

Corsair Finance (Ireland) No.2 Designated Activity Company

Directors' report and audited financial statements

For the financial year ended 31 December 2021

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)	
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	J.P. Morgan Securities Public Limited Company 125 London Wall London EC2Y 5AJ United Kingdom	
Swap Counterparty	J.P. Morgan SE (formerly known as J.P Morgan AG) TaunusTurm Taunustor 1 60310 Frankfurt am Main Germany	
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	Deloitte Ireland LLP <i>(Appointed on 10 November 2022)</i> Chartered Accountants, Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland	KPMG <i>(Resigned on 03 August 2022)</i> 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 2021.

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 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 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. 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. 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 (Series 14, 15, 16, 17, 19 and 21), asset swap (Series 17), delta hedge swap (Series 17) and swaption (Series 17) with the Swap Counterparty for the relevant Series.

Details of the Notes issued for each Series 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 derivative contracts 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.

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

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

Among the series of notes outstanding at year end, Series 19 and 21 are both listed on the Vienna MTF stock exchange. Subsequent to year end, the Company has issued four series of Notes namely series 22, 23, 28 and 29 which are also listed on the Vienna MTF stock exchange. Post year end, the Company has also entered into a deed of substitution with Corsair Finance (Ireland) DAC and was appointed as the Substituted Issuer to a series of Notes namely series 25, 26, 27 and 30 which are listed on the Global Exchange Market of Euronext Dublin. It is noted that series 31, 33 and 32 are not listed on any market. Subsequent to year end, the Company has issued two series of Notes namely series 34 which is also listed on the Vienna MTF stock exchange and series 35 which is listed on the Bermuda Stock Exchange.

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 19,362,899 (2020: EUR 25,647,721)
- the Company's net loss on financial assets amounted to EUR 24,797,858 (2020: gain of EUR 40,491,338)
- the Company's net gain on derivative financial instruments amounted to EUR 44,160,757 (2020: net loss of EUR 14,843,617);
- the Company earned coupon income on financial assets designated at fair value through profit or loss amounting to EUR 5,525,781 (2020: EUR 6,569,197);
- the net assets of the Company was EUR 3,229 (2020: EUR 2,833);
- the following Series of Notes were partially redeemed:

Series	Description	Maturity Date	CCY	Nominal
14	Secured Note	31-Oct-64	EUR	1,575,289
15	Secured Note	31-Dec-55	EUR	1,727,763
16	Secured Note	31-Dec-55	EUR	1,647,283
19	Secured Note	24-May-28	EUR	1,800,000

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

During the financial year: (continued)

- the following Series of Notes were issued:

Series	Description	Maturity Date	CCY	Nominal
19	Secured Note	24-May-28	EUR	40,000,000
21	Secured Note	15-Sep-32	EUR	20,000,000

As at 31 December 2021:

- the Company made a profit before tax of EUR 396 (2020: EUR Nil);
- the carrying value of the Company's total Notes issued was EUR 436,374,636 (2020: EUR 373,229,714);
- the Company had the following Series of Notes in issue:

Series	Description	Maturity Date	CCY	Nominal
14	Secured Note	31-Oct-64	EUR	55,493,574
15	Secured Note	31-Dec-55	EUR	100,272,237
16	Secured Note	31-Dec-55	EUR	96,978,286
17	Secured Note	08-Aug-24	EUR	61,951,500
19	Secured Note	24-May-28	EUR	38,200,000
21	Secured Note	15-Sep-32	EUR	20,000,000

- the investments that the Company has in respect of each Series are included in note 12; and
- The prices of the government bonds held as underlying collateral by the Company has generally increased during the year ended 31 December 2021 and this is due to the market forces.

Credit events

No credit events affected the Company during the financial year and/or since the financial year end (2020: 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. Post year end, thirteen series namely series 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35 have already been issued. Refer to note 25 for more details.

Going concern

The Company's financial statements for the financial year ended 31 December 2021 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 2021 have maturities ranging between the financial years 2024 to 2064. For these reasons, the Directors believe that the going concern basis is appropriate.

Business risks and principal uncertainties

The Directors have considered the impact of COVID-19 on the going concern assumption of the Company. The structure of the Company's debt securities issued mitigates the impact of the pandemic on the Company as the debt securities issued by the Company are limited recourse, and hence any losses suffered on the underlying securities will ultimately be borne by the noteholders. Both the Vistra Alternative Investments (Ireland) Limited ("VAIIL" or the "Administrator") and Arranger have extensive business continuity plans, and should still be able to provide services to the Company in the event of a prolonged pandemic. 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. A high-level analysis was made on the liquidity and performance of the Company. The Company continues to receive interest cashflows from the underlying securities, to make payments to holders of debt securities issued (as per the repayment schedule) and to meet its operational costs. No significant variation was noted on the valuation of the underlying securities.

The result of COVID-19 on the critical judgements and sources of estimation uncertainty has been outlined in note 2 of the financial statements.

The Company does not foresee any change to its structure or business strategy as the Directors have concluded that the impact of the COVID-19 does not represent a material uncertainty in relation to the Company's ability to continue as a going concern as at the date of issuance of these financial statements.

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

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Directors' report (continued)

Results and dividends for the financial year

The results for the financial year are set out on page 12. The Directors do not recommend the payment of a dividend for the financial year (2020: Nil).

Directors, secretary and their interests

None of the Directors and secretary who held office on 1 January 2021 and 31 December 2021 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 (the "Act"), at any time during the financial year. Except for the Administration agreement entered into by the Company with VAAIL, 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.

The Directors of the Company, as employees of the Administrator, had an interest in the administrative fees.

There were no other changes in directors, secretary and registered office 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 VAAIL, a reputable corporate services provider.

Audit committee

The Board, having given due consideration to Section 167(1) and Section 167(3) of the Act as amended and noting the contractual obligations of the Administrator and the limited recourse nature of the notes issued by the Company, and has concluded that there is currently no need for the Company to have an 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 auditor.

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 engaging VAAIL as the Company's corporate services provider who employs 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 2021.

Subsequent events

Subsequent events have been disclosed in note 25 to the financial statements.

Independent auditor

KPMG Chartered Accountants, Statutory Audit Firm, resigned as auditors on 03 August 2022. On 10 November 2022, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, were appointed as auditor in accordance with Sections 383(2) of the Act for the financial year.

Each Director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors is unaware; and
- the Directors have taken all steps that they ought to have taken as directors in order to make himself/ herself aware of any relevant audit information and to ensure that the Company's auditor is aware of this information.

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
Directors' report (continued)


Directors' compliance statement

The Directors confirm that:

- they acknowledge that they are responsible for securing the Company's compliance with its relevant obligations and have, to the best of their knowledge, complied with its relevant obligations as defined in section 225 of the Act;
- they have drawn up a compliance policy statement setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
- relevant arrangements and structures have been put in place that provide a reasonable assurance of compliance in all material respects by the Company with its relevant obligations, which arrangements and structures may, if the Directors so decide, include reliance on the advice of one or more than one person employed by the Company or retained by it under a contract for services, being a person who appears to the Directors to have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations; and
- the arrangements and structures in place, have been reviewed during the financial year.

On behalf of the Board

DocuSigned by:

589B84C42AA2430...
Conor Clancy
Director

DocuSigned by:

FAB12D731F8A44C...
Eimh McCrath
Director

Date: 24 March 2023

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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 and applicable law.

