Company Number 10676994

Harben Finance 2017-1 Plc

Annual report and financial statements

For the year ended 31 December 2022

Contents

Officers and professional advisers

Directors

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Susan Abrahams

Company secretary and registered office

Intertrust Corporate Services Limited
1 Bartholomew Lane
London
EC2N 2AX

Company number

10676994
(England and Wales)

Independent auditor

Ecovis Wingrave Yeats LLP
Chartered Accountants & Statutory Auditor
Waverly House
7-12 Noel Street
London
W1F 8GQ

Strategic report for the year ended 31 December 2022

The directors present the strategic report of Harben Finance 2017-1 Plc (the "Company") for the year ended 31 December 2022 .

Principal activities, business review and future developments

The Company, a public company with limited liability, was established as a special purpose vehicle. On 25 April 2017 (the "Closing Date"), as part of a securitisation transaction the Company issued £1,493,326,000 Class A, £125,247,000 Class B, £120,429,000 Class C, £57,807,000 Class D, £4,817,000 Class E, £19,268,000 Class F mortgage backed floating rate notes and £19,269,000 Class G mortgage backed zero coupon rated notes (the "Rated Notes"). The Company further issued £40,465,000 Class R and £86,710,000 Class Z mortgage backed zero coupon unrated Notes (the "Non Rated Notes") (altogether the "Notes"). All Notes have a first optional redemption date due in February 2022 and a final redemption date due in August 2056. The Class G, R and Z Notes are held by Prudential Loan Investments 1 S.à.r.l. The Class A Notes were issued at a premium of £2,702,920, the Class R Notes at par and the Class B, C, D, E, F, G and Z Notes were issued at a total discount of £36,946,065. The Class A, B, C, D, E, F, G, R and Z Notes issued by the Company are listed on the Euronext Dublin.

The Company applied the proceeds from the Notes issuance to acquire the beneficial interest in a portfolio of buy to let mortgage loans together with the related security (the "Mortgage Loans" and "Loans") from Prudential Loan Investments 1 S.à.r.l (the former "Seller") for the initial consideration of £1,926,870,341. The Loans are secured by first charges over buy to let residential properties located in England and Wales.

In addition, the proceeds of the Class R Notes were used to establish a liquidity reserve fund in the amount of £40,465,353 to reduce or eliminate any shortfall in the available revenue amounts required to pay out amounts as set out under the revenue priority of payments on each IPD.

During February 2022, refinancing took place of the residential mortgage-backed securitisation by which the Loans were sold and then repurchased from Isle of Wight Home Loans Limited (the new "Seller") at a net loss of £3,197,135. Further notes issued and the proceeds used to, inter alia, effect the redemption of the existing notes. The Company issued £1,153,531,000 Class A, £33,891,000 Class B, £21,567,000 Class C, £12,940,000 Class D, £3,697,000 Class E, £3,697,000 Class F, £1,848,000 Class G, £14,172,000 Class X Mortgage Backed Floating Rate Notes and £1,232,000 Class Z, £21,342,000 Class R Mortgage Backed zero coupon rated Notes.

The Class A, B, C, D, E, F, G, R and Z Notes issued by the Company are listed on the Euronext Dublin ("Listed Notes"). Classes Z and R are not rated. The first optional redemption date ("FORD") is due in September 2026 and a final redemption date is in September 2055. The Class A Notes were issued at par, Class G were issued at a premium of £3,723 and the Class B, C, D, E, F, Z, R and X Notes were issued at a total discount of £8,907,824.

Whilst the beneficial ownership of the Mortgage Loans has transferred from the Seller to the Company, the sale failed the de-recognition criteria of International Accounting Standards 39 (IAS 39) in the Seller's financial statements and therefore these Mortgage Loans remain on the balance sheet of the Seller. De-recognition is considered to be inappropriate for the Seller's own financial statements as the Seller has retained significant risks, in the form of credit enhancement paid in and rewards, to be paid out, of the Loans. Therefore, instead of recognising the Mortgage Loans on the balance sheet, the Company has recognised a deemed loan to the Seller (the "Deemed Loan") on the balance sheet of the Company. At the year end, the Deemed Loan balance represents the outstanding principal balance of the Mortgage Loans less the outstanding balances of the 100% of Class F, G, Z, R, X and Z Notes as well as 5% vertical retention of Classes A to E Notes and deferred consideration (see note 8).

The Company's obligation to pay principal and interest on the Notes and amounts due on the Certificates and its operating and administrative expenses will be met primarily from payments of principal and interest received from the Mortgage Loans.

The directors do not anticipate any changes to the present level of activity, or the nature of the Company's business in the foreseeable future.

Results

The statement of comprehensive income of the Company is set out on page 15 and shows the profit for the financial year of £3,240 (2021: £3,240 profit).

Key performance indicators, principal risks and uncertainties

The Company's principal business objective to securitize the Deemed loan asset, rests on the performance of the underlying loan portfolio. Credit enhancement is provided to the securitisation structure in a number of ways to reduce the credit risk. The interest income on the Deemed Loan is expected to exceed the interest payable on the Notes. Credit enhancement is available in the form of excess spread to make good any reductions in the principal balance of the Loans as a result of defaults by borrowers. In addition, there is a reserve fund which can be utilised by the Company in order to meet its obligations to the holders of the Notes. In the worst case scenario the Notes and Certificates are limited recourse obligations of the Company, therefore payment of them is limited to the application of receipts from the Loans.

