which they are approved by the Company's shareholder. Interim dividends are recognised in the period in which they are paid.

Financial liabilities

Financial liabilities include borrowings from the Company's parent undertaking and debt securities. Financial liabilities are initially recorded at fair value and then subsequently measured at amortised cost calculated on an effective interest basis.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all fees and points paid or received transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issuance of a financial asset or liability.

ACCOUNTING POLICIES- continued

New standards, amendments and interpretations not yet adopted

In 2015, the Company assessed all new and revised IFRSs issued by IASB and adopted by EU That are mandatorily effective for accounting periods that began on or after 1 January 2015 and concluded that none had a material impact on the Company Financial Statements. Hence, the Company has not adopted any new or amended accounting policies.

The Company has not yet applied IFRS 9 which will have a significant impact on the Company once it is effective.

Topic	Description of change	Effective date	Impact
IFRS 9, "Financial instruments"	The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income and fair value through the Income Statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instruments and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.	Periods beginning on or after 1 January 2018. Early application is permitted. If an entity elects to early apply it must apply all of the requirements at the same time with the following exception: Entities with a date of initial application before 1 February 2015 continue to have the option to apply the standard in phases.	Application of IFRS 9 is expected to have significant impact on the Company's financial position and performance. However, the Company has to quantify the full potential impact of this standard. The standard was published on 24 July 2014 and has yet to be endorsed by the EU.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 £'000
Assets		
Loans and advances to credit institutions		3,641
Loans and advances to customers	1	2,364,281
Total assets		2,367,922
Liabilities		
Deposit by Banks	2	750,089
Current tax liability	3	1,495
Amounts due to related undertakings	4	1,625,251
Total liabilities		2,376,835
Equity		
Share capital	5	-
Retained (deficit)		(8,913)
Total equity attributable to equity holders of the company		(8,913)
Total liabilities and equity		2,367,922

The financial statements on pages 10 to 31 were approved by the board of directors on 26 September 2016 and were signed on its behalf by:

Alan Cook
Director

STATEMENT OF COMPREHENSIVE INCOME
Period Ended 31 December 2015

	Notes	14 Jan to 31 Dec 2015 £'000
Interest income	6	18,444
Interest expense	7	(21,684)
Total net interest expense		(3,240)
Other operating income		202
Total operating (loss)		(3,038)
Operating expenses	8	(2,692)
Impairment on loans and advances to customers		(1,688)
(Loss) before tax attributable to owners of the holding company		(7,418)
Income tax	9	(1,495)
Total comprehensive (loss) for the period attributable to owners of the holding company		(8,913)

STATEMENT OF CHANGES IN EQUITY
Period Ended 31 December 2015

	Share capital	Retained (deficit)	Total equity
	£'000	£'000	£'000
31 December 2015			
Balance at beginning of the period	-	-	-
Total comprehensive loss for the period	-	(8,913)	(8,913)
Issued share capital	-	-	-
Balance at end of the period	-	(8,913)	(8,913)

STATEMENT OF CASH FLOWS
Period Ended 31 December 2015

	2015 £'000
Cash flows from operating activities	
Loss before tax	(7,418)
Adjustments for:	
(Increase)/decrease in assets	
Loans and advances to customers	51,585
Net corporation tax refunded/(paid)	-
Purchase/acquisition of portfolio	(2,415,866)
Net cash flows arising from operating activities	(2,371,699)
Cash flows from financing activities	
Net movement on funding from parent entity	1,625,251
Net movement on funding from other financial institutions	750,089
Net movement in cash and cash equivalents	3,614
Cash and cash equivalent at the beginning of the period	-
Cash and cash equivalent at the end of the period	**3,614**

NOTES TO THE FINANCIAL STATEMENTS

1 Loans and advances to customers

All loans and advances to customers are measured at amortised cost. The fair value of loans and advances to customers is disclosed in note 13. All of the above loans are secured on residential properties located in the UK. During the year the Company acquired a loan portfolio from CHL a sister company in the PTSB Group Holdings Group.

The acquisition was accounted for as a common control transaction under IFRS 3 business combination rules. The portfolio was recognised at predecessor accounting carrying amounts. The net book value acquired was £2.5bn and this was funded through a combination of group and external funding.

