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12th edition

Securitisation in Luxembourg

Illustrative financial statements


pwc

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Preface

The quality of financial information disclosed to third parties is crucial for an entity. This illustrative example is intended to assist you to prepare financial statements for a Luxembourg securitisation vehicle in good quality and required transparency. The current year's version only contains minor changes.

As described in our publication "[Securitisation in Luxembourg - A comprehensive guide](http://www.pwc.lu/securitisation)" (available on www.pwc.lu/securitisation), a Luxembourg securitisation vehicle can take the form of a company or a fund.

The choice of legal form determines the accounting regulations applicable to the securitisation vehicle. It has to be noted that the vast majority of Luxembourg securitisation vehicles are created in a corporate form as a company. That is why we have decided to commence this publication with an illustrative example of financial statements of a securitisation vehicle on the basis of the legal requirements and best practice for annual accounts of a securitisation company. These requirements also apply to new legal (partnership) forms since they also need to follow the Luxembourg Accounting Law as per the modernised Securitisation Law.

We also briefly address, the issue of fiduciary notes, securitisation funds and disclosure requirements for multi compartment vehicles and umbrella funds.

The purpose of this publication is to assist the persons in charge with the preparation of the financial statements of a securitisation vehicle. It shall enable a better understanding of the legal requirements and best practice with regards to layout and content. In comparison to prior year we have only made a few changes.

The illustrative examples follow a simplified approach and take focus on the most common securitisation transactions. It should thus be used in conjunction with the PwC Luxembourg brochure "[Asset Management - Illustrative annual report for UCITS in accordance with Luxembourg GAAP](http://www.pwc.lu)" (available on www.pwc.lu).


Securitisation companies must file their annual accounts electronically and are subject to the Standard Chart of Accounts ("SCA"), except if they are supervised by the Commission de surveillance du secteur financier ("CSSF")¹. For the non-supervised entities, the trial balance must comply with the format of the SCA, and the balance sheet and profit and loss account must be presented and published in the form of a structured electronic file ("eCDF").

This is also the case for the partnership and corporate structures which are now allowed under the Securitisation Law. They also have to comply with the Accounting Law and thus eCDF.

1. Following the new securitisation law, securitisation vehicles issuing more than three times per year non-private placements with a denomination below EUR 100,000 to non-professional investors fall into that category.



Check out our publication **Securitisation in Luxembourg - A comprehensive guide**



The small number of supervised entities (only around 2% of the securitisation vehicles incorporated in Luxembourg) is exempt from the SCA and eCDF obligation and has to comply with the layout prescribed in the Accounting Law and a Grand-Ducal Regulation.

The requirements for the notes to the annual accounts and electronic filing in general are equal for both supervised and non-supervised securitisation companies.

An important change for financial years starting 1 January 2021 is that securitisation companies which have securities listed on a EU regulated market and can not benefit from specific exemptions need to comply with the ESEF (European Single Electronic Format) format for their filling.

The first illustrative example shows a typical structure of annual accounts of a non-supervised Luxembourg securitisation vehicle investing in financial assets, such as loans and other investments held as fixed assets, and being refinanced by the issuance of bonds. The example is limited to the positions mainly affecting Luxembourg securitisation companies and does not provide a complete template for the annual accounts of every securitisation company.

If other assets, like intangible or tangible assets, are securitised, or if the securitisation vehicle is refinanced by equity, the balance sheet and profit and loss account components and notes explanations need to be adjusted or amended accordingly. Furthermore, we assumed that no disclosure for related-party transactions and consolidation is required, as is the case for most securitisation companies.

Securitisation funds must file their annual report electronically on the RCS website (eRCS filing), in the layout prescribed by the Law of 17 December 2010 (“the Fund Law”). The explanatory notes would be similar to the ones for securitisation companies, largely depending on the type of transaction. An illustrative example is presented in this publication.

We have also added some example disclosure for multi-compartment and umbrella fund structures.

We hope this publication will be a practical help for you and your teams when preparing the next annual accounts.

Holger von Keutz
Securitisation Leader

General guidance

1 Securitisation companies

Legal requirements

The annual accounts of a Luxembourg securitisation company (including the new partnership forms) are based on the provisions of the Luxembourg Law of 19 December 2002 (as amended) on the register of commerce and companies and the accounting and annual accounts of undertakings (“Accounting Law”) defining the accounting and disclosure requirements for Luxembourg companies.

Besides “standard” Luxembourg Generally Accepted Accounting Principles (“LuxGAAP”) accounting under the historical cost convention, the Accounting Law allows annual accounts to be prepared and filed in accordance with International Financial Reporting the Standards as adopted by the European Union (“IFRS”). Alternatively, it is possible to account for part of the assets at fair value within the Luxembourg accounting framework, i.e. without applying full IFRS (“fair value option”). This is mainly applied for financial instruments including derivatives.

Annual accounts in accordance with full IFRS are not illustrated in this publication since they are only used occasionally for Luxembourg securitisation companies and would follow normal IFRS requirements. Nevertheless, for some companies or single compartments, an IFRS group reporting package may be requested by the consolidating entity. Those would then rather follow the individual group accounting rules, which are often based on IFRS.

Layout

The layout of the balance sheet and the profit and loss account is prescribed by the eCDF forms (for non-supervised securitisation companies) and Art. 34 and 46 of the Accounting Law which refer to the Grand-Ducal Regulation of 18 December 2015, specifying the exact layout (for supervised securitisation companies).

For non-supervised securitisation companies, this layout, nomenclature and terminology cannot be adapted or combined. They have to use the SCA and the eCDF forms for filing the annual accounts, the latter constituting the official balance sheet and profit and loss account of the company.

Since the 2020 revamp of the SCA, a mapping table is foreseen between the accounts featured in the SCA and the balance sheet and profit and loss items. In addition, the *Commission des normes comptables* (“CNC”) published several recommendations with regards to disclosure and accounts mapping (www.cnc.lu).

The following table provides an indicative mapping table for typical types of income and expenses of securitisation companies based on the official mapping table, CNC recommendations and best practices observed by PwC.

Figure 1: Mapping table

	Type of income or expense	Suggested eCDF caption
Financial fixed assets* (e.g. loans, bonds or shares, excl. participations)	Realised gain from sales or redemptions of financial fixed assets***	10. Income from other investments and loans forming part of the fixed assets - b) other income not included under a)
	Realised loss from sales or redemptions of financial fixed assets***	14. Interest payable and similar expenses - b) other interest and similar expenses
	Unrealised gain from (fair) valuation of financial fixed assets	13. Value adjustments in respect of financial assets and of investments held as current assets
	Unrealised loss from (fair) valuation of financial fixed assets	13. Value adjustments in respect of financial assets and of investments held as current assets
	Dividend or interest income from financial fixed assets	10. Income from other investments and loans forming part of the fixed assets - b) other income not included under a)
Notes issued**	Realised gain from redemption of financial debts	4. Other operating income
	Realised loss from redemption of financial debts	8. Other operating expenses
	Unrealised gain from valuation of financial debts	4. Other operating income
	Unrealised loss from valuation of financial debts	8. Other operating expenses
Foreign exchange	Foreign exchange gain	11. Other interest receivable and similar income - b) other interest and similar income
	Foreign exchange loss	14. Interest payable and similar expenses - b) other interest and similar expenses

* In our opinion, income and expenses relating to derivative financial instruments which are intended for use on a continuing basis for the purpose of a securitisation company's activity should be treated in the same way as the respective income or expense type for other financial fixed assets as described above.

** It is best practice for Luxembourg securitisation companies to disclose results from notes valuation or redemptions as other operating income or expenses, even though not prescribed by law or regulation.