The principal balance of the Deemed Loan to seller, a key performance indicator, held by the Company decreased during the year from £1,095,489,792 as at 31 December 2021 to £953,749,886 as at 31 December 2022 due to the net effect of early redemption options availed by the underlying Loans borrowers, scheduled amortisations and write offs. As the Mortgage Loans remain on the balance sheet of the Seller, an impairment provision has not been recognised against the Loans in the Company (2021: £nil).

At the year end the balance of the Class A, B, C, D, and E Notes outstanding amounted to £996,313,029 (2021: £1,159,131,479). 100% of Class F, G, Z, R and X Notes as well as 5% vertical retention of Classes A to E Notes are incorporated into the Deemed Loan balance (see note 8).

Other key performance indicators are the credit ratings assigned to the listed Notes. The ratings of the Notes upon refinancing were prepared by Fitch and S&P rating agencies. There have been no changes in the credit rating of the Class A Notes since their original AAA rating. In June 2022, Fitch upgraded the credit rating of the Class E, F G and X Notes from their original BB+, B+, B- and B- rating to BBB-, BB1, BB-, and B respectively.

Macro-economic considerations

The key future developments which the directors expect to have the greatest impact on the Company, due to their impact on the performance of the Receivables (in particular, future cash flows and default rates), relate to pressures resulting from uncertainty, market volatility and changes in the macroeconomic environment.

The UK currently faces significant economic uncertainty. This uncertainty is greater than historical levels of uncertainty, due to Covid-19, Brexit and geopolitical tensions (heightened following the Russian military invasion of Ukraine). This has resulted in a significant and ongoing increase in cost inflation and therefore increased pressure for the Bank of England to continue to increase base rates from an unprecedented low level of 0.25% at December 2021 to 5.25% as at August 2023. All of these factors result in increased pressure on affordability and a heightened risk that borrowers may ultimately default on their loans.

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company; for example, a detrimental effect on the UK economy may ultimately impact the borrowers' ability to repay the loans, or on the servicer's ability to continue to effectively service the loans. However, as at the report date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows.

As the Notes are a limited recourse obligation of the Company, the Company is not ultimately exposed if the Borrowers are unable to repay the loans. The Company will continue to monitor the effect of these macroeconomic factors have on borrowers' ability to service their loans and therefore the performance of the Company.

Financial instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments to finance the acquisition of the Loans, which has been extended to the Seller in the form of a Deemed Loan as explained in the review of the business above.

The Company's exposure to risk on financial instruments and the management of such risk is largely determined prior to the issuance of the Notes.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The nature of these risks are detailed below and discussed in more detail in the prospectus under risk factors.

Credit risk

Credit risk reflects the risk that the underlying Loans borrowers or other transaction parties will not meet their obligations as they fall due.

The Company's principal business objective rests on the purchase of the portfolio of Mortgage Loans. Although the Loans are secured by first charges over residential properties in England and Wales the Company considered the evaluation of a borrower's ability to service a loan according to its terms to be the principal factor in assessing the credit risk and the decision to acquire the Loans.

Management of the credit risk is undertaken by reviewing and monitoring arrears balances, communicating regularly with the Loans borrowers and having procedures in place to market repossessed properties.

In addition to this, the credit risk is mitigated to some extent by certain credit enhancement features, such as over collateralisation funded by the Notes; as well as the principal balance of the Loans exceeding the principal amount outstanding on the Notes as at the closing date. However, no assurance can be made as to the effectiveness of such credit enhancement features.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes and the Certificates as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayments on the Loans.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes then it is obliged to draw on the liquidity reserve fund to meet its obligations to the holders of the Notes. If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest, (other than the Class A Notes) then the company is entitled to defer payment of that amount until the following IPD.

The Company's assets are financed principally by the issuance of the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

The first optional redemption date ("FORD") is due in September 2026. If not otherwise redeemed or purchased and cancelled, the Notes have the option of being redeemed at their principal amounts outstanding on the IPD falling in August 2056. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make payments of interest and principal on the Notes, to the extent that repayments are received from the Loans or from any security over the Loans being realised.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis or reset at different times. The Company is exposed to interest rate risk because the Loans are subject to variable and fixed interest rates while the Notes are based on Sterling Overnight Index Average ("SONIA").

Currency risk

The Company is not exposed to currency risk as all its financial instruments are denominated in GBP.

Section 172(1) statement

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term,
b) the interests of the Company's employees,
c) the need to foster the Company's business relationships with suppliers, customers and others,
d) the impact of the Company's operations on the community and the environment,
e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly as between members of the Company.

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The directors have had regards to the matters set out in section 172(1) of Companies Act 2006 as follows:

With reference to the likely consequences of any decision in the long term, the Transaction Documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and in accordance with relevant securitisation legislation The matters set out in subsections (b)–(f) have limited or no relevance to the Company for the following reasons:

- The Company has no employees;
- The Company has appointed various professional third parties to perform certain roles governed by the Transaction Documents. Fee arrangements have been agreed in advance and invoices have been paid strictly in accordance with the Transaction Documents including a priority of payments, if applicable;
- As a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment; and
- The Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purposes.

In accordance with section 426b of the Companies Act 2006 a copy of this statement is available at:

https://www.intertrustgroup.com/our-services/capital-markets-services/public-transactions/harben-finance-2017-1-plc/

Streamlined Energy and Carbon Reporting

The Company is out of the scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

On behalf of the Board

Robert Pitcher
per pro **Intertrust Directors 1 Limited**
as Director
18 September 2023

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2022.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The Company is obliged to redeem the Notes at their principal amount outstanding upon maturity. Due to the limited recourse nature of the Notes, the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Mortgage Loans under the terms of the priority of payments as set out in the terms and conditions in the Transaction Documentation.

