

AUTOFLORENCE 2 S.R.L.

Single Member Company

Registered Office: Milan, Corso Vittorio Emanuele II 24/28

Capital: Euro 10,000, fully paid up

Milan Company Register no. 11765340960 - REA no. 2623492

Tax Code and VAT no. 11765340960

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Financial statements for the year ended 31 December 2022

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GOVERNING BODY

Sole Director:
Solidea Barbara Maccioni

Board of Statutory Auditors:
Davide Chiesa (Chair of the Board of Statutory Auditors)
Massimo La Conca (Statutory Auditor)
Edmondo Guatri (Statutory Auditor)
Guido Giorgio Zaffaroni (Alternate Auditor)
Jacopo Doveri (Alternate Auditor)

Independent Auditors: Mazars Italia S.p.A.

STATEMENT OF FINANCIAL POSITION

Assets		31/12/2022	31/12/2021
10	Cash and cash equivalents	9,502	9,913
120	Other assets	18,834	43,038
Total assets		28,336	52,951
Liabilities and equity		31/12/2022	31/12/2021
80	Other liabilities	18,336	42,951
110	Capital	10,000	10,000
Total liabilities and equity		28,336	52,951

INCOME STATEMENT

Costs – Revenues	31/12/2022	31/12/2021
10 Interest receivable and similar income	27	-
30 Net interest income (loss)	27	0
50 Fee expense	0	(70)
60 Net fee income (expense)	0	(70)
120 Net trading income (loss)	27	(70)
160 Administrative expenses	(41,210)	(42,839)
a) personnel expenses	(8,468)	(414)
b) other administrative expenses	(32,742)	(42,426)
200 Other operating income (expenses)	41,183	42,909
210 Operating costs	0	0
260 Pre-tax profit (loss) from continuing operations	0	0
270 Income tax expense for the year for continuing operations	0	0
280 After-tax profit (loss) from continuing operations	0	0
300 Profit (loss) for the year	0	0

STATEMENT OF COMPREHENSIVE INCOME

	Items	31/12/2022	31/12/2021
10.	Profit (loss) for the year	-	-
	<i>Other comprehensive income, net of tax, not to be reclassified to profit or loss</i>		
20.	Equity securities measured at fair value through OCI		
30.	Financial liabilities measured at fair value through profit or loss (change in credit quality rating)		
40.	Hedging of equity securities measured at fair value through OCI		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	<i>Defined-benefit plans</i>		
80.	Non-current assets and disposal groups held for sale		
90.	Share of reserves from equity-accounted investments		
	<i>Other comprehensive income, net of tax, to be reclassified to profit or loss</i>		
100.	Foreign investment hedges		
110.	Exchange differences		
120.	Cash flow hedges		
130.	Hedging instruments (not measured)		
140.	Financial assets (other than equity securities) measured at fair value through OCI		
150.	Non-current assets and disposal groups held for sale		
160.	Share of reserves from equity-accounted investments		
170.	<i>Total other comprehensive income, net of tax</i>	-	-
180.	<i>Total comprehensive income (items 10+170)</i>	-	-

STATEMENT OF CHANGES IN EQUITY 2022

(in Euro)

	Balance at 31/12/2021	Change in opening balance	Balance at 1/1/2022	Allocation of previous year		Changes occurred during the year					Total comprehensive income for the year ended 31/12/2022	Equity at 31/12/2022
				Reserves	Dividends and other allocations	Change in reserves	Equity transactions					
							Issue of new quotas	Share buybacks	Extraordinary distribution of dividends	Change in equity instruments		
Capital: Share premiums Reserves: a) retained earnings b) other Valuation reserves: Equity instruments Treasury shares Profit (loss) for the year	-		-			10,000					-	10,000
Equity	-		-			10,000					-	10,000

STATEMENT OF CHANGES IN EQUITY 2021

(in Euro)

	Balance at 31/12/2020	Change in opening balance	Balance at 1/1/2021	Allocation of previous year		Changes occurred during the year					Total comprehensive income for the year ended 31/12/2021	Equity at 31/12/2021
				Reserves	Dividends and other allocations	Change in reserves	Equity transactions					
							Issue of new quotas	Share buybacks	Extraordinary distribution of dividends	Change in equity instruments		
Capital: Share premiums Reserves: a) retained earnings b) other Valuation reserves: Equity instruments Treasury shares	-		-			10,000					-	10,000

Profit (loss) for the year				-	-
<i>Equity</i>	-	-	10,000	-	10,000

STATEMENT OF CASH FLOWS AT 31 DECEMBER 2022 - DIRECT METHOD

A. OPERATING ACTIVITIES	31/12/2022	31/12/2021
1. OPERATIONS	-	-
- interest income (+)		
- interest expense (-)	27	
- dividends and similar income (+)		
- net fee income (expense) (+/-)		(70)
- personnel expenses (-)		(414)
- other expenses (-)	(8,468)	(42,426)
- other revenues (+)	(32,742)	
- tax expense (-)	41,183	42,909
- costs/revenues associated with disposal groups, net of tax effect (+/-)		
2. NET CASH FROM/USED FOR FINANCIAL ASSETS	24,204	(43,038)
- financial assets held for trading		
- financial assets measured at fair value		
- other financial assets mandatorily measured at fair value		
- financial assets measured at fair value through OCI		
- due from financial institutions		
- financial assets at amortised cost		
- other assets	24,204	(43,038)
3. NET CASH FROM/USED FOR FINANCIAL LIABILITIES	(24,615)	42,951
- financial liabilities measured at amortised cost		
- financial liabilities held for trading		
- financial liabilities measured at fair value		
- other liabilities	(24,615)	42,951
NET CASH GENERATED FROM/USED IN OPERATING ACTIVITIES (A)	(411)	(87)
B. INVESTING ACTIVITIES		
1. NET CASH FROM	-	-
- sale of equity investments		
- dividends from equity investments		
- sales of property, plant and equipment		
- sales of intangible assets		
- sales of business units		
2. NET CASH USED IN	-	-
- purchases of equity investments		
- purchases of property, plant and equipment		
- purchases of intangible assets		
- purchases of business units		
NET CASH GENERATED FROM/USED IN INVESTING ACTIVITIES (B)	-	-
C. FINANCING ACTIVITIES	-	10,000
- issue/repurchase of treasury shares		
- issue/purchase of equity instruments		10,000
- dividend distribution and other allocations		
NET CASH GENERATED FROM/USED IN FINANCING ACTIVITIES (C)	-	-
NET CASH GENERATED/USED DURING THE YEAR (D=A+/-B+/-C)	(411)	9,913
Items		
Items	31/12/2022	31/12/2021
Opening cash and cash equivalents	9,913	-
Total net cash generated/used during the year	(411)	9,913
Cash and cash equivalents effect of change in exchange rate		-
Closing cash and cash equivalents	9,502	9,913

NOTES TO THE FINANCIAL STATEMENTS

Introduction

The Company was incorporated under Italian Law no. 130 of 30 April 1999 ("Law 130/1999") on 5 May 2021 through public deed drafted by Ms Anzelini, Notary Public in Milan, and is registered in the Bank of Italy's List of Financial Vehicle Corporations pursuant to the Bank of Italy's "Provisions concerning disclosure and statistical requirements for financial vehicle corporations engaged in securitisation transactions" issued on 7 June 2017.

