

Auto ABS Italian Rainbow Loans 2020-1 S.r.l.

Single Member Company

Registered Office: Via V. Betteloni 2, Milan

Capital: Euro 10,000, fully paid up

Milan Company Register no. 11145890965 – Economic and Administrative Index no. 2582152

Tax Code and VAT no. 11145890965

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Financial statements for the year ended 31 December 2021

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ADMINISTRATIVE BODY

Sole Director:
Daniela Rognone

Sole Statutory Auditor:
Savino Andrea

Independent Auditors:
PricewaterhouseCoopers S.p.A.

STATEMENT OF FINANCIAL POSITION
(in Euro)

Assets		31/12/2021	31/12/2020(*)
10	Cash and cash equivalents	10,000	9,849
120	Other assets	33,090	45,824
Total assets		43,090	55,673
Liabilities and equity		31/12/2021	31/12/2020
80	Other liabilities	33,090	45,673
110	Capital	10,000	10,000
170	Profit (loss) for the year	-	
Total liabilities and equity		43,090	55,673

(*) Pursuant to the new provisions relating to “Financial Statements of Non-Bank IFRS Intermediaries” of 29 October 2021, “on demand” receivables due from banks are classified under “10.) Cash and cash equivalents” instead of under “40.) Financial assets measured at amortised cost”. For consistent representation, the comparative figure for 2020 was therefore reclassified in accordance with the new provisions, as set out in more detail in part A of the Notes

INCOME STATEMENT
(in Euro)

ITEMS	31/12/2021	31/12/2020
50 Fee expense	0	(151)
60 Net fee income	0	(151)
160 Administrative expenses	(45,572)	(45,674)
(a) personnel expenses	(12,688)	(12,688)
(b) other administrative expenses	(32,884)	(32,986)
200 Other operating income (expenses)	45,572	45,824
210 Operating costs	-	-
300 Profit (loss) for the year	-	-

STATEMENT OF COMPREHENSIVE INCOME

	31/12/2021	31/12/2020
10. Profit (loss) for the year	-	-
Other comprehensive income, net of tax, not to be reclassified to profit or loss	-	-
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 capital securities measured at fair value with an impact on other individual components		
50. Property, plant and equipment		
60. Intangible assets		
70. Defined benefit plans		
80. Non-current assets and disposal groups held for sale		
90. Share of reserves from equity accounted investments		
Other comprehensive income, net of tax, to be reclassified to profit or loss	-	-
100. Foreign investment hedges		
110. Foreign exchange differences		
120. Cash flow hedges		
130. Hedging instruments (not designated)		
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. Total other comprehensive income, net of tax	-	-
180. Total comprehensive income (items 10+170)	-	-

Pursuant to the new provisions relating to “Financial Statements of Non-Bank IFRS Intermediaries” of 29 October 2021, “on demand” receivables due from banks are classified under the item “10. Cash and cash equivalents” instead of under “40. Financial assets measured at amortised cost”. For consistent representation, the comparative figure for 2020 was therefore reclassified in accordance with the new provisions, as set out in more detail in part A of the Notes.

STATEMENT OF CHANGES IN EQUITY

	Balance at 31/12/2020	Change in opening balance	Balance at 01/01/2021	Allocation of prior year profit		Changes occurred during the year						Total comprehensive income at 31/12/2021	Equity at 31/12/2021
				Reserves	Dividends and other allocations	Change in reserves	Equity transactions						
							Issue of new shares	Share buybacks	Extraordinary distribution of dividends	Change in equity instruments	Other changes		
Capital	10,000		10,000										10,000
a) ordinary shares													
b) other shares													
Share premium													
Reserves:													
a) retained earnings													
b) other reserves													
Valuation reserves:													
Equity instruments													
Treasury shares													
Profit (loss) for the year													
Equity	10,000	0	10,000	0	0	0	0	0	0	0	0	0	10,000

STATEMENT OF CHANGES IN EQUITY 2020

(in Euro)

	Balance at 31/12/2019	Change in opening balance	Balance at 01/01/2020	Allocation of prior-year profit		Changes occurred during the year					Total comprehensive income at 31/12/2020	Equity at 31/12/2020
				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 CASH FLOWS AT 31 DECEMBER 2021 - DIRECT METHOD

A. OPERATING ACTIVITIES	31/12/2021	31/12/2020
1. OPERATIONS	-	-
- interest income (+)	-	-
- interest expense (-)	-	-
- dividends and similar income (+)	-	-
- net fee income (expense) (+/-)	-	(151)
- personnel expenses (-)	(12,688)	(12,688)
- other expenses (-)	(32,884)	(32,985)
- other income (+)	45,572	45,824
- tax expense (-)	-	-
- income/expenses associated with disposal groups, net of tax effect (+/-)	-	-
2. CASH FLOWS GENERATED/ABSORBED BY FINANCIAL ASSETS	12,734	(45,824)
- financial assets held for trading	-	-
- financial assets measured at fair value	-	-
- other assets mandatorily measured at fair value	-	-
- financial assets measured at fair value through OCI	-	-
- financial assets measured at amortised cost	-	-
- other assets	12,734.	(45,824)
3. CASH FLOWS GENERATED/ABSORBED BY FINANCIAL LIABILITIES	(12,583)	45,673
- financial liabilities measured at amortised cost	-	-
- financial liabilities held for trading	-	-
- financial liabilities measured at fair value	-	-
- other liabilities	(12,583)	45,673
NET CASH FLOWS GENERATED/ABSORBED BY OPERATING ACTIVITIES	151	(151)
- INVESTING ACTIVITIES		
1. CASH FLOWS GENERATED BY	-	-
- sales of equity investments	-	-
- dividends received on equity investments	-	-
- sales of property, plant and equipment	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. CASH FLOWS ABSORBED BY	-	-
- purchases of equity investments	-	-
- purchases of property, plant and equipment	-	-
- purchases of intangible assets	-	-
- purchases of business units	-	-
NET CASH FLOWS GENERATED/ABSORBED BY INVESTING ACTIVITIES	-	-
B. FINANCING ACTIVITIES	-	-
- issue/repurchase of treasury shares	-	10,000
- issue/purchase of equity instruments	-	-
- dividend distribution and other	-	-
NET CASH FLOWS FROM/USED IN FINANCING ACTIVITIES	-	-
NET CASH FLOWS GENERATED/ABSORBED DURING THE YEAR	151	9,849

RECONCILIATION

Items	31/12/2021	31/12/2020
Opening cash and cash equivalents	9,849	
Net increase (decrease) in cash and cash equivalents	151	9,849
Cash and cash equivalents effect of change in exchange rate		-
Closing cash and cash equivalents	10,000	9,849

(*) Pursuant to the new provisions relating to “Financial Statements of Non-Bank IFRS Intermediaries” of 29 October 2021, “on demand” receivables due from banks are classified under item “10.) Cash and cash equivalents” instead of under item “40.) Financial assets measured at amortised cost”. For consistent representation, the comparative figure for 2020 was therefore restated in accordance with the new provisions.

NOTES TO THE FINANCIAL STATEMENTS

Company Business

The Company was incorporated under Italian Law no. 130 of 30 April 1999 (“Law 130/1999”) on 22 January 2020 through public deed drafted by Ms Condò, Notary Public in Milan, and was registered in the Bank of Italy’s List of Special Purpose Vehicles pursuant to the Bank of Italy’s “Provisions Concerning Disclosure and Statistical Requirements for Special Purpose Vehicles 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 acquisition 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 20 July 2020, the Company acquired, without recourse, from Banca PSA Italia S.p.A., receivables en bloc, pursuant to Italian Law 130/1999, deriving from car loan contracts self-originated by the same Bank.

In 2021, additional credit portfolios of the same type were acquired from Banca PSA Italia S.p.A.

The transaction was completed on 23 July 2020 with the issue of two classes of Asset Backed Notes amounting to a total of Euro 850,000,000.00:

- Euro 752,250,000 Class A Asset Backed Fixed Rate Notes due September 2035 (Senior Notes);
- Euro 97,750,000 Class Z Asset Backed Fixed Rate Notes due September 2035 (Junior Notes);

The subscription by Banca PSA Italia S.p.A. took place in two different moments.