	2015 £'000
Loans and advances to customers	2,402,332
Less: impairment provisions - see below	38,051
All represented by residential mortgages in UK	2,364,281

All loans and advances to customers are measured at amortised cost. The fair value of loans and advances to customers is disclosed in note 13. All of the above loans are secured on residential properties located in the UK.

Included in loans and advances to customers are repossessed assets valued at £4.5m.

Impairment losses on loans and advances	**2015** **£'000**
Balance at the beginning of the period	-
Provision on loan book acquired	39,364
Charged to statement of comprehensive income	1,688
Amounts written off	(3,001)
Balance at end of period	38,051
Specific provision	30,887
Collective provision	7,164
Total provision	38,051

Included within interest income for the period ended 31 December 2015 is a total of £0.44m accrued on impaired financial assets for the Company.

NOTES TO THE FINANCIAL STATEMENTS – continued

2 Deposits by banks

	2015 £'000
Placed by other banks	750,089
	750,089

The deposit provided by the counterparty is repayable within one year. The above balance includes accrued interest which is charged at a variable rate. An advance rate of 52.5% has to be maintained on this facility.

3 Current tax liability

	2015 £'000
Payable within one year	1,495
	1,495

4 Amounts due to related undertakings

	2015 £'000
Permanent TSB plc	1,625,251
	1,625,251

Permanent TSB plc has provided an interest bearing loan of £1,479,713,431 and a non-interest bearing loan of £142,088,165 which is repayable on demand. Interest accrued on this loan amounts to £766,577. Inter-company trade payables amounts to £2,683,073.

5 Shareholders' equity

Share capital is the funds raised as a result of a share issue and comprises the ordinary shares of the Company.

	2015 £
Allotted, called up and fully paid	1
Ordinary shares of £1 each	1

NOTES TO THE FINANCIAL STATEMENTS – continued

6 Interest income

	2015 £'000
Interest income from loans and advances to customers	18,440
Interest income from credit institutions	4
	18,444

All the Company's revenues from loans and advances to customers arose in the United Kingdom.

7 Interest expense

	2015 £'000
Interest expense from intercompany loan	13,684
Interest expense from Loans from credit institutions	8,000
	21,684

8 Operating expenses

	2015 £'000
Professional fees	2,683
Other fees	9
	2,692

9 Income tax

	2015 £'000
Current tax charge	1,495
Total tax charge / (credit)	1,495

The tax on Lansdowne 199 Limited's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 20%. The differences are explained as follows:

	2015 £'000
Loss on ordinary activities before taxation	(7,418)
Loss on ordinary activities at standard corporation tax rate of 20%	(1,484)
Effects of:	
Expenses not deductible for corporation tax purposes	2,979
Utilisation of losses	-
Total tax charge / (credit)	1,495

NOTES TO THE FINANCIAL STATEMENTS – continued

10 Dividend paid

No dividend was paid in the period. No dividend has been proposed at the period end.

11 Statutory and other information

Auditor's fees were €25,000 (excluding vat and inclusive of expenses) for the period. No other fees are payable to the statutory auditor.

12 Staff numbers and costs

The average number of persons employed by the Company excluding executive directors) during the period was nil. The Company incurred no staff costs. Directors received no remuneration from the Company in relation to their roles.

13 Fair values of financial investments

	At amortised cost		At fair value through statement of comprehensive income	
	Carrying amount £'000	**Fair value £'000**	**Carrying amount £'000**	**Fair value £'000**
As at 31 December 2015				
Assets				
Loans and advances to credit institutions	3,641	3,641	-	-
Loans and advances to customers	2,364,281	2,033,281	-	-
	2,367,922	2,036,922	-	-
Liabilities				
Deposits by banks	750,089	750,089	-	-
Amounts due to related undertakings	1,625,251	1,286,834	-	-
	2,375,340	2,147,805	-	-

The following table sets out the fair values of financial instruments that the Company holds at 31 December 2015. It categorises these securities into the relevant level on fair value hierarchy.

The fair values of financial instruments are measured according to the following fair value hierarchy:

Level 1 - financial assets and liabilities measured using quoted market prices (unadjusted).
Level 2 - financial assets and liabilities measured using valuation techniques which use observable market data.
Level 3 - financial assets and liabilities measured using valuation techniques which use unobservable market data.

