

Corsair Finance (Ireland) No.2 Designated Activity Company

Directors' report and audited financial statements

For the financial year ended 31 December 2019

Registered number 349239

Corsair Finance (Ireland) No.2 Designated Activity Company

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Directors and other information

Directors	Conor Clancy (Irish) (Appointed as director on 14 April 2020) Eimir McGrath (Irish) (Appointed as director on 28 June 2018) Adrienne Lonergan (Irish) (Appointed as director on 14 February 2018 and resigned on 14 April 2020)
Registered Office	Block A George's Quay Plaza George's Quay Dublin 2 Ireland
Administrator & Company Secretary	Vistra Alternative Investments (Ireland) Limited Block A George's Quay Plaza George's Quay Dublin 2 Ireland
Arranger & Swap Counterparty	J.P. Morgan Securities Public Limited Company 125 London Wall London EC2Y 5AJ United Kingdom
Trustee	U.S. Bank N.A. 100 Wall Street Suite 1600 New York NY 10005 United States of America
Banker, Custodian & Paying Agent	The Bank of New York Mellon One Canada Square London E14 5AL United Kingdom
Independent Auditor	KPMG Chartered Accountants, Statutory Audit Firm 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Solicitor	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland
Banker	Barclays Bank Ireland Plc One Molesworth Street Dublin 2 D02 RF29 Ireland

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Directors' report

The Directors present the annual report and audited financial statements of Corsair Finance (Ireland) No.2 Designated Activity Company (the "Company") for the financial year ended 31 December 2019.

Principal activities and business review

The Company is a limited company incorporated on 22 October 2001 with registered number 349239 under the name of Corsair Finance (Ireland) No.2 Limited. On 9 September 2016, the Company changed its name to Corsair Finance (Ireland) No.2 Designated Activity Company.

The Company established a EUR 10,000,000,000 multi-issuance programme (the "Programme") to issue notes (the "Notes") and/or other secured limited recourse indebtedness. Notes are issued in series (each a "Series") and the terms and conditions of the Notes of each Series are set out in a supplemental information memorandum for such Series (each a "Supplemental Information Memorandum").

Each Series of Notes will, unless otherwise specified in the Supplemental Information Memorandum, be secured by a first fixed charge over certain specified assets of the Company (the "Charged Assets") and all rights and sums derived there from and a first fixed charge over funds in respect of the Charged Assets as are held from time to time by the custodian as documented in the pricing supplement. Each Series may also be secured by an assignment by way of security of the Company's rights under one or more swap or other hedging agreements (a "Swap Agreement"), together with such additional security (if any) as may be described in the relevant Supplemental Information Memorandum (together, the "Mortgaged Property"). The obligations of the Company under a Swap Agreement to J.P Morgan Securities Public Limited Company (the "Swap Counterparty" or the "Arranger") and to certain of the agents will, unless otherwise specified in the applicable Supplemental Information Memorandum, also be secured by certain assets comprised in the Mortgaged Property.

Each Series of Notes are secured as set out in the terms and conditions of the Notes including by a first fixed charge over certain collateral (the "Collateral") as set out in the relevant offering circular supplement (the "Offering Circular Supplement"). Each Series may also be secured by an assignment of the Company's rights under a Swap Agreement and/or option agreement and/or repurchase agreement and/or credit support document (each as defined in the terms and conditions of the Notes) and any additional security as may be described in the relevant Offering Circular Supplement. Alternative investments will be secured in the manner set out above in relation to the Notes or in such other manner as may be set out in the relevant Offering Circular Supplement. As per the Offering Circular Supplement, the Company may from time to time substitute its charged assets. The investors' recourse per Series is limited to the assets of that particular Series.

As part of certain Series Programmes, the Company has entered into interest rate swap agreements with the Swap Counterparty for the relevant Series.

Details of the Notes issued for each Series and loan received under the Programme are outlined in note 16 to the financial statements including the key terms. The related financial assets held under each Series are described in note 12 while description of the swaps entered into has been detailed under note 15 to the financial statements. A summary of the key risks regarding these financial instruments is outlined in note 22.

General information regarding the Company is further described in note 1 to the financial statements.

The Notes of the Company are not listed on any stock exchange.

At the reporting date, the Company's financial liabilities designated at fair value through profit or loss were concentrated in Secured Notes.

Key performance indicators

The Company is a special purpose vehicle (the "SPV") and its principal activity is to issue Notes, make investments and enter into derivative contracts.

The Directors confirm that the key performance indicators as disclosed below in the financial statements are those that are used to assess the performance of the Company.

During the financial year:

- the Company's net loss on financial liabilities amounted to EUR 2,806,875 (2018: EUR Nil)
- the Company's net gain on financial assets amounted to EUR 9,514,755 (2018: EUR Nil)
- the Company's net loss on derivative financial instruments amounted to EUR 6,707,880 (2018: EUR Nil);
- the Company earned coupon income on financial assets designated at fair value through profit or loss amounting to EUR 3,425,079 (2018: EUR Nil).
- the net assets of the Company was EUR 2,833 (2018: EUR 2,632);

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Directors' report (continued)**Key performance indicators (continued)**

During the financial year: (continued)

- the following Series of Notes were transferred from Corsair Finance (Ireland) Designated Activity Company to the Company:

Series	Description	Maturity Date	CCY	Nominal
14	Secured Note	31-Oct-64	EUR	57,405,299
15	Secured Note	31-Dec-55	EUR	119,000,000
16	Secured Note	31-Dec-55	EUR	89,265,295

- the following Series of Notes were issued:

Series	Description	Maturity Date	CCY	Nominal
16	Secured Note	31-Dec-55	EUR	12,214,282
17	Secured Note	08-Aug-24	EUR	61,951,500

- the following Series of Notes were partially redeemed:

Series	Description	Maturity Date	CCY	Nominal
14	Secured Note	31-Oct-64	EUR	496,983
15	Secured Note	31-Dec-55	EUR	15,534,987
16	Secured Note	31-Dec-55	EUR	1,333,794

As at 31 December 2019:

- the Company made a profit before tax of EUR 268 (2018: EUR Nil);
- the carrying value of the Company's total Notes issued was EUR 368,155,244 (2018: EUR Nil);
- the Company had the following Series of Notes in issue:

Series	Description	Maturity Date	CCY	Nominal
14	Secured Note	31-Oct-64	EUR	56,908,316
15	Secured Note	31-Dec-55	EUR	103,465,013
16	Secured Note	31-Dec-55	EUR	100,145,783
17	Secured Note	08-Aug-24	EUR	61,951,500

- the investments that the Company has in respect of each Series are included in note 12.

Credit events

No credit events affected the Company during the financial year and/or since the financial year end (2018: Nil).

Future developments

The Directors expect that the present level of activity will be sustained for the foreseeable future. The board of Directors (the "Board") will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company. It is anticipated that while some Series will redeem or mature, it is also expected that new issuances may be made.

Going concern

The Company's financial statements for the financial year ended 31 December 2019 have been prepared on a going concern basis. Each asset and/or derivative transaction are referenced with a specific Note, and any loss derived from the asset and/or derivative will be ultimately borne by the Noteholders. The Directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Company's liabilities as they fall due. The Notes in issue as at 31 December 2019 have maturities ranging between the financial years 2024 to 2064. Also, there have been new Series of Notes issued during the financial year and for these reasons, the Directors believe that the going concern basis is appropriate.

Business risks and principal uncertainties

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. As the pandemic evolves, many areas have detected imported cases and local transmission of COVID-19. As of now, COVID-19 has since spread to over 210 countries worldwide and on March 11, 2020 the World Health Organization ("WHO") declared COVID-19 a pandemic.

The spread of the COVID-19 outbreak has caused severe disruptions in the Irish and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries, including Ireland, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

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Directors' report (continued)

Business risks and principal uncertainties (continued)

The Directors considered the impact that COVID-19 may have over the going concern assumption of the Company. The limited recourse nature of the securities issued by the Company limit the investors' recourse only up to the underlying net assets of that particular debt securities issued. The investors have no right to petition for insolvency proceedings against the Company in the event that the underlying assets are insufficient to repay the principal amount of the debt securities issued. Also, as per agreement, the Arranger has agreed to reimburse the Company against any costs, fees, expense or out-goings incurred.

The Company is subject to various other risks. The key risks facing the Company are set out in note 22 to the financial statements.

Results and dividends for the financial year

The results for the financial year are set out on page 10. The Directors do not recommend the payment of a dividend for the financial year (2018: Nil).

Change in directors, secretary and registered office during the financial year

On 14 April 2020, Adrienne Lonergan resigned as Director of the Company and on the same date, Conor Clancy was appointed as Director of the Company.