The initial subscription took place in 2020 for a total amount of 490,000,000, of which:

- Class A: 4,366.5 Class A Asset Backed Fixed Rate Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 433,650,000 (Senior Notes) IT0005416174;
- Class Z: 563.5 Class Z Backed Fixed Rate and Variable Return Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 56,350,000 (Junior Notes) ISIN Code IT0005416182.

The final subscription took place in 2021 for a total amount of 360,000,000, of which:

- Class A: 3,186.00 Class A Asset Backed Fixed Rate Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 318,600,000 (Senior Notes) IT0005416174;
- Class Z: 414.00 Class Z Asset Backed Fixed Rate and Variable Return Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 41,400,000 (Junior Notes) ISIN Code IT0005416182.

No notes were redeemed in 2021.

At the time of issue, the Class A securities listed on the Luxembourg Stock Exchange were assigned a rating by DBRS of “AAA(sf)” and by Fitch of “AA-(sf)”.

In assigning their ratings, the rating agencies used the portfolio quality assessment method.

The annual interest rate on Senior Notes is 0.50%, payable with monthly coupons in arrears, starting from the first payment date of 29 September 2020.

The Class Z Notes are not rated and are not listed on any regulated market.

The notes, issued at par, bear a fixed interest rate of 1.00% per year, with monthly interest payable in arrears, first payment date 29 September 2020. In addition, the notes offer a variable return equal to the amount of the funds remaining after all the high priority payments envisaged in the Securities Settlement System are made.

The Company, which is incorporated in Italy and issued debt securities with a unit par value of Euro 100,000 traded on Luxembourg’s regulated stock exchange, has chosen Luxembourg as its Member State of origin in accordance with the laws applicable in that country.

The transaction performed regularly during the year, with payment of interest accrued on the notes totalling Euro 35,602 thousand.

For a qualitative and quantitative description of the 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 from 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 separate assets.

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.

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 arisen in 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, which was referred to for the recognition of the separate assets, pending new relevant legislation, 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 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, 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 accompanied by the 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, pursuant to said Decree it appointed the Audit Firm PricewaterhouseCoopers S.p.A. to conduct statutory audits of the Company for the nine-year period from 2020 to 2028.

Part A – Accounting policies

A.1 Overview

Section 1 - Statement of compliance with international accounting standards

Pursuant to the provisions of Article 2 of Italian Legislative Decree 38/2005, the Company, as an issuer of financial instruments admitted to trading on EU regulated markets, has prepared the Financial Statements in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) and the relevant interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission and introduced into Italian law by said Legislative Decree 38/2005.

Although securitisation 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 Administrative Body has decided that there is no impediment to the voluntary application of the Bank of Italy's “Financial Statements of Non-Bank IFRS Intermediaries” issued on 29 October 2021 and subsequent additions as per the communication dated 21 December 2021 concerning the impacts of

Covid-19 and measures to support the economy and the amendments to IAS/IFRS. 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 to be 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 2021 (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 from those relating to any other transactions”.

Instead, as concerns the separate assets, as already pointed out, reference was made, again whilst awaiting a new legislative source to regulate the matter, to the previous instructions of the Bank of Italy given on 15 December 2015 “Instructions for the Preparation of the Financial Statements and of the Reports by the Financial Intermediaries, Payment Institutions, Electronic Money Institutions, Asset Management Companies and Stock Brokerage Companies”.

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 par. 25), using the accrual basis of accounting (IAS 1 par. 27 and 28), and ensuring the consistency of presentation and classification of items in the financial statements (IAS 1 par. 45). Assets and liabilities, and income and expenses were not offset unless required or permitted by a standard or an interpretation (IAS 1 par. 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 these Notes to the Financial Statements. They are accompanied by the Report on Operations.

Financial assets 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 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 from 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 include the qualitative and quantitative information needed to give a clear and comprehensive view of the

performance, equity and financial position of the Company 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 in the Notes to the Financial Statements are in thousands of Euro.

These Financial Statements are accompanied by the Report on Operations.

The basis of preparation was as follows:

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

Assets and liabilities are measured on a going concern basis.

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

Costs and revenues, regardless of when they are settled, are recognised on an accrual basis and in accordance with the correlation criterion.

- Consistency of presentation (IAS 1 Revised Par. 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 Par. 29)

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function, if material, shall be presented separately.

- Offsetting (IAS 1 Revised Par. 32)

Assets and liabilities, costs and revenues shall not be 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 period for all amounts reported in the financial statements, except when an International Accounting Standard or an Interpretation allows or requires otherwise. Information of a descriptive nature is also included when it is useful for the understanding of the financial statements.

As already noted, the aforementioned update of the “Instructions for the Preparation of Financial Statements and Annual Reports of Non-Bank Financial Intermediaries” of 29 October 2021 issued by the Bank of Italy modified, also in terms of the comparison, the contents of the asset items “Cash and cash equivalents” and “Financial assets measured at amortised cost”. In particular, under the item “Cash and cash equivalents” are recorded all the “on demand” receivables, in the technical forms of current and deposit accounts, due from banks and central banks (except for the Obligatory Reserve). Therefore, item 10 includes the current accounts that were previously recorded under item 40.

	Assets	2020 deposited	Change	2020 Reclassified

10.	Cash and cash equivalents	0	9,849	9,849
40.	Financial assets measured at amortised cost			
	a) Due from banks	9,849	(9,849)	0

Section 3 – Events after the reporting period

It is reported that after 31 December 2021 and up until the date of approval of these Financial Statements, no corporate events have occurred such as to have a significant impact on the economic and equity data represented herein (IAS 10).

Section 4 – Other aspects

Risks, uncertainties and impacts of the Covid-19 epidemic

2021, albeit marked by the continuation of the COVID-19 pandemic, recorded robust economic recovery in the first nine months thanks to progress in the vaccination campaign. The recovery subsequently weakened as the year went on due to the increase in infections. The ECB's Governing Council confirmed the expansive orientation of monetary policy, believing that maintaining favourable financing conditions is essential to support the recovery. In Italy too the growth in GDP remained high until the third quarter of 2021, recording growth well above expectations. Subsequently a slowdown was recorded in growth due to the increase in infections and to the consequent deterioration in the climate of confidence which above all penalised spending on services. Albeit in light of the obvious uncertainty linked to healthcare developments, the consolidated vision of the possible future macroeconomic scenarios is that the significant state interventions implemented in most countries and at EU level may enable a significant recovery in GDP during 2022. Currently, the expectations expressed by the various authorities in their most recently published forecasts confirm a significant recovery in production in 2022 and future years.

Taking into account the items recognised under the assets and liabilities of the Company's balance sheet, the crisis resulting from the continuing coronavirus emergency has not had a significant impact on the economic and financial position of the Company nor on the securitisation transaction overall.

Given the type of activity carried out by the Company, even considering the effects of Covid-19, the risks and uncertainties that the Company could encounter during its operations are not significant, and therefore not such as to generate doubts about business continuity.

Contractual changes resulting from Covid-19

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

A.1 International accounting standards in force as from 2021

Here below are the accounting standards effective for periods beginning on or after 1 January 2021 and already endorsed by the European Commission:

Document title	Issue date	Effective date	Date of endorsement	EU Regulation
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Financial statements as at 31 December 2021

				and publication date
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	June 2020	1 January 2021	15 December 2020	(EU) 2020/2097 16 December 2020
Interest Rate Benchmark Reform – Phase 2 – (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1 January 2021	13 January 2021	(EU) 2021/25 14 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)	March 2021	1 April 2021	30 August 2021	(EU) 2021/1421 31 August 2021

Hereafter are summarised the areas subject to change and integration by Regulation (EC) 25/2021, in reference to the international standards affected by the reform of the benchmark rates.

IAS 39 “Financial Instruments: Recognition and Measurement” - IFRS 9 “Financial Instruments”

- Basic variations in determining contractual financial flows;
- Hedging of financial flows and hedging of a net investment;
- Designation of risk components;
- Recognition of hedging operations;
- Assessment of the retroactive effectiveness.

IFRS 7 "Financial Instruments: Disclosures"

- Additional information is envisaged such as:
nature and extent of the risks arising from financial instruments;
progress in the completion of the transition to alternative benchmark rates.

IFRS 4 "Insurance Contracts"

- Provisions for insurers applying the temporary exemption from IFRS 9;
- Changes in the basis to determine contractual financial flows.

IFRS 16 "Leases"

- Change in the basis to determine future payments due for leases and recognition of leases;
- Retroactive application of the changes implemented.