In accordance with the Articles of Association and the provisions of law, the Company has the sole purpose of carrying out one or more securitisation transactions pursuant to Italian Law 130/1999 and subsequent implementing measures, by purchasing receivables, both existing and future, identifiable in block if multiple, and financing such purchase by issuing notes as per Article 1, paragraph 1, letter b) of Italian Law 130/1999, in such a manner as not to assume any credit risk. Under the Articles of Association and in accordance with the aforementioned law and related implementing measures, the receivables purchased by the Company in relation to each transaction represent assets that are for all intents and purposes segregated from those of the Company as well as from those relating to any other transactions. Creditors other than the holders of the notes issued to fund the acquisitions shall have no claim to such assets.

Within the scope of corporate purpose, the Company carried out the following securitisation transaction in compliance with Italian Law 130/1999.

On 1 October 2021 the Company acquired without recourse, from Findomestic Banca S.p.A. ("the Originator"), a block of receivables under Law 130/1999 classified as performing by the Originator in conformity with the Bank of Italy guidelines, arising from loans that can be considered as consumer credit.

During 2022, as envisaged by the sale contract, further credit portfolios of the same type were acquired from the Originator.

The transaction was completed on 12 October 2021 with the issue of the following classes of Asset Backed Notes amounting to Euro 800,000,000:

- Euro 700,000,000 Class A Asset Backed Floating Rate Notes due December 2044 (Senior Notes);
- Euro 28,000,000 Class B Asset Backed Floating Rate Notes due December 2044 (Mezzanine Notes);
- Euro 24,000,000 Class C Asset Backed Floating Rate Notes due December 2044 (Mezzanine Notes);
- Euro 16,000,000 Class D Asset Backed Floating Rate Notes due December 2044 (Mezzanine Notes);
- Euro 16,000,000 Class E Asset Backed Floating Rate Notes due December 2044 (Mezzanine Notes);
- Euro 16,000,000 Class F Asset Backed Fixed Rate Notes due December 2044 (Junior Notes);

The issue price of the notes was:

- (i) in relation to the Class A Notes, 101.108% of their par value at the time of issue;
- (ii) in relation to the Class B, C, D, E and F Notes, 100% of their par value at the time of issue.

During 2022 the company repaid notes for a total amount of Euro 53,357,917.

For a qualitative and quantitative description of the new transaction undertaken, along with the agreements entered into, please refer to "Part D - Other Information" in the Notes to the Financial Statements.

Securitisation transaction

The Company exclusively carries out receivables securitisation transactions pursuant to Italian Law 130/1999 and it has recognised the receivables acquired, the notes issued, and the other transactions carried out as part of the securitisation transaction in the Notes to the Financial Statements consistently with the provisions of Italian Law no. 130 of 30 April 1999, according to which “the receivables relating to each transaction represent assets that are for all intents and purposes segregated from those of the Company as well as those relating to any other transactions”.

Therefore, the amounts related to the securitisation transaction were not, in general, influenced by the adoption of IASs/IFRSs, since said standards do not in any way prescribe disclosure requirements for segregated assets.

For the purposes of completeness, it should be noted that the IFRS accounting treatment of financial assets and/or groups of financial assets as well as financial liabilities arising from securitisation transactions is still being discussed by the bodies responsible for interpreting accounting standards.

It is also noted that Italian Legislative Decree 139/2015, published on 4 September 2015 and effective for annual periods beginning on or after 1 January 2016, introduced significant changes in relation to measurement criteria for certain financial statement items for companies preparing their financial statements under the accounting rules prescribed by the Italian Civil Code and accounting principles. Specifically, such changes include measurement at amortised cost of receivables and liabilities arising during 2016 and measurement at fair value of derivatives outstanding at the date of first application of the decree.

The Bank of Italy’s Provision of 15 December 2015, to which reference was made, as explained above, for the presentation of segregated assets, pending the introduction of new legislation governing the matter, expressly established that Part D of the Notes to the Financial Statements shall include a specific section presenting – in summary form – at least the following information for each individual securitisation transaction carried out:

- amount of the receivables purchased (par value and purchase price);
- amount of the notes issued, broken down by class and seniority;

as well as all additional information deemed necessary to give a true and fair view of the transaction, it being understood that the reporting entity should prevent an excess of information from making the document less clear and easy to understand.

The same provision also requires disclosing the following information for each securitisation transaction:

- a) summary statement of securitised assets and notes issued;
- b) qualitative information;
- c) quantitative information.

Form and content of the financial statements

The Financial Statements were prepared in accordance with Italian Legislative Decree no. 38 of 28 February 2005 and the instructions issued by the Bank of Italy in its provision of 29 October 2021 (as subsequently amended), and consist of:

- Statement of Financial Position and Income Statement
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

Part A – Accounting policies

A.1 Overview

A.2 Main items in the financial statements

A.3 Disclosure of transfers between portfolios of financial assets

A.4 Fair value disclosure

A.5 “Day one profit/loss” disclosure

Part B – Information on the Statement of Financial Position

Part C – Information on the Income Statement

Part D – Other information.

These Financial Statements are also accompanied by the Director’s Report on Operations.

As the Company is a Public-Interest Entity as defined in Article 16 of Italian Legislative Decree no. 39 of 27 January 2010, in accordance with said Legislative Decree, it appointed the independent auditors Mazars Italia S.p.A. to conduct statutory audits for nine years, from 31 December 2021 to 31 December 2029.

Part A – Accounting policies

A.1 Overview

Section 1 - Statement of compliance with international accounting standards

The financial statements at 31 December 2022 were drawn up in full conformity with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB), adopted by lawmakers with Italian Legislative Decree no. 38 of 28 February 2005 following the issue of Regulation (EC) 1606/2002 as the issuer of financial instruments admitted to trading on regulated markets of the European Union, in compliance with Article 2 of Italian Legislative Decree 38/2005.

Although special purpose vehicles have been eliminated from the scope of the Bank of Italy’s Provision of 9 December 2016 since, pursuant to Italian Legislative Decree 141/2010 and subsequent amendments, such entities no longer qualify as non-bank financial intermediaries, and considering that IAS 1 does not prescribe a specific format for the financial statements, the governing body has deemed that there is no impediment to the application of the Bank of Italy’s instructions concerning “Financial Statements of Non-Bank IFRS Intermediaries” of 29 October 2021, as supplemented by communication dated 21 December 2021 concerning the impacts of COVID-19 and measures to support the economy and amendments to IASs/IFRSs. In relation to the temporary nature of the COVID-19 emergency and the related support measures, the amendments to the related financial statements provisions will remain in force until otherwise communicated by the Bank of Italy.

These have been deemed the most suitable for providing information on the financial position, financial performance and cash flows of the Company that is useful for financial statements users in making economic decisions and is relevant, reliable, comparable and intelligible in terms of Company operations. The Company therefore applied the IASs/IFRSs in force at 31 December 2022 (including the SIC and IFRIC interpretations) as endorsed by the European Commission.

The Company exclusively carries out receivables securitisation transactions pursuant to Italian Law 130/1999 and it has recognised the receivables acquired, the notes issued, and the other transactions carried out as part of the securitisation transaction in the Notes to the Financial Statements consistently with the provisions of Italian Law no. 130 of 30 April 1999, according to which “the receivables relating to each transaction represent assets that are for all intents and purposes segregated from those of the Company as well as those relating to any other transactions”.

Instead, as regards the segregated assets, as already highlighted, reference was made, once again pending a new regulatory source to discipline the matter, to the previous instructions of the Bank of Italy of 15 December 2015 “Instructions for the Preparation of Financial Statements and Annual Reports of

Financial Intermediaries, Payment Institutions, Electronic Money Institutions, Asset Management and Brokerage Firms”, in continuity with the disclosure provided in the previous year’s financial statements.

Such approach was deemed to be the best for providing users of Financial Statements with the necessary information on the Company's equity and financial situation, financial performance and cash flows so as to enable them to take informed financial decisions, also guaranteeing that such information is relevant, reliable, comparable and comprehensible.