There were no other changes in Directors, secretary and registered office during the financial year.

Directors, secretary and their interests

None of the Directors and secretary who held office on 1 January 2019 and 31 December 2019 held any shares in the Company at that date, or during the year. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, as defined in Section 309 of the Companies Act 2014, as amended (the "Act"), at any time during the financial year. Except for the Administration agreement entered into by the Company with Vistra Alternative Investments (Ireland) Limited ("VAIIL" or the "Administrator"), there were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Section 309 of the Act, at any time during the financial year.

Shares and shareholders

The authorised share capital of the Company is EUR 10,000,000 divided into 10,000,000 shares of EUR 1 each (the "Shares") of which 3 shares are issued and unpaid. The issued shares are held in trust by Matheson Services Limited, Matsack Trust Limited and Matsack Nominees Limited (the "Share Trustees") under the terms of a declaration of trust (the "Declaration of Trust") dated 10 June 2000 under which the Share Trustees hold the benefit of the shares on trust for charitable purposes. The Share Trustees have no beneficial interest in and derives no benefit from its holding of the shares. There are no other rights that pertain to the shares and the shareholders.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risk arises from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All management and administration functions are outsourced to VAIIL, a reputable corporate services provider.

Audit committee

Under Section 1551(1) of the Act as amended, all public-interest entities are required to establish an audit committee, subject to certain exemptions. Section 167 of the Act also requires the directors of a large company (as such term is defined in the Act) to establish an audit committee or to state the reasons for not establishing such a committee.

As set out in Section 1551(11)(c) of the Act, a Company issuing asset backed securities may avail itself of an exemption from the requirements to establish an audit committee. The sole business of the Company relates to the issuing of asset-backed securities. Given the contractual obligations of the Administrator and the limited recourse nature of the securities issued by the Company and considering that the Company is operating within the turnover threshold limits as set out under Section 167(1) of the Act, the Board has concluded that there is currently no need for the Company to have a separate audit committee in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process and the monitoring of the statutory audit and the independence of the statutory auditors. Accordingly, the Company has availed itself of the exemption under Section 1551(11)(c) of the Act not to establish an audit committee.

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Directors' report (continued)

Accounting records

The Directors believe that they have complied with requirements of sections 281 to 285 of the Act with regards to keeping adequate accounting records by employing accounting personnel with appropriate experience and expertise and by providing services to the financial function. The accounting records of the Company are maintained at Block A, George's Quay Plaza, George's Quay, Dublin 2, Ireland.

Accounting records

The Directors believe that they have complied with requirements of sections 281 to 285 of the Act with regards to keeping adequate accounting records by employing accounting personnel with appropriate experience and expertise and by providing services to the financial function. The accounting records of the Company are maintained at Block A, George's Quay Plaza, George's Quay, Dublin 2, Ireland.

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over EUR 200 in aggregate made during a financial year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year to 31 December 2019.

Subsequent events

Subsequent events have been disclosed in note 24 to the financial statements.

Independent auditor

KPMG Chartered Accountants, Statutory Audit Firm, have been appointed as auditors in accordance with Sections 383(2) of the Act for the financial year and have signified their willingness to continue in office.

Directors' compliance statement

At this present time the Company is operating within the turnover threshold limits as set out under Section 225 (7) of the Act, which enables the Company to avail of an exemption to the Compliance Policy Statement obligations. Accordingly the Directors are not required to include a Compliance Statement in their statutory Directors' report for the current financial year ending 31 December 2019.

On behalf of the Board

DocuSigned by:

E584BC8DAE9F41E...
Conor Clancy
Director

DocuSigned by:

EAB12D731F8A44C...
Eimir McGrath
Director

Date: Oct-19-2020

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Statement of directors responsibilities in respect of the directors' report and the financial statements

The Directors are responsible for preparing the Directors' 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, the Directors have elected to prepare the Company's financial statements in accordance with International Financial reporting Standards ("IFRS") as adopted by the European Union.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. 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 Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Act and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Act.

On behalf of the Board

DocuSigned by:

E584BC8DAE9F641E
Conor Clancy
Director

DocuSigned by:

EAB12D731FBA44C
Eimir McGrath
Director

Date: Oct-19-2020



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORSAIR FINANCE (IRELAND) NO.2 DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Corsair Finance (Ireland) No.2 Designated Activity Company ('the Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union.; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORSAIR FINANCE (IRELAND) NO.2 DESIGNATED ACTIVITY COMPANY (CONTINUED)

Report on the audit of the financial statements (continued)

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

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

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

Matters on which we are required to report by exception

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORSAIR FINANCE (IRELAND) NO.2 DESIGNATED ACTIVITY COMPANY (CONTINUED)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

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

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

Colm Clifford

19 October 2020

For and on behalf of

KPMG

Chartered Accounts, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

Corsair Finance (Ireland) No.2 Designated Activity Company

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Statement of comprehensive income

For the financial year ended 31 December 2019

	Notes	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Net gain on financial assets designated at fair value through profit or loss	6	9,514,755	-
Net loss on financial liabilities designated at fair value through profit or loss	7	(2,806,875)	-
Net loss on derivative financial instruments	8	(6,707,880)	-
Operating result		-	-
Other income	9	169,111	63,453
Other expenses	10	(168,843)	(63,453)
Profit before tax		268	-
Tax expense	11	(67)	-
Net profit for the financial year		201	-
Other comprehensive income		-	-
Total comprehensive income for the financial year		<u>201</u>	<u>-</u>

The notes on pages 14 to 39 form an integral part of the financial statements.


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Statement of financial position
As at 31 December 2019

	Notes	31-Dec-19 EUR	31-Dec-18 EUR
Assets			
Cash and cash equivalents	13	26,168	1,799
Other receivables	14	198,207	269,554
Financial assets designated at fair value through profit or loss	12	373,011,153	-
Total assets		<u>373,235,528</u>	<u>271,353</u>
Liabilities and equity			
Liabilities			
Financial liabilities designated at fair value through profit or loss	16	368,155,244	-
Derivative financial instruments	15	4,855,909	-
Other payables	17	221,475	268,721
Corporation tax payable		67	-
Total liabilities		<u>373,232,695</u>	<u>268,721</u>
Equity			
Called up share capital presented as equity	18	3	3
Retained earnings		2,830	2,629
Total equity		<u>2,833</u>	<u>2,632</u>
Total liabilities and equity		<u>373,235,528</u>	<u>271,353</u>

On behalf of the Board

DocuSigned by:

 E594BC8DAEBF41E...
Conor Clancy
 Director

DocuSigned by:

 EAB12D731F8A44C...
Emir McGrath
 Director

Date: Oct-19-2020

The notes on pages 14 to 39 form an integral part of the financial statements.

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Statement of changes in equity
For the financial year ended 31 December 2019

	Share capital EUR	Retained earnings EUR	Total equity EUR
Balance as at 1 January 2018	3	2,629	2,632
<i>Total comprehensive income for the financial year</i>			
Net profit or loss	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	-	-
Balance as at 31 December 2018	3	2,629	2,632
Balance as at 1 January 2019	3	2,629	2,632
<i>Total comprehensive income for the financial year</i>			
Net profit or loss	-	201	201
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	201	201
Balance as at 31 December 2019	3	2,830	2,833

The notes on pages 14 to 39 form an integral part of the financial statements.

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Statement of cash flows

For the financial year ended 31 December 2019

	Notes	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Cash flows from operating activities			
Profit on ordinary activities before taxation		268	-
<i>Adjustments for:</i>			
Coupon income on financial assets designated at fair value through profit or loss		(3,425,079)	-
Interest expense on financial liabilities designated at fair value through profit or loss		2,074,270	-
Net derivative interest expense		1,350,809	-
Net fair value gain on financial assets designated at fair value through profit or loss	6	(6,089,676)	-
Net fair value loss on financial liabilities designated at fair value through profit or loss	7	732,605	-
Net fair value loss on derivative financial instruments	8	5,357,071	-
<i>Movements in working capital</i>			
Decrease in other receivables		71,347	4,051
Decrease in other payables		(47,246)	(4,051)
Net cash generated from operating activities		<u>24,369</u>	-
Cash flows from investing activities			
Acquisitions of financial assets designated at fair value through profit or loss	12	(72,564,516)	-
Disposal of financial assets designated at fair value through profit or loss	12	23,988,753	-
Receipts from Swap Counterparty	15	1,472,089	-
Coupon income received on financial assets designated at fair value through profit or loss		3,425,079	-
Derivative interest paid		(1,350,809)	-
Net cash used in investing activities		<u>(45,029,404)</u>	-
Cash flows from financing activities			
Issue of financial liabilities designated at fair value through profit or loss	16	73,153,314	-
Redemption of financial liabilities designated at fair value through profit or loss	16	(26,049,640)	-
Interest paid on financial liabilities designated at fair value through profit or loss		(2,074,270)	-
Net cash generated from financing activities		<u>45,029,404</u>	-
Increase in cash and cash equivalents		24,369	-
Cash and cash equivalents at start of the financial year		1,799	1,799
Cash and cash equivalents at end of the financial year	13	<u><u>26,168</u></u>	<u>1,799</u>

The notes on pages 14 to 39 form an integral part of the financial statements.