*** Alternatively and if so described in the accounting policies, realised gain or loss from sales or redemptions of financial fixed assets may also be mapped in the eCDF caption "13. Value adjustments in respect of financial assets and of investments held as current assets".

For supervised securitisation companies, flexibility was re-introduced with Grand-Ducal Regulation of 15 December 2016 which allows certain derogations from the Accounting Law's standard layout of balance sheet and profit and loss accounts for these companies. For example, it is possible to include more detailed subdivision or to add sub-totals and new items. Furthermore, the layout, nomenclature, and terminology of items in the balance sheet and profit and loss account that are preceded by arabic numerals can be adapted where the special nature of an undertakings so requires.

The undertakings referred to in Art. 35 of the Accounting Law (small companies) may draw up their balance sheet in the form of an abridged balance sheet. Similarly, the undertakings referred to in Art. 47 of the Accounting Law (small and medium-sized companies) may use the abridged profit and loss account layout. These exemptions are, however, not permitted for companies with securities which are admitted to trading on an EU-regulated market.² Further requirements apply for those companies (see section 1.4 "Management report").

Additional required for securitisation companies whose securities are listed on a EU regulated market - ESEF

As from financial periods beginning on or after 1 January 2021, Luxembourg companies having securities issued (equity or debt) admitted to trading on an EU-regulated market will have to prepare their annual financial reports using the European Single Electronic Format ("ESEF"). Companies have to prepare one single file in XHTML (webpage) format that includes financial statements, management report (incl. corporate governance statement) and responsibility statement, instead of the currently used PDF format. The aim is to enhance comparability and usability of financial information. Issuers that exclusively have debt securities admitted to trading on an EU-regulated market with a denomination per unit of at least EUR 100,000 are exempted from this requirement. In addition, issuers preparing IFRS consolidated financial statements have to fulfil certain tagging or mark up requirements using iXBRL.

2. As defined by Article 4, paragraph 1, point 14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments

Most of the time the financial statements are prepared in the usual format first and afterwards transformed in the required format by a specified service provider.

Currency of presentation of annual accounts

The annual accounts are in general drawn up in the currency in which the subscribed capital is expressed. Nevertheless, in our opinion, nothing prevents a company from drawing up its annual accounts in a currency of its choice, which is in line with Q&A CNC 22/026

Fiduciary notes

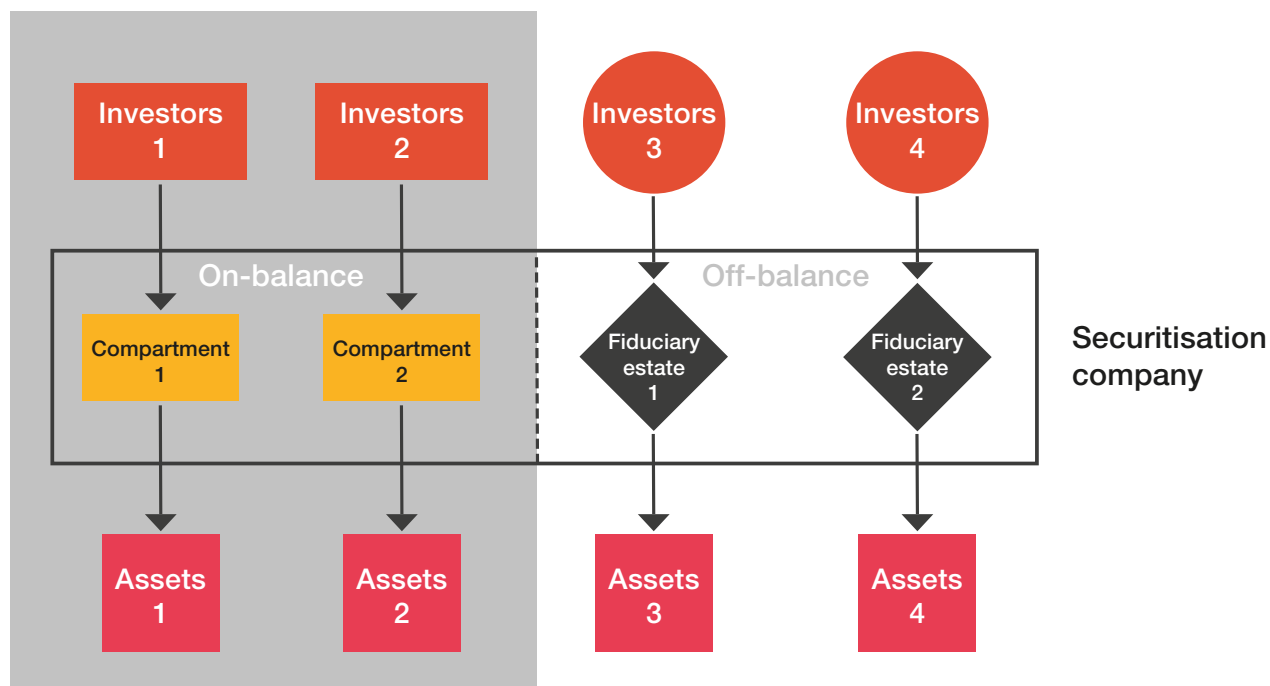
Securitisation companies may also act as a fiduciary under the Law of 27 July 2003 related to trust and fiduciary contracts in order to issue notes on a fiduciary basis in its own name but at the sole risk and for the exclusive benefit of the (fiduciary) noteholder.

The notes issued by a securitisation company on a fiduciary basis do not constitute debt obligations of the securitisation vehicle itself. The fiduciary assets (initial issuance proceeds and assets acquired) are segregated from all other assets of the fiduciary (i.e. the securitisation company) as well as from other fiduciary estates.

Therefore, the fiduciary transactions are recorded off balance sheet by the securitisation company.

In our view, from an information function view of the annual accounts, an investor in a fiduciary estate should be treated equally to an investor in a compartment, both being exposed to the underlying assets. In order to disclose a true and fair view of the annual accounts and sufficient and relevant information to investors, we strongly recommend to provide the same level of information in the notes to the accounts regarding the fiduciary estates as if the notes would have been issued on balance sheet (e.g. a dedicated note describing the assets and liabilities and the income and charges of each fiduciary estate).

Figure 2: Fiduciary notes



2 Securitisation funds

A securitisation fund is subject to the accounting and tax regulations applicable to undertakings for collective investments (“UCIs”) provided by the Law of 17 December 2010 on undertakings for collective investment, as amended (the “Fund Law”). The Securitisation Law does not refer to specific articles in the Fund Law but our understanding is that provisions related to recognition, measurement and disclosure should be read as “accounting regulations”.

Layout

The layout of the half-yearly and the annual report would be oriented at Article 151 (3) and (4) of the Fund Law, thus containing:

- a balance sheet or statement of assets and liabilities;
- a detailed income and expenditure account for the financial year;
- a report on the activities of the past financial year;
- the other information provided for in Schedule B of Annex I of the Fund Law;
- any significant information necessary for investors judgement on the development of the activities and the results of the fund.

Valuation of assets

Valuation of assets should be based on the last representative stock exchange quotation or the probably realisation value estimated with care and in good faith, i.e. a fair market valuation, unless otherwise stated in the management regulations, e.g. prescribing the use of historical cost or other valuation models.

Information to be included in the annual report

The annual report of a securitisation fund has to contain the other information provided for in Schedule B annexed to the Fund Law:

I. Statement of assets and liabilities detailing:

- transferable securities or other securitised assets;
- bank balances;

- other assets;
- liabilities, including notes issued;
- net asset value.

II. Number of units in circularisation

III. Net Asset Value (NAV) per unit

IV. Portfolio breakdown distinguished by type of asset and analysed based on most appropriate criteria in light of the securitised risks.