Section 2 – Basis of preparation

The Financial Statements were prepared to present a true and fair view of the Company’s financial position, financial performance and cash flows. The Company prepared the Financial Statements on a going concern basis (IAS 1 para. 25), using the accrual basis of accounting (IAS 1 paras. 27 and 28), and ensuring the consistency of presentation and classification of items in the financial statements (IAS 1 para. 45). Assets and liabilities, and income and expenses were not offset unless required or permitted by a standard or interpretation (IAS 1 para. 32).

The financial statements consist of the statements required by IAS 1, i.e. the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, and the Notes to the Financial Statements. They are accompanied by the Director’s Report on Operations.

Financial asset and liabilities are recognised in the Notes to the Financial Statements in accordance with the administrative provisions issued by the Bank of Italy under Article 9 of Legislative Decree 38/2005, in compliance with international accounting standards. This approach is also in line with the provisions of Italian Law 130/1999, which sets out that the receivables relating to each transaction represent assets that are for all intents and purposes segregated from those of the Company as well as those relating to any other transactions. Therefore, the financial assets purchased, the notes issued, and the other transactions carried out as part of securitisation transaction(s) are recognised in the Notes and are not part of the Financial Statements. They are also described in the Notes to the Financial Statements, which includes the qualitative and quantitative information needed to give a clear and comprehensive view of the Company’s performance, equity and financial position, and, separately, of the securitisation transaction.

For completeness of information, it should be noted that the IFRS accounting treatment of financial assets and/or groups of financial assets as well as financial liabilities arising from securitisation transactions is still being discussed by the bodies responsible for interpreting accounting standards.

The Financial Statements were prepared using the Euro as reporting currency; unless otherwise noted, all amounts reported in the Notes to the Financial Statements are in thousands of Euro.

These financial statements are accompanied by the Director’s Report on Operations.

The basis of preparation was as follows:

- Going concern (IAS 1 Revised Paras. 25 and 26)

Assets and liabilities are measured on a going concern basis.

- Accrual basis of accounting (IAS 1 Revised Paras. 27 and 28)

Costs and revenues, regardless of when they are settled, are recognised as they accrue or are incurred.

- Consistency of presentation (IAS 1 Revised Para. 45)

The presentation and classification of items in the financial statements are retained from one period to the next in order to ensure the comparability of information, unless an International Accounting Standard or an Interpretation requires a change in presentation or another presentation or classification would provide information that is more reliable and relevant. When the presentation or classification of items in the financial statements is amended, the changed presentation or classification shall apply retroactively

if possible; in this case, the entity shall explain the nature of and the reason for the change, as well as the items concerned.

For the purposes of the presentation and classification of items in the financial statements, the Company used the formats established by the Bank of Italy in the provision “Financial Statements of Non-Bank IFRS Intermediaries” dated 29 October 2021.

- Aggregation and materiality (IAS 1 Revised Para. 29)

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

- Offsetting (IAS 1 Revised Para. 32)

Assets and liabilities, and costs and revenues, are not offset unless required or permitted by an International Accounting Standard or an Interpretation, or by the formats and instructions issued by the Bank of Italy.

- Comparative information

Comparative information is disclosed in respect of the previous year for all amounts reported in the financial statements, except when an International Accounting Standard or an Interpretation permits or requires otherwise. Comparative information is included also for descriptive information when it is relevant to an understanding of the Financial Statements.

Section 3 – Events after the reporting period

These draft financial statements were approved by the Board of Directors of the Company on 20 March 2023.

Pursuant to IAS 10, no significant events occurred between the end of the reporting period (31 December 2022) and the date on which the financial statements were approved.

Section 4 – Other aspects

Risks, uncertainties and impacts of the COVID-19 pandemic

As from 2020, the healthcare crisis linked to the spread of the COVID-19 pandemic severely tested the real economy and the financial markets, causing a significant fall in the main macroeconomic indicators of the countries affected by the crisis. Between the end of 2021 and the start of 2022 the global economy finally saw an improvement thanks to the policies to contain the crisis implemented by governments and due to the easing of the effects of the epidemic itself, albeit the macroeconomic context remained characterised by a certain degree of uncertainty. In reference to the company’s operations, the negative effects from the economic-financial crisis as a consequence of the COVID-19 pandemic and the uncertainties which still characterise the current macroeconomic context have not had any impacts on the operation of the SPV.

Also as regards the securitisation transaction, there are currently no significant impacts recorded.

During the year, collections have been used to pay transaction expenses, interest on the notes as well as to purchase new portfolios. These payments were made regularly and no arrears were recorded.

Contractual changes resulting from COVID-19

There are no contractual changes resulting from COVID-19 to report.

A.1 New accounting standards effective for periods beginning on or after 1 January 2022

Here below are the accounting standards effective for periods beginning on or after 1 January 2022 and already	Issue date	Effective date
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endorsed by the European Commission: Standards, amendments or interpretations		
Annual Improvements 2018-2020 IFRS 1 First-Time Adoption of IFRS – Translation differences IFRS 9 Financial Instruments – Test to detect substantial change in a financial liability IAS 41 Agriculture – Fair value of a biological asset	2 July 2021 (EU 2021/1080)	1 January 2022
Amendments to IFRS 3 – Alignment of the reference framework to the 2018 conceptual framework on the definition of assets and liabilities	2 July 2021 (EU 2021/1080)	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment – Sales proceeds recognised before use of the asset	2 July 2021 (EU 2021/1080)	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Cost of fulfilling to be considered to define an onerous contract	2 July 2021 (EU 2021/1080)	1 January 2022

On the basis of the analyses carried out, the application of the aforementioned standards did not have a substantial impact on the current Company’s statement of financial position and income statement.

The following table sets out the international accounting standards endorsed by the European Union but not yet effective at 1 January 2022:

Standards, amendments or interpretations	Issue date	Effective date
IFRS 17 Insurance Contracts (including Amendments to IFRS 17)	23 November 2021 (EU 2021/2036)	1 January 2023
Amendments to IAS 1 - Presentation of Financial Statements	3 March 2022 (EU 2022/357)	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	3 March 2022 (EU 2022/357)	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	12 August 2022 (EU 2022/1392)	1 January 2023
Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	9 September 2022 (EU 2022/1491)	1 January 2023

The above standards and interpretations did not impact on the Company.

The following table sets out the international accounting standards not yet endorsed by the European Union:

Standards, amendments or interpretations	Issue date by IASB	Effective date of the IASB document	Envisaged date of endorsement by EU
Amendments to IFRS 16 – Leases Lease Liability in a Sale and Leaseback	22 September 2022	1 January 2024	TBD

IFRS 8 “OPERATING SEGMENTS”

As an issuer of securities in regulated markets, the Company is required to disclose information about its reportable segment in accordance with the provisions of IFRS 8 “Operating Segments”, effective from the 2009 financial year.

IFRS 8 sets out that the identification of reportable segments is based on internal management reports, which are reviewed by the entity's Company Management to make decisions about resources to be allocated to the segments and assess their performance.

In this regard, the Company omits to provide the information set out in IFRS 8, as any breakdown by operating segment would not be significant given the nature of the Company.

TAX EXPENSE

The Italian Revenue Agency's Circular 8/E of 6 February 2003, governing the tax treatment of special purpose vehicles' segregated assets, states that income resulting from the management of securitised assets, during the completion of the transactions, is not available to the Company. The restriction on the use of these segregated assets rules out, a priori, the possession of a taxable income.

Therefore, such asset flows are not available to the special purpose vehicle either from a legal or from a tax point of view. Only after all creditors have been paid back, any remaining amount will be available to the Company, as per the relevant arrangements.