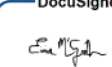
Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the Directors are 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:

589B84C42AA2430...
Conor Clancy
Director

DocuSigned by:

EAB12D731F8A44C...
Eimir McGrath
Director

Date: 24 March 2023

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 on the financial statements of Corsair Finance (Ireland) No. 2 Designated Activity Company (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2021 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flow; and
- the related notes 1 to 26, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

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 described below 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 the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, 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.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"><i>The valuation of financial assets designated at fair value through profit or loss and derivative financial instruments.</i>
Materiality	The materiality that we used in the current year was 2% of financial liabilities designated at fair value through profit or loss and financial liabilities at amortised cost.
Scoping	We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined.
Significant changes in our approach	This was the first year of audit for Deloitte as such there was no changes.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- As part of our risk assessment procedures, obtaining an understanding of the director's process for determining the appropriateness of the going concern basis of accounting;
- Holding discussions with management on the directors' going concern assessment, including understanding the impact of Covid 19, market activity and other external factors;
- Challenging the directors' conclusions on the going concern basis of accounting by assessing:
 - the current year financial performance and the year-end financial position of the company;
 - the limited recourse nature of the company's financial liabilities, and the operation of the priorities of payment during the financial year;
 - the redemption clauses applicable to the financial liabilities; and
- Evaluating the adequacy of the relevant disclosures made in the financial statements.

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

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

Key Audit Matters

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

Valuation of financial assets designated at fair value through profit or loss and derivative financial instruments

Key audit matter description



The valuation of financial assets and derivative financial instruments is considered a key audit matter as it comprises the most significant numbers on the Statement of Financial Position. The valuation is also a key contributor to the financial performance and has been identified as a significant risk of material misstatement, the risk being that they may not be valued correctly in accordance with IFRS 13. This is applicable both from the perspective of the valuation of these financial assets and derivative financial instruments in the Statement of Financial Position and the movement in fair value that is reported in the Statement of Comprehensive Income.

Refer also to note 3, 12 & 15 in the financial statements.

How the scope of our audit responded to the key audit matter



We obtained an understanding and assessed the design and implementation of the key controls that have been implemented over the valuation process for financial assets and derivative financial instruments designated at fair value through profit or loss.

We challenged whether the valuation policy adopted for the financial assets is in line with IFRS 13, and accessed the suitability of the prices determined by management by validating against our own independent valuation sources.

Based on the evidence obtained, we found that the valuations used by management are within a range we consider to be reasonable.

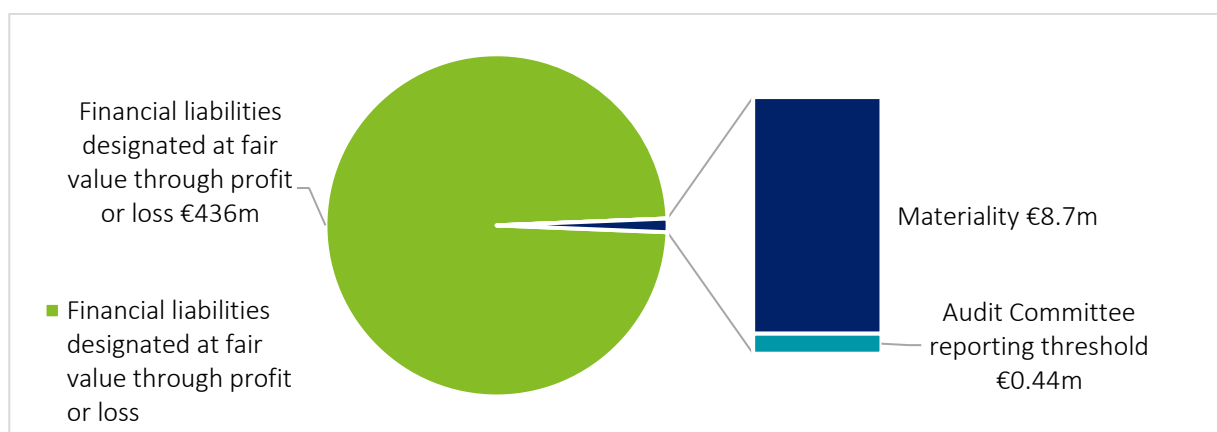
We challenged whether the valuation policy adopted for the derivative financial instruments is in line with IFRS 13 and considered the appropriateness of the management assumptions and estimates. A sample of derivative financial instruments in place as at 31 December 2021 were tested through the use of our valuation specialists. The valuation specialists assessed the methodology and assumptions used by management. They also challenged the valuation of the derivative through independent valuation. This value was compared to the valuation derived by J.P. Morgan Securities Plc. We observed the results were within a reasonable range.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the to be €8,727,493 which is approximately 2% of Financial liabilities designated at fair value through profit or loss. We have considered the Financial liabilities designated at fair value through profit or loss to be the critical component for determining materiality because the main objective of the company is to provide investors with a long term risk adjusted return. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the company, reliability of control environment.



We agreed with the Audit Committee that we would report to them any audit differences in excess of 5% of materiality as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit is a risk based approach taking into account the structure of the company, types of financial instruments, the involvement of the third party service providers, the accounting processes and controls in place, and the industry in which the company operates.

We have conducted our audit based on the books and records maintained by the corporate administrator, Vistra Alternative Investments (Ireland) Limited. We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The other information comprises the information included in the Directors' Report and Audited Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for> . This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- 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.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement required by the Companies Act 2014

We report, in relation to information given in the Corporate Governance Statement on pages 5 to 6 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and [(d)] of section 1373 Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Other matters which we are required to address

Following the recommendation of the Board we were appointed by the Board on the 10th of November 2022 to audit the financial statements for the financial period ended 31 December 2021 and subsequent years. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 years, covering the financial year end 31 December 2021.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Use of our report

This 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.



Niamh Geraghty

Partner

For and on behalf of Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm

Deloitte & Touche House, Earlsfort Terrace, Dublin 2

24 March 2023

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**Statement of comprehensive income
For the financial year ended 31 December 2021**

	Notes	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Net (loss)/ gain on financial assets designated at fair value through profit or loss	6	(24,797,858)	40,491,338
Net loss on financial liabilities designated at fair value through profit or loss	7	(19,362,899)	(25,647,721)
Net gain/ (loss) on derivative financial instruments	8	44,160,757	(14,843,617)
Other operating result		-	-
Other income	9	134,145	116,330
Other expenses	10	(133,617)	(116,330)
Profit before tax		528	-
Taxation	11	(132)	-
Net profit for the financial year		396	-
Other comprehensive income		-	-
Total comprehensive income for the financial year		396	-

The notes on pages 16 to 41 form an integral part of the financial statements.

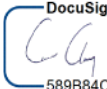
Corsair Finance (Ireland) No.2 Designated Activity Company

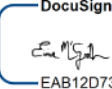
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**Statement of financial position
As at 31 December 2021**

	Notes	31-Dec-21 EUR	31-Dec-20 EUR
Assets			
Cash and cash equivalents	13	131,603	20,173
Other receivables	14	242,831	186,120
Financial assets designated at fair value through profit or loss	12	400,413,475	372,144,905
Derivative financial assets	15	52,335,949	30,986,388
Total assets		<u>453,123,859</u>	<u>403,337,586</u>
Liabilities and equity			
Liabilities			
Derivative financial liabilities	15	16,374,789	29,901,579
Financial liabilities designated at fair value through profit or loss	16	436,374,636	373,229,714
Other payables	17	371,073	203,460
Corporation tax payable		132	-
Total liabilities		<u>453,120,630</u>	<u>403,334,753</u>
Equity			
Called up share capital presented as equity	18	3	3
Retained earnings		3,226	2,830
Total equity		<u>3,229</u>	<u>2,833</u>
Total liabilities and equity		<u>453,123,859</u>	<u>403,337,586</u>

On behalf of the Board

DocuSigned by:

 589B84C42AA2430...
Conor Clancy
 Director

DocuSigned by:

 EAB12D731F8A44C...
Eimir McGrath
 Director

Date: 24 March 2023

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**Statement of changes in equity
For the financial year ended 31 December 2021**

	Share capital	Retained	Total equity
	EUR	earnings	EUR
	EUR	EUR	EUR
Balance as at 1 January 2020	3	2,830	2,833
<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 2020	3	2,830	2,833
Balance as at 1 January 2021	3	2,830	2,833
<i>Total comprehensive income for the financial year</i>			
Net profit or loss	-	396	396
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	396	396
Balance as at 31 December 2021	3	3,226	3,229

The notes on pages 16 to 41 form an integral part of the financial statements.