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Notes to the financial statements

For the financial year ended 31 December 2019

1 General information

The Company is a limited company incorporated on 22 October 2001 with registered number 349239 under the name of Corsair Finance (Ireland) No.2 Limited. On 9 September 2016, the Company changed its name to Corsair Finance (Ireland) No.2 Designated Activity Company.

The Company established a EUR 10,000,000,000 Programme to issue Notes and/or other secured limited recourse indebtedness. Notes are issued in Series and the terms and conditions of the Notes of each Series are set out in a Supplemental Information Memorandum for such Series.

Each Series of Notes will, unless otherwise specified in the Supplemental Information Memorandum, be secured by a first fixed charge over the Charged Assets and all rights and sums derived there from and a first fixed charge over funds in respect of the Charged Assets as are held from time to time by the custodian as documented in the pricing supplement. Each Series may also be secured by an assignment by way of security of the Company's rights under one or more Swap Agreement, together with such additional security (if any) as may be described in the relevant Supplemental Information Memorandum. The obligations of the Company under a Swap Agreement to the Swap Counterparty and to certain of the agents will, unless otherwise specified in the applicable Supplemental Information Memorandum, also be secured by certain assets comprised in the Mortgaged Property.

Each Series of Notes are secured as set out in the terms and conditions of the Notes including by a first fixed charge over the Collateral as set out in the Offering Circular Supplement. Each Series may also be secured by an assignment of the Company's rights under a Swap Agreement and/or option agreement and/or repurchase agreement and/or credit support document (each as defined in the terms and conditions of the Notes) and any additional security as may be described in the relevant Offering Circular Supplement. Alternative investments will be secured in the manner set out above in relation to the Notes or in such other manner as may be set out in the relevant Offering Circular Supplement. As per the Offering Circular Supplement, the Company may from time to time substitute its charged assets.

The investors' recourse per Series is limited to the assets of that particular Series.

As part of certain Series Programmes, the Company has entered into interest rate swap and swaption agreements with the Swap Counterparty for the relevant Series.

Details of the Notes issued for each Series and loan received under the Programme are outlined in note 16 to the financial statements including the key terms. The related financial assets held under each Series are described in note 12 while description of the swaps entered into has been detailed under note 15 to the financial statements. A summary of the key risks regarding these financial instruments is outlined in note 22.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRSs, issued by the International Accounting Standard Board (IASB) and its interpretations as adopted by the EU and as applied in accordance with the Act.

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 31 December 2019, the comparative information presented in these financial statements is for financial year ended 31 December 2018.

These financial statements have been prepared on a going concern basis as defined in the Directors' report. The response to the impact of COVID-19 is set out in the Business risks and uncertainties section of the Directors' report. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- financial assets designated at fair value through profit or loss are measured at fair value; and
- financial liabilities designated at fair value through profit or loss are measured at fair value.

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Notes to the financial statements

For the financial year ended 31 December 2019

2 Basis of preparation (continued)

(b) Basis of measurement (continued)

Designation at fair value through profit or loss upon initial recognition

The Company has designated financial assets and liabilities at fair value through profit or loss when either:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24 Related Party Disclosures), for example, the entity's board of directors; and
- the liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

The methods used to measure fair values are discussed further in note 5.

(c) Functional and presentation currency

These financial statements are presented in Euro (EUR) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in EUR and the financial liabilities are also denominated in EUR. The Directors of the Company believe that EUR most faithfully represents the economic effects of the underlying transactions, events and conditions.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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. Details of material judgements and estimates have been further described in accounting policy 3(g) "Financial instruments" and notes 5 and 22 to the financial statements.

Key sources of estimation uncertainty

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 22 to the financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Company's accounting policies

The Company's accounting policy on fair value measurements is discussed under note 3(g) "Financial instruments". Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is as follows:

Valuation of financial instruments

The Company measures fair values using the following hierarchy of methods:

- quoted market price in an active market for an identical instrument;
- valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and
- valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**2 Basis of preparation (continued)****(e) New standards and interpretations**

The Directors have set out below both the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations.

(i) New standards, amendments and interpretations issued effective as of 1 January 2019:

Standards/interpretations	Effective date*
IFRS 16: Leases	1 January 2019
IFRIC 23: Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards	1 January 2019

None of the above standards, amendments and interpretations had a significant impact on the Company's financial statements.

(ii) Standards not yet effective, but available for early adoption

Description	Effective date*
IFRS 3: Business Combinations	1 January 2020
IAS 1: Presentation of Financial Statements	1 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2022**
IFRS 17 Insurance Contracts	1 January 2023**

** Not endorsed.

*Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and does not plan to adopt these standards early. The application of all of these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the Company.

The Company has not adopted any other new standards or interpretations that are not mandatory. The Directors anticipate that the adoption of those standards or interpretations will have no material impact on the financial statements of the Company in the period of initial application.

3 Significant accounting policies**(a) Net gain on financial assets designated at fair value through profit or loss**

Net gain on financial assets designated at fair value through profit or loss relates to investments and includes all realised and unrealised fair value changes, foreign exchange differences and coupon receipts. Any gains and losses arising from changes in fair value of the financial assets designated at fair value through profit or loss are recorded in the Statement of comprehensive income. Details of recognition and measurement of financial assets are disclosed in the accounting policy of financial instruments (note 3(g)).

(b) Net loss on financial liabilities designated at fair value through profit or loss

Net loss on derivative financial instruments relates to the fair value movements on swaps held by the Company and includes realised and unrealised fair value movements, foreign exchange differences and net coupon payments. Any gains and losses arising from changes in fair value of the derivative financial instruments are recognised in the Statement of comprehensive income. Details of recognition and measurement of derivative financial instruments are disclosed in the accounting policy of financial instruments (note 3(g)).

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2019****3 Significant accounting policies(continued)****(c) Net loss on derivative financial instruments**

Net gain on derivative financial instruments relates to the fair value movements on swaps held by the Company and includes realised and unrealised fair value movements, foreign exchange differences and net coupon payments. Any gains and losses arising from changes in fair value of the derivative financial instruments are recognised in the Statement of comprehensive income. Details of recognition and measurement of derivative financial instruments are disclosed in the accounting policy of financial instruments (note 3(g)).

(d) Other income and expenses

All other income and expenses are accounted for on an accrual basis.

(e) Tax expense

Tax expense is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity consistent with the accounting for the item to which it is related.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustments to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Cash and cash equivalents

Cash and cash equivalents include cash held at banks and bank draft, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

There are no restrictions on cash and cash equivalents.

Cash and cash equivalents are carried at amortised cost in the Statement of financial position.

(g) Financial instruments

The financial instruments held by the Company include the following:

- financial assets designated at fair value through profit or loss are measured at fair value;
- financial liabilities designated at fair value through profit or loss are measured at fair value; and
- derivative financial instruments are measured at fair value.

Initial recognition

The Company initially recognises all financial instruments on the trade date at which the Company becomes a party to the contractual provisions of the instruments at fair value. Any transaction costs are accounted for in the Statement of comprehensive income. From the trade date, any gains and losses arising from changes in fair value of the financial instruments at fair value through profit or loss are recorded in the Statement of comprehensive income.

Classification of financial instruments*Designation at fair value through profit or loss**IFRS 9 - Fair value option*

IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

These include financial assets and financial liabilities that are not held for trading, such as collaterals purchased and the Notes issued. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's offering document.

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Notes to the financial statements (continued)**3 Significant accounting policies(continued)****(g) Financial instruments (continued)****Classification of financial instruments (continued)***Financial assets designated at fair value through profit or loss*

All financial assets held by the Company have been designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. All movement in the fair values would be immediately recognised in the Statement of comprehensive income.

Derivative financial instruments

Derivative financial instruments include all derivative assets and liabilities that are used to economically hedge or create an appropriate risk exposure. Derivatives are not formally designated into a qualifying hedge relationship and therefore all changes in their fair value are recognised immediately in the Statement of comprehensive income.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the Statement of comprehensive income immediately. A derivative financial instrument with a positive fair value is recognised as a derivative financial asset. A derivative with a negative fair value is recognised as a derivative financial liability.