This is also in line with the Bank of Italy's Provision of 29 March 2000, according to which the income statement of a Company is not influenced by income and expenses pertaining to the management of a securitisation transaction.

A.2 Main items in the financial statements

The following is a description of the accounting standards used in the preparation of the financial statements at 31 December 2022 with reference to only the items in the statement of financial position and income statement. The criteria for the recognition, classification, measurement and derecognition of each item are set out.

FINANCIAL ASSETS**Recognition**

Receivables are recognised at the date they are granted, or when the Company becomes a party to the relevant contractual provisions and, as a result, has a legal right to receive cash flows.

At initial recognition, the Company measures the receivable at fair value, which normally corresponds to the amount granted or the price paid.

Classification

This item includes "on demand" receivables due from banks arising from the Company's cash at bank and other receivables due from third parties.

Measurement

After initial recognition, receivables are measured at par value. A similar measurement basis is adopted for receivables with no fixed maturity or that are revocable.

In addition, an analysis is undertaken to identify non-performing loans which show objective evidence of possible impairment.

Derecognition

Receivables are derecognised when the asset in question is sold, transferring substantially all the risks and rewards, when the contractual rights expire, or when the receivable is considered to be uncollectible.

OTHER LIABILITIES**Recognition**

Payables are recognised at the date of collection, or when the Company becomes a party to the contractual provisions and, as a result, has a legal obligation to pay cash flows.

At initial recognition, the Company recognises payables at fair value, which normally corresponds to the amount paid.

Classification

This item includes payables due to banks, financial institutions, as well as the payables recognised under "Other liabilities", such as the payables due to suppliers.

Measurement

As these are short-term liabilities with a negligible time factor, they are measured at par value.

Derecognition

Payables are derecognised when the liabilities have expired or are settled.

DEFERRED AND CURRENT TAX

Recognition

Tax is recognised when the different types of withholding and other taxes can be assessed.

Classification

This item includes current and deferred tax assets and liabilities.

Measurement

Deferred tax assets and liabilities are not offset.

Current tax assets are recognised at the par value of the receivables related to the tax payments on account made. Current tax liabilities are recognised at the par value of the amount withheld, while the tax expense for the year is determined on the basis of a realistic estimate of the amount expected to be paid to taxation authorities based on current tax legislation.

Deferred tax liabilities are calculated independently of the current or prospective tax loss; deferred tax assets are recognised only when there is the reasonable expectation for their recoverability.

Derecognition

Current tax assets and liabilities are derecognised when the different types of taxes levied as withholding agent are paid when due under the law.

Deferred tax is derecognised depending on the expectations for its recoverability.

COSTS AND REVENUES

Costs are recognised in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Costs are charged to the income statement by directly matching costs incurred to the associated revenue item (cost/revenue correlation). All costs relating to securitisation procedures are charged back directly to the securitisation transaction.

Revenues are recognised in the income statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. This means that revenue is recognised at the same time as the recognition of an increase in an asset or a decrease of a liability. The main revenue item in the Company's financial statements derives from the charging back of costs related to the aforementioned securitisation procedure.

A.3 Disclosure of transfers between portfolios of financial assets

As for the disclosures required under IFRS 7, there were no reclassifications of financial assets between different portfolios.

A.4 Fair value disclosure

IFRS 13, "Fair Value Measurement", sets out a single framework for measuring fair value, by replacing the rules included in the various accounting standards and providing full guidance as to how to measure the fair value of financial and non-financial assets and liabilities.

IFRS 13 defines fair value as 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.

A.5 "Day one profit/loss" disclosure

Since in 2022 the Company did not use any financial instruments as part of its operations, there is no "day one profit/loss" disclosure to be made.

Here below is the information described in Parts B, C and D of the Notes to the Financial Statements. It should be noted that the Company did not provide either information on cases that are not relevant to these financial statements, or the amounts concerning items that are not present or lower than Euro 1,000, which is the measuring unit in which the Notes are expressed.

Part B – Information on the Statement of Financial Position

Assets

Section 1 – Cash and cash equivalents – Item 10

Breakdown	31.12.2022	31.12.2021
Deposits and current account	10	10
Total carrying amount	10	10

This item consisted of the balance on the Company’s bank account, totalling approximately Euro 10 thousand, and is to be considered as receivable on demand.

Section 12 – Other assets – Item 120

12.1 Breakdown of item 120 “Other assets”

Breakdown	31.12.2022	31.12.2021
Receivables due from segregated assets	19	43
Total carrying amount	19	43

This item amounted to some Euro 19 thousand and entirely consisted of the receivable charged to the segregated assets for maintaining the Company in good standing.

Liabilities

Section 8 – Other liabilities – Item 80

8.1 Breakdown of item 80 “Other liabilities”

Breakdown	31.12.2022	31.12.2021
Payables due to suppliers for invoices not yet received	18	38
Payable due to separate assets	-	5
Total carrying amount	18	43

Section 11 – Equity – Items 110, 120, 130, 140, 150, 160 and 170

11.1 Capital: breakdown

Type	Amount
1.Capital	
1.1 Ordinary shares	10

The Capital, consisting of quotas, subscribed and paid up for a total of Euro 10 thousand, is held by the single member *Special Purpose Entity Management S.r.l.*

11.5 Other information

The Company does not hold, and has not held during the period, any treasury shares or shares or quotas in parent companies, either directly or through trust companies or nominees.

There is no information to be provided with regard to the requirements pursuant to IAS 1 para. 79, lett. a), (iii), (v), (vi),(vii), para. 136A, para. 137, and para. 80A.

Pursuant to Article 2427, no. 7-bis of the Italian Civil Code, here below is the breakdown of Equity by possible use and distributability, as well as the description of the uses made during the previous three years.

Nature/description	Amount	Possible use	Amount available	Summary of uses made in the previous three years	
				to cover losses	for other reasons
Capital Retained earnings Profit carried forward	10				
Total	10				
Non-distributable portion					
Distributable residual portion			-		

A: for capital increase

B: to cover losses

C: for distribution to quotaholders

Guarantees, commitments and off-balance-sheet transactions

Guarantees in favour of third parties

At 31 December 2022, the Company had not issued any guarantees in favour of third parties.

Commitments

At 31 December 2022, the Company had no commitments.

Off-balance-sheet transactions

At 31 December 2022, there were no off-balance-sheet transactions outstanding.

Foreign currency assets and liabilities

At 31 December 2022, the Company had no foreign currency assets or liabilities.

Part C – Information on the Income Statement

Section 1 – Interest – Items 10 and 20

1.1 Interest income and similar income: breakdown

This item shows amounts of less than Euro 1,000 and entirely consists of bank account interest income.

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

Items/Sectors	31.12.2022	31.12.2021
1. Employees	-	-
a) salaries and wages	-	-
b) social security charges	-	-
c) post-employment benefits	-	-
d) social security contributions	-	-
e) provision for post-employment benefits	-	-
f) provision for pension and similar obligations:	-	-
- defined-contribution plans	-	-
- defined-benefit plans	-	-
g) payments to external supplementary pension schemes:	-	-
- defined-contribution plans	-	-
- defined-benefit plans	-	-
h) other employee benefits	-	-
2. Other personnel	-	-
3. Directors and Statutory Auditors	8	-
4. Retired personnel	-	-
5. Recovery of expenses for employees seconded to other companies	-	-
6. Reimbursement of expenses for employees seconded to the Company	-	-
Total	8	-

10.3 Breakdown of item 160 “Other administrative expenses”

The item, amounting to approx. Euro 32 thousand, consisted mainly of audit fees, administrative services and other operating expenses.