NOTES TO THE FINANCIAL STATEMENTS – continued

13 Fair values of financial investments (continued)

As at 31 December 2015

	Carrying amount £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value £'000
Assets					
Loans and advances to credit institutions	3,641		3,641	-	3,641
Loans and advances to customers	2,364,281	-	-	2,364,281	2,033,281
	2,367,922	-	3,641	2,364,281	2,036,922
Liabilities					
Deposits by banks	750,089	-	750,089	-	750,089
Amounts due to related undertakings	1,625,251	-	-	1,625,251	1,286,834
	2,375,340	-	750,089	1,625,251	2,036,923

The fair values of each of the above financial instruments have been derived by discounting expected future cash flows at prevailing interest rates. The principal underlying assumptions related to these cash flows are as follows;

- For the purposes of fair value valuation, loans and advances to banks have been treated as cash and cash equivalents. The fair value of loans and advances to customers were derived by comparing the actual interest income yield from the group and company's fixed rate mortgage books with the current average interest income yield for new mortgages with similar profiles, adjusting for the appropriate credit spread differential and discounting the relevant projected cash flows to fair value. Where external evidence of fair value is available, this is used (e.g. bid prices for loan books). For Deposits by banks, the fair value is based upon a comparison to current market rates, a level 2 data, while the Amounts due to related undertakings rate is calculated on an arms-length basis which is based upon an agreed formula relating to the parent undertaking's Balance Sheet. This process utilises Level 2 data.

NOTES TO THE FINANCIAL STATEMENTS – continued

14 Financial risk management

(a) Introduction and overview

The Company's financial instruments comprise mortgages, borrowings, comprising funding from its parent undertaking and funding sourced from banks, cash and liquid resources, and other sundry instruments such as debtors and creditors arising directly from the Company's operations. Interest free and variable rate borrowings have been drawn down from Permanent TSB plc ("PTSB"), the Company's parent undertaking, and the Company does not engage in derivative transactions with any third party. The main risks arising from the company's financial instruments held are credit risk, interest rate risk, operational risk, market risk and liquidity risk. The Company's management reviews and agrees policies for managing each of these risks and they are, broadly, as follows:

Credit risk
Credit risk is the risk that counterparties engaging in transactions with the Company will not be able to meet their obligations as they fall due and arises principally from the Company's loans and advances to customers. For risk management reporting purposes the Company considers and consolidates all elements of credit risk exposure (such as obligor default risk and sector or geographical risk). The Company has established high level credit policies which are used to control the quality of lending and the management of any amounts in arrears. Additionally, the company provides for loan losses which are known to have been incurred in its mortgage book, based on both a specific review and a statistical analysis of its loan portfolio's historical loan loss write-offs. This process of credit monitoring takes account of external or economic factors and may result in the adjustment of credit policies to suit product or sectoral needs. A summary credit risk analysis has been included below.

Interest rate risk
Interest rate risk exists when assets and liabilities attract interest rates set according to different bases or which are reset at different times. The Company assumes interest rate risk principally from its dealings with customers to whom it provides residential mortgage loans. This risk is managed within a framework determined by Permanent TSB plc's (the Company's parent undertaking – "PTSB") Assets & Liabilities Committee (ALCO), however on a day to day basis, the Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Sensitivity to interest rate movements is set out below, and this provides some detail on the year-end re-pricing profile for the Company's financial assets and liabilities. A liability (or negative) gap exists when liabilities re-price more quickly or in greater proportion than assets during a given period. This tends to benefit net interest income when rates are falling. An asset (or positive) gap exists when assets re-price more quickly or in greater proportion than liabilities during a given period. This tends to benefit net interest income when rates are rising. Interest rate sensitivity may vary during re-pricing periods.

Operational risk
This is the potential for financial or reputational loss if key internal controls were to fail. It includes loss from theft, error and systems breakdown. The Company's has entered into a contract with Capital Home Loans Limited (CHL) to manage operational risk. CHL's compliance department and its key management are tasked with the monitoring and control of such risk throughout the Company.

Market risk
This is the risk of financial loss from changes in market prices of financial instruments, typically from the movements in interest rates and foreign exchange rates. Policy responsibility for the management of market risk lies with the Company's parent undertaking PTSB and this is managed operationally by key financial and operational management of the Company. Interest rate risk management policies are separately documented above.