Regulation 2021/1421 of 31 August 2021 extends by one year the period for applying the amendment to IFRS 16, issued in 2020, relating to the recognition of the facilities granted, owing to Covid-19, to lessees. Companies apply the changes as from 1 April 2021 for financial years starting at the latest on 1 January 2021 or subsequently.

The assessment carried out by the Company has confirmed that the coming into force of these accounting standards does not impact its Financial Statements.

IFRS 8 – OPERATING SEGMENTS

As an issuer of securities in regulated markets, the Company is required to disclose information about its reportable segments in accordance with the provisions of IFRS 8 – Operating Segments, effective for annual periods beginning on or after 1 January 2009.

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 as at 31 December 2021 with reference only to 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.

The assessment criteria are the same as those used to draw up the financial statements for the previous year.

ASSETS

Section 1 – Cash and cash equivalents

Cash and cash equivalents

The item includes currencies which are legal tender, including foreign paper notes and coins and all "on demand" receivables in the technical forms of current and deposit accounts due from banks and the Central bank, except for the obligatory reserve. The existing amounts in cash are recognised at their par value.

Section 12 – Other assets

This item includes receivables that cannot be allocated to other Balance Sheet asset items. These items are stated at their par value or realisable value, if lower.

LIABILITIES

Section 8 – Other liabilities

This item includes payables that cannot be allocated to other balance sheet liability items, in particular payables due to suppliers and to segregated assets.

These items are recognised at par value, representing the repayment value.

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 an increase in an asset or a decrease of a liability is recognised. 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.

Part B – Information on the Statement of Financial Position

Assets

Section 4 – Cash and cash equivalents – Item 10

Breakdown	31/12/2021	31/12/2020
Deposits and current accounts	10	10
Total carrying amount	10	10

This item consisted of the balance on the Company’s bank account, totalling 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	31/12/2021	31/12/2020
Receivables due from segregated assets	33	46
Total carrying amount	33	46

This item amounted to approximately Euro 33 thousand and entirely consisted of the receivable for the Issuer Retention Amount 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	31/12/2021	31/12/2020
Payables due to suppliers for invoices not yet received	33	36
Payables due to segregated assets	-	10
Total carrying amount	33	46

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 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 par. 79, lett. a), (iii), (v), (vi), (vii), par. 136A, par. 137 and par. 80A.

Pursuant to Article 2427, par. 7-bis of the Italian Civil Code, here below is the breakdown of Equity by possibility of use and distributability, as well as the description of the uses made during the previous three years.

Nature/description	Amount	Possibility of use	Available portion	Summary of amounts used in the previous three years	
				to cover losses	for other reasons
Capital	10				
Retained earnings					
Profit carried forward					
Total	10	A-B-C			
Non-distributable portion			0		
Residual distributable portion			0		

A: for capital increase

B: to cover losses

C: for distribution to members

Guarantees, commitments and off-balance sheet transactions

Guarantees in favour of third parties

At 31 December 2021, the Company had not issued any guarantees in favour of third parties.

Commitments

At 31 December 2021, the Company had no commitments.

Off-balance sheet transactions

At 31 December 2021, there were no off-balance sheet transactions outstanding.

Foreign currency assets and liabilities

At 31 December 2021, the Company had no foreign currency assets or liabilities.

Part C – Information on the Income Statement

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

Items/Sectors	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	-
- defined benefit	-
g) payments to external supplementary pension schemes:	-
- defined contribution	-
- defined benefit	-
h) other employee benefits	-
2. Other personnel	-
3. Directors and Statutory Auditors	13
4. Retired personnel	-
5. Expenses recovered for employees seconded at other companies	-
6. Reimbursement of expenses for employees seconded to the Company	-
Total	13

This item consisted exclusively of remuneration for the Sole Statutory Auditor.

10.3 Breakdown of item 160 "Other administrative expenses"

Breakdown	31/12/2021	31/12/2020
Certification of financial statements	28	30
Sundry Administrative Services	4	-
Notary fees	-	3
Total administrative expenses	32	33

The item, amounting to about Euro 32 thousand, consisted of audit fees and other operating expenses.

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

14.2 Other operating income

Breakdown	31/12/2021	31/12/2020
Recovery of maintenance costs	46	46
Total other operating income	46	46

The item, amounting to about Euro 46 thousand, mainly consisted of the Issuer Retention Amount required to maintain the Company in good standing.

Part D – Other information – Securitisation transaction

Section 1 – Specific disclosure on operations

F1 – Summary statement of securitised assets and notes issued

A – SUMMARY OF THE TRANSACTION

SUMMARY OF SECURITISED ASSETS AND NOTES ISSUED		
	<i>31/12/2021</i>	<i>31/12/2020</i>
A. SECURITISED ASSETS		
A1) Receivables	831,214,730	478,453,420
TOTAL A)	831,214,730	478,453,420
B. USE OF FUNDS FROM LOAN SERVICING		
B3) Other	28,239,839	18,521,801
TOTAL B)	28,239,839	18,521,801
C. NOTES ISSUED		
Class A Notes	752,281,344	433,668,069
Class B Notes	101,899,635	58,205,873
TOTAL C)	854,180,979	491,873,942
D. FUNDING RECEIVED	4,900,000	4,900,000
E. OTHER LIABILITIES	373,590	201,279
DIFFERENCE A + B - C - D - E	-	-
F. INTEREST EXPENSE ON NOTES ISSUED	37,849,217	10,981,200
G. COMMISSIONS AND FEES CHARGED TO THE TRANSACTION		
G1) for servicing	627,311	168,960
G2) for other services	260,256	184,030
TOTAL G)	887,567	352,990
H. OTHER EXPENSES	84,800	3,593
I. INTERESTS GENERATED BY SECURITISED ASSETS	38,821,584	11,337,783
L. OTHER REVENUES	-	-
DIFFERENCE I + L - F - G - H	-	-

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

With regard to Section 1, Part A.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 the securitisation transaction 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 measurements of the Securitised Assets have been directly communicated by the Servicer and correspond to the values derived from its accounting and information systems, in accordance with the provisions of the Servicing Agreement.

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 directly communicated by the Servicer of the transaction. They include accrued interest income recognised on an accrual basis deemed to be recoverable.

The write-down of receivables is determined by the Servicer in application of IFRS 9, which requires financial assets not subject to measurement at fair value with an impact on the income statement, represented by debt securities and loans, to be measured using the ECL (Expected Credit Losses) impairment model. These write-downs mirror what was accounted for in the Financial Statements of the Originator.

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.

Financing received

Payables are recognised at par value.

Other liabilities

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

Costs and revenues

Costs and revenues are recognised on an accrual basis, including through the recognition of accruals and deferrals. Where technically appropriate, accruals and deferrals are directly added to or deducted 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 31/12/2021	Situation at 31/12/2020
- QC receivables past due	1,029	113
- QC receivables falling due	830,825	478,583
- Overdue interest receivables	15	5
- Receivables for interest accrued	1,491	759
- Provision for impairment losses on receivables	(2,145)	(1,007)
Total A)	831,215	478,453

Use of funds from loan servicing

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
- Cash on the transaction bank current accounts	26,128	17,450
- Amounts to be received	2,034	1,039
- Receivables from ordinary operations	0	10
- Advance payments to suppliers	65	6
- Deferred charges	13	16
Total B)	28,240	18,521

Notes issued

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
- Class A	752,250	433,650
- Interest accruing on Class A	31	18
- Class Z	97,750	56,350
- Interest accruing on Class Z	8	5
- Additional interest accruing on Class Z	4,141	1,851
Total C)	854,181	491,874

Financing received

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
- Subordinated loan	4,900	4,900
Total D)	4,900	4,900

Other liabilities

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
- Payables due to suppliers of services	7	8
- Payables due to company operations	33	46

- Payables due to Zenith for advances	0	6
- Accrued expenses on servicing fees	64	37
- Other payables	269	104
Total E)	373	201

Interest expense on Notes issued

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
- Class A - Interest expense	3,157	976
- Class Z - Interest expense	760	2,178
- Class Z - Floating interest expense	33,932	7,827
Total F)	37,849	10,981

Commissions and fees charged to the transaction

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
G1) Servicing	627	169
<i>Total</i>	<i>627</i>	<i>169</i>