V. Statement of developments concerning the assets during the period including the following:

- income from investments;
- other income;
- management charges;
- depositary charges;
- other charges and taxes;
- net income;
- distributions and income reinvested;
- increase or decrease of the capital account;
- appreciation or depreciation of investments;
- any other changes affecting the assets and liabilities of the fund;
- transaction costs.

VI. A comparative table covering the last three financial years and including, for each financial year-end, at the end of the financial year:

- the total net asset value;
- the net asset value per unit.

In this brochure, we provide only illustrative examples for the statement of net assets and income and expenditure account for a securitisation fund. These example disclosures comprise our view of best practice and should not be considered as the only acceptable form of presentation. The form and content of each reporting entity's annual report are the responsibility of the entity's management.

Furthermore, each annual report needs to contain detailed explanatory notes.

3 Multi-compartment vehicles

General remarks regarding multi-compartment vehicles

One of the specificities of Luxembourg securitisation vehicles is that they may be divided into one or more separate compartments or sub-funds, each corresponding to a distinct part of its assets financed by distinct securities. This compartment or sub-funds segregation - a technique often applied to investment funds in Luxembourg - also typifies the great flexibility securitisation transactions provide in Luxembourg. The securitisation company's articles of incorporation or the securitisation fund's management regulations only need to explicitly mention whether there is the possibility to create multiple compartments. Each compartment is then created by a simple resolution of the Board of Directors/Managers/Management.

General expenses of the vehicle as a legal entity that do not relate to a specific compartment (e.g. taxes) should, in principle, be allocated in a manner prescribed in the articles of incorporation.

Compartment segregation means that the assets and liabilities of the vehicle can be split into different compartments, each treated as a separate entity making distinct transactions. The rights of investors and creditors are therefore limited to the risks on the assets of the respective compartments. Each of the compartments can be liquidated separately without negatively impacting the vehicle's remaining compartments, i.e. without triggering the liquidation of the other compartments. If the securitisation vehicle is created as a corporate entity, all compartments can be liquidated without necessarily liquidating the corporate entity.

As a result, a securitisation vehicle with several compartments can be seen as a combination of several entities under one legal entity. Regarding the disclosure of financial information of a multi-compartment structure, it should be noted that the disclosure of a combined balance sheet and a combined profit and loss account alone will not provide a true and fair view of the securitisation vehicle's activities and financial situation. Therefore, the financial statements of a multi-compartment vehicle must include

a breakdown of assets and liabilities per compartment and clearly state the financial data for each compartment. Generally, separate balance sheets and profit and loss accounts based on an accounting journal for each compartment are disclosed in the notes to the annual accounts in addition to the combined ones.

Alternatively, a specific note could be added to describe the compartment structure, including the assets and liabilities and the income and charges of each compartment. An illustrative example is provided below. The compartment disclosure should be added to (and not replace) the legally required disclosure following the order of the items related to it in the balance sheet and the profit and loss account. For transactions between the compartments including the general compartment (e.g. compartments contribution to general costs paid by the general compartment), best practice is to eliminate these "internal transfers" in the combined balance sheet and combined profit and loss account.

It is also possible to issue securities and acquire assets for one or more compartments in a currency other than the currency of the share capital (or the currency used for the presentation of the annual accounts). In such cases, it may be appropriate to account for these compartments in the currency of their securities issued and assets acquired. The financial information for these compartments may be presented in this currency in the notes to the annual accounts and only translated into the main accounting currency at financial year end for the purposes of the combined balance sheet and profit and loss accounts.

For significant captions (e.g. financial fixed assets, debenture loans), we recommend adapting the disclosure in the respective note in such a way that the relevant information is separated by compartment or by groups of compartments. Alternatively, balance sheets and profit and loss accounts per compartment may be disclosed (see example below).

For securitisation companies issuing fiduciary notes, we recommend in analogy to disclose relevant information for each fiduciary estate.

Illustrative examples

1 Annual accounts of a securitisation company (including management report)

Annual accounts as at ... (balance sheet date)/

for the period from ... to ... (balance sheet date)

Name of the company

Société anonyme/

Société à responsabilité limitée/

Société en commandite par actions/

Société coopérative organisée comme une SA/

Société en nom collectif/

Société en commandite simple/

Société en commandite spéciale/

Société par actions simplifiée³

Address of the registered office

R.C.S. Luxembourg: Trade and Companies Register number

3. As per Art. 4 of the Law of 22 March 2004 on securitisation, the legal form of securitisation companies is limited to the above-mentioned types.

1.1 Balance sheet

Balance sheet as at...(balance sheet date)

Denominated in (presentation currency)

Go to the eCDF website. All the eCDF forms are available in French, German or English in a full or abridged version:
<https://ecdf.b2g.etat.lu/ecdf/>

Annual Accounts Helpdesk : RCS, No.: Matricule: Page: 13

Tel.: (+352) 247 88 494
 Email: contact@bilan-annuel.ecdf.etat.lu

BALANCE SHEET

Financial year from .../2023 to .../2024

ASSETS	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid			
I. Subscribed capital not called			
II. Subscribed capital called but unpaid			
B. Formation expenses			
C. Fixed assets			
I. Intangible assets			
1. Costs of development			
2. Concessions, patents, licenses, trade marks and similar rights and assets, if they were			
a) acquired for salable consideration and need not be shown under C.I.1			
b) created by the undertaking itself			
3. Goodwill, to the extent that it was acquired for salable consideration			
4. Payments on account and intangible assets under development			
II. Tangible assets			
1. Land and buildings			
2. Plant and machinery			

The notes in the annex form an integral part of the annual accounts

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Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment		
4. Payments on account and tangible assets in the course of construction		
III. Financial assets		
1. Shares in affiliated undertakings		
2. Loans to affiliated undertakings		
3. Participating interests		
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests		
5. Investments held as fixed assets		
6. Other loans		
D. Current assets		
I. Stocks		
1. Raw materials and consumables		
2. Work in progress		
3. Finished goods and goods for resale		
4. Payments on account		
II. Debtors		
1. Trade debtors		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
2. Amounts owed by affiliated undertakings		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
4. Other debtors		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		

The notes in the annex form an integral part of the annual accounts

RCS, No.: Matricule: Page: 13

Reference(s)	Current year	Previous year
III. Investments		
1. Shares in affiliated undertakings		
2. Own shares		
3. Other investments		
IV. Cash at bank and in hand		
E. Prepayments		
TOTAL (ASSETS)		

The notes in the annex form an integral part of the annual accounts

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CAPITAL RESERVES AND LIABILITIES

Reference(s)	Current year	Previous year
A. Capital and reserves		
I. Subscribed capital		
II. Share premium account		
III. Revaluation reserve		
IV. Reserves		
1. Legal reserve		
2. Reserve for own shares		
3. Reserves provided for by the articles of association		
4. Other reserves, including the fair value reserve		
a) other available reserves		
b) other non available reserves		
V. Profit or loss brought forward		
VI. Profit or loss for the financial year		
VII. Intense dividends		
VIII. Capital investment subsidies		
B. Provisions		
1. Provisions for pensions and similar obligations		
2. Provisions for taxation		
3. Other provisions		
C. Creditors		
1. Debtors loans		
a) Convertible loans		
i) becoming due and payable within one year		
ii) becoming due and payable after more than one year		
b) Non convertible loans		
i) becoming due and payable within one year		
ii) becoming due and payable after more than one year		
2. Amounts owed to credit institutions		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		

The notes in the annex form an integral part of the annual accounts

RCS, No.: Matricule: Page: 14

Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
4. Trade creditors		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
5. Bills of exchange payable		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
6. Amounts owed to affiliated undertakings		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		
B. Other creditors		
a) The authorities		
b) Social security authorities		
c) Other creditors		
i) becoming due and payable within one year		
ii) becoming due and payable after more than one year		
D. Deferred income		
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		

The notes in the annex form an integral part of the annual accounts

Note:

CSSF-supervised Luxembourg securitisation vehicles shall not use the eCDF webpage to upload their annual accounts but directly eRCS instead. Furthermore, they are not subject to the obligation to use the eCDF forms.