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Statement of cash flows

For the financial year ended 31 December 2021

	Notes	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Cash flows from operating activities			
Profit on ordinary activities before taxation		528	-
<i>Adjustments for:</i>			
Coupon income on financial assets designated at fair value through profit or loss	6	(5,525,781)	(6,569,197)
Interest expense on financial liabilities designated at fair value through profit or loss	7	1,976,725	2,907,196
Net derivative interest expense	8	3,549,056	3,662,001
Net loss/ (gain) on financial assets designated at fair value through profit or loss	6	30,323,639	(33,922,141)
Net loss on financial liabilities designated at fair value through profit or loss	7	17,386,174	22,740,525
Net (gain)/ loss on derivative financial instruments	8	(47,709,813)	11,181,616
<i>Movements in working capital</i>			
Decrease in other receivables		(56,711)	12,087
Decrease in other payables		167,604	(18,082)
Net cash (used in)/ generated from operating activities		111,421	(5,995)
Cash flows from investing activities			
Receipts from Swap Counterparty		50,081,288	4,114,302
Payments to Swap Counterparty		(34,768,689)	(21,236,636)
Derivative interest paid		(3,549,056)	(3,662,001)
Acquisitions of financial assets designated at fair value through profit or loss	12	(167,708,276)	(28,537,100)
Disposal of financial assets designated at fair value through profit or loss	12	109,116,067	63,325,489
Coupon income received on financial assets designated at fair value through profit or loss		5,525,781	6,569,197
Net cash generated from/ (used in) investing activities		(41,302,885)	20,573,251
Cash flows from financing activities			
Issue of financial liabilities designated at fair value through profit or loss	16	59,925,000	-
Redemption and Unwind of financial liabilities designated at fair value through profit or loss	16	(16,645,381)	(17,666,055)
Interest paid on financial liabilities designated at fair value through profit or loss		(1,976,725)	(2,907,196)
Net cash generated/(used in) from financing activities		41,302,894	(20,573,251)
Increase/ (decrease) in cash and cash equivalents		111,430	(5,995)
Cash and cash equivalents at start of the financial year		20,173	26,168
Cash and cash equivalents at end of the financial year	13	131,603	20,173

The notes on pages 16 to 41 form an integral part of the financial statements.

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Notes to the financial statements**For the financial year ended 31 December 2021****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 registered address of the Company is Block A, George's Quay, Dublin 2, Ireland.

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. 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 (Series 14, 15, 16, 17, 19 and 21), asset swap (Series 17), delta hedge swap (Series 17) and swaption (Series 17) with the Swap Counterparty for the relevant Series.

Details of the Notes issued for each Series 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.

Among the series of notes outstanding at year end, Series 19 and 21 are both listed on the Vienna MTF stock exchange. Subsequent to year end, the Company has issued three series of Notes namely series 22, 23 and 28 which are also listed on the Vienna MTF stock exchange. Also, the Company has entered into a deed of substitution with Corsair Finance (Ireland) DAC and was appointed as the Substituted Issuer to a series of Notes namely 25, 26 and 27 which are listed on the Global Exchange Market of Euronext Dublin.

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 2021, the comparative information presented in these financial statements is for financial year ended 31 December 2020.

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 principal uncertainties section of the Directors' report. The structure of the Company's debt securities issued mitigates any impact on the Company as the debt securities issued by the Company are limited recourse, and hence any losses suffered on the underlying securities will ultimately be borne by the noteholders. The Noteholders 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. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future that is at least 12 months from the date of approval of these financial statements. 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 (continued)
For the financial year ended 31 December 2021****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 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;
- 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.

Critical accounting judgements in applying the Company's accounting policies

The key accounting estimate made within these financial statements is the determination of fair value for the financial assets and liabilities held at fair value through profit or loss. Please see further information on determination of fair values below:

Significant judgments

The following are the critical judgments that the Directors have made in the process of applying the Company's accounting policies in these financial statements;

Designating financial assets purchased at fair value through profit or loss

Note 3(g) to the financial statements describes that the Directors have designated the financial assets purchased at fair value through profit or loss. In making their judgement, the Directors have considered the requirements of IFRS 9 Financial Instruments: Recognition and Measurement. Directors consider that such designation will significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Determining of fair value of financial liabilities designated at fair value through profit or loss

Because of the limited recourse nature of the Notes, the fair value of financial liabilities issued by the Company is determined by reference to the value of the underlying collateral and the fair value of derivative financial instruments. Any future change in the value of the underlying collateral and derivative financial instruments will have an equal but opposite impact on the fair value of debt securities. Please refer to note 3(g) for more details.

The financial liabilities are initially measured at fair value and are designated as liabilities at fair value through profit or loss if one or more conditions described under note 3(g) are met. Due to the fact that the financial liabilities contain an embedded derivative, the Directors have designated the financial liabilities at fair value through profit of loss.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. In applying the variety of the valuation models, the Company makes assumptions that are mainly based on market conditions existing at the end of each reporting period, some of which are indirectly observable from market.

Fair value of derivative financial instruments is obtained from the Swap Counterparty which uses its proprietary valuation model that takes into account the notional amount, maturity date and any early redemption clause.

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****2 Basis of preparation (continued)****(d) Use of estimates and judgements*****Significant judgments (continued)******COVID-19***

The Company expects fluctuation in the valuation of its financial instruments.

The financial liabilities issued are limited in recourse to the swap agreements and to the underlying financial assets held pursuant to the Series. Following termination of the swap agreements and its enforcement against the counterparty and the enforcement of the custody agreements against the custodian, there will be no other assets of the Company available to meet any outstanding claims of the Noteholders. Net interest income and expense on the derivative financial instruments and investment securities are passed on to Noteholders and structured so that interest income and expense are always equally offset.

During the financial year ended 31 December 2021, the Company received coupon interest from its financial assets in accordance with the scheduled interest payment dates and was also able to meet its obligation towards the Noteholders in guise of interest expense. Post year end cash flows have also been analysed and it was noted that the Company has continued to meet its obligations as they fall due.

The Directors have made the judgement and concluded that COVID-19 does not represent a material uncertainty in relation to the Company's ability to continue as going concern through the date of issuance of these financial statements. Therefore, the Directors believe that the going concern basis is appropriate for the preparation of the accounts.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of fair value of financial assets designated at fair value through profit or loss

The fair value of these financial assets is determined by relying on the prices available on Bloomberg. As such, there were no transactions that would give rise to accounting estimates since all the inputs for the prices of the underlying collaterals have been derived from the Bloomberg platform. Bloomberg's Evaluated Pricing service supplies independent and transparent evaluated pricing daily for many securities. The prices derived from Bloomberg are quoted market prices in an active market. For these bonds, the financial assets have been classified under level 1. For those financial assets designated at fair value through profit or loss that constitute bonds that are actively traded on a secondary market have been classified as level 2.

Determination of fair value of derivatives

The Swap Counterparty provides the fair value of the derivatives. The fair value of the derivatives are calculated by the team in PricingDirect. The PricingDirect team has established a valuation process supported by professional evaluators. The evaluators track the market by interacting with various market participants to capture information for traded and quoted securities on a daily basis. The PricingDirect team rely on multiple sources including internal sources like the JP Morgan trading desks and external sources like publicly available information and other market participants. The inputs are processed by the PricingDirect internal system to generate the valuations of the derivatives based on recognised valuation models. The system and controls of PricingDirect are audited by an independent service auditor. The Directors believed that they can therefore rely on the Swap Counterparty to provide the valuations of the derivative financial instruments.

Determination of fair value of financial liabilities designated at fair value through profit or loss

Because of the limited recourse nature of the Notes, the fair value of financial liabilities issued by the Company is determined by reference to the fair value of the investment securities and derivative financial instruments. Any future change in the fair value of the investment securities and derivative financial instruments will have an equal but opposite impact on the fair value of debt securities.

Determination of inputs

The determination of what constitutes an active market and what inputs are "observable" requires judgements by the Directors. Such judgement can have impact on fair value levelling of financial assets and liabilities disclosed in Note 22.