The credit enhancement built within the transaction, which includes the liquidity and general reserve funds of £5,937,110 and £15,405,065 respectively, provide an extra buffer against any going concern issues in the near future.

It is the intention of the directors of the Company to continue operations until such a time as the amounts due from the Mortgage Loans have been fully realised or until management intend to redeem the Notes in full once the FORD date falling in September 2026 has passed. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Mortgage Loans will be a risk to the holders of the Notes.

Whilst noting the significant economic uncertainty facing the UK, after reviewing the quality of assets and liquidity facilities in place, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Should there ultimately be insufficient funds available, any unpaid amounts due on the Notes are discharged in full due to the limited recourse nature of the Company's borrowings.

The Directors note the current level of market volatility arising from events in the global banking market. The directors have considered this and have concluded that this does not change their conclusion regarding going concern. The Directors have also concluded that no additional disclosure is needed in the accounts.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Future developments

Information on future developments is included in the Principal activities, business review and macroeconomic considerations sections of the Strategic report.

Financial risk management

Information on financial risk management is included in the Financial instruments section of the Strategic report.

Corporate governance

As more fully described in the section 172(1) statement in the strategic report, the directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been issued on the Euronext Dublin (formerly known as the Irish Stock Exchange), the directors are satisfied that there is no requirement to publish a corporate governance statement and that the Company is exempt from the disclosure requirements of The Irish Corporate Governance Annex and the provisions of the UK Code Corporate Governance.

Share capital

The issued share capital consists of £12,501 comprising 49,999 quarter paid and 1 fully paid ordinary shares of £1 each.

Directors and their interests

The directors of the Company during the year, and subsequently, were:

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Susan Abrahams

None of the directors have any beneficial interest in the ordinary share capital of the Company.

None of the directors had any interest during the year in any material contract or arrangement with the Company (2021: none).

The directors do not recommend the payment of a dividend (2021: £nil).

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual report and financial statements.

Company Secretary

Intertrust Corporate Services Limited served as the company secretary during the year and subsequently.

Statement of disclosure of information to the auditor

The directors confirm that:

a) so far as the directors are aware, there is no relevant information of which the Company's auditor is unaware; and
b) each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Independent auditor

The auditors, Ecovis Wingrave Yeats LLP have expressed their willingness to continue in office until the next annual general meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of Ecovis Wingrave Yeats LLP will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Robert Pitcher
per pro **Intertrust Directors 1 Limited**
as Director
18 September 2023

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and 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 they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Harben Finance 2017-1 Plc

Opinion

We have audited the financial statements of Harben Finance 2017-1 Plc (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the conduct of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – Deemed loan and impairment losses

The structure of the entity and the contractual terms of the Loans and Notes, present a risk to the accounting treatment of the interest income, interest payable and deemed loan. The Company has elected to apply the option available under FRS 102, to apply IAS 39 Financial Instruments: Recognition and Measurement ('IAS 39') for the measurement and recognition of its financial instruments. Accordingly, the deemed loan asset is classified as a loan and a receivable and measured at amortised cost using the effective interest rate method. IAS 39 requires an assessment, at the end of each reporting period, as to whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The structure of the asset-backed security can lead to a lack of understanding of transactions and contractual terms, hence there is a risk that the interest income and principal balances receivable from the Loans, interest expense and principal balances of asset-backed Notes payable to investors are not appropriately accounted for and reported accurately.

Audit response
We performed the following procedures:

- We reviewed the base prospectus which governs the operation of the Company and its transaction flows to understand the securitisation structure and the accounting treatment of the transactions.
- We obtained and reviewed the International Standard on Assurance Engagements 3402 (ISAE 3402), and International Standard on Assurance Engagements 3000 (ISAE 3000) report which had been provided on the Servicer, which provided us with some assurance that the data and information provided was reliable and accurate.
- We agreed the year-end Notes to investor reports, provided by the Cash Manager, and completed interest payable recalculations based on the terms of the Notes as per the prospectus.
- We reconciled the year-end underlying Loan balance to the data provided by the Servicer, and completed a comparison of the opening and closing data tapes, validating any new or missing accounts. Interest receivable was reconciled and a test of detail was completed to agree a sample of entries through to the investor report, provided by the Cash Manager.
- We evaluated the credit enhancement available to the Company at the year end to assess whether this is sufficient to cover any potential impairment on the underlying mortgage portfolio.
- As disclosed in the strategic report, the Notes are limited recourse, secured over the Loans, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. Consequently there is a right of set off of any impairment of the Loans against the related amount due on the Notes. This limited recourse condition mitigates for the Company any impairment loss on Loans.

Key observations
Based on the evidence we did not identify any material misstatements and no impairment provision was required.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework FRS 102 and the UK tax compliance regulations. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to General Data Protection Regulation (GDPR), fraud, bribery and corruption. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to areas of estimate and judgement in the financial statements (significantly the assessment of impairment of assets).