All changes in its fair value are recognised immediately in the Statement of comprehensive income as a component of net expense on derivative financial liabilities carried at fair value.

Financial liabilities designated at fair value through profit or loss

The financial liabilities are initially measured at fair value and are designated as liabilities at FVTPL when they either eliminate or significantly reduce an accounting mismatch. The financial liabilities are closely linked to the financial assets and the derivatives and therefore, as the derivatives are required to be at FVTPL, financial liabilities have been designated to reflect this mismatch.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual coupon income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The financial assets are managed and their performance is evaluated on a fair value basis.

Assessment whether contractual cash flows are SPPI

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**3 Significant accounting policies(continued)****(g) Financial instruments (continued)****Classification of financial instruments (continued)***Subsequent measurement*

After initial measurement, the Company measures the financial instruments which are classified at FVTPL at their fair value. Subsequent changes in the fair value of financial instruments designated at FVTPL are recognised directly in the Statement of comprehensive income. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

Determination of fair values

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 process and principles followed by the Company to determine fair values is set out in note 22(d) to the financial statements.

(h) Share capital

Share capital is issued in Euro (EUR). Dividends are recognised as a liability in the period in which they are approved.

(i) Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(j) Other payables

Other payables are not interest-bearing and are stated at amortised cost.

(k) Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

4 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company has only one business unit and all administrating and operating functions are carried out and reviewed by the Administrator and Company Secretary, VAHL.

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2019****4 Segment reporting (continued)**

The Company's principal activity is to invest in financial instruments which are the revenue generating segment of the Company. The Chief Operating Decision Maker (CODM) of the operating segment is the Board. The Company is a SPV whose principal activities are the issuance of Notes and investment in securities. The CODM does not consider each underlying Series of Notes as a separate segment, rather they look at the structure as a whole. Based on that fact, the Directors confirm that there is only one segment.

Financial results of operating in this segment encompass total assets of EUR 373,235,528 (2018: EUR 271,353) and total liabilities of EUR 373,232,695 (2018: EUR 268,721). The segment also generated a profit before taxation of EUR 268 (2018: EUR Nil).

At the reporting date, the Company's coupon income was concentrated in the following geographical locations:

By Geographical location	31-Dec-19	31-Dec-18
Country of origin	EUR	EUR
Spain	3,150,528	-
Italy	233,100	-
Germany	34,393	-
Cayman Island	6,805	-
London	253	-
	<u>3,425,079</u>	<u>-</u>

Refer to note 22(b) for further information and analysis of the assets for concentration risk for geographical segmental reporting of the assets.

5 Determination of fair values**Fair value measurement principles**

The Company's financial assets and financial liabilities issued are carried at fair value on the Statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values. Their fair values together with carrying amounts shown in the Statement of financial position are disclosed in note 22.

The determination of fair value for financial assets, derivative financial instruments and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in note 22 to the financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is more subjective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

For more complex instruments, the Company uses proprietary models, which are usually developed from recognised valuation models and is provided by the Arranger. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is further described in note 2(d) and note 22.

The following methodologies have been applied in determining the fair values of each class of Notes:

Secured Notes

Investments - The methodology applied to fair value the investments is to use the values provided on Bloomberg (where available) or by the Arranger. J.P. Morgan Securities Public Limited Company use different inputs to value these investments, such as Bloomberg data and Reuters data, discount rate, recovery rate, default rate and proprietary models which are developed from recognised models.

Notes - The methodology applied to value the index linked Notes is the combined value of the investment securities and derivative financial instruments that is owed to the Noteholders due to the limited recourse nature of the financial liabilities.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019

5 Determination of fair values

Critical accounting judgements in applying the Company's accounting policies (continued)

Swaps - The methodology applied to fair value the interest rate swap and cross currency swap, is by projecting the future cash flows for each payment date using the contracted interest rates. The cash flows are discounted to the valuation date using a discount factor interpolated off a zero coupon yield curve of the respective currency. Significant inputs into these models are directly or indirectly observable from market data.

Details of Secured Notes is included in note 16.

6	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Net gain on financial assets designated at fair value through profit or loss	9,514,755	-
Analysed as follows:		
Coupon receipts	3,425,079	-
Net fair value gain on financial assets designated at fair value through profit or loss	6,089,676	-
	<u>9,514,755</u>	<u>-</u>
7	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Net loss on financial liabilities designated at fair value through profit or loss	(2,806,875)	-
Analysed as follows:		
Coupon expense	(2,074,270)	-
Net fair value loss on financial liabilities designated at fair value through profit or loss	(732,605)	-
	<u>(2,806,875)</u>	<u>-</u>
8	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Net loss on derivative financial instruments	(6,707,880)	-
Analysed as follows:		
Net swap payments	(1,350,809)	-
Net fair value loss on financial instruments	(5,357,071)	-
	<u>(6,707,880)</u>	<u>-</u>
9	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Other income	168,843	63,453
Corporate benefit	268	-
	<u>169,111</u>	<u>63,453</u>

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019

10 Other expenses	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Professional fees	(133,286)	(43,035)
Audit fees	(29,520)	(14,760)
Taxation fees	(5,658)	(5,658)
Foreign exchange movements	(243)	-
Bank charges	(136)	-
	<u>(168,843)</u>	<u>(63,453)</u>
Auditor's remuneration in respect of the financial year (excluding VAT):	31-Dec-19 EUR	31-Dec-18 EUR
Statutory audit of individual company accounts	(24,000)	(12,000)
Other assurance services	-	-
Tax advisory services	(4,600)	(4,600)
Other non-audit services	-	-
	<u>(28,600)</u>	<u>(16,600)</u>

Section 305A(1)(a) of the Act, requires disclosure that VAHL receives EUR 1,000 (2018: EUR 1,000) per Director included in administration fees as consideration for the making available of individuals to act as Directors of the Company. The terms of the corporate services agreement in place between the Company and VAHL provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as Directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The individuals acting as Directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as Directors of the Company. For the avoidance of doubt, Conor Clancy, Adrienne Loneragan (up to resignation) and Eimir McGrath do not receive any remuneration for acting as Directors of the Company as they are employees of VAHL. The Company has no employees and services required are contracted from third parties.

11 Tax expense	Financial year ended 31-Dec-19 EUR	Financial year ended 31-Dec-18 EUR
Profit before tax	<u>268</u>	-
Current tax at standard rate of 25%	(67)	-
Current tax charge	<u>(67)</u>	-

The Company will continue to be taxed at 25% (2018: 25%) in accordance with Section 110 of the Taxes Consolidation Act, 1997 (as amended).

12 Financial assets designated at fair value through profit or loss	31-Dec-19 EUR	31-Dec-18 EUR
Financial assets	<u>373,011,153</u>	-

Financial assets have upon initial recognition been designated at fair value through profit or loss in accordance with the accounting policies set out in note 3.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019

12 Financial assets designated at fair value through profit or loss (continued)	31-Dec-19	31-Dec-18
Movement in financial assets	EUR	EUR
At beginning of the financial year	-	-
<i>Cash transactions</i>		
Additions during the financial year	72,564,516	-
Disposals during the year	(23,988,753)	-
<i>Non cash transactions</i>		
Additions during the financial year	318,345,714	-
Net changes in fair value during the year	6,089,676	-
At end of the financial year	<u>373,011,153</u>	<u>-</u>
Maturity analysis of financial assets		
	31-Dec-19	31-Dec-18
	EUR	EUR
Within 1 year	4,878,843	-
More than 1 year and less than 5 years	28,558,707	-
More than 5 years	339,573,603	-
	<u>373,011,153</u>	<u>-</u>

The carrying value of the assets of the Company represents their maximum exposure to the credit risk. The credit risk is eventually transferred to the Noteholders through the individual terms of each Series in issue.

The financial assets are held as collateral for each Series of debt securities issued by the Company as per note 16.

Refer to note 22 for a description of the credit risk, concentration risk and currency risk disclosures relating to financial assets.