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****2 Basis of preparation (continued)****(e) New standards and interpretations**

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

(i) New standards, amendments and interpretations issued effective as of 1 January 2021:

Description	Effective date*
Amended by Covid-19-Related Rent Concessions (Amendment to IFRS 16)	01 April 2021
Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9	1 January 2021

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*
Amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 June 2020**
Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	1 January 2022*
Amendments to IFRS 3 Business Combinations	1 January 2022*
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use	1 January 2022*
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022*
IFRS 17: Insurance contracts	1 January 2023*
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	1 January 2023**
Amendments to IAS 12 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2023**
IAS 1 Presentation of Financial Statements: Amendments regarding the classification of liabilities	1 January 2023**
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023**
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023**
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	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 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 (loss)/ gain on financial assets designated at fair value through profit or loss**

Net (loss)/ 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 financial liabilities issued relates to financial liabilities and includes all realised and unrealised fair value changes and interest payments. Any gains and losses arising from changes in fair value of the financial liabilities are recorded in the Statement of comprehensive income. Details of recognition and measurement of financial liabilities are disclosed in the accounting policy of financial instruments (note 3 (g)).

(c) Net gain/ (loss) on derivative financial instruments

Net gain/ (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 2021****3 Significant accounting policies (continued)****(d) Other income and expenses**

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

(e) Taxation

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. The Company does not have any deferred tax.

(f) Cash and cash equivalents

Cash and cash equivalents include cash held at banks, 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.

Based on business model assessment under IFRS 9, 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**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 assets designated at fair value through profit or loss

The financial assets include an investment portfolio of fixed income, floating and zero coupon securities. The assessment of classification of financial assets is described as below:

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 interest 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;

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****3 Significant accounting policies(continued)****(g) Financial instruments (continued)***Financial assets designated at fair value through profit or loss (continued)**Business model assessment (continued)*

- 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.

Assessment whether contractual cash flows are solely payment of principal and interest ("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.

Based on the business model assessment and SPPI assessment, the Directors conclude that financial assets are held within the business model of "held to collect contractual cash flows and sell" and should be classified as "fair value through other comprehensive income" in accordance with the guidance in IFRS 9. On initial recognition, the Company may irrevocably designate a financial instrument at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. In determining whether changes in fair value should be accounted for through Other Comprehensive Income or Profit or Loss, the Company has concluded that accounting for fair value changes through Other Comprehensive Income would lead to split presentation of changes in fair value and would create an accounting mismatch between financial assets and financial liabilities given that financial liabilities are classified as FVTPL. Therefore, all fair value changes in financial assets are presented through profit or loss and accordingly the financial assets have been designated at FVTPL.

Financial liabilities designated at fair value through profit or loss

As per IFRS 9, financial liabilities are classified and measured at amortised cost or fair value through profit or loss ("FVTPL"). A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Company's financial liabilities are not held for trading and are not derivative instruments, hence these should be classified as measured at amortised cost. However, on initial recognition, the Company may irrevocably designate a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Since the financial assets and derivative financial instruments are classified as FVTPL, the Company has concluded that classifying financial liabilities as measured at amortised cost would lead to split presentation of changes in fair value and would create an accounting mismatch. Therefore, all fair value changes in financial liabilities are presented through profit or loss and accordingly the financial liabilities have been designated at FVTPL.

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 assets and derivatives are 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. The fair value of the financial liabilities on the other hand is derived from the fair values of the financial assets and derivative financial instruments because of its limited recourse nature.

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.

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****3 Significant accounting policies(continued)****(g) Financial instruments (continued)***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. No dividend has been paid during the year under review (2020: EUR Nil).

(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 Operating segment

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, VAAIL.

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 453,123,859 (2020: EUR 403,337,586) and total liabilities of EUR 453,120,630 (2020: EUR 403,334,753). The segment also generated a profit before taxation of EUR 528 (2020: EUR Nil).

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

By Geographical location	31-Dec-21	31-Dec-20
Country of origin	EUR	EUR
Spain	4,122,429	4,652,608
Germany	63,722	1,141,883
Italy	443,969	466,200
London	168,067	163,861
France	724,581	136,050
Cayman Island	3,013	8,595
	5,525,781	6,569,197

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.

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Notes to the financial statements (continued) For the financial year ended 31 December 2021

5 Determination of fair values (continued)

Fair value measurement principles (continued)

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.

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 instrument has been detailed in note 2(d) and note 22.

The following methodologies have been applied in determining the fair values of each financial instrument:

Financial assets - The methodology applied to fair value the investments is to use the values from Bloomberg Generic Prices (BGN). The BGN is Bloomberg's market consensus price for corporate and government bonds.

Financial liabilities - 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.

Derivative financial instruments - The fair value of the derivatives has been calculated and provided by the team in PricingDirect Inc. ("PricingDirect"), a subsidiary of JP Morgan Chase & Co. The PricingDirect team has established a valuation process supported by professional Evaluators (the "Evaluators"). The Evaluators track the market by interacting with various market participants to capture information for traded and quoted securities on a daily basis. The PricingDirect team rely on multiple sources including internal sources like the JP Morgan trading desks and external sources like publicly available information and other market participants. The inputs are processed by the PricingDirect internal system to generate the valuations of the derivatives based on recognised valuation models. The Directors believed that they can therefore rely on the J.P. Morgan SE (formerly known as J.P Morgan AG) to provide the valuations of the derivative financial instruments.

Details of Secured Notes is included in note 16.

6 Net (loss)/ gain on financial assets designated at fair value through profit or loss	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Net (loss)/ gain on financial assets designated at fair value through profit or loss	(24,797,858)	40,491,338
Analysed as follows:		
Coupon receipts	5,525,781	6,569,197
Net fair value (loss)/ gain on financial assets designated at fair value through profit or loss	(30,323,639)	33,922,141
	(24,797,858)	40,491,338
7 Net loss on financial liabilities designated at fair value through profit or loss	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Net loss on financial liabilities designated at fair value through profit or loss	(19,362,899)	(25,647,721)
Analysed as follows:		
Coupon expense	(1,976,725)	(2,907,196)
Net fair value loss on financial liabilities designated at fair value through profit or loss	(17,386,174)	(22,740,525)
	(19,362,899)	(25,647,721)
8 Net gain/ (loss) on derivative financial instruments	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Net gain/ (loss) on derivative financial instruments	44,160,757	(14,843,617)
Analysed as follows:		
Net swap payments	(3,549,056)	(3,662,001)
Net fair value gain/(loss) on financial instruments	47,709,813	(11,181,616)
	44,160,757	(14,843,617)

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Notes to the financial statements (continued)

For the financial year ended 31 December 2021

9 Other income	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Other income	133,328	116,330
Corporate benefit	528	-
Foreign exchange movements	289	-
	<u>134,145</u>	<u>116,330</u>

10 Other expenses	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Professional fees	(77,593)	(37,996)
Audit fees	(31,119)	(54,115)
Taxation fees	(5,658)	(5,566)
Bank charges	(342)	(135)
Administration fees	(18,905)	(17,600)
Foreign exchange movements	-	(918)
	<u>(133,617)</u>	<u>(116,330)</u>

Auditor's remuneration in respect of the financial year (excluding VAT):

	31-Dec-21 EUR	31-Dec-20 EUR
Statutory audit of individual company accounts	(25,300)	(37,500)
Other assurance services	-	-
Tax advisory services	(4,600)	(4,600)
Other non-audit services	-	-
	<u>(29,900)</u>	<u>(42,100)</u>

Section 305A(1)(a) of the Act, requires disclosure that VAAIL receives EUR 1,000 (2020: 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 VAAIL 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 and Eimir McGrath do not receive any remuneration for acting as Directors of the Company as they are employees of VAAIL. The Company has no employees and services required are contracted from third parties.

11 Taxation	Financial year ended 31-Dec-21 EUR	Financial year ended 31-Dec-20 EUR
Profit before tax	528	-
Current tax at standard rate of 25%	(132)	-
Current tax charge	<u>(132)</u>	<u>-</u>

The Company will continue to be taxed at 25% (2020: 25%) in accordance with Section 110 of the Taxes Consolidation Act, 1997 (as amended).