NOTES TO THE FINANCIAL STATEMENTS – continued

14 Financial risk management - continued

(a) Introduction and overview - continued

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet financial commitments arising from the cash flows generated by its business activities. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. Regular reports on liquidity are submitted to PTSB's ALCO and, where appropriate, to the relevant regulatory authorities. The Company's liquidity is managed by PTSB's treasury division, which operates to ALCO guidelines.

(b) Credit risk

(i) Loans and advances to customers – exposure to credit risk		**2015** **£'000**
Total carrying amount – maximum exposure to credit risk		**2,364,281**
Individually impaired		
Buy-to-let		
Individually impaired	79,823	
Allowance for impairment	(25,979)	
Owner occupier		
Individually impaired	25,102	
Allowance for impairment	(4,908)	
Carrying amount		**74,038**
Collectively impaired		
Past due but not impaired		
Buy-to-let		
Individually impaired	33,956	
Allowance for impairment	(108)	
Owner occupier		
Individually impaired	9,949	
Allowance for impairment	(28)	
Carrying amount		**43,769**
Neither past due nor impaired		
Buy-to-let		
Individually impaired	2,112,270	
Allowance for impairment	(6,591)	
Owner occupier		
Individually impaired	141,232	
Allowance for impairment	(437)	
Carrying amount		**2,246,474**
Total carrying amount		**2,364,281**

NOTES TO THE FINANCIAL STATEMENTS – continued

14 Financial risk management – continued

(b) Credit risk - continued

Loans and advances to customers - continued

Impaired loans
Impaired loans are loans and securities for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement. These are typically regarded as all loans in arrears for more than three months.

Past due but not impaired loans
These are loans and advances where contractual interest or principal payments are past due but the Company believes that impairment is not appropriate on the basis of the level of security/ collateral available and/or the stage of collection of amounts owed to the Company.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Company has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment
The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy
Write off of a loan balance (and any related allowances for impairment losses) occurs when the credit committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral
All loans are secured on residential properties within the United Kingdom.

The table below shows the Loan to Value for the mortgage portfolio analysed across owner occupier and buy-to-let facilities:

	2015 Owner occupier %	2015 Buy-to-let %
Less than 50%	1	6
50%- 70%	2	31
71%- 90%	3	40
91%- 100%	1	14
101%- 110%	-	1
111%- 120%	-	1
121%- 130%	-	-
More than 130%	-	-
At end of period	7	93

NOTES TO THE FINANCIAL STATEMENTS – continued

14 Financial risk management - continued

(b) Credit risk - continued

Loans and advances to customers - continued

The Company monitors concentrations of credit risk by sector and by geographic location within the UK. An analysis of concentrations of credit risk at the reporting date is shown below:

	2015 £'000
Concentration by section - carrying amount	
Owner occupier	176,283
Buy-to-let	2,226,049
Less: Impairment provisions	(38,051)
	2,364,281
Concentration by location - carrying amount	
London & South East	1,040,562
North East	110,240
North Wales North West	607,386
South & South West	159,982
Midland	279,652
Other UK	204,510
Less: Impairment provisions	(38,051)
	2,364,281

The table below outlines the arrears profile by asset quality analysed by owner occupier and buy-to-let:

	2015 £'000 Owner Occupier	2015 £'000 Buy-to-let
Neither past due nor impaired	141,232	2,112,270
Past due but not impaired	9,949	33,956
Impaired	25,102	79,823
	176,283	2,226,049

The table below provides an aged analysis of loans and advances which are past due but not impaired

	2015 £'000 Owner Occupier	2015 £'000 Buy-to-let
No arrears	1,529	3,977
31-60 days	6,578	26,790
61-90 days	1,843	3,189
	9,949	33,956

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Financial risk management - continued

(c) Liquidity risk

The tables below analyse the Company's financial liabilities by remaining contractual maturity at 31 December 2015

At 31 December 2015	Carrying amount £'000	Gross contractual cash flow £'000	Up to 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000
Liabilities							
Amounts due to related undertakings*	1,625,251	1,625,945	1,625,945	-	-	-	-
Deposits by banks	750,089	759,658	-	-	759,658	-	-
Total liabilities	2,375,340	2,385,603	1,625,945	-	759,658	-	-

*Contractual maturity of funding is a one month rolling facility. However this is expected to be renewed as long as is necessary.