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
  - Review of Board minutes;
  - Reviewed large and unusual bank transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to assessment of impairment of assets; and
  - Review of all manual inputs into the financial statements.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Gerry Collins

Gerard Collins (Senior statutory auditor)
for and on behalf of
Ecovis Wingrave Yeats LLP
Chartered Accountants and Statutory Auditor
7-12 Noel Street
London
W1F 8GQ
Date: 18 September 2023

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £	2021 £
Interest receivable and similar income	2	33,490,317	16,541,224
Interest payable and similar charges	3	(30,626,205)	(13,689,193)
Net interest income		**2,864,112**	**2,852,031**
Operating expenses	4	(2,860,112)	(2,848,031)
Profit on ordinary activities before taxation	5	**4,000**	**4,000**
Taxation on profit on ordinary activities	7	(760)	(760)
Profit on ordinary activities after taxation		**3,240**	**3,240**
Other comprehensive income		-	-
Total comprehensive income for the financial year	12	**3,240**	**3,240**

All amounts relate to continuing activities.

The accompanying notes on pages 19 to 32 are an integral part of these financial statements.

Harben Finance 2017-1 Plc
Company registration number: 10676994

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
Balance as at 31 December 2020	**12,501**	**11,255**	**23,756**
Total comprehensive income for the financial year	-	3,240	3,240
Balance as at 31 December 2021	**12,501**	**14,495**	**26,996**
Total comprehensive income for the financial year	-	3,240	3,240
Balance as at 31 December 2022	**12,501**	**17,735**	**30,236**

The accompanying notes on pages 19 to 32 are an integral part of these financial statements.

Harben Finance 2017-1 Plc
Company registration number: 10676994

Statement of financial position as at 31 December 2022

	Note	2022 £	2021 £
Current assets			
Deemed loan due after more than one year	8	815,159,303	1,040,085,643
Deemed loan due within one year	8	138,590,583	55,404,149
Cash at bank and in hand		47,199,318	67,787,544
Debtors	9	5,134,151	4,281,409
		1,006,083,355	**1,167,558,745**
Creditors: amounts falling due within one year	10	(148,648,235)	(63,804,419)
Net current assets		**857,435,120**	**1,103,754,326**
Creditors: amounts falling due after more than one year	10	(857,404,884)	(1,103,727,330)
Net assets		**30,236**	**26,996**
Capital and reserves			
Called up share capital	11	12,501	12,501
Profit and loss account	12	17,735	14,495
Total shareholders' funds		**30,236**	**26,996**

The accompanying notes on pages 19 to 32 are an integral part of these financial statements.

The financial statements on pages 15 to 32 were approved and authorised for issue by the Board on 18 September 2023

Robert Pitcher
per pro **Intertrust Directors 1 Limited**
as Director

Harben Finance 2017-1 Plc
Company registration number: 10676994

Statement of cash flows for the year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash outflow from operating activities	14	(4,527,850)	(1,096,631)
Taxation paid		(760)	(760)
Net cash used in operating activities		**(4,528,610)**	**(1,097,391)**
Cash flows from investing activities			
Receipt from the repayment of Loans	8	208,581,541	143,026,819
Sale of Mortgage Loans		(1,236,735,523)	-
Purchase of refinanced Mortgage Loans		1,232,405,220	-
Interest received on Loans		32,664,292	25,124,575
Interest received on bank balances		1,066,421	3,244
Net cash generated from investing activities		**237,981,951**	**168,154,638**
Cash flows from financing activities			
Repayment of Notes		(179,437,217)	(141,772,133)
Repayment of original Notes		(1,305,694,980)	-
Proceeds from issuance of refinanced Notes		1,259,012,900	-
Issue costs		(935,201)	-
Interest paid on Notes		(26,987,069)	(21,313,429)
Net cash used in financing activities		**(254,041,567)**	**(163,085,562)**
(Decrease)/increase in cash and cash equivalents		(20,588,226)	3,971,685
Cash and cash equivalents at the beginning of the year		67,787,544	63,815,859
Cash and cash equivalents at the end of the year		**47,199,318**	**67,787,544**

The accompanying notes on pages 19 to 32 are an integral part of these financial statements.

1) Accounting policies

General information

Harben Finance 2017-1 Plc (the "Company"), is a public company, limited by shares, incorporated in England and Wales, registration number 10676994. The registered office is 1 Bartholomew Lane, London, EC2N 2AX.

Statement of compliance

The Company has adopted and is in compliance with Financial Reporting Standard 102 (the "FRS 102"). The accounting policies which have been applied consistently throughout the period to the Company's financial statements are set out below. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

Basis of preparation – Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The Company is obliged to redeem the Notes at their principal amount outstanding upon maturity. Due to the limited recourse nature of the Notes, the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Mortgage Loans under the terms of the priority of payments as set out in the terms and conditions in the Transaction Documentation.

The credit enhancement built within the transaction, which includes the liquidity and general reserve funds of £5,937,110 and £15,405,065 respectively, provide an extra buffer against any going concern issues in the near future.

It is the intention of the directors of the Company to continue operations until such a time as the amounts due from the Mortgage Loans have been fully realised or until management intend to redeem the Notes in full once the FORD date falling in September 2026 has passed. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Mortgage Loans will be a risk to the holders of the Notes.

Whilst noting the significant economic uncertainty facing the UK, after reviewing the quality of assets and liquidity facilities in place, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Should there ultimately be insufficient funds available, any unpaid amounts due on the Notes are discharged in full due to the limited recourse nature of the Company's borrowings.

The Directors note the current level of market volatility arising from events in the global banking market. The directors have considered this and have concluded that this does not change their conclusion regarding going concern. The Directors have also concluded that no additional disclosure is needed in the accounts.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

1) Accounting policies *(continued)*

Financial instruments

Pursuant to FRS 102 section 12.2, the Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement the disclosure requirements of Sections 11 and 12 of FRS 102.