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021**

12 Financial assets designated at fair value through profit or loss	31-Dec-21	31-Dec-20
	EUR	EUR
Financial assets	400,413,475	372,144,905
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.		
Movement in financial assets	EUR	EUR
At beginning of the financial year	372,144,905	373,011,153
<i>Cash transactions</i>		
Additions during the financial year	167,708,276	28,537,100
Disposals during the year	(109,116,067)	(63,325,489)
Net changes in fair value during the year	(30,323,639)	33,922,141
At end of the financial year	400,413,475	372,144,905
Maturity analysis of financial assets	31-Dec-21	31-Dec-20
	EUR	EUR
Within 1 year	4,342,269	2,854,116
More than 1 year and less than 5 years	55,196,220	46,392,005
More than 5 years	340,874,986	322,898,784
	400,413,475	372,144,905

The amounts expected to be settled within the next 12 months is EUR 54,903,026 (2020: EUR 76,205,027).

The fair 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-21 Nominal Source CCY	31-Dec-20 Nominal Source CCY
<i>Secured Notes</i>						
14	Spain Government Fixed Rate Bond	Fixed - 5.75%	30 Jul 2032	EUR	4,950,000	4,950,000.00
14	Spain Government Fixed Rate Bond	Fixed - 4.80%	31 Jan 2024	EUR	300,000	300,000.00
14	Spain Government Fixed Rate Bond	Fixed - 4.65%	30 Jul 2025	EUR	7,930,000	7,930,000.00
14	Spain Government Fixed Rate Bond	Fixed - 4.20%	31 Jan 2037	EUR	3,210,000	3,210,000.00
14	Spain Government Fixed Rate Bond	Fixed - 4.70%	30 Jul 2041	EUR	1,975,000	1,975,000.00
14	French Government Fixed Rate Bond	Fixed - 4.50%	25 Apr 2041	EUR	1,690,000	1,690,000.00
14	Spain Government Fixed Rate Bond	Fixed - 6.00%	31 Jan 2029	EUR	1,025,000	1,025,000.00

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Notes to the financial statements (continued)

For the financial year ended 31 December 2021

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-21 Nominal Source CCY	31-Dec-20 Nominal Source CCY
14	Spain Government Fixed Rate Bond	Fixed - 4.90%	30 Jul 2040	EUR	220,000	220,000
14	Italian Government Fixed Rate Bond	Fixed - 5.00%	01 Sep 2040	EUR	185,000	185,000
14	Italian Government Fixed Rate Bond	Fixed - 4.00%	01 Feb 2037	EUR	300,000	300,000
14	Italian Government Fixed Rate Bond	Fixed - 4.50%	01 Mar 2024	EUR	110,000	110,000
14	Spain Government Fixed Rate Bond	Fixed - 5.85%	31 Jan 2022	EUR	4,100,000	4,100,000
14	Spain Government Fixed Rate Bond	Fixed - 5.90%	30 Jul 2026	EUR	1,000,000	1,000,000
14	Italian Government Bond	Zero Coupon	01 Aug 2039	EUR	1,400,000	1,400,000
14	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2044	EUR	4,564,000	8,350,000
14	Spain Government Bond	Zero Coupon	31 Jan 2037	EUR	800,000	3,200,000
14	Spain Government Fixed Rate Bond	Fixed - 1.95%	30 Jul 2030	EUR	150,000	750,000
14	French Government Fixed Rate Bond	Fixed - 4.00%	25 Apr 2055	EUR	1,500,000	1,500,000
14	Spain Government Fixed Rate Bond	Fixed - 5.50%	30 Apr 2021	EUR	-	2,700,000
15	Spain Government Fixed Rate Bond	Fixed - 4.80%	31 Jan 2024	EUR	1,458,000	1,458,000
15	Spain Government Bond	Zero Coupon	30 Jul 2025	EUR	3,500,000	3,500,000
15	Spain Government Fixed Rate Bond	Fixed - 5.90%	30 Jul 2026	EUR	4,457,000	4,457,000
15	Spain Government Bond	Zero Coupon	30 Jul 2028	EUR	2,142,000	2,142,000
15	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2028	EUR	5,848,000	5,848,000
15	Spain Government Bond	Zero Coupon	31 Jan 2029	EUR	11,400,000	11,400,000
15	Spain Government Bond	Zero Coupon	30 Jul 2032	EUR	20,200,000	20,200,000
15	Spain Government Bond	Zero Coupon	30 Jul 2036	EUR	4,500,000	4,500,000
15	Spain Government Fixed Rate Bond	Fixed - 4.20%	31 Jan 2037	EUR	3,300,000	3,300,000
15	Spain Government Bond	Zero Coupon	30 Jul 2038	EUR	2,275,000	2,275,000
15	Spain Government Bond	Zero Coupon	30 Jul 2039	EUR	3,000,000	3,000,000
15	Spain Government Bond	Zero Coupon	30 Jul 2040	EUR	8,000,000	8,000,000
15	Spain Government Fixed Rate Bond	Fixed - 4.70%	30 Jul 2041	EUR	1,173,000	1,173,000
15	Spain Government Bond	Zero Coupon	30 Jul 2041	EUR	27,100,000	27,100,000
15	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2044	EUR	6,050,000	6,050,000
15	Italian Government Fixed Rate Bond	Fixed - 6.00%	01 May 2031	EUR	675,000	675,000
15	Italian Government Fixed Rate Bond	Fixed - 5.00%	01 Aug 2034	EUR	3,310,000	3,310,000

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Notes to the financial statements (continued)**For the financial year ended 31 December 2021****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-21 Nominal Source CCY	31-Dec-20 Nominal Source CCY
16	Principal Financial Global Funding LLC Floating Rate Bonds	Floating- 3M USD Libor+ 0.52%	10 Jan 2031	USD	500,000	500,000
16	Spain Government Bond	Zero Coupon	31 Jan 2028	EUR	5,495,000	5,495,000
16	Spain Government Bond	Zero Coupon	31 Jan 2035	EUR	2,000,000	2,000,000
16	Spain Government Fixed Rate Bond	Fixed - 4.20%	31 Jan 2037	EUR	5,453,000	5,453,000
16	Spain Government Bond	Zero Coupon	30 Jul 2041	EUR	13,000,000	13,000,000
	AYT Cedulas Cajas Global - Fondo de Titulización de Activos fixed rate bonds	Fixed - 4.25%	25 Oct 2023	EUR	2,300,000	2,300,000
16	Spain Government Bond	Zero Coupon	30 Jul 2024	EUR	9,000,000	9,000,000
16	Spain Government Fixed Rate Bond	Fixed - 5.90%	30 Jul 2026	EUR	5,743,000	5,743,000
16	Spain Government Bond	Zero Coupon	30 Jul 2035	EUR	5,500,000	5,500,000
16	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2044	EUR	1,400,000	1,400,000
16	French Government Bond	Zero Coupon	25 Apr 2046	EUR	7,872,000	7,872,000
16	French Government Bond	Zero Coupon	25 Apr 2047	EUR	7,968,000	7,968,000
16	Spain Government Bond	Zero Coupon	31 Jan 2037	EUR	4,300,000	4,300,000
16	Spain Government Fixed Rate Bond	Fixed - 1.60%	30 Apr 2025	EUR	700,000	700,000
16	Spain Government Bond	Zero Coupon	30 Jul 2032	EUR	10,400,000	10,400,000
16	Spain Government Fixed Rate Bond	Fixed - 5.15%	31 Oct 2028	EUR	1,300,000	1,300,000
16	Fixed Rate Bonds issued by landesbank Baden-Wurttembergnachr DL Anleihe	Fixed - 7.63%	01 Feb 2023	USD	1,000,000	1,000,000
16	Spain Government Fixed Rate Bond	Fixed - 4.70%	30 Jul 2041	EUR	2,250,000	2,250,000
16	Spain Government Bond	Zero Coupon	30 Jul 2040	EUR	4,000,000	4,000,000
16	Fixed rate bonds issued by Fondo de Titulizacion del deficit del Sistema Electrico	Fixed - 6.25%	17 Mar 2025	EUR	5,000,000	5,000,000
16	French Government Bond	Zero Coupon	25 Apr 2048	EUR	1,340,000	1,340,000
16	Fixed rate Bonds issued by Lloyds Bank Plc	Fixed - 9.63%	04 Jun 2023	GBP	1,500,000	1,500,000
16	Spain Government Fixed Rate Bond	Fixed - 5.75%	30 Jul 2032	EUR	1,250,000	1,250,000
16	Spain Government Fixed Rate Bond	Fixed - 4.80%	31 Jan 2024	EUR	500,000	500,000
16	Spain Government Bond	Zero Coupon	31 Jan 2029	EUR	2,281,000	2,281,000
16	Spain Government Bond	Zero Coupon	31 Jan 2024	EUR	2,200,000	2,200,000
16	Spain Government Bond	Zero Coupon	30 Jul 2025	EUR	900,000	900,000
16	French Government Bond	Zero Coupon	25 Apr 2051	EUR	1,697,000	1,697,000