Breakdown	31.12.2022	31.12.2021
Audit certificate	29	37

Other administrative expenses	4	5
Total administrative expenses	33	42

Section 14 – Other operating income (charges) – Item 200

14.2 Other operating income: breakdown

The item, amounting to approx. Euro 41 thousand, mainly consisted of the Issuer Retention Amount required to maintain the Company in good standing.

Breakdown	31.12.2022	31.12.2021
Recovery of maintenance costs	31	43
Non-operating income	10	-
Total other operating income	41	43

Part D – Other information – Securitisation transaction

Section 1 – Specific disclosures on the operations carried out

F - Summary statement of securitised assets and notes issued

SUMMARY OF SECURITISED ASSETS AND NOTES ISSUED

	31/12/2022	31/12/2021
A. SECURITISED ASSETS		
A1) Receivables	724,446,154	779,395,623
Total A)	724,446,154	779,395,623
B. USE OF FUNDS FROM LOAN SERVICING		
B3) Other	36,332,205	35,753,767
Total B)	36,332,205	35,753,767
C. NOTES ISSUED		
Class A Notes	657,868,082	707,138,295
Class B Notes	26,142,069	28,000,666
Class C Notes	22,408,732	24,002,704
Class D Notes	14,941,644	16,006,069
Class E Notes	14,943,718	16,009,625
Class F Notes	14,943,070	16,017,534
Total C)	751,247,315	807,174,893
D. BORROWINGS	7,019,128	7,521,187
Total D)	7,019,128	7,521,187
E. OTHER LIABILITIES	2,511,916	453,310
Total E)	2,511,916	453,310
DIFFERENCE A + B - C - D - E	0	0
F. INTEREST EXPENSE ON NOTES ISSUED	6,774,007	594,157
Total F)	6,774,007	594,157
G. COMMISSIONS AND FEES CHARGED TO THE TRANSACTION		
G1) for servicing	3,331,429	839,826
G2) for other services	184,043	1,617,005
TOTAL G)	3,515,472	2,456,831
H. OTHER CHARGES	53,935,837	14,275,555
Total H)	53,935,837	14,275,555
I. INTEREST INCOME FROM SECURITISED ASSETS	54,674,588	16,281,396
Total I)	54,674,588	16,281,396
L. OTHER REVENUES	9,550,727	1,045,147
Total L)	9,550,728	1,045,147
DIFFERENCE I + L - F - G - H	0	0

Measurement criteria adopted in preparing the Summary Statement of securitised assets and notes issued.

As for the provisions of Section 1 of part A1.1 of these Notes to the financial statements, in compliance with Italian Law no. 130 of 30 April 1999, which sets out that “the receivables relating to each transaction represent assets that are for all intents and purposes segregated from those of the Company as well as those relating to any other transactions”, the Company prepared its financial statements in accordance with the Bank of Italy's Instructions of 15 December 2015. Therefore, the receivables purchased, the notes issued, and the other transactions carried out as part of securitisation transaction(s) are recognised in the Notes and are not part of the financial statements.

Considering the nature of the transaction entered into and the Company’s limited operational capacity, the accounting information and the measurements of the Securitised Assets have been notified by the Servicer and are consistent with the amounts arising from the accounting and IT system of the Servicer. In particular, the criteria adopted for measuring the most material items are set out below.

Securitised assets – Receivables

Receivables are recognised at the purchase price and are recorded during performance of the transaction net of the collections in the period. At the end of the reporting period, their amount may be decreased to make it in line with the estimated realisable value as communicated by the Servicer of the transaction. They include accrued interest income which is deemed to be recoverable. The losses on receivables are determined by the Servicer.

Use of funds – Receivables due from banks

The assets that comprise this item are recognised at par value, equal to their estimated realisable value, including any interest accruing.

Notes issued

The notes are recognised at par value plus interest accruing.

Borrowings

Payables are recognised at par value plus interest accruing.

Other liabilities

The liabilities that comprise this item are recognised at par value.

Costs and revenues

Costs and revenues are recognised on an accruals basis, including through the recognition of accruals and deferrals. Where technically appropriate, accruals and deferrals are added directly to or deducted directly from the relevant assets or liabilities.

Breakdown of items included in the summary of the transaction

Below is the breakdown of the main items.

Securitised assets – Receivables

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Receivables	722,104	777,311
- Non-performing loans	3,439	95
- Balance for sec. client	(418)	(728)
- Transitory account for receipts for partial early repayment	-	24

- Transitory account for receipts to be regularised	601	112
- Transitory account for reversal of direct debits	(201)	(32)
- Interest accruing on receivables	2,689	2,826
- Transitory account for cheques issued	(156)	(17)
- Provision for impairment losses on receivables	(3,612)	(195)
	724,446	779,396

Use of funds from loan servicing

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Cash on the transaction bank current accounts	35,647	35,052
- Amounts to be received	284	170
- Receivables due from operations	-	5
- Prepaid expenses	88	69
- Swap accrued income	274	28
- Due from tax authorities for withholding tax on interest income	39	-
- Receivables due from Originator	-	430
Total B)	36,332	35,754

Notes issued

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Class A	653,312	700,000
- Interest accruing on Class A	235	9
- Issue premium	4,321	7,129
- Class B	26,132	28,000
- Interest accruing on Class B	10	1
- Class C	22,399	24,000
- Interest accruing on Class C	9	3
- Class D	14,933	16,000
- Interest accruing on Class D	9	6
- Class E	14,933	16,000
- Interest accruing on Class E	11	10
- Class F	14,933	16,000
- Interest accruing on Class F	10	17
Total C)	751,247	807,175

Borrowings

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Subordinated loan	7,018	7,520
- Accrued expenses for interest on loan	1	1
Total D)	7,019	7,521

Other liabilities

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Payables due to suppliers for invoices not yet received	278	331
- Payables due to operations	19	43
- Swap accrued expenses	41	70
- Payables for Purchase Price setting net result to zero	2,164	-
- Payables due to Findomestic for stamp duty	10	9
Total E)	2,512	453

Interest expense on Notes issued

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Class A - Interest expense	4,606	209
- Class B - Interest expense	198	12
- Class C - Interest expense	267	31
- Class D - Interest expense	372	64
- Class E - Interest expense	534	100
- Class F - Interest expense	797	178
Total F)	6,774	594

Commissions and fees charged to the transaction

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
G1) Master Servicing	3,331	840
<i>Total</i>	3,331	840

G2)

Paying Agent, Account Bank and Cash Manager	23	6
Backup Servicing UF	-	1
Backup Servicing	4	1
Calculation Agent UF	-	6
Calculation Agent OG	20	4
Commission surveillance	2	1
Corporate Servicing UF	-	22
Corporate Servicing OG	38	10
Company maintenance costs	31	43
Fee for Monte Titoli UF	-	3
Fee for Monte Titoli OG	2	1
Listing agent OG	3	1
Listing fee UF	-	7

Monitoring fee	5	1
OAM fee	3	1
Certified email – register of transactions UF	1	1
Process Agent fee	2	-
Security price rating	37	12
ESMA OG Reporting	5	-
Ron UF	-	1
Ron OG	5	1
Administrative services	3	1
Start up CTS	-	15
Underwriting fee	-	1,478
<i>Total</i>	<i>184</i>	<i>1,617</i>
Total G)	3,515	2,457

Other charges

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Publication in the Official Gazette and Lux. Stock Exchange	44	13
- Interest expense on borrowing	54	13
- Losses on CTX receivables	585	-
- Interest expense on current accounts	180	62
- Allocations to provision for impairment of receivables	4,179	195
- Losses on receivables	107	15
- IRS costs	3,173	707
- Non-operating expenses	2	-
- Additional fee for DPP	45,612	13,271
Total H)	53,936	14,276