Segmental analysis

The Company's operations are carried out in the United Kingdom and the results and net assets are derived from its acquisition of the Loans and therefore the directors only report one business and one geographic segment.

Deemed Loan to Seller

Where a transfer of a financial asset does not qualify for de-recognition, the transferee does not recognise the transferred asset as its asset. The transferee de-recognises the cash or other consideration paid and recognises a receivable from the transferor. In relation to the Mortgage Loans transferred to the Company, de-recognition is considered to be inappropriate for the Seller's own financial statements as the Seller has retained significant risks, in the form of credit enhancement paid in and rewards, in the form of deferred consideration to be paid out, of that financial asset. The Company's financial statements are therefore prepared on the basis that its acquisitions of beneficial interests in the Mortgage Loans are recognised as a collateralised non-recourse loan to the Seller (the "Deemed Loan"). The Deemed Loan balance represents the outstanding principal balance of the Mortgage Loans less the outstanding balances of 100% of Class F,G,Z,R and X Notes and 5% vertical retention of Classes A to E Notes as well as deferred consideration.

Under the terms of the securitisation, the Company retains the right to £1,000 each interest payment date ("IPD") of available revenue receipts from the beneficial interest in the Loans, to the extent sufficient cash is available for such retention. Available revenue receipts are defined by the transaction documentation and include interest on the Loans and interest received on the bank accounts. Profits in excess of this accrue to the Seller of the Loans.

Deferred consideration represents further amounts payable on the acquisition of the initial mortgage loans portfolio from the Seller. The payment of these amounts is conditional on the performance of the Loans, and therefore constitutes a liability in the books of the Company to the extent that such reserves have been generated, and are expected to be paid as deferred consideration in the future. Although the deferred consideration constitutes a financial liability in the books of the Company, as the directors have chosen to recognise the asset at an amount net of the liabilities to the Seller the deferred consideration has been netted against the Loans balance and is presented as one financial instrument (the Deemed Loan).

1) Accounting policies (*continued*)

Deemed Loan to Seller* (*continued)

The Deemed Loan is a non-derivative financial asset with fixed or determinable repayments that are not quoted in an active market. The asset is measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Subsequent increases in carrying values of the Loans, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in the statement of comprehensive income to the extent previous impairment losses have been taken through the statement of comprehensive income. The reversal shall not result in a carrying amount of the Loans that exceeds the amortised cost had no impairment been recognised.

Notes

The Notes are classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liability and are subsequently measured at amortised cost using the effective interest rate method.

Impairment

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. The recoverability of the deemed loan to the Originator is dependent on the collections from the underlying Mortgage Loans. Mortgage Loans are considered impaired when it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the agreement. The key assumptions for recoverability relate to estimates of the probability of any account going into default, receipt of interest or principal repayments, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observed data from historical patterns and are updated by the servicer as new data becomes available.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and recoverable amount of the underlying secured assets.

Credit enhancement is provided in a number of ways. The income on the Mortgage Loans is expected to exceed the interest payable on the Company's Loan. This excess spread is available to make good any reductions in the principal balance of the Mortgage Loans as a result of defaults by customers. In addition, the Originator provides a liquidity reserve fund which can be utilised by the Company in certain circumstances.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances.

1) Accounting policies *(continued)*

Interest receivable and similar income and interest payable and similar charges

The Company accounts for interest income and expense on an accruals basis. Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. In calculating the effective interest rate the Company estimates the cash flows considering all contracted terms but not future credit losses. Discounts or premiums on issues on the Notes are amortised over the expected life of the Notes as part of the effective interest rate.

Taxation

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised.

Under the powers conferred by The Finance Act 2005, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both the Act and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. Deferred tax is not provided for.

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments and estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Amortisation of discount on the Notes

The discount is amortised based on a straight-line method over the expected life of the Notes, which is determined to be the First Optional Redemption Date.

1) Accounting policies *(continued)*

Impairment losses on the Loans

When considering the impairment of the Deemed Loan to the Seller, the directors consider the impairment of the underlying Mortgage Loans and the credit enhancement inherent in the structure.

The level of potential credit losses on the Loans is uncertain and could depend on a number of micro and macro-economic factors that may affect repayment conditions and the value of the underlying collateral. The Company assesses impairment provisions based on historical and incurred loss experience and will calculate and recognise impairment when there is objective evidence of an impairment event having occurred, for example a missed repayment, in line with the stated accounting policy on Impairment.

Credit enhancement is provided to the securitisation structure in a number of ways. The interest income on the Loans is expected to exceed the interest payable on the Notes. Credit enhancement is available in the form of excess spread to make good any reductions in the principal balance of the Loans as a result of defaults by borrowers. In addition, there is a general reserve fund which can be utilised by the Company in order to meet its obligations to the holders of the Notes.

2) Interest receivable and similar income

	2022 £	2021 £
Interest income on Deemed Loan	35,621,031	16,537,980
Net loss on sale of mortgage portfolio	(3,197,135)	-
Bank interest	1,066,421	3,244
	33,490,317	**16,541,224**

Interest income on the Deemed Loan represents the net of interest income on the underlying Loans. Interest expense on the Class F, G, and X Notes as well as 5% vertical retention of Classes A to E Notes, the deferred consideration to the Seller and the amortisation of the discount are incorporated into the Deemed Loan balance.