G2) Corporate, Master, Back-Up Servicer – Computation Agent		
Up Front Corporate Servicing Fee	12	7
On Going Corporate Servicing Fee	23	10
Up Front Calculation Agent	-	9
On Going Calculation Agent	12	5
Certified email – Up-Front relations archive	-	1
Certified email – On-going relations archive	1	1
Supervisory fees	2	9
Fee On Cash Deposit	137	44
Representative of Up Front Noteholders	-	2
Representative of On Going Noteholders	5	2
Up Front Paying Agent and Account Bank Fees	-	5
On Going Paying Agent and Account Bank Fees	11	5
Up Front Listing Agent	-	2
On Going Listing Agent	2	7
Administrative services	1	1
Monte Titoli	2	3
Notary fees	-	8
Maintenance of Good Standing	45	46
Specialised Up Front reporting	-	1
Specialised On Going reporting	6	-
OAM fee	1	16
<i>Total</i>	<i>260</i>	<i>184</i>
Total G)	887	353

Other charges

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
- Official Gazette and Lux SE publications	5	3
- Expenses	2	-
- Losses on receivables	78	-
Total H)	85	3

Interest income from securitised assets

The item is broken down as follows:

<i>(In thousands of Euro)</i>	Situation at 31/12/2021	Situation at 31/12/2020
- Interest income on receivables	38,055	12,314
- Interest income on receivables at transfer	(1,165)	(986)
- Bad debt provision	(1,138)	(1,007)
- Expense reimbursement	2,908	981
- Commissions on early repayments	162	36
Total I)	38,882	11,338

QUALITATIVE INFORMATION**F.2 - Description and performance of the transaction**Transaction date and assignor:

On 20 July 2020, the Company entered into an agreement with Banca PSA Italia S.p.A. regulating the transfer without recourse of loan portfolios, pursuant to Italian Law 130/1999.

The receivables subject to transfer derive from loan agreements for car loans originated by the Bank itself and the initial price, amounting to a total of Euro 490,000 thousand was settled by offsetting the issue price of the Senior and Junior Notes issued on 23 July 2020.

The Senior Notes are listed on the Luxembourg Stock Exchange.

In addition to the terms and conditions set out for the purchase of the initial portfolio, the Agreement also governs the terms for the purchase of subsequent portfolios during the so-called revolving period; during this period, new receivables are usually purchased using the liquidity deriving from the collection of receivables.

During the revolving period, which is still under way, the purchases closed are as follows:

Date	Amount
29 September 20	20,542,917
29 October 20	10,935,322
30 November 20	11,738,516
29 December 20	11,572,386
Total	54,789,141

Date	Amount
12 January 2021	111,497,737
10 February 2021	12,642,607

Financial statements as at 31 December 2021

11 March 2021	13,718,652
14 April 2021	144,202,438
12 May 2021	14,952,520
10 June 2021	25,889,139
14 July 2021	16,702,537
16 August 2021	16,309,083
09 September 2021	146,097,387
07 October 2021	18,547,995
11 November 2021	19,441,623
10 December 2021	20,092,619
Total	560,094,339

Performance of the transaction

On 20 July 2020, the transfer was formalised of a pool of performing loans to the SPV Auto ABS Italian Rainbow Loans 2020-1 S.r.l., whilst the issue of securities took place on 23 July 2020.

In 2021, additional credit portfolios of the same type were acquired from Banca PSA Italia S.p.A.

Within the scope of the servicing activity, Banca PSA, 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 (Offering Circular) and are reported in the Monthly Payments Reports.

The liquidity deriving from the collected receivables and which has not yet been paid to the holders of ABS notes is not invested; it is credited to the current account held with the account bank in the name of the SPV.

The first payment date was 29 September 2020. The transaction performed regularly during 2021, with payment of interest accrued on the notes totalling Euro 35,603 thousand. It is therefore believed that the transaction is consistent with expectations during the structuring phase since the cash flows and thresholds, with respect to the triggers, are in line with expectations.

As regards the commercial and performance expectations of the portfolio, there were no significant differences. The resilience of the operation as a whole is considered sound.

The crisis situation due to the continuing Covid-19 health emergency has not had a significant impact on the securitisation transaction overall.

During 2021, following the continuation of the crisis linked to the pandemic and by virtue of the Decree Law no. 73 of 25 May 2021 (the so-called “Support Decree Law Bis”), a third extension was granted for existing moratoria on repayments up to 31 December 2021; unlike the previous extensions, with the latter the possibility was given to extend only the suspension of the payment of capital, in addition the extension was not automatic but had to be expressly requested by the customer. At the end of the year all the moratoria relating to the securitised portfolio were concluded.

F.3 – Entities involved

At the beginning of the transaction, specific offices have been assigned for managing the transaction, by entering into the relevant contracts, as specified below:

Servicer	<p>Banca PSA Italia S.p.A.</p> <p>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.</p>
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		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 to negotiate, finalise or execute 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	Santander Consumer Finance S.A.
Corporate Provider	Services	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 was also responsible for the preparation of Statistical Reports.
Representative Noteholders	of	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.
Spanish Account Bank		Banco Santander S.A. The transaction's current accounts are held at the Bank.
Paying Agent and Italian Account Bank		The Bank of New York Mellon SA/NV 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.
Servicer Account Bank	Collection	Intesa Sanpaolo S.p.A
General Subordinated Provider	Reserve Loan	Banca PSA Italia S.p.A.
Rating Agencies		DBRS Ratings Limited and Fitch Ratings Limited The companies rated the Senior Notes.

Arranger	Banco Santander The company arranged the transaction.
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At the transfer date, the Company, in its capacity of issuer, and Banca PSA Italia 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 of 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 breakdown of the notes issued is as follows:

(In thousands of Euro)

	Class A	Class Z
Issue 23/07/2020	433,650	56,350
Issue 28/01/2021	88,500	11,500
Issue 29/04/2021	115,050	14,950
Issue 29/09/2021	115,050	14,950
Residual amount at 31/12/2021	752,250	97,750

Class A: 7,522.50 Class A Asset Backed Fixed Rate Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 752,250,000 (Senior Notes) IT0005416174.

The notes were subscribed by Banca PSA Italia S.p.A.

No notes were redeemed in 2021.

Class Z: 977.50 Class Z Asset Backed Fixed Rate and Variable Return Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 97,750,000 (Junior Notes) ISIN Code IT0005416182.

The notes were subscribed by Banca PSA Italia S.p.A.

No notes were redeemed in 2021.

At the issue date, the Senior Notes, listed on the Luxembourg Stock Exchange, were rated “AAA (sf)” by DBRS and “AA-(sf)” by Fitch.

In assigning their ratings, the rating agencies used the portfolio quality assessment method.

The annual interest rate on Senior Notes is 0.50%, payable with monthly coupons in arrears, starting from the first payment date of 29 September 2020.

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

The notes, issued at par, bear a fixed interest rate of 1.00% per year, with monthly interest payable in arrears, first payment date 29 September 2020. In addition, the notes offer a variable return equal to the amount of the funds remaining after all the high priority payments envisaged in the Securities Settlement System are made.

Payments on interests and notes are made using the interest and principal amounts collected, in the following order of priority:

- Class A interest / principal;
- Class Z interest / principal (only after full redemption of Class A).

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 priority of payments that the Company shall follow at each dividend stripping date by using the funds available for distribution. The Company's obligations towards 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.

LOAN AGREEMENT

Banca PSA Italia S.p.A., as the General Reserve Subordinated Loan Provider, granted the Company, on the date of issue, a liquidity facility with limited collectability amounting to Euro 4,900,000, credited to Santander current account no. 32819348888 "General Reserve Account" to form the initial "Cash Reserve" of the transaction to cover any liquidity shortages in the payments provided for by the priority of payments.

Interest will accrue on the subordinated loan for an amount equal to the interest component of each "Eligible Investment" made using the balance of the "General Reserve Account", possibly increased by the amount of interest income accrued on the aforementioned account at the previous Interest Payment Date.

As at the reporting date, the subordinated loan was unchanged.