Details of the nominal values and terms of each Series is disclosed below:

Series	Description	Interest rate basis	Maturity date	CCY	31-Dec-19 Nominal Source CCY	31-Dec-18 Nominal Source CCY
<i>Secured Notes</i>						
14	Spain Government Fixed Rate Bond	Fixed - 4.00%	30 Apr 2020	EUR	3,990,000	-
14	Spain Government Fixed Rate Bond	Fixed - 5.75%	30 Jul 2032	EUR	4,950,000	-
14	Spain Government Fixed Rate Bond	Fixed - 4.80%	31 Jan 2024	EUR	300,000	-
14	Spain Government Fixed Rate Bond	Fixed - 4.65%	30 Jul 2025	EUR	7,930,000	-
14	Spain Government Fixed Rate Bond	Fixed - 4.20%	31 Jan 2037	EUR	3,210,000	-
14	Spain Government Fixed Rate Bond	Fixed - 4.70%	30 Jul 2041	EUR	1,975,000	-
14	French Government Fixed Rate Bond	Fixed - 4.50%	25 Apr 2041	EUR	1,690,000	-
14	Spain Government Fixed Rate Bond	Fixed - 6.00%	31 Jan 2029	EUR	1,025,000	-

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**12 Financial assets designated at fair value through profit or loss (continued)**

Details of the nominal values and terms of each Series is disclosed below: (continued)

Series	Description	Interest rate basis	Maturity date	CCY	31-Dec-19 Nominal Source CCY	31-Dec-18 Nominal Source CCY
14	Spain Government Fixed Rate Bond	Fixed - 4.90%	30 Jul 2040	EUR	220,000	-
14	Italian Government Fixed Rate Bond	Fixed - 5.00%	01 Sep 2040	EUR	185,000	-
14	Italian Government Fixed Rate Bond	Fixed - 4.00%	01 Feb 2037	EUR	300,000	-
14	Italian Government Fixed Rate Bond	Fixed - 4.50%	01 Mar 2024	EUR	110,000	-
14	Spain Government Fixed Rate Bond	Fixed - 5.50%	30 Apr 2021	EUR	2,700,000	-
14	Spain Government Fixed Rate Bond	Fixed - 5.85%	31 Jan 2022	EUR	4,100,000	-
14	Spain Government Fixed Rate Bond	Fixed - 5.90%	30 Jul 2026	EUR	1,000,000	-
14	Italian Government Bond	Zero Coupon	01 Aug 2039	EUR	1,400,000	-
14	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2044	EUR	8,350,000	-
14	Spain Government Bond	Zero Coupon	31 Jan 2037	EUR	3,200,000	-
14	Spain Government Fixed Rate Bond	Fixed - 1.95%	30 Jul 2030	EUR	750,000	-
14	French Government Fixed Rate Bond	Fixed - 4.00%	25 Apr 2055	EUR	1,500,000	-
15	AYT Cédulas Cajas Global - Fondo de Titulización de Activos fixed rate bonds	Fixed - 4.25%	25 Oct 2023	EUR	400,000	-
15	Spain Government Fixed Rate Bond	Fixed - 4.80%	31 Jan 2024	EUR	1,458,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2025	EUR	3,500,000	-
15	Spain Government Fixed Rate Bond	Fixed - 5.90%	30 Jul 2026	EUR	5,457,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2028	EUR	2,142,000	-
15	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2028	EUR	5,848,000	-
15	Spain Government Bond	Zero Coupon	31 Jan 2029	EUR	13,000,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2032	EUR	20,200,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2035	EUR	1,835,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2036	EUR	4,500,000	-
15	Spain Government Fixed Rate Bond	Fixed - 4.20%	31 Jan 2037	EUR	4,000,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2038	EUR	3,675,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2039	EUR	3,000,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2040	EUR	8,000,000	-

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**12 Financial assets designated at fair value through profit or loss (continued)**

Details of the nominal values and terms of each Series is disclosed below: (continued)

Series	Description	Interest rate basis	Maturity date	CCY	31-Dec-19 Nominal Source CCY	31-Dec-18 Nominal Source CCY
15	Spain Government Fixed Rate Bond	Fixed - 4.70%	30 Jul 2041	EUR	1,173,000	-
15	Spain Government Bond	Zero Coupon	30 Jul 2041	EUR	28,100,000	-
15	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2044	EUR	7,050,000	-
15	French Government Bond	Zero Coupon	25 Apr 2051	EUR	500,000	-
15	Italian Government Fixed Rate Bond	Fixed - 6.00%	01 May 2031	EUR	3,675,000	-
15	Italian Government Fixed Rate Bond	Fixed - 5.00%	01 Aug 2034	EUR	4,390,000	-
16	Lloyds Bank Plc Floating Rate Bonds	Floating - 0.5%	04 Dec 2020	EUR	100,000	-
16	Principal Financial Global Funding LLC Floating Rate Bonds	Floating- 3M USD Libor+ 0.52%	10 Jan 2031	USD	500,000	-
16	Spain Government Bond	Zero Coupon	31 Jan 2028	EUR	5,495,000	-
16	Spain Government Bond	Zero Coupon	31 Jan 2035	EUR	2,000,000	-
16	Spain Government Fixed Rate Bond	Fixed - 4.20%	31 Jan 2037	EUR	5,453,000	-
16	Spain Government Bond	Zero Coupon	30 Jul 2041	EUR	13,000,000	-
16	AYT Cedulas Cajas Global - Fondo de Titulización de Activos fixed rate bonds	Fixed - 4.25%	25 Oct 2023	EUR	2,300,000	-
16	Spain Government Bond	Zero Coupon	30 Jul 2024	EUR	9,000,000	-
16	Spain Government Fixed Rate Bond	Fixed - 5.90%	30 Jul 2026	EUR	5,743,000	-
16	Spain Government Bond	Zero Coupon	30 Jul 2035	EUR	5,500,000	-
16	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2044	EUR	1,400,000	-
16	French Government Bond	Zero Coupon	25 Apr 2046	EUR	7,872,000	-
16	French Government Bond	Zero Coupon	25 Apr 2047	EUR	7,968,000	-
16	Spain Government Bond	Zero Coupon	31 Jan 2037	EUR	4,300,000	-
16	Spain Government Fixed Rate Bond	Fixed - 1.60%	30 Apr 2025	EUR	700,000	-
16	Spain Government Bond	Zero Coupon	30 Jul 2032	EUR	10,400,000	-
16	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2028	EUR	1,300,000	-
16	Fixed Rate Bonds issued by landesbank Baden-Wurttembergnachr DL Anleihe	Fixed - 7.63%	02 Jan 2023	USD	1,000,000	-
16	Spain Government Fixed Rate Bond	Fixed - 4.00%	30 Apr 2020	EUR	600,000	-
16	Spain Government Fixed Rate Bond	Fixed - 4.70%	30 Jul 2041	EUR	2,250,000	-
16	Spain Government Bond	Zero Coupon	30 Jul 2040	EUR	4,000,000	-

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

12 Financial assets designated at fair value through profit or loss (continued)

Details of the nominal values and terms of each Series is disclosed below: (continued)

Series	Description	Interest rate basis	Maturity date	CCY	31-Dec-19 Nominal Source CCY	31-Dec-18 Nominal Source CCY
16	Fixed rate bonds issued by Fondo de Titulizacion del deficit del Sistema Electrico	Fixed - 6.25%	17 Mar 2025	EUR	5,000,000	-
16	French Government Bond	Zero Coupon	25 Apr 2048	EUR	1,340,000	-
16	Fixed rate Bonds issued by Lloyds Bank Plc	Fixed - 9.63%	04 Jun 2023	GBP	1,500,000	-
16	Spain Government Fixed Rate Bond	Fixed - 5.75%	30 Jul 2032	EUR	1,250,000	-
16	Spain Government Fixed Rate Bond	Fixed - 4.80%	31 Jan 2024	EUR	500,000	-
16	Spain Government Bond	Zero Coupon	31 Jan 2029	EUR	2,281,000	-
16	Spain Government Bond	Zero Coupon	31 Jan 2024	EUR	2,200,000	-
16	Spain Government Bond	Zero Coupon	30 Jul 2025	EUR	900,000	-
16	French Government Bond	Zero Coupon	25 Apr 2051	EUR	1,697,000	-
17	2,15% Nordrhein-Westfalen, Land	Fixed - 2.15%	21 Mar 2119	EUR	50,000,000	-

13 Cash and cash equivalents

	31-Dec-19 EUR	31-Dec-18 EUR
Cash at bank	26,168	203
Bank draft	-	1,596
	<u>26,168</u>	<u>1,799</u>

The cash at bank is held with Barclays Bank Plc (88%) (2018: 0%) and The Bank of New York Mellon (12%) (2018: 100%). The bank draft was held with VAHL as Administrator of the Company.

14 Other receivables

	31-Dec-19 EUR	31-Dec-18 EUR
Prepaid expenses	124,209	157,791
Other receivables	73,995	111,760
Unpaid share capital	3	3
	<u>198,207</u>	<u>269,554</u>

15 Derivative financial instruments

	31-Dec-19 EUR	31-Dec-18 EUR
Movement in derivative financial instruments		
At beginning of the financial year	-	-
Cash transactions with Swap Counterparty	(1,472,089)	-
Non-cash transactions with Swap Counterparty	1,973,251	-
Net changes in fair value during the financial year	(5,357,071)	-
At end of the financial year	<u>(4,855,909)</u>	<u>-</u>
	31-Dec-19 EUR	31-Dec-18 EUR
Derivative financial liabilities	(4,855,909)	-
	<u>(4,855,909)</u>	<u>-</u>

Corsair Finance (Ireland) No.2 Designated Activity Company

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**15 Derivative financial instruments (continued)**

The table above relates to the fair value of the derivative financial instruments as at the financial year end, including any collateral postings as at 31 December 2019 and 31 December 2018.