1.2 Profit and loss account

**Profit and loss account for the year ended ... (balance sheet date)/
for the period from ... to ... (balance sheet date)**

Denominated in (presentation currency)

Go to the eCDF website. All the eCDF forms are available in French, German or English in a full or abridged version:
<https://ecdf.b2g.etat.lu/ecdf/>

Annual Accounts Helpdesk : Tel. : (+352) 247 88 494 Email : centralebilans@statecat.lu	RCSL Nr. : _____ Matricule : _____	Page 1/2	
PROFIT AND LOSS ACCOUNT Financial year from 01 / 2023 to 31 / 2023			
	Reference(s)	Current year	Previous year
1. Net turnover	1000	700	700
2. Variation in stocks of finished goods and in work in progress	1003	703	704
3. Work performed by the undertaking for its own purposes and capitalised	1006	706	706
4. Other operating income	1010	710	714
5. Raw materials and consumables and other external expenses	1021	671	672
a) Raw materials and consumables	1001	601	602
b) Other external expenses	1003	603	604
6. Staff costs	1005	605	606
a) Wages and salaries	1007	607	608
b) Social security costs	1009	609	610
i) relating to pensions	1023	623	624
ii) other social security costs	1025	625	626
c) Other staff costs	1013	613	614
7. Value adjustments	1007	607	608
a) in respect of formation expenses and of tangible and intangible fixed assets	1029	629	630
b) in respect of current assets	1061	661	662
8. Other operating expenses	1021	621	622
The notes in the annex form an integral part of the annual accounts			

	RCSL Nr. : _____ Matricule : _____	Page 2/2	
	Reference(s)	Current year	Previous year
9. Income from participating interests	1015	715	716
a) derived from affiliated undertakings	1012	712	713
b) other income from participating interests	1019	719	720
10. Income from other investments and loans forming part of the fixed assets	1021	721	722
a) derived from affiliated undertakings	1020	720	724
b) other income not included under a)	1026	726	726
11. Other interest receivable and similar income	1027	727	728
a) derived from affiliated undertakings	1028	728	730
b) other interest and similar income	1031	731	732
12. Share of profit or loss of undertakings accounted for under the equity method	1040	640	644
13. Value adjustments in respect of financial assets and of investments held as current assets	1046	646	646
14. Interest payable and similar expenses	1027	627	628
a) concerning affiliated undertakings	1024	624	628
b) other interest and similar expenses	1031	631	632
15. Tax on profit or loss	1045	645	636
16. Profit or loss after taxation	1047	647	648
17. Other taxes not shown under items 1 to 16	1047	647	638
18. Profit or loss for the financial year	1049	649	670
The notes in the annex form an integral part of the annual accounts			

Note:

CSSF-supervised Luxembourg securitisation vehicles shall not use the eCDF webpage to upload their annual accounts but directly eRCS instead. Furthermore, they are not subject to the obligation to use the eCDF forms.

1.3 Notes to the annual accounts

65(1) *The notes to the annual accounts must be presented in the same order as the items related to them in the balance sheet and the profit and loss account.*

Some of the disclosure below may not be mandatory for small companies.

General information

(Name of the Company) (hereafter the “Company”) was incorporated on (date of incorporation) and is organised under the laws of Luxembourg as a (legal form) for an unlimited period/for a period of ... years and is subject to the Law of 22 March 2004 on securitisation (the “Securitisation Law”).

The registered office of the Company is established in (town, Luxembourg).

The Company’s financial year starts on ... and ends on ... of each year, except for the first financial period, which began on ... (date of incorporation) and ended on

The main activity of the Company is ...

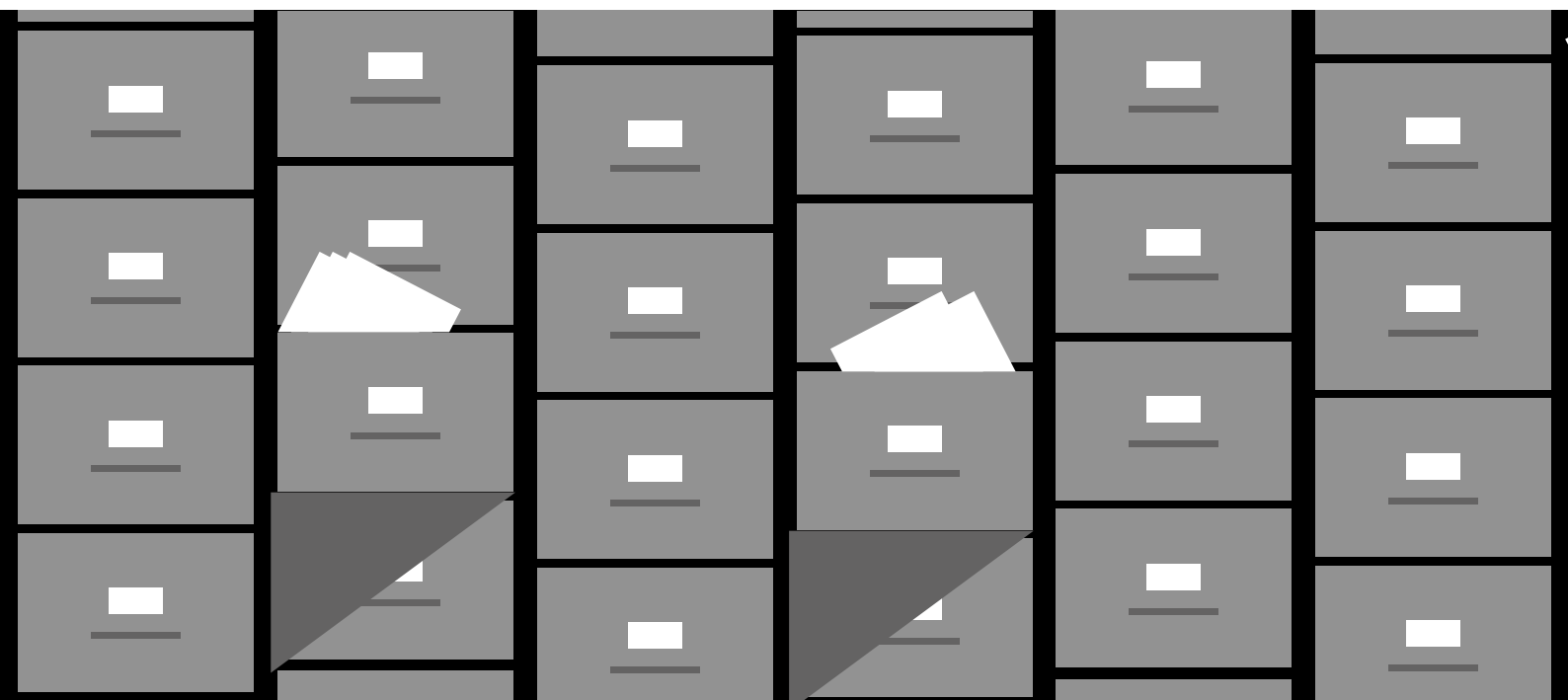
(Include description of the Company’s main type of transactions and/or corporate objects of securitisation vehicle, e.g.: “In general, the Company may take measures and carry out any operation or transaction which it considers necessary or useful to accomplish and develop its corporate objectives, to the greatest extent permitted under the Securitisation Law”).

[if applicable]

Multi-compartment

In accordance with the Company’s articles of incorporation, the Board of Directors/Managers/Management is/are authorised to create one or more compartments, each corresponding to a distinct part of the Company’s assets and liabilities.