F.6 – Operational powers of the factor

The operational powers of Auto ABS Italian Rainbow Loans 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 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 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)

	Changes in FY 2021	Changes in FY 2020
Opening balance	478,696	490,000
Increases	551,686	54,902
Portfolio increases during the year	550,771	54,789
Increase of past due receivables during the year	915	113
Decreases	198,529	66,206
Collection of principal for the year	197,495	64,923
Collection of principal on repurchase	1,034	363
Interest income on receivables at transfer	-	920
Closing balance	831,853	478,696

F.8 – Evolution of past due receivables

As at 31 December 2021, there were receivables classified as past due for a total of Euro 1,029 thousand, up by approximately Euro 915 thousand compared to the previous year.

F.9 - Cash flows

(In thousands of Euro)

	31/12/2021	31/12/2020
A. Opening cash balance	17,450	0
B. Cash receipts	237,089	571,774
B.1 Issue of Notes	-	490,000
B.2 - Cash receipts from securitised portfolio	237,089	76,874
B.3 - Subordinated Loan	-	4,900
C. Payments	(228,412)	(554,324)
C.1 - Purchase of securitised portfolio	(191,151)	(544,857)
C.2 - Transaction fees	(1,658)	(360)
C.3 - Interest on the Notes	(35,603)	(9,107)
D. Cash flow	8,677	17,450
E. Cash balance (bank accounts)	26,127	17,450

Cash flows are in line with the expectations set out at the time the transaction was arranged.

The flows from debt collection operations were mainly used to pay transaction expenses as well as the interest on Class A and Z Notes and the principal on the notes issued.

F.10 – Guarantees and credit lines

The issuer was granted a subordinated loan from Banca PSA Italia S.p.A. (Subordinated Loan Provider and Originator) amounting to Euro 4,900 thousand.

F.11 - Breakdown by residual maturity

	Situation at 31/12/2021		Situation at 31/12/2020	
	Amount	No. of positions	Amount	No. of positions
over 5 years	85,837,153	7,294	63,240,813	5,202
over 1 year and up to 5 years	745,957,478	74,494	415,401,277	43,664
up to 1 year	59,037	15	54,446	12
Total	831,853,668	81,803	478,696,536	48,878

*This amount does not include “Receivables for overdue interest” equal to Euro 15 thousand, “Receivables for accrued interest” equal to Euro 1,491 thousand and is stated net of the bad debt provision equal to Euro 2,144 thousand

This item shows the outstanding capital for contracts expiring in the corresponding period.

(In thousands of Euro)

Use of funds from loan servicing		
	Situation at 31/12/2021	Situation at 31/12/2020
On demand	28,240	18,522
Total	28,240	18,522

(In thousands of Euro)

Notes issued:		
	Situation at 31/12/2021	Situation at 31/12/2020
1 – 3 months	39	23
Over 5 years	854,141	491,851
Total	854,181	491,874

(In thousands of Euro)

Financing received:		
	Situation at 31/12/2021	Situation at 31/12/2020
Over 5 years	4,900	4,900
Total	4,900	4,900

(In thousands of Euro)

Other liabilities:			
		Situation at	Situation at
		31/12/2021	31/12/2020
1 – 3 months		374	201
Total		374	201

F.12 – Breakdown by geographical location

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

	Situation at 31/12/2021		Situation at 31/12/2020	
	Amount	No. of positions	Amount	No. of positions
CENTRAL	172,016,151	16,904	93,273,405	9,648
NORTH	422,252,889	41,895	258,090,619	26,195
SOUTH	237,579,192	23,003	127,332,512	13,035
-	5,436	1		
Total	831,853,668	81,803	478,696,536	48,878

*This amount does not include “Receivables for overdue interest” equal to Euro 15 thousand, “Receivables for accrued interest” equal to Euro 1,491 thousand and is stated net of the bad debt provision equal to Euro 2,144 thousand

F.13 – Risk concentration

Breakdown by amount range.

	Situation at 31/12/2021		Situation at 31/12/2020	
	Amount	No. of positions	Amount	No. of positions
0 – 25,000 Euro	796,983,623	80,572	463,504,386	48,338
25,000 – 75,000	34,870,045	1,231	15,192,150	540
Total	831,853,668	81,803	478,696,536	48,878

*This amount does not include “Receivables for overdue interest” equal to Euro 15 thousand, “Receivables for accrued interest” equal to Euro 1,491 thousand and is stated net of the bad debt provision equal to Euro 2,144 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 securitisation special purpose vehicles, there is no relevant information to disclose concerning Company 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 structured by a leading banking institution and the management thereof has been delegated by the Company to professional organisations specialised in providing financial and regulatory services within the scope of said transactions.

In the context of the coronavirus pandemic, with reference to both ordinary management and the securitisation transaction, taking into account the nature of the items recognised in the Company’s balance sheet, the structure of the securitisation transaction and the activities carried out by the individual

operators involved in the transaction, there are no issues to report in terms of the measurement and control of risks deriving from the coronavirus pandemic.

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

Section 4 – Disclosures 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 establishing the equity size that is appropriate for carrying out the Company's business and for complying with the quantitative and qualitative legal requirements. The set of corporate rules drawn up for this purpose is the main form of guarantee of the Company's equity.

Auto ABS Italian Rainbow Loans 2020-1 S.r.l. is a company incorporated under Italian Law 130/1999 in the form of an Italian limited liability company, its purpose is to carry out receivables securitisation transactions, and is registered in the Bank of Italy's List of Financial Vehicle Corporations. Due to the registration with the List of Financial Vehicle Corporations, the capital requirements as set out in the Italian Civil Law are applied to the Company.

A characteristic of the Company's operations, specifically required by Italian Law 130/1999, is that the Company's assets and liabilities are segregated 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 passed on to the securitisation transaction.

This ensures that Auto ABS Italian Rainbow Loans 2020-1 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	31/12/2021	31/12/2020
1. Capital	10,000	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 rate differences		
non-current assets and disposal groups held for sale		
special revaluation laws		
actuarial gains/losses on defined benefit plans		
share of revaluation reserves relating to equity investments valued using the equity method		
6. Equity instruments		
7. Profit (loss) for the year	-	
Total	10,000	10,000

Section 5 – Analytical 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 managers

No remuneration for the Corporate Bodies was approved.

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 regards the Company's related-party transactions, please note that:

- as at 31/12/2021, a subordinated loan is stipulated with Banca PSA Italia, Originator of the transaction and a member of the Santander Group, for Euro 4,900,000;
- current accounts are held at Banco Santander SA in connection with the securitisation and as at 31/12/2021, they have a balance of Euro 26,107,238.

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 14 of Italian Legislative Decree 39/2010, here below are the fees due to the Independent Auditors for the year 2021:

Type of services	Entity providing the service	Fees
Statutory Auditing	PricewaterhouseCoopers S.p.A.	19
Other services and check of translation		1.5
Total		20.5

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

The remuneration due to the Sole Statutory Auditor is Euro 10,000 per year excluding VAT and CPA social security fund.

Milan, 16 February 2022

The Sole Director

Daniela Rognone

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Auto ABS Italian Rainbow Loans 2020-1 Srl

Financial statements as of 31 December 2021

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the sole quotaholder of Auto ABS Italian Rainbow Loans 2020-1 Srl

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Auto ABS Italian Rainbow Loans 2020-1 Srl (hereinafter, also, “the Company”), which comprise the statement of financial position as of 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters to report on.

Emphasis of matter

Without qualifying our opinion, we draw attention to the Part A – “Accounting policies” of the notes to the financial statements where the Sole Director states that the Company’s sole business is the securitisation of receivables pursuant to Law No. 130 of 30 April 1999 and that the Company recognises receivables purchased, notes issued and other transactions performed as part of securitisation in the notes to the financial statements in accordance with Law No. 130 of 30 April 1999, under which receivables relating to each transaction are segregated to all intents and purposes from the Company’s assets and from those relating to other transactions.

Responsibilities of the Sole Director and the Sole Statutory Auditor for the Financial Statements

The Sole Director is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Sole Director is responsible for assessing the Company’s ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the Sole Director uses the going concern basis of accounting unless he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Sole Statutory Auditor is responsible for overseeing, in the terms prescribed by law, the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Sole Director;
- We concluded on the appropriateness of the Sole Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 2 September 2020, the sole quotaholder of Auto ABS Italian Rainbow Loans 2020-1 Srl in general meeting engaged us to perform the statutory audit of the Company's financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Sole Statutory Auditor, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No.39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The Sole Director of Auto ABS Italian Rainbow Loans 2020-1 Srl is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Auto ABS Italian Rainbow Loans 2020-1 Srl as of 31 December 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No.720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Auto ABS Italian Rainbow Loans 2020-1 Srl as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Auto ABS Italian Rainbow Loans 2020-1 Srl as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 3 March 2022

PricewaterhouseCoopers SpA

Signed by

Lorenzo Bellilli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

AUTO ABS ITALIAN RAINBOW LOANS 2020-1 S.r.l.