Interest income from securitised assets

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Compensation for early discharges	322	69
- Compensation for delay	67	11
- Processing costs	(950)	(199)
- Collection expenses	2,975	685
- Interest on sec. files	51,920	15,711
- Interest on arrears on Soffer	2	-
- Interest income on bank accounts	148	-
- Non-operating income	7	-
- Compensation for transmission CTX	184	4
Total I)	54,675	16,281

Other revenues

The item is broken down as follows:

<i>(in thousands of Euro)</i>	Situation at 31/12/2022	Situation at 31/12/2021
- Interest income on bank accounts	7	2
- Rebates and rounding	-	1
- Discount on notes	2,808	627
- Extraordinary income on bad debts	177	-
- Provision for impairment of receivables	585	-
- Margin income on IRS	5,974	415
Total L)	9,551	1,045

QUALITATIVE INFORMATION

F.2 - Description and performance of the transaction

Transaction dates

On 1 October 2021 the SPV Autoflorence 2 S.r.l. acquired without recourse, from Findomestic Banca S.p.A. (the Originator) pursuant to and in application of the combined provisions of Articles 1 and 4 of Italian Law 130/1999, an Initial Portfolio of receivables from loans that can be considered as consumer credit.

The transaction was completed on 12 October 2021 with the issue of Senior, Mezzanine and Junior notes. The Senior and Mezzanine Notes are listed on the Luxembourg Stock Exchange.

At the Issue Date (i.e. 12 October 2021), Findomestic S.p.A. (the “Subordinated Loan Provider”) provided to the Issuer a subordinated loan in order to set up the initial “Liquidity Reserve” for the transaction, to address any liquidity gaps in the payments envisaged by the order of priority of payments, and to meet the up-front expenses.

Originator

The originator is:

Findomestic Banca S.p.A with its registered office in Via Jacopo da Diacceto, 48 - 50123 Florence.

Assigned receivables

The receivables purchased without recourse are loans which can be considered as consumer credit.

The sale price of the Initial Portfolio was Euro 800,001 thousand paid by the Company to the Originator on the issue date of the Securities, using the income from the subscription of the same.

Here below are the portfolio purchases made since the start of the transaction to the date of these financial statements:

SUMMARY OF RECEIVABLES TRANSFERS	Value of Receivables portfolio
Initial portfolio	800,001,190
Subsequent sales 2021	44,305,699
Subsequent sales 2022	254,188,700
Total	1,098,495,589

Performance of the transaction

Within the scope of the servicing activity, Findomestic Banca S.p.A., as Servicer, provides collection and credit monitoring service and timely issues the monthly reports relating to the performance of the transaction.

Payments are made according to the priorities provided for in the transaction documents (Prospectus) and are reported in the Monthly Payments Reports.

During the year, the transaction operated normally with the payment of the coupons on the Notes and with the capital repayment of the latter for a total amount of around Euro 53 thousand.

For 2022 in November the depreciation period of the ABS Notes started.

F.3 – Entities involved

At the beginning of the transaction, specific appointments were made for managing the transaction by entering into the relative agreements, as specified below:

Originator	Findomestic Banca S.p.A
Servicer	Findomestic Banca S.p.A The company acts as Servicer as defined in Italian Law 130/1999, taking responsibility for managing, collecting and recovering Receivables and new Receivables, and any activity concerning delinquent loans in the name and on behalf of the issuer. In addition, it performs loan servicing activities in the name and on behalf of the issuer. For example, these activities consist in collecting debts, exercising the right to take any action in and out of court to collect debts, as well as negotiating, finalising or executing any settlement, including composition agreements, subject to the limits set out in the collection policy. These activities also include maintaining the single electronic archive provided for in anti-money laundering legislation, supervisory reporting and keeping the accounting books, records, documents, data storage devices and IT systems necessary to operate in compliance with applicable laws and regulations.
Back-up Facilitator	Servicer Zenith Service S.p.A.
Corporate Provider	Servicer Zenith Service S.p.A. The company provides corporate, accounting, administrative, tax and management services to the issuer. In carrying out its accounting and administrative duties, it is responsible for keeping the mandatory accounting records required by Italian civil and tax laws for the purposes of the issuer’s record keeping. The Company also saw to the preparation of statistical reports.

Representative of the Noteholders	Zenith Service S.p.A. The company is the entity responsible for representing the Noteholders.
Calculation Agent	Zenith Service S.p.A. The company prepared the Investor Reports and the Payment Report, which sets out the Issuer Available Funds and the payments to be made on the Payment Date in accordance with the contractually agreed waterfall payment order.
Paying Agent and Italian Account Bank	BNP Paribas Securities Services, Milan Branch The Bank determines from time to time the rate and the amount of the interest due on the notes, manages payments at each Payment Date, and maintains the relationship with Monte Titoli.
Subordinated Loan Provider	Findomestic Banca S.p.A The Company granted a limited-resource subordinated loan to the transaction to allow the Issuer to create a cash reserve.
Rating Agencies	S&P and Fitch Ratings Limited The companies rated the Notes issued.
Arranger	BNP Paribas The company arranged the transaction.
Class A, B, C, D, E Swap Counterparty	Banca Findomestic S.p.A.
Swap Guarantor	BNP Paribas
Quotaholder	Special Purpose Entity Management 2 S.r.l.

At the transfer date, the Company, in its capacity of issuer, and Findomestic Banca S.p.A., in its capacity of assignor, entered into a transfer agreement under which the assignor made specific representations and warranties in favour of the Issuer in relation to the Portfolio, and agreed to indemnify and hold harmless the issuer in relation to specific costs, expenses and liabilities incurred in connection with the purchase and the ownership of the Portfolio.

For a description of any other obligations of the assignor and the other parties involved in the transaction in different capacities, please refer to section F.5 – Ancillary financial transactions.

F.4 – Characteristics of the issues

The notes were issued on 12 October 2021. Here below are the characteristics of each class of Notes: Class A: 7,000 notes were issued with a par value of Euro 100,000 each, for a total par value of Euro 700,000,000, Class A Asset-Backed Floating Rate Notes due December 2044 (Senior Notes), plus issue premium of Euro 7,129 thousand, ISIN Code: IT0005456949;

Class B: 2,800 notes were issued with a par value of Euro 100,000 each, for a total par value of Euro 28,000,000, Class B Asset-Backed Floating Rate Notes due December 2044 (Mezzanine Notes), ISIN Code: IT0005456956;

Class C: 2,400 notes were issued with a par value of Euro 100,000 each, for a total par value of Euro 24,000,000, Class C Asset-Backed Floating Rate Notes due December 2044 (Mezzanine Notes), ISIN Code IT0005456964;

Class D: 1,600 notes were issued with a par value of Euro 100,000 each, for a total par value of Euro 16,000,000, Class D Asset-Backed Floating Rate Notes due December 2044 (Mezzanine Notes), ISIN Code IT0005456972;

Class E: 1,600 notes were issued with a par value of Euro 100,000 each, for a total par value of Euro 16,000,000, Class E Asset-Backed Floating Rate Notes due December 2044 (Mezzanine Notes), ISIN Code IT0005456980;

Class F: 1,600 notes were issued with a par value of Euro 100,000 each, for a total par value of Euro 16,000,000, Class F Asset-Backed Fixed Rate Notes due December 2044 (Junior Notes), ISIN Code IT0005456998.