The Company has entered into a derivative contract for all the Series issued either to reduce mismatch between the amounts payable in respect of the debt securities and return from the investment securities held as collateral, to create a risk profile appropriate for the investor or to mitigate its exposure to market risk (interest rate risk and currency risk) within the Company. The rationale behind entering into these instruments is to provide an asset risk profile which is suited to the needs of the investors (the holders of debt securities).

The derivatives entered into by the Company can be grouped into two categories, those that create a risk profile appropriate to the investor and, those that mitigate exposure to market risk.

Interest rate swaps

Under the interest rate swap, any difference between the interest rate from interest expense on debt securities and coupon income from financial assets will be borne by the Swap Counterparty.

The Company has entered into interest rate swaps to hedge its exposure to in respect of Series 14,15,16 and 17 (2018: Nil).

16 Financial liabilities designated at fair value through profit or loss	31-Dec-19	31-Dec-18
	EUR	EUR
Financial liabilities	368,155,244	-

Financial liabilities issued for a particular Series are designated at fair value through profit or loss when the related investment securities and derivatives are fair valued or when they contain embedded derivatives that significantly modify cash flows that otherwise would be required to be separated.

The Company's obligations under the debt securities issued and related derivative financial instruments are secured by the investment securities as per note 12. The investors' recourse per Series is limited to the assets of that particular Series. They have an option for early redemption.

In the event that accumulated losses prove not to be recoverable during the life of the Company, then this will reduce the obligation to the holders of the debt securities by an equivalent amount.

Movement in financial liabilities	31-Dec-19	31-Dec-18
	EUR	EUR
At beginning of the financial year	-	-
<i>Cash transactions</i>		
Issue of financial liabilities	73,153,314	-
Redemption payments	(26,049,640)	-
<i>Non-cash transactions</i>		
Issue of financial liabilities	320,318,965	-
Net changes in fair value during the financial year	732,605	-
At end of the financial year	368,155,244	-

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

16 Financial liabilities designated at fair value through profit or loss (continued)	31-Dec-19	31-Dec-18
Maturity analysis	EUR	EUR
Within 1 year	61,096,456	-
More than 1 year and less than 5 years	-	-
More than 5 years	307,058,788	-
	<u>368,155,244</u>	<u>-</u>

Refer to note 22 for a description of the key risks regarding the issue of these instruments.

The financial liabilities in issue at 31 December 2019 and 31 December 2018 are as follows:

Series	Description	Interest rate basis	Maturity date	CCY	31-Dec-19 Nominal Source CCY	31-Dec-18 Nominal Source CCY
14	Secured Notes	Variable	31-Oct-64	EUR	56,908,316	-
15	Secured Notes	Variable	31-Dec-55	EUR	103,465,013	-
16	Secured Notes	Variable	31-Dec-55	EUR	100,145,783	-
17	Secured Notes	Zero - Coupon	08-Aug-24	EUR	61,951,500	-

At the reporting date, the Company's financial liabilities designated at fair value through profit or loss were concentrated in the following types:

Types of financial liabilities	31-Dec-19	31-Dec-18
	EUR	EUR
Secured Notes	100%	-

A description of the principal types of financial liabilities in issue is as follows:

Secured Notes in respect to Series 14, 15, 16 and 17

Under these Series, the Noteholders have secured their investments with the corresponding collaterals and/ or the swap agreements that have been entered into.

17 Other payables	31-Dec-19	31-Dec-18
	EUR	EUR
Deferred income	126,114	160,290
Accrued expenses	95,361	108,431
	<u>221,475</u>	<u>268,721</u>
18 Called up share capital presented as equity	31-Dec-19	31-Dec-18
<i>Authorised:</i>	EUR	EUR
10,000,000 ordinary shares of EUR1 each	10,000,000	10,000,000
<i>Issued:</i>	EUR	EUR
3 ordinary shares of EUR1 each - unpaid	3	3
<i>Presented as follows:</i>	EUR	EUR
Called up share capital presented as equity	3	3

19 Ownership of the Company

Matheson Services Limited, Matsack Trust Limited and Matsack Nominees Limited hold one share each in the Company. All shares are held in trust for charity under the terms of declarations of trust.

The Share Trustees have appointed a Board to run the day to day activities of the Company. The Board have considered the issue as to who is the ultimate controlling party. It has been determined that the control of the day to day activities of the Company rests with the Board.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**20 Transactions with related parties***Transactions with Administrator*

During the financial year, the Company incurred a fee of EUR 19,176 (2018: EUR 18,752) relating to administration services provided by VAHL. All Directors are employees of VAHL, which is considered to be a related party. As at 31 December 2019, no amount is due to the Administrator of the Company (2018: EUR Nil).

Transactions with Arranger

J.P Morgan Securities Public Limited Company is the Swap Counterparty and Arranger of the Company. All costs associated with the Company are paid by the Arranger. During the financial year, the Arranger paid the Company EUR 268 (2018: EUR Nil) for the new Series issued. During the financial year, a fee of EUR 19,176 (2018: EUR 18,752) relating to administration services, EUR 29,520 (2018: EUR 14,760) relating to audit fees and EUR 5,658 (2018: EUR 5,658) relating to tax advisory fees were incurred by the Company.

All transactions between the Company, VAHL and Arranger were made at arm's length.

The Company has also entered into various swap agreements with J.P. Morgan Securities Plc, as Swap Counterparty. All payments to and from the Swap Counterparty have been disclosed on the Statement of comprehensive income and the notes to the financial statements. Details of the swaps are disclosed in note 15 to the financial statements.

There were no other transactions with the VAHL or Arranger that require disclosure in the financial statements.

21 Charges

The Notes issued by the Series are secured by way of a charge over the collateral purchased by the respective Series and by an assignment of a fixed first charge of the Company's rights, title and interest under respective swap agreements for the Series. All of the financial assets designated at fair value through profit or loss on the Statement of financial position are held as collateral under each Series. The Charged Assets comprise of bonds, swap rights or credit derivative products all as more particularly specified in the relevant Supplemental Information Memorandum.

The Charged Assets comprise those financial assets and derivatives detailed in notes 12, 15 and 16 respectively. Further details on the profile of both are included in note 22.

22 Financial risk management*Introduction and overview*

The Company has Secured Notes issued to investors and entered into swap agreements with Swap Counterparty. The proceeds from the issue of the Notes have been used to purchase various collaterals as disclosed in note 12.

The net proceeds of each Series will be used by the Company to purchase the Collateral, pay for or enter into any Swap Agreement and in meeting certain expenses and fees payable in connection with the operations of the Company and the issue of the Notes as set out in the relevant Offering Circular Supplement relating to each Series.

The Company was set up as a segregated multi issuance SPV which ensures that if one Series defaults, the holders of that Series do not have the ability to reach other assets of the Company, resulting in the Company's bankruptcy and the default of the other Series of Notes. The segregation criteria include the following:

- the Company is a bankruptcy remote SPV, incorporated in Ireland;
- the Company issues separate Series of debt obligations;
- assets relating to any particular Series of debt securities are held separate and apart from the assets relating to any other Series;
- any swap transaction entered into by the Company for a Series is separate from any other swap transaction for any other Series;
- for each Series of debt securities, only the trustee is entitled to exercise remedies on behalf of the debt security holders; and
- each Series of issued debt securities is reviewed by a rating agency prior to issuance regardless of whether it is to be rated or not.

The Company is not engaged in any other activities.

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

22 Financial risk management (continued)

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities and derivatives held for risk management purposes are borne fully by the holders of debt securities issued.

The Company has exposure to the following risks from its use of financial instruments:

- (a) market risk;
- (b) credit risk; and
- (c) liquidity risk.

The prospectus provides detailed information to the Noteholders regarding their exposure to different risks as well as how such risks will be managed going forward until the maturity of Notes. The Board has responsibility to ensure compliance with the prospectus and execute different legal documents as the need arises.

The Company has entered into a number of Series in the Programme. Each Series is governed by a separate Prospectus and consists of an investment in collateral from the proceeds of the issuance of debt securities.

The Company has, in all of its Series, entered into Swap Agreements with J.P. Morgan Securities Plc. Refer to note 15 for a description of the different types of swaps entered into by the Company.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

(a) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Noteholders are exposed to the market risk of the assets portfolio.