Auto ABS Italian Rainbow Loans 2020-1 S.r.l.

Single Member Company

Registered Office: Via V. Betteloni 2, Milan

Capital: Euro 10,000, fully paid up

Milan Company Register no. 11145890965 – Economic and Administrative Index no. 2582152

Tax Code and VAT no. 11145890965

REPORT ON OPERATIONS

FOR THE YEAR ENDED 31 DECEMBER 2021

Dear Member,

We submit the Financial Statements for the year ended 31 December 2021 for your approval. The Financial Statements consist of 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. In addition, they are accompanied by this Report on Operations.

As the Company is a Public-Interest Entity ("PIE") as defined in Article 16 of Italian Legislative Decree no. 39 of 27 January 2010, pursuant to said Legislative Decree it appointed the audit firm PricewaterhouseCoopers S.p.A. to conduct statutory audits of the Company for the nine-year period from 2020 to 2028.

Pursuant to the provisions of Article 2 of Italian Legislative Decree 38/2005, the Company, as an issuer of financial instruments admitted to trading on EU regulated markets, has prepared the Financial Statements in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) and the relevant interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission and introduced into Italian law by said Legislative Decree 38/2005.

Although securitisation 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 Administrative Body has decided that there is no impediment to the application of the Bank of Italy's "Instructions for the Preparation of Financial Statements and Annual Reports of Non-Bank Financial Intermediaries" issued on 29 October 2021 and subsequent additions as per the communication dated 21 December 2021 concerning the impacts of Covid-19 and measures to support the economy and the amendments to IAS/IFRS. 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 approach for providing information on the financial position, financial performance and cash flows of the Company that is useful for financial statement users in making economic decisions and is relevant, reliable, comparable and intelligible both in terms of Company operations and separate assets.

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The Company therefore applied the IASs/IFRSs in force at 31 December 2021 (including the SIC and IFRIC interpretations) as endorsed by the European Commission.

Economic context and impact on the results for the year

2021, albeit marked by the continuation of the COVID-19 pandemic, recorded robust economic recovery in the first nine months thanks to progress in the vaccination campaign. The recovery subsequently weakened as the year went on due to the increase in infections. The ECB's Governing Council confirmed the expansive orientation of monetary policy, believing that maintaining favourable financing conditions is essential to support the recovery. In Italy too the growth in GDP remained high until the third quarter of 2021, recording growth well above expectations. Subsequently a slowdown was recorded in growth due to the increase in infections and to the consequent deterioration in the climate of confidence which above all penalised spending on services. Albeit in light of the obvious uncertainty linked to healthcare developments, the consolidated vision of the possible future macroeconomic scenarios is that the significant state interventions implemented in most countries and at EU level may enable a significant recovery in GDP during 2022. Currently, the expectations expressed by the various authorities in their most recently published forecasts confirm a significant recovery in production in 2022 and future years. Taking into account the items recognised under the assets and liabilities of the Company's balance sheet, the crisis resulting from the continuing coronavirus emergency has not had a significant impact on the Company's operations nor on the securitisation transaction overall.

Company business

The Company was incorporated under Italian Law no. 130 of 30 April 1999 ("Law 130/1999") on 22 January 2020 through public deed drafted by Ms Anzelini, Notary Public in Milan, and was registered in the Bank of Italy's List of Special Purpose Vehicles pursuant to the Bank of Italy's "Provisions Concerning Disclosure and Statistical Requirements for Special Purpose Vehicles 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 acquisition 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 20 July 2020, the Company acquired, without recourse, from Banca PSA Italia S.p.A., receivables en bloc, pursuant to Italian Law 130/1999, deriving from car loan contracts self-originated by the same Bank.

In 2021, additional credit portfolios of the same type were acquired from Banca PSA Italia S.p.A.

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The transaction was completed on 23 July 2020 with the issue of two classes of Asset Backed Notes amounting to a total of Euro 850,000,000.00:

- Euro 752,250,000 Class A Asset Backed Fixed Rate Notes due September 2035 (Senior Notes);
- Euro 97,750,000 Class Z Asset Backed Fixed Rate Notes due September 2035 (Junior Notes);

The subscription by Banca PSA Italia S.p.A. took place in two different moments.

The initial subscription took place in 2020 for a total amount of 490,000,000, of which:

- Class A: 4,366.5 Class A Asset Backed Fixed Rate Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 433,650,000 (Senior Notes) IT0005416174;
- Class Z: 563.5 Class Z Asset Backed Fixed Rate and Variable Return Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 56,350,000 (Junior Notes) ISIN Code IT0005416182.

The final subscription took place in 2021 for a total amount of 360,000,000, of which:

- Class A: 3,186 Class A Asset Backed Fixed Rate Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 318,600,000 (Senior Notes) IT0005416174;
- Class Z: 414 Class Z Asset Backed Fixed Rate and Variable Return Notes due September 2035 were issued at a par value of Euro 100,000 each, for a total of Euro 41,400,000 (Junior Notes) ISIN Code IT0005416182.

No notes were redeemed in 2021.

At the time of issue, the class A securities listed on the Luxembourg Stock Exchange were assigned a rating by DBRS of “AAA (sf)” and by Fitch of “AA-(sf)” (High level bonds - good opinion).

In assigning their ratings, the rating agencies used the portfolio quality assessment method.

The annual interest rate on senior securities is 0.50%, payable with monthly coupons in arrears, starting from the first payment date of 29 September 2020.

Class Z Notes are not rated and are not listed on any regulated market.

The notes, issued at par, bear a fixed interest rate of 1.00% per year, with monthly interest payable in arrears, first payment date 29 September 2020. In addition, the notes offer a variable return equal to the amount of the funds remaining after all the high priority payments envisaged in the “Pre Trigger Notice Priority of Payments in respect of Interest” are made.

The Company, which is incorporated in Italy and issued debt securities with a unit par value of Euro 100,000 traded on Luxembourg’s regulated stock exchange, has chosen Luxembourg as its Member State of origin in accordance with the laws applicable in that country.

Performance of the transaction

On 20 July 2020, the Company carried out a securitisation transaction with the acquisition of a pool of performing loans and the issue of securities took place on 23 July 2020.

In 2021, additional credit portfolios of the same type were acquired from Banca PSA Italia S.p.A.

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AUTO ABS ITALIAN RAINBOW LOANS 2020-1 S.r.l.

Within the scope of the servicing activity, Banca PSA, 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 (Offering Circular) and are reported in the Monthly Payments Reports.

The liquidity deriving from the collected receivables and which has not yet been paid to the holders of ABS notes is not invested; it is credited to the current account held with the account bank in the name of the SPV.

The transaction performed regularly during the year, with payment of interest accrued on the notes totalling Euro 35,602 thousand.

Company operations

Company operations broke even, and there were no significant events requiring specific comments. The Company's assets amounted to Euro 43,090 and consisted of a bank current account balance (Euro 10,000) and of receivables due from segregated assets (Euro 33,090). Liabilities consisted of trade payables (Euro 33,024), payables due to tax authorities (Euro 66), in addition to the Capital (Euro 10,000).

Costs, which total Euro 45,572, mainly consist of expenses for certifying and translating the Financial Statements for Euro 28,415 and Euro 3,278 respectively, costs for the auditing body for Euro 12,688 and other miscellaneous administrative expenses for Euro 1,191.

Income, equal to expenses, consisted mainly of revenue from charging back the costs relating to the transaction, necessary to keep the transaction in good standing.

The Statement of Comprehensive Income is equal to zero.

There are no significant comments to be made on the Statement of Cash Flows.

Information on risks and risk management policies

As regards the presentation of the main risks and uncertainties to which the Company is exposed, due to the particular nature of the provisions in the law governing securitisation special purpose vehicles, there is no relevant information to disclose concerning the Company's equity. Specifically, the Company was formed to carry out one or more securitisation transactions, and this purpose was fulfilled with the completion of the securitisation transaction described in this report.