(Please see also section 3 of this illustrative example for additional disclosure requirements.)



65(1)1°

Summary of significant accounting policies

26

Basis of preparation

51

64bis

64sexies

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention (*to be adapted if the fair-value option is used for financial instruments and/or certain other categories of assets*). Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors/Managers/Management.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors/Managers/Management to exercise its/their judgement when applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts for the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

The main valuation rules applied by the Company are the following:

a) Formation expenses

The formation expenses of the Company are directly charged to the profit and loss account of the year/period in which they are incurred.

Or

53 (1) a)

Formation expenses are written off on a straight-line basis over a period of (XX years, YY months).

b) Financial fixed assets

55 (1), (2)

Historical cost model

Valuation at purchase price

55 (1) c) bb)

Investments held as fixed assets/Other loans (fixed assets) are valued at purchase price/nominal value (other loans) including the expenses incidental thereto.

In case of durable depreciation in value according to the opinion of the Board of Directors/Managers/Management, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Or

Valuation at the "lower of cost or market value"

Investments held as fixed assets/Other loans (fixed assets) are valued at the lower of purchase price including the expenses incidental thereto or market recovery value.

Market value and/or recovery value corresponds to:

55 (1) c) aa)

- The latest available quote on the valuation day for securities actively traded on a stock exchange or other recognised market; or
- The probable market or recovery value estimated with due care and in good faith by the Board of Directors/Managers/Management for unlisted securities or securities that are not actively traded on a recognised market, for securities where the latest quote is not representative and for the loans shown under "Assets".

Or

Fair value model

Investments held as fixed assets are initially recorded at purchase price, including the expenses incidental thereto. They are subsequently measured at fair value determined on the following basis:

64bis

64bis (5bis)

Description of valuation method used, e.g.:

The fair value corresponds to:

64ter

- The latest available quote at the valuation day for financial instruments (or transferable securities) listed on a stock exchange or traded on another recognised market; or
- The fair value estimated through the following valuation models and techniques based on assumptions made by the Board of Directors/Managers/Management and on the market conditions existing at the balance sheet date.

(Please disclose details on the significant underlying assumptions on the valuation models and techniques.)

The change in fair value is recorded in the profit and loss account.

c) Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is either uncertain or compromised at the closing date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

d) Transferable securities

(E.g. in the case of actively managed CDOs/CLOs, which is now possible under the Securitisation Law)

Historical cost model

61
62

Transferable securities are valued at the lower of purchase price, including expenses incidental thereto and calculated on the basis of weighted average prices/FIFO/LIFO method, (or similar method to be disclosed) or market value, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to:

- the latest available quote on the valuation day for transferable securities listed on a stock exchange or traded on another regulated market;
- a realisation value determined by using the following valuation techniques (to be disclosed) based on assumptions made by the Board of Directors/Managers/Management and market conditions existing at the balance sheet date;
- the probable realisation value estimated with due care and in good faith by the Board of Directors/Managers/Management for transferable securities not listed on a stock exchange or not traded on another regulated market and for transferable securities listed on a stock exchange or traded on another regulated market where the latest quote is not representative.

Or

Fair value model

64bis

Transferable securities are valued at fair value. The fair value of these financial instruments corresponds to:

- the latest available quote on the valuation day for transferable securities listed on a stock exchange or traded on another regulated market;
- a realisation value determined by using the following valuation techniques (to be disclosed) based on assumptions made by the Board of Directors/Managers/Management and market conditions existing at the balance sheet date.

The change in fair value of transferable securities is recorded in the profit and loss account/revaluation reserves.

e) Derivative financial instruments

The Company may enter into derivative financial instruments such as options, swaps, futures, or foreign-exchange contracts. These derivative financial instruments are initially recorded at cost.

Historical cost model

At each balance sheet date, unrealised losses are recognised in the profit and loss account, whereas gains are accounted for when realised. In the case of hedging of an asset or liability which is not recorded at fair value, unrealised gains or losses are deferred until the realised gains or losses on the hedged item are realised. Commitments relating to options/swaps/futures/foreign-exchange contract transactions are disclosed in the notes to the annual accounts.

Or

64bis

Fair value model

Derivative financial instruments are fair valued based on the market value/valuation techniques described below. Unrealised gains and losses are recorded in the profit and loss account.

Description of valuation method used, e.g.:

64ter

The fair value corresponds to:

- The latest available quote at the valuation day for derivatives listed on a stock exchange or traded on another recognised market; or
- The fair value estimated through the following valuation models and techniques based on assumptions made by the Board of Directors/Managers/Management and on the market conditions existing at the balance sheet date.

(Please disclose details on the significant underlying assumptions on the valuation models and techniques.)

f) Foreign currency translation

The Company maintains its books and records in (currency).

Transactions expressed in currencies other than (currency of the annual accounts) are translated into (currency of the annual accounts) at the exchange rate effective at the time of the transaction. Financial fixed assets and formation expenses expressed in currencies other than (currency of the annual accounts) are translated into (currency of the annual accounts) at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets are translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account.

Other assets and liabilities are translated separately at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, both are valued in total according to the method described above, while the net unrealised exchange losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

Where applicable

Assets and liabilities items that are fair valued are converted at the exchange rates effective at the balance sheet date. Foreign exchange differences on these items that are accounted for at fair value are recognised in the profit and loss account or revaluation reserves with the change in fair value.

Or

Monetary items are converted at the exchange rates effective at the balance sheet date whereas non-monetary items are converted at the exchange rate effective at the time of the transaction. The realised and unrealised exchange losses are recorded in the profit and loss account. The unrealised exchange gains are recorded as deferred income, whereas the realised exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and liability, both are valued in total according to the method described above and solely the net unrealised losses are items recorded in the profit and loss account whereas the net unrealised exchange gains are not recognised.

Where applicable

Non-monetary assets and liabilities that are fair valued are converted at the exchange rates effective at the balance sheet date. Foreign exchange differences on these items that are accounted for at fair value are recognised in the profit and loss account or revaluation reserves with the change in fair value.

42 **g) Prepayments**

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year.

44 **h) Provisions**

Provisions are intended to cover losses or debts, whose nature is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but with uncertainty as to their amount or as to the date on which they will arise.

51 (1bis) Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

64 **i) Creditors**

Debts are recorded at their reimbursement value.

Discounted debts

63 Where the amount repayable is greater than the amount received, the difference is shown as an asset and is written off over a debt period based on the straight-line/actuarial method.

Or

Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

Equalisation provision

Due to the limited recourse nature of the securities issued, losses during the year as a result from sales, default, lower market values or cost may reduce the value of the securities issued. Such shortfalls are normally borne by the security holders (or subordinated loan lenders, if any) in inverse order of the priority of payments. Consequently, a provision for diminution in value will be made and deducted from the amount repayable of the securities issued and subordinated loans and booked in the profit and loss account as "Equalisation provision" under "Other operating income". A reversal of the equalisation provision would lead to "other operating expenses" accordingly.

(In case a surplus will be passed to the noteholders through an increased repayable amount).

Similarly, the amount repayable of a debt is increased if the reimbursement value is directly linked to the value of the related assets and if it is possible that cash flow from the related assets exceeds the amount received. In this case, the Company has increased the book value of the debt and recognised an unrealised loss as “Equalisation provision” included under “Other operating charges” in the profit and loss account.⁴

Tax debts

The difference between the tax liability estimated by the Company and the advance payments for the financial years are recorded under the “Tax debts” caption.

Or

The tax liability estimated by the Company for the financial years are recorded under the “Tax debts” caption. The advance payments are shown in the assets of the balance sheet under the “Other receivables” item.