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns on risk.

(i) *Interest rate risk*

Interest rate risk is the risk that the Company does not receive enough interest from the underlying investments to secure interest payments on the Notes. There may be a timing mismatch between payments of interest on the Notes and payments of interest on the financial assets and, in the case of floating rate financial assets, the rates at which they bear interest may adjust more or less frequently, and on different dates and based on different indices than the interest rate of the debt securities.

Interest rate swaps have been entered into, where necessary, to match the interest flows on the financial assets, financial liabilities and derivative financial instruments. The interest rate basis applicable to the financial assets and liabilities of each Series are detailed in notes 12 and 16.

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

22 Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Coupon income received on the financial asset is passed on to the Swap Counterparty, in exchange for the required payments to the relevant Noteholders, therefore the Company does not bear interest rate risk. At the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments was:

31-Dec-19	Floating rate	Fixed rate	Non-interest bearing	Total
	EUR	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	511,089	227,275,614	145,224,450	373,011,153
Derivative financial instruments	306,547,699	-	-	306,547,699
Other receivables	-	-	198,207	198,207
Cash and cash equivalents	26,168	-	-	26,168
Total Assets	307,084,956	227,275,614	145,422,657	679,783,227
Financial liabilities designated at fair value through profit or loss	(307,058,788)	-	(61,096,456)	(368,155,244)
Derivative financial instruments	-	(227,275,614)	(84,127,994)	(311,403,608)
Other payables	-	-	(95,361)	(95,361)
Total Liabilities	(307,058,788)	(227,275,614)	(145,319,811)	(679,654,213)
Net exposure	26,168	-	102,846	129,014
31-Dec-18				
Other receivables	-	-	269,554	269,554
Cash and cash equivalents	1,799	-	-	1,799
Total assets	1,799	-	269,554	271,353
Other payables	-	-	(108,431)	(108,431)
Total liabilities	-	-	(108,431)	(108,431)
Net exposure	1,799	-	161,123	162,922

Sensitivity analysis

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure tables above) at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates.

The Company does not bear any interest rate risk as the interest rate risk associated with the financial liabilities issued by the Company is neutralised by entering into swap agreements whereby the Swap Counterparty pays the Company amounts equal to the interest payable to the Noteholders in return for the interest earned by the Company on its collaterals. Where there is no swap in place, the coupon income is passed on to the Noteholders. Therefore, any change in the interest rates would not affect the equity or the profit or loss of the Company.

A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

22 Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis (continued)

If interest rates had been 100 basis points higher and all other variables were held constant, the coupon income on the financial assets would have increased by EUR 6,000 (2018: EUR Nil) and the interest expense on the financial liabilities would have increased by EUR 2,605,191 (2018: EUR Nil).

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company also mitigates its exposure to currency mainly by matching the foreign currency assets with foreign currency liabilities and in cases of any net exposure, the Company has derivative financial instruments in place. The Company is exposed to movement in exchange rates between the Euro, its functional currency, and certain foreign currencies, namely US Dollars (USD) and British Pound (GBP).

The Directors have managed the risk by entering into swap transactions and the impact of any fluctuations in the foreign currency rates will be passed onto the Swap Counterparty. The Company's exposure to foreign currency risk is as follows:

31-Dec-19	USD	GBP	Total
	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	1,472,861	2,331,738	3,804,599
Other receivables	123,615	-	123,615
Total assets	1,596,476	2,331,738	3,928,214
Other payables	(6,590)	(2,081)	(8,671)
Total liabilities	(6,590)	(2,081)	(8,671)
Gross exposure	1,589,886	2,329,657	3,919,543
31-Dec-18	USD	GBP	Total
	EUR	EUR	EUR
Other receivables	157,791	-	157,791
Total assets	157,791	-	157,791
Other payables	(15,536)	-	(15,536)
Total liabilities	(15,536)	-	(15,536)
Gross exposure	142,255	-	142,255

The impact of any change in the exchange rates on the investment securities relating to any Series is offset by the foreign exchange rate changes on the debt securities issued under the Series. Any difference is borne by the Swap Counterparty and thus the exchange rate changes have no net impact on the equity or the profit or loss of the Company.

The following significant exchange rates have been applied at the financial year end:

	Closing rate	
	31-Dec-19	31-Dec-18
USD: EUR	0.8919	0.8722
GBP: EUR	1.1825	1.1122

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**22 Financial risk management (continued)****(a) Market risk (continued)***(ii) Currency risk (continued)**Sensitivity analysis*

The impact of any change in exchange rates is borne by the Noteholders and/ or the Swap counterparty.

As at 31 December 2019, had the EUR strengthened against USD and GBP by 1% with all other variables held constant, the fair value of the financial assets would have decreased by EUR 38,046 (2018: EUR Nil).

As at 31 December 2019, all the Series were in EUR, therefore there was no currency risk in respect to fair value of the financial liabilities (2018: Nil).

This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

(ii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its Company or all factors affecting all instruments traded in the market.

Other price risks may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

The Company is exposed to price risk by investing in a portfolio of investments and is also exposed under swap agreements outlined in note 15. However, any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be borne by the Noteholders to the extent not borne by Swap Counterparty.

The price risk is managed by monitoring the market prices of the financial instruments.

*Investment securities**Secured Notes**Bonds*

Listed

Unlisted

	31-Dec-19	31-Dec-18
	Fair value %	Fair value %
	100	-
	-	-
	<u>100</u>	<u>-</u>

Sensitivity analysis

Any changes in the prices of the financial assets designated at fair value through profit or loss would not have any effect on the equity or net profit or loss of the Company as any fair value fluctuations in prices are ultimately borne by the Noteholders. As at 31 December 2019, exposure to price risk relates directly to the value of financial assets amounting to EUR 373,011,153 (2018: EUR Nil). Price risk is actively managed by investing in highly rated investments ensuring that we have priority of payment.

An increase of 10% in the market prices of the financial assets and financial instruments at the reporting date would result in an equivalent increase in the fair values of the Notes of EUR 37,301,115 (2018: EUR Nil). A decrease of 10% in the market prices of the financial assets and financial instruments at the reporting date would result in an equivalent decrease in the fair values of the Notes of EUR 36,815,524 (2018: EUR Nil).

(b) Credit risk

Credit risk is the risk of the financial loss to the Company if a Counterparty to a financial instrument fails to meet its contractual obligations. The Company's principal financial assets are cash and cash equivalents, other receivables and financial assets designated at fair value through profit or loss which represents the Company's maximum exposure to credit risk.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**22 Financial risk management (continued)****(b) Credit risk (continued)**

The Company limits its exposure to credit risk by only investing with counterparties that have a credit rating defined in the documentation of the relevant Series. The risk of default on these assets and on the underlying reference entities is borne by the Counterparty of the assets, the Swap Counterparty, or the holders of the debt securities of the relevant Series that the Company has in issue.

The Company invested in bonds for all Series as at 31 December 2019 (2018: Nil).

For all Series in place, the Notes value is dependent not only on the development of the return of the collaterals, but also on the creditworthiness of the issuer of the bonds. The Notes are secured and limited recourse obligations of the Company and as such will be secured solely by the charged assets.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 December 2019 and 31 December 2018 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of financial position.

	31-Dec-19	31-Dec-18
	EUR	EUR
<i>Secured Notes</i>		
Bonds	373,011,153	-
	<u>373,011,153</u>	<u>-</u>

Counterparty risk

With respect to derivative financial instruments, credit risk arises from the potential failure of the counterparty to meet their obligations under the contract or arrangement. The Company's maximum credit risk exposure to derivative instruments as at 31 December 2019 and 31 December 2018 is disclosed in note 15.

The debt securities issued in each Series are limited recourse to the assets in each particular Series and therefore the Noteholders are exposed to the credit risk of the Swap Counterparty and the issuers of the securities forming the portfolio of collateral of each Series.

The Company is exposed to the credit risk of the Swap Counterparty with respect to payments due under the Swaps. This risk is borne by the Noteholders who are subject to risk of defaults by the Swap Counterparty as well as to the risk of defaults by the reference obligations. J.P. Morgan Securities Plc is the counterparty on the swap transactions. The Directors are satisfied with the current exposure and monitor ratings of J.P. Morgan Securities Plc, as Swap Counterparty.

J.P. Morgan Securities Plc is the swap counterparty for the Series containing swap agreements and has the following ratings:

	Long term	Short term	Long term	Short term
	2019	2019	2018	2018
Standard & Poor's	A+	A-1	A+	A-1
Moody's	Aa3	P-1	Aa2	P-1
Fitch	AA	F1+	AA	F1+

Credit quality of financial assets**Cash and cash equivalents**

The Company held cash and cash equivalents of EUR 26,168 as at 31 December 2019 (2018: EUR 1,799) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with different banks and financial institutions.