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****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-21 Nominal Source CCY	31-Dec-20 Nominal Source CCY
17	North Rhine-Westphalia, 0.95%	Fixed - 0.95%	10 Jan 2121	EUR	64,300,000	-
17	2,15% Nordrhein-Westfalen, Land	Fixed - 2.15%	21 Mar 2119	EUR	-	25,000,000
17	Bundesrepublik Deutschland	Zero coupon	15 Aug 2026	EUR	-	27,400,000
19	Buono Poliennali del Tesoro Italiano	Fixed - 1.30%	15 May 2028	EUR	38,200,000	-
21	Buono Poliennali del Tesoro Italiano	Floating	15 Sep 2032	EUR	26,000,000	-

13 Cash and cash equivalents

	31-Dec-21 EUR	31-Dec-20 EUR
Cash at bank	131,603	20,173
	<u>131,603</u>	<u>20,173</u>

The cash at bank is held with Barclays Bank Plc (100%) (2020: 100%) and The Bank of New York Mellon (0%) (2020: 0%).

14 Other receivables

	31-Dec-21 EUR	31-Dec-20 EUR
Prepaid expenses	60,611	91,760
Corporate benefit receivable	528	-
Unpaid share capital	3	3
Other receivables	181,689	94,357
	<u>242,831</u>	<u>186,120</u>

15 Derivative financial instruments**Movement in derivative financial instruments**

	31-Dec-21 EUR	31-Dec-20 EUR
At beginning of the financial year	1,084,809	(4,855,909)
Cash transactions with Swap Counterparty	(15,312,599)	17,122,334
Non-cash transactions with Swap Counterparty	2,479,138	-
Net changes in fair value during the financial year	47,709,813	(11,181,616)
At end of the financial year	<u>35,961,161</u>	<u>1,084,809</u>

	31-Dec-21 EUR	31-Dec-20 EUR
Derivative financial asset	52,335,949	30,986,388
Derivative financial liabilities	(16,374,789)	(29,901,579)
	<u>35,961,161</u>	<u>1,084,809</u>

Types of swaps:

	31-Dec-21 EUR	31-Dec-20 EUR
Bond forward transaction	-	28,384,283
Swaption	7,408,131	2,252,883
Asset swap	44,927,818	349,222
Delta hedge swap	(5,454,294)	(46,512,286)
Interest rate swap	(10,920,495)	16,610,707
	<u>35,961,161</u>	<u>1,084,809</u>

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****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 2021 and 31 December 2020.

The Company has entered into a derivative contract for most of 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 in respect of Series 14,15,16 and 17 (2020: Series 14,15,16 and 17).

Asset Swap

Under the asset swap, asset swaps exchange fixed rate investments such as bonds which pay a guaranteed coupon rate with floating rate investments such as an index.

The Company has entered into asset swap to hedge its exposure in respect of Series 17 (2020: Series 17).

Delta Hedge Swap

Under the delta hedge swap, the main aim of the Company is to reduce its risk associated with the price movement of the underlying investment.

The Company has entered into delta hedge swap to hedge its exposure in respect of Series 17 (2020: Series 17).

Swaption

Under the swaption, the Company has an option but not the obligation to enter into a predetermined swap agreement in a specified future date.

The Company has entered into a swaption for Series 17 (2020: Series 17).

Bond Forward Transaction

The Company has entered into a bond forward transaction for Series 17 (2020: Series 17) and this was fully unwound on 8 January 2021 .

The Company has entered into a proceeds asset swap for Series 17 (2020: None).

16 Financial liabilities designated at fair value through profit or loss

	31-Dec-21	31-Dec-20
	EUR	EUR
Financial liabilities	436,374,636	373,229,714

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. Series 17 has 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.

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Notes to the financial statements (continued)

For the financial year ended 31 December 2021

16 Financial liabilities designated at fair value through profit or loss (continued)	31-Dec-21	31-Dec-20
Movement in financial liabilities	EUR	EUR
At beginning of the financial year	373,229,714	368,155,244
<i>Cash transactions</i>		
Issue of financial liabilities	59,925,000	-
Redemption payments	(16,645,381)	(17,666,055)
<i>Non-cash transactions</i>		
Issue of financial liabilities	3,332,467	-
Redemption payments	(853,338)	-
Net changes in fair value during the financial year	17,386,174	22,740,525
At end of the financial year	<u>436,374,636</u>	<u>373,229,714</u>
Maturity analysis		
	EUR	EUR
Within 1 year	98,261,857	57,825,014
More than 1 year and less than 5 years	-	-
More than 5 years	338,112,779	315,404,700
	<u>436,374,636</u>	<u>373,229,714</u>

The maturity analysis disclosed above is based on expectations. Series 17 has been included in "Within 1 year category" as Series 17 note holders have an option of early redemption. The contractual maturities are disclosed in Note 22.

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 2021 and 31 December 2020 are as follows:

Series	Description	Interest rate basis	Maturity date	CCY	31-Dec-21 Nominal Source CCY	31-Dec-20 Nominal Source CCY
14	Secured Notes	Variable	31-Oct-64	EUR	55,493,574	55,972,067
15	Secured Notes	Variable	31-Dec-55	EUR	100,272,237	99,764,328
16	Secured Notes	Variable	31-Dec-55	EUR	96,978,286	98,625,569
17	Secured Notes	Variable	08-Aug-24	EUR	61,951,500	61,951,500
19	Secured Notes	Fixed to Floating	24-May-28	EUR	38,200,000	-
21	Secured Notes	Fixed to Floating	15-Sep-32	EUR	20,000,000	-

The fair values of the financial liabilities in issue at 31 December 2021 and 31 December 2020 are as follows:

Series	Description	Interest rate basis	Maturity date	CCY	31-Dec-21 EUR	31-Dec-20 EUR
14	Secured Notes	Variable	31-Oct-64	EUR	56,204,700	73,167,587
15	Secured Notes	Variable	31-Dec-55	EUR	113,913,476	122,951,833
16	Secured Notes	Variable	31-Dec-55	EUR	109,361,264	119,285,281
17	Secured Notes	Variable	08-Aug-24	EUR	98,261,857	57,825,014
19	Secured Notes	Variable	24-May-28	EUR	40,193,582	-
21	Secured Notes	Variable	15-Sep-32	EUR	18,439,757	-
					<u>436,374,636</u>	<u>373,229,714</u>

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-21 EUR	31-Dec-20 EUR
Secured Notes	100%	100%

The amounts expected to be settled within the next 12 months is EUR 98,261,857 (2020: EUR 57,825,014)

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.

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****16 Financial liabilities designated at fair value through profit or loss (continued)***Unwind payment*

As per the pricing conditions, subject to certain conditions being met, the Noteholder has the right to give a modification event notice which can either be in the form of a "Partial Unwind" or "Substitution". During the year, there was a partial unwind in Series 15 and as part of the partial unwind, payment was made to the Noteholders. The unwind payment is included in redemptions in the notes reconciliation above.