3) Interest payable and similar charges

	2022 £	2021 £
Interest expense on Notes	27,497,293	12,939,213
Net amortisation of discount on Notes	2,953,076	749,980
Amortisation of issue costs	175,836	-
	30,626,205	**13,689,193**

4) Operating expenses

	2022 £	2021 £
Servicing fees	2,542,758	2,543,926
Corporate service fees	80,554	58,976
Other fees	236,800	245,129
	2,860,112	**2,848,031**

5) Profit on ordinary activities before taxation

	2022 £	2021 £
This has been arrived at after charging:		
Auditors' remuneration for audit services (excluding VAT)	**59,250**	**55,000**

6) Directors and employees

The Company has no employees and services required are contracted from third parties (2021: none).

The directors received no remuneration from the Company in respect of qualifying services rendered during the current year (2021: £nil).

During the year, fees of £80,554 (2021: £58,976) were paid of which £9,513 (2020: £4,585) are prepayments to Intertrust Management Limited for the provision of corporate administration to the Company; which included the provision of the Directors to the Company. There were corporate services fees of £2,627 accrued at 31 December 2022 (2021: £3,775) in respect of the services provided by Intertrust Management Limited.

7) Taxation on profit on ordinary activities

a) Analysis of the company tax charge in the year

	2022 £	2021 £
UK corporation tax charge on the profit for the year at 19.00% (2021: 19.00%)	760	760
	760	**760**

b) Factors affecting the company tax charge for the year

	2022 £	2021 £
Profit on ordinary activities before taxation	**4,000**	**4,000**
UK corporation tax charge on the profit for the year at 19.00% (2021: 19.00%)	760	760
Effects of:		
Accounting profits not taxed in accordance with SI 2006/3296	(760)	(760)
Cash retained profit taxed in accordance with SI 2006/3296	760	760
Total tax charge	**760**	**760**

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the transaction. In accordance with the prospectus, the Company is expected to retain an amount of £1,000 per IPD.

7) Taxation on profit on ordinary activities *(continued)*

As announced in the March 2021 Budget, the UK's corporation tax will remain at 19% for the financial year beginning 1 April 2021. The current 19% rate of corporation tax will continue until April 2023 when it will be increased to 25%. Companies with profits of £50,000 or less will continue to pay at 19% even after 1 April 2023.

8) Deemed Loan

The Loans are secured by first charges over residential properties in England and Wales.

	2022 £	2021 £
Opening book value	1,244,366,630	1,388,413,583
Repayments on underlying Loans during the year	(208,581,541)	(143,026,819)
Principal repayment – sale of portfolio	(1,236,735,523)	-
Principal acquired – repurchase of portfolio	1,236,735,523	-
Principal losses on underlying Loans	(149,143)	(1,020,134)
Underlying Loans balance	**1,035,635,946**	**1,244,366,630**
Unamortised premium on loan portfolio	3,516,124	-
Notes held by Seller *	(84,494,990)	(145,284,564)
Deferred consideration	(907,194)	(3,592,274)
Deemed Loan to Seller valued at amortised cost	**953,749,886**	**1,095,489,792**

	2022 £	2021 £
The maturity profile of the Deemed Loan was as follows:		
In one year or less	138,590,583	55,404,149
In more than one year	815,159,303	1,040,085,643
	953,749,886	**1,095,489,792**

The maturity profile of the Deemed Loan is derived from the expected cash flows from the underlying loans. Given the credit enhancement in place is it is managements judgement that no impairment is required to be recognised.

* 100% of Class F, G, Z, R and X Notes as well as 5% vertical retention of Classes A to E Notes were subscribed to by the Seller and are thus net within the Deemed Loan. £2,563,090 of Class X Notes were repaid in accordance with the Pre-enforcement Revenue Priority of Payments to the extent that there are such amounts available to do so. The Class R Notes were used to fund the general and liquidity reserve funds.

9) Debtors

	2022 £	2021 £
Prepayments	9,513	4,585
Accrued interest receivable	5,124,638	4,276,824
	5,134,151	**4,281,409**

10) Creditors

	2022 £	2021 £
Amounts falling due within one year:		
Notes	138,590,583	55,404,149
Accrued interest payable on Notes	3,941,242	1,282,247
Fee Accruals	300,546	552,166
Other creditors	5,815,104	6,565,097
Tax provision	760	760
	148,648,235	**63,804,419**
Amounts falling due after more than one year:		
Notes	**857,404,884**	**1,103,727,330**

100% of Class F, G, Z, R and X Notes as well as 5% vertical retention of Classes A to E Notes were subscribed to by the Seller and are thus incorporated within the Deemed Loan balance (note 8) and have not been recognised as a separate financial liability. The Notes bear interest at a floating rate plus margin and are secured over the portfolio of Loans, and their related security, of the Company.

The value of the Notes are shown net of the discount and premium amounting to £441,803 (2021: £119,501) and net of unamortised issue costs of £759,365 (2021: £nil).

11) Called up share capital

	2022 £	2021 £
Called up, allotted and issued		
Ordinary shares of £1 each: 49,999 - quarter paid	12,500	12,500
1 ordinary share of £1: fully paid	1	1
	12,501	**12,501**

The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

The share capital account is held in a client bank account administered by Intertrust Management Limited and is accessible by the Company on demand.