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Financial risk management - continued

(d) Interest rate risk

Interest rate risk arises due to the structural mismatch between assets and liabilities in the balance sheet. The Company is primarily exposed to re-price risk. Interest rate risk is managed through gap analysis and the application of a 200bps shock scenario which results in an impact of £1.465m. Gap analysis is a technique for measuring the interest rate exposure beginning with a maturity / re-pricing schedule that distributes interest-sensitive assets and liabilities into "time bands" according to their maturity (if fixed rate), time to their next repricing (if floating rate) or behaviour convention in order to identify any sources of significant mismatches.

A summary of the Company's interest rate gap position is as follows:

The tables below summarises the interest rate re-pricing profiles of the Company's financial assets and liabilities:

As at 31 December 2015	Up to 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	Non interest bearing / fixed rate £'000	Total £'000
Loans and advances to credit institutions	3,641	-	-	-	-	-	-	-	3,641
Loans and advances to customers	-	2,364,281	-	-	-	-	-	-	2,364,281
Total financial assets	3,641	2,364,281	-	-	-	-	-	-	2,367,922
Deposits by banks	750,089	-	-	-	-	-	-	-	750,089
Amounts due to related undertakings	1,480,480	-	-	-	-	-	-	144,771	1,625,251
Total financial liabilities	2,230,569	-	-	-	-	-	-	144,771	2,375,340
Net interest repricing gap	(2,226,928)	2,364,281	-	-	-	-	-	(144,771)	(7,418)
Cumulative repricing gap	(2,226,928)	137,353	137,353	137,353	137,353	137,353	137,353	(7,418)	(7,418)

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Ultimate parent undertaking

The Company is a wholly owned subsidiary of PTSBGH, a company incorporated in the Republic of Ireland. A copy of the consolidated Company accounts and annual report may be obtained from the following address: 56-59 St Stephen's Green, Dublin 2, Republic of Ireland.

16 Related parties

Related party transactions

The Company has a related party relationship with its parent undertaking, Permanent TSB plc, its Directors, and its senior management.

The Company undertook the following transactions with Permanent TSB plc in the period:

	During the period ended 31 December 2015 £'000	As at 31 December 2015 £'000
Interest payable	13,684	-
Loans received	-	1,625,251

Transactions with key management personnel

The current Directors do not receive compensation directly from the Company, individual Directors are compensated for services to the Group as a whole. Compensation for key management personnel Directors of the Group is disclosed on page 201 of the PTSBGH Annual Report.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Significant judgements/estimates made by management

Significant judgements and estimates made by the Company which have a significant impact on the financial statements include the following:

Significant estimate	Key details
Going concern	Details set out in basis of preparation note.
Loan loss provisioning	Details set out in notes 1 and 14
Fair value of financial instruments	Details set out in note 13.

18 Reporting currency and exchange rates

The financial statements are presented in millions of Pound Sterling.
The following tables show for the current year-end, average and closing rates used by the company:

	2015
	£
€ / £ exchange rate	
Closing	0.7340
Average	0.7242

19 Subsequent events

Post year end the company refinanced its £750m external loan facility and drew down on a £1.6bn 3 year funding arrangement. This reduced Group funding by £924m.

The implication arising from the outcome of the UK's EU referendum on the UK and Global economies are yet to be fully determined. The decision to leave the EU creates heightened uncertainty over the UK's medium to long term growth prospects. S&P downgraded the UK's long term rating from AAA to AA on 27th June, citing that BREXIT would negatively impact on the UK's economic performance. Fitch also downgraded the UK's long term rating on 27th June from AA+ to AA citing the likelihood of "an abrupt slowdown" in economic growth now that BREXIT has been confirmed, as the reasoning for the downgrade. The Company has incorporated these developments into their provisioning approach for 2016 and the Directors continue to believe that the loan book is appropriately provided for and that BREXIT will not have an impact on the Company's going concern. The Company's parent, Permanent TSB plc, has confirmed their intention to continue to support the Company.

20 Approval of financial statements

The board of directors approved these financial statements on 26 September 2016.