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

22 Financial risk management (continued)

(b) Credit risk (continued)

Credit quality of financial assets (continued)

Cash and cash equivalents (continued)

During the year, 12% of the cash balances are held with The Bank of New York Mellon (2018: 100%) which has the following ratings:

	Long term 2019	Short term 2019	Long term 2018	Short term 2018
Standard & Poor's	AA-	A-1+	AA-	A-1+
Moody's	Aa1	P-1	Aa1	P-1
Fitch	AA+	F1+	AA+	F1+

The Company is exposed to the credit risk of The Bank of New York Mellon (the "Custodian") with respect to the financial assets held. This risk is borne by the Noteholders who are subject to risk of defaults by the Custodian. The ratings of the Custodian are disclosed above.

During the year, 88% of the cash balances are held with Barclays Bank Ireland Plc (2018: 0%) which has the following ratings:

	Long term 2019	Short term 2019
Standard & Poor's	A	A-1
Moody's	A1	P-1
Fitch	A+	F1

Financial assets

The credit quality of investment securities that are neither past due nor impaired can be assessed to external credit ratings from rating agency (S&P). At the reporting date, the rating analysis of the investment securities was as follows:

	31-Dec-19 Fair value %	31-Dec-18 Fair value %
<i>Secured Notes</i>		
A+	1	-
A	1	-
BBB+	3	-
BBB	3	-
Aau	1	-
NR	91	-
	<u>100</u>	<u>-</u>

The Company has also appointed the Custodian to monitor the performance of the non-rated investment securities by keeping track of their interest flows and changes in market value.

There were no credit events during the financial year.

Impairment review

IFRS 9 requires an expected credit loss assessment to be carried out on its financial assets carried at amortised cost. Impairment does not apply to financial assets classified as fair value through profit or loss. As at 31 December 2019, cash and cash equivalents and other receivables are held with counterparties with credit rating disclosed above and are due to be settled within 12 months of the reporting date. The Board considers the probability of default to be close to zero, as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised in the financial statements for the year ended 31 December 2019, based on 12-month expected credit losses. As such, any impairment would be wholly insignificant to the Company. There was no impairment recognised in the financial statements for the year ended 31 December 2019 and 31 December 2018.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**22 Financial risk management (continued)****(b) Credit risk (continued)***Concentration risk*

At the reporting date, the Company's financial assets designated at fair value through profit or loss were concentrated in the following asset types and geographical locations:

By industry	31-Dec-19	31-Dec-18
Types of collaterals	%	%
<i>Secured Notes</i>		
Government	92	-
Financial	7	-
Bank	1	-
	<u>100</u>	<u>-</u>
By Geographical location	31-Dec-19	31-Dec-18
Country of origin	%	%
<i>Secured Notes</i>		
Spain	71	-
Germany	19	-
France	6	-
Italy	4	-
	<u>100</u>	<u>-</u>

Other receivables

Other receivables mainly include prepaid expenses and other receivables as at 31 December 2019.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset and thus, the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders is limited to the net proceeds upon realisation of the collateral of the Series and should the net proceeds be insufficient to make all payments due in respect of a particular Series of Notes, the other assets of the Company are not contractually required to be made available to meet payment and the deficit is instead borne by the Noteholders and the Swap Counterparty according to the priority of payments mentioned in the agreements.

The timing and amounts from realising the collateral of each Series is subject to market conditions. There were no liquidity issues experienced by the Company or the Swap Counterparty in respect to meeting obligations to Noteholders or to Swap Counterparty. The Company and/ or the Swap Counterparty did not default on any of its contractual commitments during the financial year.

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

22 Financial risk management (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial assets and liabilities including undiscounted interest payments and excluding the impact of netting agreements:

31-Dec-19	Carrying amount	Gross contractual cash flows	Less than one year	Between one to five years	More than five years
	EUR	EUR	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	373,011,153	500,755,300	11,166,928	49,345,605	440,242,767
Other receivables	198,207	198,207	198,207	-	-
Cash and cash equivalents	26,168	26,168	26,168	-	-
Financial liabilities designated at fair value through profit or loss	(368,155,244)	(355,912,706)	(7,073,483)	(34,298,547)	(314,540,676)
Derivative financial liabilities	(4,855,909)	(144,842,594)	(4,222,459)	(15,047,058)	(125,573,077)
Other payables	(95,361)	(95,361)	(95,361)	-	-
	<u>129,014</u>	<u>129,014</u>	<u>-</u>	<u>-</u>	<u>129,014</u>
31-Dec-18	Carrying amount	Gross contractual cash flows	Less than one year	Between one to five years	More than five years
	EUR	EUR	EUR	EUR	EUR
Other receivables	269,554	269,554	269,554	-	-
Cash and cash equivalents	1,799	1,799	1,799	-	-
Other payables	(108,431)	(108,431)	(108,431)	-	-
Net amount	<u>162,922</u>	<u>162,922</u>	<u>162,922</u>	<u>-</u>	<u>-</u>

The derivatives have been entered into to hedge the liquidity exposure on a series by series basis. The above table reflects derivative liability cash flows as being the cash flows required to ensure that the contractual undiscounted cash flows arising on the Company's assets match the undiscounted cash flows arising on the Company's liabilities.

(d) Fair values

The fair value of a financial asset and financial liability is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced sale or liquidation.

The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

The Company's financial instruments carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Notes to the financial statements (continued) For the financial year ended 31 December 2019

22 Financial risk management (continued)

(d) Fair values (continued)

Refer to accounting policy in note 5 for more details on how the different classes of Notes are valued.

	31-Dec-19			
	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	-	373,011,153	-	373,011,153
Financial liabilities designated at fair value through profit or loss	-	(368,155,244)	-	(368,155,244)
Derivative financial liabilities	-	(4,855,909)	-	(4,855,909)
	-	-	-	-
	31-Dec-18			
	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Derivative financial liabilities	-	-	-	-
	-	-	-	-

Although the Directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc. and therefore, cannot be determined with precision.

Assets and liabilities not carried at fair value but for which fair value is disclosed

	Carrying value	Fair Value	Carrying value	Fair Value
	31-Dec-19	31-Dec-19	31-Dec-18	31-Dec-18
	EUR	EUR	EUR	EUR
<i>At amortised cost</i>				
<i>Financial assets</i>				
Cash and cash equivalents	26,168	26,168	1,799	1,799
Other receivables	198,207	198,207	269,554	269,554
<i>Financial liabilities</i>				
Other payables	(95,361)	(95,361)	(108,431)	(108,431)
	129,014	129,014	162,922	162,922

The carrying amounts of financial assets and financial liabilities not measured at fair values recognised in the financial statements approximate their fair values as these are considered short term in nature and are not considered to be realised or settled at values different from their carrying amounts.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2019**22 Financial risk management (continued)****(e) Profile of series of debt securities issued by the Company:**

The following are the broad categories as at 31 December 2019:

Type of transaction	No of Series	%	Financial liabilities EUR	%	Financial assets EUR
Secured Notes	4	100	368,155,244	100	373,011,153
	4	100	368,155,244	100	373,011,153

The following are the broad categories as at 31 December 2018:

Type of transaction	No of Series	%	Financial liabilities EUR	%	Financial assets EUR
Secured Notes	-	-	-	-	-
	-	-	-	-	-

23 Capital management

The Company views the share capital as its capital. The Company is a special purpose vehicle set up to issue debt for the purpose of making investments as defined under the programme memorandum and in each of the Supplemental Information Memorandum. Share capital of EUR 3 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

24 Subsequent events*(i) Partial Unwind*

Subsequent to the financial year end, there was a partial unwind for the following Series:

Series	Description	Maturity Date	CCY
15	Series 15 Secured Notes	31-Dec-55	EUR

*(ii) Credit events***Novel Coronavirus COVID-19 Global Pandemic**

The Directors continue to assess the potential impact of the COVID-19 Global Pandemic on the Company. While the pandemic is developing too quickly to allow for definitive conclusions, the Directors currently believe that any impact on the operations of the Company is likely to be limited as:

- the Notes issued by the Company are limited recourse, and hence any losses suffered on the purchased trade receivables will ultimately be borne by the Noteholders; and
- both the Administrator and the Arranger have extensive business continuity plans, and should still be able to provide services to the Company in the event of a prolonged pandemic.

There are no events as at date of approval of the financial statements that require disclosure.

25 Approval of financial statements

The Board of Directors approved these financial statements on 19 October 2020.