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

12) Profit and loss account

	2022 £	2021 £
Opening balance	14,495	11,255
Profit for the financial year	3,240	3,240
As at 31 December	**17,735**	**14,495**

13) Financial instruments

The narrative disclosure required by Financial Reporting Standard 102 in relation to the nature of the financial instruments used during the period to manage credit risk, interest rate risk and liquidity exposure and its capital risk management policies is shown in the Strategic report under the heading 'Financial instruments'.

The Company's exposure to risks on its financial instruments and the management of such risks are largely determined from the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented. Following initial set-up, the directors monitor the Company's performance, reviewing reports on the performance of the Loans. Such review is designed to ensure that the terms of the transaction documentation have been met, that no unforeseen risks have arisen and that the Noteholders have been paid on a timely basis.

Credit risk

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

	Carrying Value 2022 £	Maximum Exposure 2022 £	Carrying Value 2021 £	Maximum Exposure 2021 £
Assets:				
Deemed Loan	953,749,886	953,749,886	1,095,489,792	1,095,489,792
Cash and cash equivalents	47,199,318	47,199,318	67,787,544	67,787,544
Other debtors	5,124,638	5,124,638	4,276,824	4,276,824
	1,006,073,842	**1,006,073,842**	**1,167,554,160**	**1,167,554,160**

The Deemed Loan may become impaired in case of a significant deterioration in the performance of the underlying Loans as a result of economic conditions. If a borrower defaults on their agreement, the Company will receive asset realisation proceeds equivalent to the value of the asset at the time of sale. If it is difficult to find a purchaser for the assets or if there is insufficient excess spread to cover the losses, this may affect the value. The directors estimate that the performance of the Mortgage Loans would have to deteriorate substantially from the level as at the reporting date before the credit losses would exceed the amount of credit enhancement within the transaction. For this reason, no impairment is recognised.

13) Financial instruments *(continued)*

Credit risk *(continued)*

The credit quality of the fair value of these underlying Loans are summarised as follows:

	Carrying Value 2022 £	Fair Value of underlying loans 2022 £	Carrying Value 2021 £	Fair Value of underlying loans 2021 £
Loans				
< than 1 month	1,004,018,956	1,004,018,956	1,234,089,430	1,234,089,430
From 1 to 2 months	20,066,433	20,066,433	5,297,766	5,297,766
From 2+ to 3 months	5,006,240	5,006,240	194,773	194,773
From 3+ to 6 months	2,754,260	2,754,260	1,673,498	1,673,498
From 6+ months	3,790,057	3,790,057	3,111,163	3,111,163
	1,035,635,946	**1,035,635,946**	**1,244,366,630**	**1,244,366,630**

The Loans are secured by first charges over residential properties in England and Wales.

The estimate of fair value is based on indexing the valuation performed at the time of borrowing using the Nationwide House Price Index and capped at the amount of the underlying Loans if the indexed valuation is greater.

The portfolio of mortgage assets is well diversified geographically with the highest exposure being in the North East at 15.32% (2021: London at 19.50%).

Currency profile

All of the Company's financial assets and liabilities are denominated in sterling.

13) Financial instruments *(continued)*

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis or reset at different times. The Company is exposed to interest rate risk because the Loans are subject to variable and fixed interest rates while the Notes are based on Sterling Overnight Index Average ("SONIA").

Interest on the Notes is determined and payable quarterly in arrears at the following rates:

	2022 £	Interest rate	2021 £	Interest rate
Class A	976,656,873	SONIA + 0.73%	831,682,980	LIBOR + 0.80%
Class B	33,891,000	SONIA + 0.90%	125,247,000	LIBOR + 1.20%
Class C	21,567,000	SONIA + 1.15%	120,429,000	LIBOR + 1.50%
Class D	12,940,000	SONIA + 1.50%	57,807,000	LIBOR + 1.80%
Class E	3,697,000	SONIA + 2.30%	4,817,000	LIBOR + 1.80%
Class F	3,697,000	SONIA + 3.25%	19,268,000	LIBOR + 2.25%
Class G	1,848,000	SONIA + 4.30%	19,269,000	N/A
Class R	21,342,000	N/A	40,465,000	N/A
Class X	1,232,000	SONIA + 3.00%	-	N/A
Class Z	11,608,910	N/A	86,710,000	N/A
	1,088,479,783		1,305,694,980	
Unamortised discount	(7,229,961)		(1,278,936)	
Unamortised issue costs	(759,365)		-	
Total carrying value of Notes	**1,080,490,457**		**1,304,416,044**	

100% of Class F, G, Z, R and X Notes as well as 5% vertical retention of Classes A to E Notes were subscribed to by the Seller and are thus net within the Deemed Loan (2021: Class G, R and Z Notes were incorporated into the Deemed Loan balance) (see note 8). £176,874,127 of Class A and £2,563,090 of Class X Notes were repaid in accordance with the Pre-enforcement Revenue Priority of Payments to the extent that there are such amounts available to do so.

The Notes are a limited recourse obligation of the Company and are dependent on receipts of principal and interest from the borrowers on each interest payment date (the "IPD"). The Class A Notes rank ahead of other Class Notes at all times. The Class R and Z Notes are zero coupon Notes.

At 31 December 2022, if SONIA at that date had been 25 basis points higher with all other variables held constant, the net effect on the Company's net margin would be £2,885,564 (2021: £5,935,935) or 25 basis points lower it would be £2,829,284 (2021: £5,260,997).

13) Financial instruments (*continued*)

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes and the Certificates as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayment on the Loans.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes, the Company, under certain conditions and to the extent funds are available, is obliged to draw on the liquidity reserve fund to meet its obligations to the noteholders.

The Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the interest payment date falling in August 2056. However, due to the limited recourse obligations of the Company in respect of the Notes and Certificates, the Company is only obliged to make repayments of principal and interest on the Notes to the extent that repayments are received from the Loans.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of non-derivative financial instruments. 100% of Class F, G, Z, R and X Notes as well as 5% vertical retention of Classes A to E Notes and deferred consideration have not been included in the table below as they are incorporated within the Deemed Loan.

As at 31 December 2022	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£	£
Notes	995,995,467	995,995,467	-	25,859,707	112,730,877	412,569,709	444,835,174
Interest payable on Notes	3,941,242	293,330,105	-	7,653,477	33,363,997	122,104,742	130,207,889
Total as 31 December 2022	**999,936,709**	**1,289,325,572**	**-**	**33,513,184**	**146,094,874**	**534,674,451**	**575,043,063**

As at 31 December 2021	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£	£
Notes	1,159,131,479	1,159,250,980	-	21,874,365	33,529,784	194,840,450	909,006,381
Interest payable on Notes	1,282,247	249,843,522	-	3,203,593	22,903,874	112,893,738	110,842,317
Total as 31 December 2021	**1,160,413,726**	**1,409,094,502**	**-**	**25,077,958**	**56,433,658**	**307,734,188**	**1,019,848,698**

The Notes do not have any contractual cash flows as they are repaid based on the cash received from the Loans. The contractual cash flows included in tables above are based on the contractual cash flows on the Loans. Interest payable on Classes A to G and Class X floating rate Notes are based on current SONIA rates. The timing of the undiscounted cash flows set out in the table above is dependent on the uncertain timing of cash receipts from the securitised assets and thus the table sets out an estimate derived from observable market data. As a consequence, the directors have elected to base the maturity profile for the Notes on their expected cash flows.

13) Financial instruments *(continued)*

Liquidity risk *(continued)*

The Notes have no contractual amortisation profile; principal repayments on the Loans are used to redeem the Notes. If not otherwise repaid the Notes will follow the profile of the Loans and will therefore be repaid at their principal amount outstanding on the final interest payment date falling in September 2055. However, the Notes that are expected to be repaid in less than one year have been presented as current liabilities in the statement of financial position.

Fair value of financial assets and liabilities

The Company does not trade in financial instruments and therefore does not intend to dispose of the financial instruments until maturity.

Under the terms of the transaction documents, deferred consideration is paid to the holders of the Certificates on each IPD, but only if, and to the extent that, there are sufficient funds after paying or providing in full for the liabilities of the Company which are to be paid in priority as set out in the deed of charge and assignment.

There are no financial instruments included in the Company's statement of financial position that are measured at fair value.

14) Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities

	2022	2021
	£	£
Profit on ordinary activities before taxation	4,000	4,000
Interest receivable on the Loan	(35,621,031)	(16,537,980)
Interest received on bank balances	(1,066,421)	(3,244)
(Increase)/decrease in debtors	(431,941)	379
Interest payable on Notes	27,497,293	12,939,213
Increase in creditors	1,147,159	1,751,021
Amortisation of loan premium	814,179	-
Amortisation of Notes premium and discount	2,953,076	749,980
Amortisation of issue costs	175,836	-
Net cash outflow from operating activities	**(4,527,850)**	**(1,096,631)**

15) Ultimate parent undertaking and controlling party

The Company's immediate parent company is Harben Finance 2017-1 Mortgage Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire share capital of Harben Finance 2017-1 Holdings Limited is held on a discretionary trust basis under a share trust deed by the legal parent company, Intertrust Corporate Services Limited, a company incorporated in the United Kingdom and registered in England and Wales. As the trustees are not entitled to any economic benefit and the beneficiaries do not have any decision-making power, there is no controlling party.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited.

As a result of the Mortgage Loans failing de-recognition when transferred to the Company, Isle of Wight Home Loans Limited has retained significant risks and rewards. Therefore, although Isle of Wight Home Loans Limited has no direct ownership interest in the Company, it is considered to exert control over its activities.

For accounting purposes, the ultimate controlling party under Financial Reporting Standard 102 (Section 9) is considered to be Barclays Bank Plc, a company registered in England and Wales on the basis that this entity retains the majority of the ownership risks of the Mortgage Loans. The Company is not consolidated on a line-by-line basis in the financial statements of any direct or indirect parent.

16) Related party transactions

The relates parties are Intertrust Management Limited and Isle of Wight Home Loans Limited, by virtue of their various roles and input into the securitisation arrangements to which the Company is a party.

During the year, fees of £80,554 (2021: £58,976) were paid of which £9,513 (2021: £4,585) are prepayments to Intertrust Management Limited for the provision of corporate administration to the Company; which included the provision of the Directors to the Company. There were corporate services fees of £2,627 accrued at 31 December 2022 (2021: £3,775) in respect of the services provided by Intertrust Management Limited.

The table below details related party transactions the Company has with the new Seller, Isle of Wight Home Loans Limited (2021: Prudential Loan Investments 1 S.à.r.l.):

	2022	2021
	£	£
Assets:		
Deemed Loan	953,749,886	1,095,489,792
Profit and Loss:		
Interest income on Deemed Loan *	35,621,031	16,537,980

* Interest income on the Deemed Loan is net of the interest expense on the Notes subscribed to by the Seller and the deferred consideration to the Seller.

17) Post Balance Sheet Event

There have been no significant events affecting the Company since the year end.