17 Other payables	31-Dec-21	31-Dec-20
	EUR	EUR
Accrued expenses	106,712	109,946
Deferred income *	264,352	93,514
Other payables	-	-
Payable to Noteholder	9	-
	<u>371,073</u>	<u>203,460</u>

* Deferred income relates to funds received from the Arranger to settle the administration fees and Moody's rating fees which have been paid by the Company till the year 2023 and 2024 respectively. Each year, the portion for the financial year is released in the statement of comprehensive income.

18 Called up share capital presented as equity*Authorised:*

10,000,000 ordinary shares of EUR1 each

31-Dec-21	31-Dec-20
EUR	EUR
<u>10,000,000</u>	<u>10,000,000</u>

Issued:

3 ordinary shares of EUR1 each - unpaid

EUR	EUR
<u>3</u>	<u>3</u>

Presented as follows:

Called up share capital presented as equity

EUR	EUR
<u>3</u>	<u>3</u>

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 of directors to run the day to day activities of the Company.

20 Transactions with related parties*Transactions with Administrator*

During the financial year, the Company incurred a fee of EUR 18,905 (2020: EUR 17,600) relating to administration services provided by VAILL. All Directors are employees of VAILL, which is considered to be a related party. As at 31 December 2021, no amount is due to the Administrator of the Company (2020: EUR Nil).

Section 305A(1)(a) of the Act, requires disclosure that VAILL receives EUR 1,000 (2020: 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 VAILL 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 and Eimir McGrath do not receive any remuneration for acting as Directors of the Company as they are employees of VAILL. The Company has no employees (2020: no employees) and services required are contracted from third parties.

Transactions with the Noteholders

During the financial year, two new Series were issued (2020: none issued). There were no other transactions with the Noteholders during the year, other than those already disclosed in Note 16 which require disclosure (2020: Nil).

Transactions with Arranger and Swap Counterparty

J.P Morgan Securities Public Limited Company is the Swap Counterparty and Arranger of the Company. In line with the Master Mandate Terms, the Arranger has agreed to reimburse the Company against expenses. As such all costs associated with the Company are paid by the Arranger. During the financial year, the Arranger paid the Company EUR 528 (2020: EUR Nil) for the new Series issued.

The Company has also entered into various swap agreements with J.P. Morgan SE (formerly known as J.P Morgan AG), 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.

Net derivative interest expense incurred by the Company during the financial year amounts to EUR 3,549,056 (2020: EUR 3,662,001).

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****20 Transactions with related parties (continued)***Transactions with Arranger and Swap Counterparty (continued)*

There were no other transactions with VAILL or the 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
- the relevant series memorandum will state whether or not a Series of Notes is, or is anticipated to be, rated by any rating agency.

The Company is not engaged in any other activities.

Risk management framework

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

The Company has identified certain risks that it is exposed to. The Company reviews and monitors such risks in light of 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 pricing condition 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 Company has entered into a number of Series in the Programme. Each Series is governed by a separate pricing condition 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 SE (formerly known as J.P Morgan AG). 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.

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****22 Financial risk management (continued)****(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.

Interest 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. For those Series where there is no swap in place, interest received on the financial asset is passed on to the noteholders.

31-Dec-21	Floating rate	Fixed rate	Non-interest bearing	Total
	EUR	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	81,851,681	318,561,794	-	400,413,475
Derivative financial instruments	52,335,949	-	-	52,335,949
Other receivables	-	-	242,831	242,831
Cash and cash equivalents	131,603	-	-	131,603
Total Assets	134,319,233	318,561,794	242,831	453,123,858
Financial liabilities designated at fair value through profit or loss	(279,479,440)	(58,633,339)	(98,261,857)	(436,374,636)
Other payables	-	-	(106,721)	(106,721)
Total Liabilities	(279,479,440)	(58,633,339)	(98,368,578)	(436,481,357)
Net exposure	(145,160,207)	259,928,455	(98,125,747)	16,642,501
31-Dec-20				
Financial assets designated at fair value through profit or loss	373,404	371,771,501	-	372,144,905
Derivative financial instruments	30,986,388	-	-	30,986,388
Other receivables	-	-	186,120	186,120
Cash and cash equivalents	20,173	-	-	20,173
Total assets	31,379,965	371,771,501	186,120	403,337,586
Financial liabilities designated at fair value through profit or loss	(373,229,714)	-	-	(373,229,714)
Other payables	-	-	(109,946)	(109,946)
Total liabilities	(373,229,714)	-	(109,946)	(373,339,660)
Net exposure	(341,849,749)	371,771,501	76,174	29,997,926

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****22 Financial risk management (continued)****(a) Market risk***(i) Interest rate risk (continued)**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.

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 647,000 (2020: EUR 5,000) and the interest expense on the financial liabilities would have increased by EUR 2,527,441 (2020: EUR 2,543,620).

(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-21	USD	GBP	Total
	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	1,380,272	2,091,592	3,471,864
Other receivables	86,712	127,015	213,727
Total assets	1,466,984	2,218,607	3,685,591
Other payables	(11,576)	(2,081)	(13,657)
Total liabilities	(11,576)	(2,081)	(13,657)
Gross exposure	1,455,408	2,216,526	3,671,934
31-Dec-20	USD	GBP	Total
	EUR	EUR	EUR
Financial assets designated at fair value through profit or loss	1,335,644	2,124,333	3,459,977
Other receivables	118,435	118,686	237,121
Total assets	1,454,079	2,243,019	3,697,098
Other payables	(10,545)	(2,081)	(12,626)
Total liabilities	(10,545)	(2,081)	(12,626)
Gross exposure	1,443,534	2,240,938	3,684,472

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****22 Financial risk management (continued)****(a) Market risk***(ii) Currency risk (continued)*

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-21	31-Dec-20
USD: EUR	0.8793	0.8186
GBP: EUR	1.1893	1.1185

Sensitivity analysis

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

As at 31 December 2021, had the EUR strengthened against USD by 1% with all other variables held constant, the fair value of the financial assets would have decreased by EUR 13,803 (2020: EUR 13,356).

As at 31 December 2021, had the EUR strengthened against GBP by 1% with all other variables held constant, the fair value of the financial assets would have decreased by EUR 20,916 (2020: EUR 21,243).

As at 31 December 2021, all the Series were in EUR, therefore there was no currency risk in respect to fair value of the financial liabilities (2020: 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.

(iii) 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*Bonds*

Listed

	31-Dec-21	31-Dec-20
	Fair value %	Fair value %
	100	100
	100	100

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 2021, exposure to price risk relates directly to the value of financial assets amounting to EUR 400,413,475 (2020: EUR 372,144,905). 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 40,041,348 (2020: EUR 37,214,491). 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 43,637,464 (2020: EUR 37,322,971).

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****22 Financial risk management (continued)****(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.

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 2021.

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 2021 and 31 December 2020 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-21	31-Dec-20
	EUR	EUR
<i>Secured Notes</i>		
Bonds	400,413,475	372,144,905
	<u>400,413,475</u>	<u>372,144,905</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 2021 and 31 December 2020 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 SE (formerly known as J.P Morgan AG) is the counterparty on the swap transactions. The Directors are satisfied with the current exposure and monitor ratings of J.P. Morgan SE (formerly known as J.P Morgan AG), as Swap Counterparty.