For the Senior and Mezzanine Notes (Rated Notes²), listed on the Luxembourg Stock Exchange, a rating was attributed at the moment of their issue by Fitch Ratings Ireland Limited (“Fitch”) and S&P Global Ratings Europe Limited (“S&P”). Specifically:

- a) Class A Notes: “AA- sf” by Fitch and “AA (sf)” by S&P;
- b) Class B Notes: “A+ sf” by Fitch and “A (sf)” by S&P;
- c) Class C Notes: “BBB+ sf” by Fitch and “BBB (sf)” by S&P;
- d) Class D Notes: “BBB sf” by Fitch and “BBB- (sf)” by S&P;
- e) Class E Notes: “BB+ sf” by Fitch and “B (sf)” by S&P.

Junior notes are not rated and are not listed on any regulated market.

The interest rate applicable on each Notes for each interest period (note that the first period was the period between the Issue Date and the first payment date of 21 November 2021) is as follows:

- a) for Class A Notes, a floating rate equal to Euribor plus a 0.70% margin per annum;
- b) for Class B Notes, a floating rate equal to Euribor plus a 0.75% margin per annum;
- c) for Class C Notes, a floating rate equal to Euribor plus a 1.15% margin per annum;
- d) for Class D Notes, a floating rate equal to Euribor plus a 2.35% margin per annum;
- e) for Class E Notes, a floating rate equal to Euribor plus a 3.35% margin per annum;
- f) for Class F Notes, a fixed rate of 5.00% per annum.

In relation to any interest period, if the sum of the Euribor and the related margin applicable on the Senior Notes or on any Class of Mezzanine Notes should give rise to a negative rate, then the applicable interest rate will be considered as 0 (zero).

At 31 December 2022, the breakdown of the notes issued was as follows:

(in thousands of Euro)

	Class A	Class B	Class C	Class D	Class E	Class F
Issue 12.10.2021(*)	700,000	28,000	24,000	16,000	16,000	16,000
Residual amount at 31/12/2021	700,000	28,000	24,000	16,000	16,000	16,000
Repayments	(46,688)	(1,868)	(1,601)	(1,067)	(1,067)	(1,067)

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Residual amount at 31/12/2022	653,312	26,132	22,399	14,933	14,933	14,933
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(*) Par value

The priority for the payment of interest and the notes is set using the collection of interest and principal with the following order:

- Interest / principal class A
- Interest / principal class B (only following complete repayment of Class A)
- Interest /principal class C (only following complete repayment of Class B)
- Interest /principal class D (only following complete repayment of Class C)
- Interest /principal class E (only following complete repayment of Class D)
- Interest /principal class F (only following complete repayment of Class E)

F.5 – Ancillary financial transactions

INTERCREDITOR AGREEMENT

In accordance with the provisions of this agreement, the Company and the counterparties to the Transaction accept the order of priority of payments that the Company shall follow at each ex-dividend date by using the funds available for distribution. The Company's obligations to the Representative of the Noteholders and the other creditors, under the Securitisation Transaction, are limited-recourse obligations with respect to the Overall Portfolio of receivables involved in the Transaction.

SUBORDINATED LOAN AGREEMENT

On 8 October 2021, the Issuer signed a "Subordinated Loan Agreement" with Findomestic Banca S.p.A, as Subordinated Loan Provider, which envisaged the provision of a loan of Euro 7,634,911.64.

The funds were used to set up the "Liquidity Reserve" for an amount of Euro 7,520,000 to meet any liquidity gaps in the payments envisaged by the priority order of payments, while the remainder of Euro 114,911.64 was used to meet the start-up costs.

Interest accrues on the subordinated loan at a fixed rate of 0.72% per annum. This interest will be repaid at each payment date on the basis of the funds available.

On 30 November 2021, an Amendment to the Subordinated Loan Agreement was signed in order to correct a material error in clause 2.1(a) of the Subordinated Loan Agreement which indicated the amount of Euro 114,911.64 as Start-up Costs, rather than the amount advanced at the notes issue date by the Subordinated Loan Provider of Euro 1,592,711.64. The amount advanced by way of Start-up Costs was repaid by the Issuer on the first payment date of 24 November 2021.

At the date of these financial statements the loan stood at Euro 7,018 thousand.

SWAP AGREEMENT- ISDA MASTER AGREEMENT

Autoflorence 2 S.r.l. signed two different swaps with Banca Findomestic S.p.A, as "Class A Swap Counterparty" and as "Class B, C, D, E Swap Counterparty", in order to cover some risks arising from the non-alignment of interest rates between the fixed interest rate received from the Issuer in relation to the securitised receivables and the variable interest rate payable by the Issuer respectively on the Senior and Mezzanine Notes. In addition, BNP Paribas was appointed as "Swap Guarantor" and accepted to guarantee to the Issuer, by way of a continuous guarantee, the due and prompt payment of all the amounts due from any Swap Counterparty in relation to the related Swap within the envisaged timeframes.

F.6 – Operational powers of the factor

The operational powers of Autoflorence 2 S.r.l (as factor and issuer) are limited by its articles of association. Specifically, Article 2 states that:

"The Company's sole purpose is to carry out one or more securitisation transactions in accordance with Italian Law no. 130 of 30 April 1999 by purchasing receivables, both existing and future, and identifiable in block, and financing such purchase by issuing notes as per Article 1, paragraph 1, letter b) of Italian

Law 130/1999 or by issuing a loan as per Article 7 of Italian Law 130/1999, in such a manner as not to assume any risk.

Within the limits permitted by Law 130/1999, the Company may conduct additional financial transactions as required to ensure the successful completion of the securitisation transactions it carries out, or that are instrumental to achieving the Company's purpose, as well as re-invest in other financial assets the proceeds from the servicing of the receivables purchased that are not immediately used to settle the claims arising from the above securities.

The Company may also sell the receivables purchased to third parties, if conditions for each securitisation transaction are met and in the interest of the holders of the notes issued as part of the related securitisation transaction.

In compliance with the provisions of Italian Law 130/1999, the receivables the Company acquires as part of each securitisation transaction represent assets that are for all intents and purposes segregated assets from those of the Company as well as from those relating to any other transactions, and creditors other than the holders of the notes issued to fund the acquisitions shall have no claim to such assets."

The main operational activities relating to the management of the transaction were entrusted to third parties (see point F.3).

The Servicer (and originator), appointed to manage the securitised receivables is, among other things, entitled to renegotiate with users the terms governing the lease agreements, to settle disputes, to grant payment extensions or moratoria, within the limits of the collection policy envisaged by the transaction, and at any rate in compliance with the provisions set out in the servicing agreements.

QUANTITATIVE INFORMATION

F.7 – Receivables flow data

(in thousands of Euro)

	Situation at 31/12/2022	Situation at 31/12/2021
- Opening balance	779,591	-
- Initial receivables purchase	-	800,001
- Portfolio increase	254,189	44,306
- Interest and other income accrued	54,647	16,308
- Cash receipts for the year	(359,392)	(80,839)
- Amounts to be received	(285)	(170)
- Sundry adjustments on receivables	(692)	(15)
Closing balance	728,058	779,591

(*) The amount of the securitised assets is shown gross of the write-down of the receivable of Euro 195 thousand

F.8 - Outlook for past due loans

At 31 December 2022 there were receivables classified as past due for a total of Euro 3,658 thousand.