45

j) Deferred income

Deferred income includes income received during the financial year but relating to a subsequent financial year.

k) Value adjustments

Value adjustments are deducted directly from the related asset, i.e. using the net book value disclosure.

Formation expenses

Formation expenses comprise expenses arising from the creation/extension of the Company (further details might be added).

The movements for the year/period are as follows:

	N (currency)	N-1 (currency)
Gross book value - opening balance
Additions for the year/period
Disposals for the year/period
Gross book value - closing balance
Accumulated value adjustments - opening balance	(.....)	(.....)
Allocations for the year/period
Reversals for the year/period
Accumulated value adjustments - closing balance	(.....)	(.....)
Net book value - closing balance
Net book value - opening balance

4. Application of the equalisation provision concept depends on the structuring of the priority of payments of the securities issued. In some cases, a surplus is not paid to the security holders but rather to the arranger or another third party. This should then not be accounted for as equalisation provision on the issued securities but in a separate provision instead.

Financial fixed assets⁵

39 (3)

For financial fixed assets following the historical cost model⁶

The movements for the year/period are as follows:

	Participating interest	Loans to [...] participating interests	Investments held as fixed assets	Other Loans	Total N	Total N-1
	(currency)	(currency)	(currency)	(currency)	(currency)	(currency)
Gross book value - opening balance
Additions for the year/period
Disposals for the year/period	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)
Transfers for the year/period
Gross book value - closing balance
Accumulated value adjustments - opening balance	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)
Allocations for the year/period	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)
Reversals for the year/period
Transfers for the year/period
Accumulated value adjustments - closing balance	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)
Net book value - closing balance
Net book value - opening balance

5. Similar information would have to be disclosed for assets held in a fiduciary estate

6. Select as appropriate.

Ref. to Article of
Accounting Law

The Board of Directors/Managers/Management is of the opinion that the fair value of each investment is above the book value and hence has not booked any impairment.

Or

65 (1) 17° b)

Financial fixed assets that are not fair valued and that are accounted for at an amount above their fair value can be summarised as follows:

Category of financial fixed assets	Book value (currency)	Fair value (currency)
(Describe category)

The Board of Directors/Managers/Management has assessed that the decrease in market value is not permanent ... (explain the reasons) and therefore no value adjustment is recorded on those financial assets in the annual accounts of the Company.

For financial fixed assets following the fair value model^{7,8}

64bis
64quinquies

The movements for the year/period in the profit or loss/revaluation reserve are as follows:

	Investments held as fixed assets	
	N (currency)	N-1 (currency)
Acquisition cost - opening
Additions for the year/period
Disposals for the year/period	(.....)	(.....)
Transfers for the year/period
Acquisition cost - closing balance
Accumulated fair value adjustments - opening balance
Fair value adjustment of the year/period
Accumulated fair value adjustments - closing balance
<i>Fair value - closing balance</i>
<i>Fair value - opening balance</i>

In case the fair value is not determined by reference to a market value, the significant assumptions underlying the valuation models and techniques should be disclosed (Art. 64quinquies).

7. Select as appropriate.

8. Shares in affiliated undertakings and shares in undertakings with which the Company is linked by virtue of participating interests can be fair valued, given that they can be fair valued under IFRS (Art. 64bis (5bis)). In this case, the additional disclosure required by IFRS should also be included in the notes to the annual accounts. Please refer to our brochure "IFRS Illustrative financial statements" available on our website www.pwc.lu.

Ref. to Article of
Accounting Law

For financial fixed assets constituting participations of at least 20%

65 (1) 2°

Undertakings in which the Company holds at least 20% of the share capital or in which it is a general partner are as follows:

Name of undertaking	Registered office	Ownership	Last balance sheet date	Net equity at the balance sheet date of the company concerned	Profit or loss for the last financial year
(legal form)		%		(currency)	(currency)
.....
.....

Derivative financial instruments

65 (1) 17°a)
64quinquies

On (closing date), the Company entered into foreign exchange contracts as detailed below:

Currency	Amount purchased	Currency	Amount sold	Maturity date	Fair value	Variation recorded in profit and loss account
					(presentation currency)	(presentation currency)
.....
.....
				Total

The Company has purchased option contracts as detailed below:⁹

Type of options	Number of options	Exercise price (currency)	Exercise period/ Maturity date	Fair value (presentation currency)	Variation recorded in profit and loss account (presentation currency)
.....
.....
.....
Total			

The Company has entered into interest rate swaps as detailed below:⁹

Maturity date	Currency (in original currency)	Nominal amount %	Interest rate received ¹⁰ %	Fair value (presentation currency)	Variation recorded in profit and loss account (presentation currency)
.....
.....
.....
Total		

If applicable⁸

64quinquies

Fair value has been obtained based on the following model and technique: (provide details on methods and techniques used). The main assumptions underlying those techniques are summarised below: (provide details).

9. Applicable if fair value model is chosen and if fair values are based on generally accepted models and techniques.
10. Or reference (Euribor, Libor, etc.).

Current assets

Other debtors

65 (1) 14° The position of (currency) consist of...

Investments

Actively managed CDO/CLO would have to provide some information on the portfolio at financial year end and the activity during the year.

Cash at bank

The amount of (currency) is held with XXX Bank SA, Luxembourg.

Subscribed capital

430-12 LCL¹¹
710-6 LCL¹¹ The subscribed capital amounts to (currency) (amount) and is divided into x shares/corporate units fully paid-up/
paid up to (currency) (amount) with a nominal value of (currency) (amount)/ without par value.

The authorised capital amounts to (currency) (amount).

65 (1) 3°, 4° *Additional disclosure if share subscriptions during the financial year and if several share classes issued.*

Legal reserve

461-1 LCL¹¹
710-23 LCL¹¹ Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income,
until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Provisions

64 *Detailed description of the composition of the provisions, if material.*

11. Art. of the Luxembourg Commercial Law (LCL) of 10 August 1915.

Debenture loans¹²

65 (1) 6°

The debenture loans are compromised as follows:

	<i>Within one year</i>	<i>After one year and within five years</i>	<i>After more than five years</i>	Total N	Total N-1
	(Currency)	(Currency)	(Currency)	(Currency)	(Currency)
Notional					
Class A
Class B
Class C
Subordinated notes
Total issued
Equalisation provision					
Accumulated equalisation provision - opening balance
Equalisation provision adjustment of the year/the period
Accumulated equalisation provision - closing balance
Net book value

(General description of the Notes, equalisation provision and the waterfall structure)

65 (1) 14°

The total interest payable on the above debts amounts to (currency) (amount) for the year (N-1: (currency) (amount)). The accrued interest payable as at (balance sheet date) amounts to (currency) (amount) (N-1: (currency) (amount)).

65 (1) 6°

An amount of (currency) (amount) of debts is secured by collateral on assets at the balance sheet date. The collateral of (currency) (amount) consists of (describe its nature and form).

65 (1) 5°

The Company has issued one/more than one convertible debenture bond(s)¹³ with the following specifications: *(specify the currency, nominal value, date of payment, interest rate and conversion terms).*

Other creditors

Description of the material components of other creditors, as applicable.

Income and charges

Description of the material components of the income and charges of the securitisation transaction, as applicable. A mapping table of income and charges based on type of asset/transaction is provided at the beginning of this chapter.

12. Similar information would have to be disclosed for notes issued out of a fiduciary estate.

13. Similar disclosure is required for profit units, warrants, options or similar securities or rights.

Taxation

The Company is subject to all Luxembourg tax regulations applicable to companies subject to the Securitisation Law.

I.e. subject to corporate income and municipal income tax but exempted from net wealth tax, except for the minimum net wealth tax.

