

CRR ASSESSMENT

SCF RAHOITUSPALVELUT XI DAC



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

1st June 2022

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1st June 2022

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PRIME COLLATERALISED SECURITIES (PCS) CRR Assessment

Individual(s) undertaking the assessment	Robert Leach
Date of Verification	1 June 2022
The transaction to be verified (the "Transaction")	SCF RAHOITUSPALVELUT XI DAC
Issuer	SCF RAHOITUSPALVELUT XI DAC
Originator	Santander Consumer Finance Oy
Lead Manager(s)	Banco Santander, S.A., HSBC Continental Europe, Citigroup Global Markets Limited
Transaction Legal Counsel	Cadwalader, Wickersham & Taft LLP
Rating Agencies	Fitch, S&P
Stock Exchange	Euronext Dublin (Irish Stock Exchange)
Closing Date	1 June 2022

PCS confirms that all checklist points have been verified as detailed in the associated comment box in the checklist below.

A summary of the checklist points by article is set out in the table of contents on the next page together with a reference to the respective article contents. To examine a specific article from the list below, please click on the article description to be taken directly to the relevant section of the checklist.

Within the checklist, the relevant legislative text is set out in grey introductory boxes with specific criteria for our verification listed underneath.

Legislative Text		
<p>Article 243 (1) 2. Positions in a securitisation, other than an ABCP programme or ABCP transaction, that qualify as positions in an STS securitisation, shall be eligible for the treatment set out in Articles 260, 262 and 264 where the following requirements are met:</p>		
1a	<p>CRR Criteria</p> <p>(a) at the time of inclusion in the securitisation, the aggregate exposure value of all exposures to a single obligor in the pool does not exceed 2 % of the exposure values of the aggregate outstanding exposure values of the pool of underlying exposures. For the purposes of this calculation, loans or leases to a group of connected clients shall be considered as exposures to a single obligor.</p>	<p>Meets Criteria? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>As of the relevant Purchase Cut-Off Date, the following criteria (the "Eligibility Criteria") must have been satisfied by an HP Contract in order for it to be eligible for acquisition by the Purchaser pursuant to the Auto Portfolio Purchase Agreement.</p> <p>18. Each HP Contract to be purchased on the relevant Purchase Date, when aggregated with all other Purchased HP Contracts, will not result in the sum of the Principal Amounts of the Purchased HP Contracts owed by any Debtor exceeding 0.06 per cent. of the Principal Amounts of all Purchased HP Contracts.</p> <p><i>Aggregate exposure value to a single obligor⁽²⁾ in the pool does not exceed 2%.</i></p>	
1b	<p>CRR Criteria</p> <p>In the case of securitised residual leasing values, the first subparagraph of this point shall not apply where those values are not exposed to refinancing or resell risk due to a legally enforceable commitment to repurchase or refinance the exposure at a pre-determined amount by a third party eligible under Article 201(1);</p>	<p>Meets Criteria? YES</p>
	<p>PCS Comments</p>	

¹ REGULATION (EU) 2017/2401 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

² In considering the requirements of Article 243, PCS has viewed the reference to exposures to mean the underlying receivables that provide the source for the repayment of interest and principal in the transaction. We believe that treating the double SPV structure as essentially one and looking through to the underlying receivables as the intended exposures in applying Article 243 is consistent with the treatment in double SPV structures by the regulator in other instances (e.g., ABCP transactions under STS regulation) and would logically apply in the regulatory treatment under the CRR regulation.

	Not applicable.	
2	<p>CRR Criteria</p> <p>(b) at the time of their inclusion in the securitisation, the underlying exposures meet the conditions for being assigned, under the Standardised Approach and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than:</p> <p>(i) 40 % on an exposure value-weighted average basis for the portfolio where the exposures are loans secured by residential mortgages or fully guaranteed residential loans, as referred to in point (e) of Article 129(1);</p> <p>(ii) 50 % on an individual exposure basis where the exposure is a loan secured by a commercial mortgage;</p> <p>(iii) 75 % on an individual exposure basis where the exposure is a retail exposure ⁽³⁾;</p> <p>for any other exposures, 100 % on an individual exposure basis;</p>	<p>Meets Criteria? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>As at each Purchase Date, each Eligible HP Contract meets the conditions for being assigned a standardised risk weight equal to or smaller than 75% on an individual exposure basis where the exposure is a retail exposure, or for any other exposures equal to or smaller than 100% on an individual exposure basis, as such terms are described in Article 243 of the CRR.</p> <p><i>2(b)(iii) applies. The underlying exposures meet the conditions for being assigned a standardised risk weight equal to or smaller than 75% on an individual exposure basis where the exposure is a retail exposure, or for any other exposures equal to or smaller than 100% on an individual exposure basis, as such terms are described in Article 243 of the CRR.</i></p>	

³ See article 123, "Retail exposures" of the Regulation (EU) No 575/2013; for Consumer loans see the amendments to article 123 in (59) REGULATION (EU) 2019/876 and REGULATION (EU) 2020/873, article 2 (1) (a). In particular, pursuant to the amendments to Article 123, under Regulation (EU) 2019/876: "Exposures due to loans granted by a credit institution to pensioners or employees with a permanent contract against the unconditional transfer of part of the borrower's pension or salary to that credit institution shall be assigned a risk weight of 35 %, provided that all the following conditions are met: (a) in order to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the credit institution by deducting the monthly payments on the loan from the borrower's monthly pension or salary; (b) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy underwritten by the borrower to the benefit of the credit institution; (c) the monthly payments to be made by the borrower on all loans that meet the conditions set out in points (a) and (b) do not in aggregate exceed 20 % of the borrower's net monthly pension or salary; (d) the maximum original maturity of the loan is equal to or less than ten years."

See article 501 on "Adjustment of risk-weighted non-defaulted SME exposures for "SME Loans" of the Regulation (EU) No 575/2013, as amended in Regulation (EU) 2019/876 and Regulation 2020/873 in (19) and Article 2.1(b).

3	<p><u>CRR Criteria</u></p> <p>(c) where points (b)(i) and (b)(ii) apply, the loans secured by lower ranking security rights on a given asset shall only be included in the securitisation where all loans secured by prior ranking security rights on that asset are also included in the securitisation;</p>	<p><u>Meets Criteria?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p><i>Not applicable.</i></p>	
4	<p><u>CRR Criteria</u></p> <p>(d) where point (b)(i) of this paragraph applies, no loan in the pool of underlying exposures shall have a loan-to-value ratio higher than 100 %, at the time of inclusion in the securitisation, measured in accordance with point (d)(i) of Article 129(1) and Article 229(1).</p>	<p><u>Meets Criteria?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p><i>Not applicable.</i></p>	