F.9 - Cash flows

(in thousands of Euro)

	Situation at 31/12/2022	Situation at 31/12/2021
A. Opening cash balance	35,052	-
B. Cash receipts	362,799	897,710
- B.1 - Issue of Notes	-	800,000

- B.2 - Cash receipts from securitised portfolio	359,392	80,839
- B.3 – Subordinated Loan	-	9,113
- B.4 – Interest accrued on investments and current accounts	155	2
- B.5 – Issue premium on Class A Notes	-	7,756
- B.6 – IRS payments	3,252	-
C. Payments	362,204	862,658
- C.1 - Purchase of initial portfolio	-	800,001
- C.2 - Subsequent purchase of portfolios	254,189	44,306
- C.3 - Interest on the Notes	6,535	549
- C.4 - Interest on subordinated loan	54	12
- C.5 - Subordinated Loan Repayment	502	1,593
- C.6 - Transaction expenses	3,823	2,247
- C.7 - IRS payments	726	249
- C.8 - Payment of additional fee for DPP	43,018	13,701
- C.9 - Payment of principal on the notes	53,358	-
D. Cash flows	595	35,052
E. Cash balance (bank accounts)	35,647	35,052

Cash flows are in line with the expectations set out at the time the transaction was arranged, and estimated collections for the year 2023 amount to Euro 340,000 thousand.

The positive flows from debt collection operations were mainly used to pay transaction expenses, purchase subsequent portfolios and pay interest on the Notes issued.

F.10 – Guarantees and credit lines

The issuer was granted a subordinated loan from Findomestic Banca S.p.A. (Subordinated Loan Provider and Originator) amounting to Euro 7,520 thousand. During 2022, the Company arranged to repay the subordinated loan for a total of Euro 502 thousand. At the date of these financial statements the amount of the loan was Euro 7,018 thousand.

F.11 - Breakdown by residual maturity

(in thousands of Euro)

Summary table	Situation at 31/12/2022	Situation at 31/12/2021
Up to 3 months	1,609	941
Over 3 years and up to 12 months	23,142	15,081
Over 1 year and up to 5 years	492,747	497,961
Over 5 years	206,902	265,400
Indefinite duration	3,658	208
Total	728,058(*)	779,591

(*) The amount of the securitised assets is shown gross of the write-down of the receivable of Euro 3,612 thousand

The item shows the residual principal of contracts becoming due in the corresponding time bracket.

(in thousands of Euro)

Use of funds from loan servicing:

	Situation at 31/12/2022	Situation at 31/12/2021
On demand	35,647	35,052
1 – 3 months	685	702
Total	36,332	35,754

	Situation at 31/12/2022	Notes issued: Situation at 31/12/2021
1 – 3 months	284	45
Over 5 years	750,963	807,130
Total	751,247	807,175

	Borrowings:	
	Situation at 31/12/2022	Situation at 31/12/2021
1 - 3 months	1	1
Over 5 years	7,018	7,520
Total	7,019	7,521

	Other liabilities:	
	Situation at 31/12/2022	Situation at 31/12/2021
1 – 3 months	2,512	453
Total	2,512	453

F.12 – Breakdown by geographical location

These are receivables in Euro due from debtors residing in Italy.

F.13 - Risk concentration

Breakdown by amount bracket.

(in thousands of Euro)

Bracket	<i>Situation at 31/12/2022</i>		<i>Situation at 31/12/2021</i>	
	<i>Amount</i>	<i>No. of positions</i>	<i>Amount</i>	<i>No. of positions</i>
From Euro 0 to 25,000	671,573	109,169	706,018	86,031
From Euro 25,000 to 75,000	56,485	1,770	73,573	2,301
Total	728,058(*)	110,939	779,591	88,332

(*) The amount of the securitised assets is shown gross of the write-down of the receivable of Euro 3,612 thousand

There were no positions exceeding 2% of total portfolio.

Section 3 – Information on risks and risk management policies

Due to the particular nature of the provisions in the law governing special purpose vehicles, there is no relevant information to disclose concerning the Company's ordinary operations.

Specifically, the Company was formed to carry out one or more securitisation transactions, and this purpose was fulfilled with the completion of the securitisation transactions described in this report. The securitisation transactions were arranged by a leading international bank, and the Company delegated the activities necessary for the operational management of the transactions to professional entities specialising in providing financial and regulatory services in the framework of such transactions.

Please refer to Part D, Section 1 of the Notes to the Financial Statements for information on the securitisation transaction entered into.

Section 4 – Information on equity

4.1 The Company’s equity

4.1.1 Qualitative information

The management of the Company’s equity consists in the set of policies that establish its size so that it is appropriate to carry out the Company’s business and complies with the quantitative and qualitative requirements under the law. The set of corporate rules drawn up for this purpose is the main form of guarantee of the Company’s equity.

Autoflorence 2 S.r.l. is a company incorporated under Italian Law 130/1999 in the form of an Italian limited liability company, and its purpose is to carry out receivables securitisation transactions. It is registered in the Bank of Italy’s List of Financial Vehicle Corporations. The Company is registered in the Bank of Italy’s List of Financial Vehicle Corporations, and therefore it is subject to the capital requirements applicable under Italian Civil Law.

A characteristic of the Company’s operations, specifically required by Italian Law 130/1999, is that the Company’s assets and liabilities are segregated assets from those of the securitisation transactions involving the Company as the owner. This segregation means that the costs that the Company incurs to remain in good standing are limited, and in any case, they are recovered through specific contractual clauses providing for these costs to be charged back to the securitisation transaction.

This ensures that Autoflorence 2 S.r.l. maintains an adequate level of equity throughout the securitisation transaction.

4.1.2 Quantitative information

4.1.2.1 The Company’s equity: breakdown

(in units of Euro)

Items/amounts	31.12.2022
1. Capital	10,000
2. Share premiums	
3. Reserves	
- retained earnings	
a) legal	
b) statutory	
c) treasury shares	
d) other	
- other	
4. (Treasury shares)	
5. Valuation reserves	
Equity securities measured at fair value through OCI	

Hedging of equity securities measured at fair value through OCI	
Financial assets (other than equity securities) measured at fair value through OCI	
property, plant and equipment	
intangible assets	
foreign investment hedges	
cash flow hedges	
exchange differences	
non-current assets and disposal groups held for sale	
special revaluation laws	
actuarial gains/losses on defined benefit plans	
share of reserves from equity-accounted investments	
6. Equity instruments	
7. Profit (loss) for the year	-
Total	10,000

Section 5 – Statement of Comprehensive Income

There is no information to be disclosed concerning the Statement of Comprehensive Income.

Section 6 - Related-party transactions

6.1 Information on the remuneration of key management personnel

No remuneration for the Governing Bodies was approved. The remuneration due to the Statutory Auditors is Euro 7,000 per year excluding VAT and CPA social security fund.

6.2 Loans and guarantees granted to directors and statutory auditors

No loans or guarantees were granted to Directors.

6.3 Related-party transactions disclosures

As for the Company's related-party transactions, it is noted that at 31 December 2022 there was in place a subordinated loan of Euro 7,018 thousand with Findomestic Banca S.p.A.

Section 7 – Other disclosures

7.1 Other information

All the information reported in the financial statements is consistent with the Company's accounting records, and the consistency of classification is ensured by complying with the relevant instructions.

7.2 Management and coordination

The Company is not subject to management and coordination by the parent company, given the particular nature of the Company's business and the binding contractual "regulation" underlying each securitisation transaction.

7.3 NUMBER OF EMPLOYEES

The Company has no employees.

7.4 REMUNERATION OF INDEPENDENT AUDITORS

As for the provisions in Article 43, paragraph 2, of Italian Legislative Decree 39/2010, here below are the fees due to the Independent Auditors for the year 2022:

Type of services	Fees	Entity providing the service
Independent audit of the financial statements	16,248	Mazars S.p.A. Italia
Tax filings	4,500	
Total	20,748	

The above fees do not include VAT, any incidental expenses, and the Consob duty.

Milan, 20 March 2023

The Sole Director

Solidea Barbara Maccioni