65 (1) 16°

Auditor's fees^{14,15}

The total fees expensed by the Company and due for the current financial period to the auditor/audit firm are presented as follows:

	N (currency)	N-1 (currency)
Audit fees
Audit-related fees
Tax related fees
Other fees related to permissible audit services
Total

Off-balance sheet commitments

65 (1)7° and 7bis°

Description of the derivatives (if off-balance) and other off-balance sheet commitments, like:

In order to manage interest rate risk, the Company has entered into an interest rate swap agreement with a nominal amount of EUR____. The Company will swap a fixed interest rate of x% with a variable interest rate, 3-month-EURIBOR. The maturity date is 29 December, N+12.

65 (1)18°

Subsequent events

Nature and financial impact of significant post balance-sheet date events must be disclosed.

14. Small-sized and medium sized companies are allowed to not disclose such information (Art. 67 (2)). Companies that are admitted to trading on a EU-regulated market are subject to the same obligations as "large" companies. This disclosure can be omitted if the Company is included in the consolidated financial statements presenting this information.

15. Auditor's fees must be disclosed for each different auditor/audit firm separately.

1.4 Management report

(other information not part of the annual accounts)

Introduction

68 *Companies incorporated under Luxembourg law must draw up a management report. This report is usually published together with (but not as part of) the annual accounts and its responsibility lies with the management of the company (usually the Board of Directors (for SA) or the Board of Managers (for SARL)).*

68 (3) *Companies referred to in Art. 35 of the Accounting Law (small-sized companies) are not obliged to prepare a management report, provided that they include in their notes to the accounts the information concerning any acquisition of their own shares. Companies referred to in Art. 47 (medium-sized companies) are exempt from providing non-financial information. However, both exemptions do not apply to companies with securities which*

68 (1) d) *are admitted to trading on an EU-regulated market.¹⁶*

Securitisation companies that do not issue securities admitted to trading on an EU-regulated market, would normally qualify for above-mentioned exemptions.

For those securitisation companies drawing up a management report, Art. 47 of the Law of 22 March 2004 on securitisation ("Securitisation Law") prescribes that their management reports must contain all material information relating to their financial situation which could affect the rights of investors.

Securitisation companies with transferable securities admitted to trading on an EU-regulated market may also have to comply with further disclosure requirements pursuant to the Transparency Directive¹⁷ and/or the Prospectus Regulation.¹⁸ For example, the Prospectus Regulation requires the historical financial information to contain a cash flow statement which may have to be added to the annual accounts under LuxGAAP. However, the stand-alone financial information may still be prepared according to national accounting standards, i.e. LuxGAAP. An obligation to use IFRS exists only for consolidated financial statements, which a Luxembourg securitisation vehicle as a passive, non-controlling vehicle should be exempted from.

Contents of the management report

68 (1) a) *The management report must include at least a fair review of the development of the company's business, its results and position which provides clarification on the data shown in the annual accounts, together with a description of the main risks and uncertainties the company is facing. This description consists of a balanced and exhaustive description of the evolution of the business, results, and financial situation of the company, linked to the volume and complexity of the business.*

68 (1) b) c) *To understand the evolution of the business, results, and financial position of the company, this analysis should include key indicators of performance for both financial and non-financial aspects which impact the activity of the company and in particular information related to environmental and personnel matters. In presenting its analysis, the management report should make cross-references to the amounts indicated in the annual accounts and give other related additional explanations.*

16. As defined by Art. 4, paragraph 1, point 14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

17. Directive 2004/109/EC of the European Parliament and of the Council; transposed into Luxembourg law by the Law of 11 January 2008 (the "Transparency Law").

18. Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC.

68 (2) The management report shall also give an indication of the company's likely future development and further information on the company's use of financial instruments (when this is relevant for the valuation of its assets, liabilities, financial situation, and profit or loss). This shall comprise the objectives and policy of the company in terms of financial risk management (including its policy concerning the hedging of each main category of transactions for which hedge accounting is used) and its exposure to market, credit, liquidity, and treasury risks. The other items to be disclosed in accordance with Art. 68 (2) of the Accounting Law are generally not applicable for securitisation companies.

Corporate governance statement

68bis Each company with securities which are admitted to trading on an EU-regulated market must include a declaration on corporate governance in the management report. The information required can alternatively be presented in a separate report published with the management report, or a reference can be made in the management report indicating details of the company's website where such information is publicly available.

This corporate governance statement forms a specific section in the management report and includes as a minimum the items listed in Art. 68ter of the Accounting Law. However, companies which only have securities other than shares admitted to trading on an EU-regulated market are exempt from the disclosure of points a), b), e) and f). This is the case for securitisation companies since they usually issue debt instruments and, if at all, have those admitted to trading on an EU-regulated market. Furthermore, point d) referring to information required in case of takeover bids would normally not apply for securitisation companies.

Therefore, the corporate governance statement of a securitisation company fulfilling the criteria would mainly have to describe the principal characteristics of internal control systems and risk management procedures in relation to financial reporting processes.

Under the EU Audit legislation, each Public Interest Entity (PIE)¹⁹ shall establish an audit committee. If certain criteria are met, Article 52 (2) allows for the delegation of these tasks to the administrative body. Furthermore, Article 52 (5c) of the Law of 23 July 2016 concerning the audit profession states that any PIE whose sole business is to act as an issuer of asset backed securities are exempted from the requirement to establish an audit committee. However, if the exemption is used, the securitisation vehicle shall explain to the public the reasons why it considers that it is not appropriate for it to have either an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee. The law does not describe in detail where or to whom the securitisation vehicle shall make this disclosure. We recommend appropriate disclosure in the management report or in the corporate governance statement. Alternatively, the disclosure to the public can be made through other means such as publication in the RCSL or through the website of the securitisation vehicle. Such disclosure shall not be done through the notes to the annual accounts.

For example, if the functions are taken over by the Board as a whole or the asset-backed securities exemption applies you may state the following:

“Based on Art. 52 (1) of the Law of 23 July 2016 concerning the audit profession, the Company is classified as public-interest entity and required to establish an audit committee. However, in accordance with Art. 52 (2), the Company has chosen not to establish a separate audit committee but to have those functions performed by the Board as a whole.”

Or

“Based on Art. 52 (1) of the Law of 23 July 2016 concerning the audit profession, the Company is classified as public-interest entity and required to establish an audit committee. However, the Company's sole business is to act as issuer of asset-backed securities as defined in Art. 52 (5c). Therefore, it is exempted from the audit committee obligation. The Company has concluded that the establishment of a dedicated audit committee is neither necessary nor appropriate for the nature and extent of the Company's business.”

(Please tailor based on the specificities of the company, e.g. business only related to income from fixed assets and notes remuneration linked to this; or that defined regulatory environment (e.g. Securitisation Law, CSSF supervision, listing on EU-regulated market, as applicable.)

19. Public Interest Entities means: (a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 21 of Article 4 paragraph 1 of Directive 2014/65/EU; (b) credit institutions as defined in point 12 of Article 1 of the law of 5 April 1993 (as amended) related to financial sector; (c) insurance and reinsurance undertakings as defined under points 5 and 9 of Article 32 paragraph 1 of the Law of 7 December 2015 on insurance sector.