Taking into account the items recognised under the assets and liabilities of the Company's balance sheet, the crisis resulting from the continuing coronavirus emergency has not had a significant impact on Company's operations, nor on the securitisation transaction overall.

The continuing healthcare crisis linked to the spread of the Covid-19 pandemic continued to complicate the current macroeconomic context.

During 2021, following the continuation of the crisis linked to the pandemic and by virtue of the Decree Law no. 73 of 25 May 2021 (the so-called "Support Decree Law Bis"), a third extension was granted for existing moratoria on repayments up to 31 December 2021; unlike the previous extensions, with the latter the possibility was given to extend only the suspension of the payment of capital, in addition the extension was not automatic but had to be expressly requested by the customer. At the end of the year all the moratoria relating to the securitised portfolio were concluded.

Furthermore, there are no contractual changes resulting from Covid-19 to report.

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Please refer to Part D, Section F of the Notes to the Financial Statements for information on the securitisation transaction, whose assets are segregated from those of the Company.

Liquidity risk

The Company believes that it has sufficient cash and cash equivalents to meet its financial commitments.

Interest rate risk

The Company has no financial assets and liabilities exposing it to significant interest rate risks.

Foreign exchange risk

The Company only operates at national level and, therefore, it is not exposed to any foreign exchange risks.

Credit risk

The Company's receivables are mainly due from segregated assets as a result of the charging back of operating costs. Given the expected cash receipts from receivables due from the segregated assets and the receivables payment priority applicable thereto, there should be no risk as to their recoverability. At present, it is also considered that the current emergency does not have any consequences that may prejudice the Company's capacity to continue operating as a going concern.

Report on corporate governance and ownership structure

In accordance with Article 3 of Italian Law 130/1999, the Company's sole purpose is to carry out one or more securitisation transactions by purchasing receivables in such a manner as not to assume any credit risk.

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

Within the limits permitted by Italian 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 acquired that are not used to settle the claims arising from the above securities.

Within the scope of the aforementioned purpose, in 2020 the Company initiated a securitisation transaction through the purchase of performing loans deriving from loan agreements for the purchase of new and used motor vehicles transferred from Banca PSA Italia S.p.A. and the issue of "Asset Backed Fixed Rate" securities listed on the Luxembourg Stock Exchange.

Consequently, in accordance with Article 123-bis of Italian Legislative Decree no. 58 of 24 February 1998, the report on the operations of issuers of securities admitted to trading on European regulated markets must contain a specific section entitled "Report on Corporate Governance and Ownership Structure", which shall provide information on the main characteristics of existing risk management

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and internal audit systems used in relation to the financial reporting process, including consolidated reports, where applicable.

The Company, which is incorporated in Italy and issued debt securities with a unit par value of Euro 100,000 traded on Luxembourg's regulated stock exchange, has chosen Luxembourg as its Member State of origin in accordance with the laws applicable in that country.

The Company has no employees. The Company uses service providers in order to pursue its business purpose, and consequently also for the activities associated with the existing risk management and internal audit systems concerning the financial reporting process. With particular reference to the securitisation transaction, the securitisation transaction documents govern the appointment of each service provider and specify what is required of it. This information is also provided in Part D, Section F.3, of the Notes to the Financial Statements.

These service providers are selected from among entities that are professionally engaged in the type of work the Company delegates to them. They must carry out their work in compliance with applicable legislation and in such a way as to enable the Company to properly fulfil the obligations it assumes under the transaction documents and the law.

Such service providers mainly act as:

- (i) the Servicer, which is responsible, among other things, for managing the receivables acquired;
- (ii) the Corporate Servicer, which is responsible for the Company's administrative and accounting activities; and
- (iii) the Cash Manager, the Calculation Agent, and the Paying Agent, which provide cash management, calculation and payment services.

In particular, the Servicer is "the entity responsible for collecting the receivables sold and providing cash management and payment services" according to Italian Law 130/1999. Banks or intermediaries registered in the specific list under Italian Legislative Decree no. 385 of 1 September 1993 can act as Servicers, ensuring that transactions conform to the law and the prospectus.

Also pursuant to the Bank of Italy's Provision of 23 August 2000, the Servicer shall have operational duties and shall "guarantee" that securitisation transactions are conducted properly in the interest of the noteholders and, more generally, the market.

Lastly, the Corporate Servicer shall prepare the financial reports mainly by using the data provided by the entity responsible for servicing the receivables acquired.

As an issuer of securities admitted to trading on the regulated markets of the European Union, the Company is subject to the obligations provided for by Directive 2004/109/EC (Transparency Directive). The Company, which originally chose the country in which it listed its securities as its home member state (Luxembourg), is required to comply with the obligations provided for by the legislation implementing the aforementioned directive in the latter country.

Directive 2013/50/EU – which modifies Directive 2004/109/EC – which modifies the Transparency Directive – establishes that issuers are required, from financial years starting from 1 January 2020 onwards, to use the European Single Electronic Format (ESEF) in order to draw up the annual financial reports.

The Company has assessed that it is not required to publish its reports in the format envisaged by

AUTO ABS ITALIAN RAINBOW LOANS 2020-1 S.r.l.

the Directive since:

- the Member State of election is Luxembourg;

- it issued debt securities during 2020, the nominal value of which is at least 100,000 Euro (50,000 Euro for securities admitted to trading on a regulated market before 31 December 2010).

It is also noted that, on 21 January 2021, the Commission de Surveillance du Secteur Financier (CSSF) of Luxembourg issued a press release which postpones by one year the application of the ESEF for issuers of securities listed in Luxembourg.

Research and development

Given the particular nature of the Company, no research and development were conducted.

Relations with subsidiaries, associates, and parent companies

As at 31 December 2021, the Company does not control nor is associated to other companies. The Company is controlled by Special Purpose Entity Management S.r.l., which holds 100% of the share capital. No other past or outstanding transactions with the above-mentioned entity have been performed by the Company.

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.

Treasury shares and shares in parent companies

Pursuant to Article 2428 of the Italian Civil Code, the Company has not bought, transferred or held, during the period, any treasury shares or shares in parent companies, either directly or through trust companies or nominees.

Composition of the Company Capital

The Capital is subscribed as follows:

- Special Purpose Entity Management 2 S.r.l with registered office in Italy – for a nominal Euro (units) 10,000.

The Capital is fully paid up.

List of branches

The Company has no secondary offices.

Related-party transactions

AUTO ABS ITALIAN RAINBOW LOANS 2020-1 S.r.l.

As regards the relations entertained by the Company with Banca PSA Italia S.p.A., as Originator of the securitisation, and the latter being part of the Santander Group, you are referred to "Part D - Other information" of "Section 6 - Related party transactions" of the Notes.

Events after the reporting period

As already reported in the paragraphs above, the evolution of the Covid-19 pandemic continues to affect the evolution of the global and national economy. The prospects of overcoming the current health emergency bode well for gradual normalisation over the next few years, also thanks to the support measures adopted by national governments.

It is reported that after 31 December 2021 and up until the date of approval of these Financial Statements, no corporate events have occurred such as to have a significant impact on the economic and equity data represented herein (IAS 10).

Tax treatment of separate assets

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.

Employees

The Company has no employees.

Business outlook

There were no events after the reporting period to be disclosed with regard to Company operations. The Company will continue the current securitisation transaction.

Going concern

In preparing the Financial Statements, an assessment was made of the existence of conditions for the Company to continue its operations over a period of at least twelve months after the reporting date. To provide such assessment, account was taken of all the information available and of the specific business carried out by the Company, whose sole purpose, pursuant to Italian Law 130/1999, is to carry out one or more securitisation transactions.

Even considering the continuing effects of Covid-19, the risks and uncertainties that the Company could encounter during its operations are not significant, and therefore not such as to generate doubts about business continuity.

Therefore, these Financial Statements were prepared on a going concern basis, as no events or conditions exist that may cast doubt upon the Company's ability to continue its operations.

Result for the year

AUTO ABS ITALIAN RAINBOW LOANS 2020-1 S.r.l.

For the year ended 31 December 2021, the Company broke even.

Other information

As regards the presentation of the main risks and uncertainties to which the Company is exposed, due to the particular nature of the provisions in the law governing securitisation special purpose vehicles, there is no relevant information to disclose concerning the Company's equity.