J.P. Morgan SE (formerly known as J.P Morgan AG) is the swap counterparty for the Series containing swap agreement and has the following ratings:

	Long term	Short term	Long term	Short term
	2021	2021	2020	2020
Standard & Poor's	A+	A-1	A+	A-1
Moody's	Aa3	P-1	Aa3	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 131,751 as at 31 December 2021 (2020: EUR 20,173) 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 2021**22 Financial risk management (continued)****(b) Credit risk (continued)***Credit quality of financial assets (continued)**Cash and cash equivalents (continued)*

During the year, 0% of the cash balances are held with The Bank of New York Mellon (2020: 0%) which has the following ratings:

	Long term	Short term	Long term	Short term
	2021	2021	2020	2020
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 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, 100% of the cash balances are held with Barclays Bank Ireland Plc (2020: 100%) which has the following ratings:

	Long term	Short term	Long term	Short term
	2021	2021	2020	2020
Standard & Poor's	A	A-1	A	A-1
Moody's	A1	P-1	A1	P-1
Fitch	A+	F1	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-21	31-Dec-20
	Fair value %	Fair value %
<i>Secured Notes</i>		
AAA	1	1
AA	2	2
A+	2	2
A	3	3
A-	39	40
BBB+	2	2
BBB	2	2
BBB-	8	8
Aau	3	3
Baa1	10	10
NR	28	27
	100	100

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 2021, 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 2021, 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 2021 and 31 December 2020.

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**Notes to the financial statements (continued)
For the financial year ended 31 December 2021****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-21	31-Dec-20
Types of collaterals	%	%
Government	94	92
Financial	6	7
Bank	1	1
	<u>100</u>	<u>100</u>
By Geographical location	31-Dec-21	31-Dec-20
Country of origin	%	%
Spain	59	71
Italy	22	20
Germany	13	6
France	5	2
Cayman Island	1	1
	<u>100</u>	<u>100</u>

Other receivables

Other receivables mainly include prepaid expenses and arranger income receivable as at 31 December 2021.

(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 2021****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-21	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 liabilities designated at fair value through profit or loss	(436,374,636)	(309,391,648)	(5,214,958)	(27,328,803)	(276,847,887)
Other payables	(106,712)	(106,712)	(106,712)	-	-
	(436,481,348)	(309,498,360)	(5,321,670)	(27,328,803)	(276,847,887)
31-Dec-20	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 liabilities designated at fair value through profit or loss	(373,229,714)	(330,473,724)	(6,991,055)	(35,822,400)	(287,660,269)
Other payables	(109,946)	(109,946)	(109,946)	-	-
Net amount	(373,339,660)	(330,583,670)	(7,101,001)	(35,822,400)	(287,660,269)

As noted above, the gross contractual cash flows are less than the carrying amount of the cash flows and this is due to the fact that the gross contractual cash flows takes into consideration the amortisation which, as per the payment schedule of each Series, will happen in the different years.

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 2021****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-21			
	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets designated at fair value through profit or loss	122,110,308	278,303,167	-	400,413,475
Derivative financial instrument	-	52,335,949	-	52,335,949
Financial liabilities designated at fair value through profit or loss	-	(436,374,636)	-	(436,374,636)
	122,110,308	(105,735,520)	-	16,374,788.42

	31-Dec-20			
	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets designated at fair value through profit or loss	142,348,573	229,796,332	-	372,144,905
Financial liabilities designated at fair value through profit or loss	-	(373,229,714)	-	(373,229,714)
Derivative financial instrument	-	1,084,809	-	1,084,809
	142,348,573	(142,348,573)	-	-

IFRS 13 says if there is an active market, then the securities would fall in Level 1 however, if there is not active market and prices are being taken through observable inputs, then securities are Level 2. Based on the guidance of IFRS 13, we have changed the levelling from 2019 to 2020 for some of the financial assets designated at fair value through profit or loss. With regards to the financial assets designated at fair value through profit or loss for which the levelling has been changed, active markets can be observed.

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.

The methodologies used to fair value the financial assets, financial derivatives and financial liabilities have been detailed under Note 5.

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. The Directors concluded that these assets and liabilities would be classified as Level 2 instruments in the fair value hierarchy.

(e) Profile of series of debt securities issued by the Company:

The following are the broad categories as at 31 December 2021:

Type of transaction	No of Series	%	Amount EUR
Financial liabilities	6	100	436,374,636
Financial assets		100	400,413,475

The following are the broad categories as at 31 December 2020:

Type of transaction	No of Series	%	Amount EUR
Financial liabilities	4	100	373,229,714
Financial assets		100	372,144,905

23 Contingent liabilities and commitments

The Company had no contingent liabilities or commitments which would require disclosure in the financial statements as at year end (2020: None).

24 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.

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Notes to the financial statements (continued)
For the financial year ended 31 December 2021**25 Subsequent events***(i) 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 continues to impact entities in different ways, the Directors currently believe that any impact on the operations of the Company is likely to be limited as:

- The limited recourse nature of any future securities issued by the Company will limit the investors' recourse to the underlying net assets of that particular debt securities issued. The investors will 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 (or interest on) the debt securities issued. The Arranger will continue to provide service to the Company against any costs, fees, expenses or out-goings incurred by the
- the Arranger, Administrator and administrative agent have extensive business continuity plans, and should still be able to provide services to the Company in the event of a prolonged pandemic.

Post year end, the level of activity of the Company has remained stable and it was able to meet its contractual payments to the Noteholders which confirms the Company's ability to continue to generate cash flows to meet its obligations as they fall due.

(ii) Full unwind

Subsequent to year end, the following Series have been fully unwind:

Series	Description	Maturity Date	CCY	Nominal
17	Secured Note	08-Aug-24	EUR	61,951,500

(iii) New issuances

The following Series have been issued subsequent to the financial year end:

Series	Description	Maturity Date	CCY	Listing	Nominal
22	Secured Fixed Rate to Floating Rate Notes	15-Sep-32	EUR	MTF - Vienna Stock Exchange	30,000,000
23	Secured Fixed Rate to Floating Rate Instalment Notes	15-May-33	EUR	MTF - Vienna Stock Exchange	20,000,000
28	Secured Fixed Rate to Floating Rate Instalment Notes	30-Sep-26	EUR	MTF - Vienna Stock Exchange	35,000,000
29	Secured Fixed Rate to Floating Rate Notes due 2033	15-May-33	EUR	MTF - Vienna Stock Exchange	15,000,000
31	Secured Fixed Rate Note	05-Nov-35	EUR	None	25,000,000
32	Secured Fixed Rate Note	12-Oct-35	EUR	None	25,000,000
34	Secured Fixed Rate to Floating Rate Instalment Notes	15-Sep-35	EUR	MTF - Vienna Stock Exchange	10,000,000
35	Loan Linked Notes	N/A	USD	Bermuda Stock Exchange	100,000,000

(v) LIBOR reform

The London Interbank Offered Rates (LIBORs) will soon either cease, or no longer be available for use.

The USD LIBOR settings on the other hand will continue to exist until 30 June 2023 but will no longer be available for use in new contracts.

As such, the Directors are communicating with the relevant parties, to know which rates will be used to replace the USD Libor rate currently being used to calculate the interest receipts on certain underlying collaterals.

(vi) Series transferred from Corsair Finance (Ireland) DAC

Subsequent to the financial year end, the Company entered into a deed of substitution with Corsair Finance (Ireland) DAC and was appointed as the Substituted Issuer to the following Series:

Series	Description	Maturity Date	CCY	Listing	Nominal
25	Notes Linked to US Treasury Bonds	15-Feb-44	EUR	GEM of Euronext Dublin	150,000,000
26	Notes Linked to US Treasury Bonds	25-Oct-38	EUR	GEM of Euronext Dublin	150,000,000
27	Notes Linked to US Treasury Bonds	15-Feb-44	EUR	GEM of Euronext Dublin	150,000,000
30	Notes Linked to US Treasury Bonds	15-Feb-44	EUR	GEM of Euronext Dublin	150,000,000
33	Secured Note	Loans	EUR	None	25,000,000

On 24 February 2022, Russia commenced a large-scale invasion against Ukraine. In response, the West has moved to impose broad-based sanctions targeting Russia, including but not limited to certain Russian banks and the Russian Central Bank, companies, parliamentary members and members of the Russian elite and their families. It is possible that additional sanctions and other measures may be imposed in the future. There has been no impact on the operations of the Company. The Directors will continue to monitor the developments closely and continue to assess the impact on the Company.

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

26 Approval of financial statements

The Board of Directors approved these financial statements on 24 March 2023.