2 Annual report of a securitisation fund

2.1 Statement of net assets

[Name of the Fund]
Audited annual report for the year ended [closing date]

Statement of net assets as at [closing date]

	Sub-fund 1 (currency)	Sub-fund 2 (currency)	Combined (currency)	Total N-1 (currency)
Notes				
Assets				
Investments held as fixed assets
Other loans
Interest receivables
Swap contracts at market value
Other receivables
Cash and cash equivalent
Total assets
Liabilities				
Debenture loans
due and payable within one year
due and payable after more than one year
Accrued interest payable
Swap contracts at market value
Other payables
Total liabilities
Net assets at the end of the year/period
Number of units outstanding
Net Asset Value per unit

2.2 Statement of operations and changes in net assets

[Name of the Fund]

Audited annual report for the year ended [closing date]

Statement of operations and changes in net assets for the year ended [closing date]

	Sub-fund 1 (currency)	Sub-fund 2 (currency)	Combined (currency)	Total N-1 (currency)
Notes				
Net assets at the beginning of the year
Income				
Interest on loans
Interest on bonds
Dividends, net of withholding taxes
Interest received on swap contracts
Income from Equalisation Provision
Other income
Total operational income
Expenses				
Interest paid on swap contracts	(.....)	(.....)	(.....)	(.....)
Interest paid on Debenture loans	(.....)	(.....)	(.....)	(.....)
Expense from Equalisation Provision	(.....)	(.....)	(.....)	(.....)
Other expenses	(.....)	(.....)	(.....)	(.....)
Total operational expenses
Net investment income/(loss)
Net realised gains/(losses)				
- on investments
- on swap contracts
Net realised gains/(losses) for the year
Change in net unrealised value adjustment				
- on investments
- on swaps
Change in net unrealised value adjustment for the year
Result of operations for the year
Subscriptions
Redemptions
Dividends paid
Net assets at the end of the year

3 Additional disclosure for multi-compartment vehicles

3.1 Additional information in “Note X - General information”

If the Company is set-up as multi-compartment vehicle, this should be indicated in the notes to the annual accounts, e.g.:

In accordance with the Company's articles of incorporation, the Board of Directors/Managers/Management is/are authorised to create one or more compartments, each corresponding to a distinct part of the Company's assets and liabilities. As at financial year-end, there were [X] active compartments (*provide further details on newly created or liquidated compartments during the financial year*).

Each compartment corresponds to a distinct and segregated part of the Company's assets and liabilities, and in addition, (i) the rights of instrument holders of a compartment are limited to the assets of such a compartment, and (ii) the assets of a compartment are exclusively available to satisfy the rights of the instrument holders of such a compartment. In the relationship between the instrument holders, each compartment is deemed to be a separate entity.

(In case of compartments accounted for in foreign currency, include in the foreign exchange note one sentence how those are translated into the main accounting currency at financial year end for the purposes of the combined balance sheet and profit and loss accounts.)

The particular rights or limitations attached to instruments, as may be specified in the Articles, are the following: if a compartment is liquidated, its assets shall be applied (a) firstly, in payment or satisfaction of all fees, costs, charges, expenses, liabilities, and other amounts, including any taxes required to be paid (other than amounts referred to in paragraph (b) below) attributable or allocated to such compartments; and (b) secondly, pro rata in payment of any amounts owed, directly or indirectly, sued per compartment, assets will be subject to compliance with any priority of payment arrangement as defined in the relevant appendix applicable to such instruments.

If the realised net assets of any compartment are insufficient to pay the amounts otherwise payable on the relevant class in full the relevant security holders shall have no claim against the Company for or in respect of any shortfall, and shall have no claim against any other compartment or any of the Company's other assets.

3.2 Additional “Note Y - Balance sheet and profit and loss account per compartment”

The Company’s **balance sheet** as at (balance sheet date) can be split into compartments as follows:²¹

ASSETS	Combined B/S	Intercompartment elimination	General compartment²²	Compartment 1	Compartment ...	Compartment N
C. Fixed assets	X	Y	Y	Y	Y	Y
<i>III. Financial assets</i>	X	Y	Y	Y	Y	Y
5. Investments held as fixed assets	X	Y	Y	Y	Y	Y
6. Other loans	X	Y	Y	Y	Y	Y
D. Current assets	X	Y	Y	Y	Y	Y
<i>II. Debtors</i>	X	Y	Y	Y	Y	Y
4. Other debtors	X	Y	Y	Y	Y	Y
<i>IV. Cash at bank and in hand</i>	X	Y	Y	Y	Y	Y
E. Prepayments	X	Y	Y	Y	Y	Y
TOTAL ASSETS	(SUM)	(SUM)	(SUM)	(SUM)	(SUM)	(SUM)
CAPITAL, RESERVES AND LIABILITIES	Combined B/S	Intercompartment elimination	General compartment	Compartment 1	Compartment ...	Compartment N
A. Capital and reserves	X	Y	Y	Y	Y	Y
<i>I. Subscribed capital</i>	X	Y	Y	Y	Y	Y
<i>II. Share premium account</i>	X	Y	Y	Y	Y	Y
<i>IV. Reserves</i>	X	Y	Y	Y	Y	Y
<i>V. Profit or loss brought forward</i>	X	Y	Y	Y	Y	Y
<i>VI. Profit or loss for the financial year</i>	X	Y	Y	Y	Y	Y
B. Provisions	X	Y	Y	Y	Y	Y
3. Other provisions	X	Y	Y	Y	Y	Y
C. Creditors	X	Y	Y	Y	Y	Y
1. Debenture loans	X	Y	Y	Y	Y	Y
b) Non-convertible loans	X	Y	Y	Y	Y	Y
2. Amounts owed to credit institutions	X	Y	Y	Y	Y	Y
8. Other creditors	X	Y	Y	Y	Y	Y
D. Deferred income	X	Y	Y	Y	Y	Y
TOTAL	(SUM)	(SUM)	(SUM)	(SUM)	(SUM)	(SUM)

20. Contrary to the combined balance sheet, the layout used for the balance sheet per compartment may be adapted/abridged as per the Company’s requirements or preferences. The layout shown here is based on the 2022 eCDF forms. A separate column may be added to show eliminations of income and expenses or receivables and payables from internal transfers between the compartments including the general compartment.

21. In case of compartments accounted for in foreign currency:

Indicate compartments in foreign currency and how those are translated into the main accounting currency at financial year end for the purposes of the combined balance sheet and profit and loss accounts.

22. Sometimes called “Equity compartment”, “Compartment 0”, “Legal entity” or similar.

The Company's **profit and loss account** for the year ending (balance sheet date) can be split into compartments as follows:²³

	Combined P&L	Intercompartment elimination	General compartment	Compartment 1	Compartment ...	Compartment N
4. Other operating income ²⁴	X	Y	Y	Y	Y	Y
5. Raw materials and consumables and other external expenses	X	Y	Y	Y	Y	Y
<i>b) other external expenses</i>	X	Y	Y	Y	Y	Y
8. Other operating expenses ²⁵	X	Y	Y	Y	Y	Y
10. Income from other investments and loans forming part of the fixed assets	X	Y	Y	Y	Y	Y
<i>b) other income not included under a)</i>	X	Y	Y	Y	Y	Y
11. Other interest receivable and similar income	X	Y	Y	Y	Y	Y
<i>b) other interest and similar income</i>	X	Y	Y	Y	Y	Y
13. Value adjustments in respect of financial assets and of investments held as current assets	X	Y	Y	Y	Y	Y
14. Interest payable and similar expenses	X	Y	Y	Y	Y	Y
<i>b) other interest and similarexpenses</i>	X	Y	Y	Y	Y	Y
15. Tax on profit or loss	X	Y	Y	Y	Y	Y
16. Profit or loss after taxation	X	Y	Y	Y	Y	Y
17. Other taxes not shown under items 1 to 16	X	Y	Y	Y	Y	Y
18. PROFIT OR LOSS FOR THE FINANCIAL YEAR	(SUM)	(SUM)	(SUM)	(SUM)	(SUM)	(SUM)

23. Contrary to the combined profit and loss account, the layout used for the profit and loss account for specific compartments may be adapted or abridged as per the Company's requirements or preferences. The layout shown here is based on the 2021 eCDF forms. A separate column may be added to show eliminations of income and expenses or receivables and payables from internal transfers between the compartments including the general compartment.

24. Usually, includes the income relating to equalisation provision.

25. Usually, includes the charges relating to equalisation provision.

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