Specifically, the Company was formed to carry out one or more securitisation transactions, and this purpose was fulfilled with the completion of the transactions described in this report. The securitisation transaction was structured by a leading international banking institution and the management thereof has been delegated by the Company to professional organisations specialised in providing financial and regulatory services within the scope of said transactions.

Please refer to Part D, Section F of the Notes to the Financial Statements for information on the securitisation transaction, whose assets are segregated from those of the Company.

There is nothing else to be disclosed herein.

Dear Member,

please refer to the Notes to the Financial Statements for a description of the basis of measurement and preparation of the annual Financial Statements, which we are confident you will approve of, and we invite you to approve the Financial Statements for the year ended 31 December 2021, in which the Company broke even.

Milan, 16 February 2022

The Sole Director

Daniela Rognone

Auto ABS Italian Rainbow Loans 2020-1 S.r.l.

Single Member Company

Registered Office: Via V. Betteloni 2, Milan

Capital: Euro 10,000, fully paid up

Milan Company Register no. 11145890965 – Economic and Administrative Index no. 2582152

Tax Code and VAT no. 11145890965

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SOLE STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

* * *

To the Members' Meeting of Auto ABS Italian Rainbow Loans 2020-1 S.r.l.

Dear Members,

following the resolution passed by the Members' Meeting on 24 September 2020, I, the undersigned, was appointed as Control Body for your Company for the three-year period 2020-2022. With resolution passed by the Members' Meeting on 2 September 2020, the nine-year appointment was conferred on PricewaterhouseCoopers S.p.A. to perform the statutory audit of the accounts for the period 2020-2028. As Sole Statutory Auditor, I hereby acknowledge that I have received the draft Financial Statements as at 31 December 2021, together with the statutory audit report prepared by the independent auditing firm PricewaterhouseCoopers S.p.A., the company which, as specified above, has been appointed as statutory auditor until approval of the Financial Statements relative to FY 2028.

In particular, on 03 March 2022, the independent auditing firm issued its report on the Financial Statements as at 31 December 2021, in accordance with Articles 14 and 19-bis of Italian Legislative Decree no. 39 of 27 January 2010 (hereinafter the "Decree"), with no objections or findings. The independent auditing firm believes that the Financial Statements provide a truthful, correct representation of the equity and financial position, the economic result and cash flow for the year ended as at 31 December 2021, in compliance with accounting standards.

The Financial Statements, sent to the Sole Auditor together with the Report on Operations, record a break even.

The Notes provide a full explanation of the criteria used to measure the individual items of the Financial Statements.

The Financial Statements also include the Statement of Changes in Equity, the Statement of Cash Flows and the Statement of Comprehensive Income.

The Sole Director's Report on Operations is complete and thorough for all legal intents and purposes.

This Control Body therefore refers to the Report on Operations and Notes insofar as respectively regards operating performance and information on the period result.

As I am not called to audit the merits of the contents of the Financial Statements, I have monitored their general presentation, their general compliance with the law in terms of preparation and structure and, in this regard, have not uncovered any situations worthy of note herein.

Following the establishment of receivables securitised as autonomous assets intended to satisfy the rights associated with the securities, the balance sheet and income statement only present the assets and liabilities pertaining to the Company and the related costs and revenues. Therefore, the Company's income statement is not impacted by the events relating to the realisation of the receivables, both for principal and for interest income, pertaining to the autonomous assets.

The Explanatory Notes, pursuant to the provisions issued by the Bank of Italy in compliance with international accounting standards, correctly recognise the financial assets and liabilities subject to the securitisation transaction, presenting the assets of the various transactions separately from the assets of the Company, in line with the provisions of Law 130/1999, according to which the receivables relating to each securitisation transaction, as specified above, are separate assets for all purposes from those of the Company and from those relating to other transactions.

This Control Body has verified compliance with the law relating to the preparation of the Report on Operations and the Statement of Cash Flows. In this regard, I have no particular comments to make.

In accordance with Article 14, paragraph 2, letter e) of Italian Legislative Decree 39/2010, the independent auditing firm PricewaterhouseCoopers S.p.A. has certified that the Report on Operations is consistent with the Financial Statements as at 31 December 2021 and is prepared in compliance with the law.

In this regard, as specified by the Administrative Body in the Report on Operations, I noted that the crisis situation due to the Covid-19 health emergency has not had a significant impact on the economic and financial position of the Company, nor on the securitisation transaction overall.

I can confirm that, insofar as I am aware, in preparing said Financial Statements the Administrative Body did not derogate from the provisions of Article 2423, paragraph 4, of the Italian Civil Code.

I have verified the consistency of the Financial Statements with the events and the information made available to me during the execution of my duties and have no particular comments to make in this regard.

Supervisory activities

During the year to which the Financial Statements under review refer, I carried out the periodic checks required by law.

During the performance of the activities, this Sole Statutory Auditor remained in constant contact with the corporate functions, also outsourced where appropriate, as well as with the Administrative Body.

I also remained in contact with the managers of the company entrusted with the statutory audit, PricewaterhouseCoopers S.p.A., to be updated with reference to the control activities and I obtained information on the activity carried out, on the most important economic, financial and equity transactions

carried out, as well as on the foreseeable management performance. In the context of these meetings, the audit firm did not report any material issues, as confirmed in the aforementioned financial report.

The management of the Company is entrusted to a Sole Director; I can reasonably assure that the actions taken by the latter comply with the law and with the Articles of Association, and are not manifestly imprudent, in potential conflict of interest or such as to compromise the integrity of the corporate assets. Finally, it should be noted that during the year and up to the date of this report, the Sole Statutory Auditor did not receive any complaints pursuant to Article 2408 of the Italian Civil Code, nor were any notices and / or reports received, nor did any significant facts emerge such as to require reporting to the supervisory bodies or mention in this report.

Organisational structure and internal control system

I acquired knowledge of and supervised, to the extent of my duties, the organisational structure of the Company and compliance with the principles of correct administration, through direct observations and the collection of information from the heads of the respective corporate functions.

As stated in the Report on Operations, the Company has no employees and uses service providers in order to pursue its business purpose, and consequently also for the activities associated with the existing risk management and internal audit systems concerning the financial reporting process. With particular reference to the securitisation transaction, the securitisation transaction documents govern the appointment of each service provider and specify what is required of it. This information is also provided in Part D, Section F.3, of the Notes to the Financial Statements.

These service providers are selected from among entities that are professionally engaged in the type of work the Company delegates to them. They must carry out their work in compliance with applicable legislation and in such a way as to enable the Company to properly fulfil the obligations it assumes under the transaction documents and the law.

Such service providers mainly act as:

- (i) the Servicer, which is responsible, among other things, for managing the receivables acquired; this function is entrusted to Banca PSA Italia S.p.A.;
- (ii) the Corporate Servicer, which is responsible for the Company's administrative and accounting activities; this function is entrusted to Zenith Service S.p.A.;
- (iii) the Cash Manager, the Calculation Agent and the Paying Agent, functions entrusted to Banco Santander S.A., Zenith Service S.p.A. and The Bank of New York Mellon, respectively.

This Sole Statutory Auditor has assessed and supervised the adequacy of the internal control system and of the administrative and accounting system, as well as the reliability of the latter in correctly representing operations, by obtaining information from the heads of the respective functions and examining company documents. In this context, no material issues emerged, nor were they reported to the Sole Statutory Auditor by the heads of the aforementioned corporate functions.

In this regard, it should be noted that I have read the additional report – prepared by the audit firm PricewaterhouseCoopers S.p.A., entrusted with the statutory audit – drawn up pursuant to Article 11 of Regulation EU 537/2014 and which did not find any material issues and / or other facts or events to report.

Therefore, I can conclusively state that, as a result of the assessments and checks carried out in the areas for which my supervision was expressed, performed through periodic checks during the year and after the closing date of the same, no omissions, reprehensible facts or irregularities were found nor, in particular, did any significant facts emerge such as to require mention in this Report.

* * * *

Considering the results of the work carried out by the company appointed to perform the statutory audit of the accounts, as explained in the report accompanying the Financial Statements, this Sole Statutory Auditor, insofar as regards the matters coming under my purview and on the basis of the information obtained in accordance with Article 2429, paragraph 2 of the Italian Civil Code, hereby expresses an opinion in favour of approving the Financial Statements as at 31 December 2021, which close at break even.

Milan, 3 March 2022

The Sole Statutory Auditor
Andrea Savino
