

# **STS Term Verification Checklist**

## **Sabadell Consumo 2, Fondo de Titulización**



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

13<sup>th</sup> July 2022

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This is the STS Term Master Checklist for STS Term Verifications.

This STS Term Master Checklist must be read together with the PCS Procedures Manual and the PCS Term Evidentiary Standards Manual. This document is based upon the materials received by PCS as at the date of this document. Any page references in this document are to the prospectus unless otherwise stated.

PCS comments in this STS Term Master Checklist are based on PCS' interpretation of the STS Regulation (the "Regulation") informed by (a) the text of the Regulation itself, (b) the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") and (c) any relevant national competent authorities interpretation of the STS criteria to the extent known to PCS.

It is important that the reader of this checklist reviews and understands the disclaimer referred to on the following page.

**13 July 2022**

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## PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Verification	13 July 2022
<b>The transaction to be verified (the "Transaction")</b>	<b>Sabadell Consumo 2, Fondo de Titulización</b>
Issuer	Sabadell Consumo 2, Fondo de Titulización
Originator	BANCO DE SABADELL, S.A.
Lead Manager(s)	BANCO DE SABADELL, S.A., DEUTSCHE BANK AG and SOCIÉTÉ GÉNÉRALE, SA
Transaction Legal Counsel	J&A GARRIGUES, S.L.P.
Rating Agencies	DBRS / FITCH
Stock Exchange	AIAF
Closing Date	13 July 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.

Article	Summary of Article Contents	PCS Verified	
<b>Article 20 – Simplicity</b>			
20(1)	<a href="#">True sale</a>	1	✓
20(2-3)	<a href="#">Severe clawback</a>	2	✓
20(4)	<a href="#">True sale with intermediate steps</a>	3	✓
20(5)	<a href="#">Assignment perfection</a>	4	✓
20(6)	<a href="#">Encumbrances to enforceability of true sale</a>	5	✓
20(7)	<a href="#">Eligibility criteria, active portfolio management, and exposure transferred after closing</a>	6 - 8	✓
20(8)	<a href="#">Homogeneity, enforceability, full recourse, periodic payment streams, no transferable securities</a>	9 - 14	✓
20(9)	<a href="#">No securitisation positions</a>	15	✓
20(10)	<a href="#">Origination, underwriting standards, unverified residential loans, assessment of creditworthiness, originator expertise</a>	16 - 21	✓
20(11)	<a href="#">No undue delay after selection, no exposures in default or to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk</a>	22 - 30	✓
20(12)	<a href="#">At least one payment made</a>	31	✓
20(13)	<a href="#">No predominant dependence on the sale of asset</a>	32	✓
<b>Article 21 – Standardisation</b>			
21(1)	<a href="#">Risk retention</a>	33	✓
21(2)	<a href="#">Appropriate mitigation of interest-rate and currency risks and disclosure, no further derivatives and hedging derivatives according to common standards</a>	34 - 39	✓
21(3)	<a href="#">Referenced interest payments</a>	40	✓
21(4)	<a href="#">Requirements in the event of enforcement or delivery of acceleration notice: no cash trap, sequential amortisation, no reversal, no automatic liquidation</a>	41 - 44	✓
21(5)	<a href="#">Non-sequential priority of payments</a>	45	✓
21(6)	<a href="#">Early amortisation provisions/triggers for termination of revolving period</a>	46 - 49	✓
21(7)	<a href="#">Duties, responsibilities, and replacement of transaction parties</a>	50 - 52	✓
21(8)	<a href="#">Expertise of the servicer</a>	53 - 54	✓
21(9)	<a href="#">Remedies and actions by servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report</a>	55 - 59	✓
21(10)	<a href="#">Resolution of investor conflicts and fiduciary party responsibilities and duties</a>	60 - 61	✓
<b>Articles 22 and 7 – Transparency</b>			
22(1)	<a href="#">Historical asset data</a>	62 - 64	✓
22(2)	<a href="#">AUP/asset verification</a>	65 - 66	✓
22(3)	<a href="#">Liability cashflow model</a>	67 - 68	✓
22(4)	<a href="#">Environmental performance of asset</a>	69	✓
22(5)	<a href="#">Responsibility for article 7, information disclosure before pricing and 15 days after closing</a>	70 - 73	✓
7(1)	<a href="#">Transparency requirements: underlying loan data, documentation, priority of payments, transaction summary, STS notification, investor report, inside information, significant event report, simultaneous, without delay</a>	74 - 83	✓
7(2)	<a href="#">Transparency requirements: securitisation repository, designation of responsible entity</a>	84 - 85	✓

**Article 20.1.** The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

1

**STS Criteria**

1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.

**Verified?****YES****PCS Comments**

The Transaction is governed by the Spanish law 5/2015, of 27 April, on promoting corporate financing (Ley de Fomento de la Financiación Empresarial) ("Law 5/2015").

As for the assignment of title, see §3.3 (Description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the Issuer) and in particular, sub section 3.3.2 (Receivable assignment terms) where it is stated, in §1 that <<the Receivables will be fully and unconditionally assigned for the entire term remaining until maturity of each Loan>> and in § 4 that <<the Receivables under each Loan shall be assigned for all outstanding principal yet to be repaid at the assignment date and for all ordinary interest on each Loan.>>

See also the statement in 3.3.2 (Receivable assignment terms) that

<<[...] the Receivables cannot be the subject of restitution other than by an action brought by the Originator's receivers, in accordance with the provisions of the Insolvency Law and after proving the existence of fraud in that transaction, all as set down in Article 16.4 of Law 5/2015.>>.

Further, it is stated that

<<The Originator has its place of registered office in Spain. Therefore, and unless proof to the contrary, it is presumed that the centre of main interests, for the Originator is Spain in accordance with Article 3 of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).>>.

The Originator has also represented that, to the best of its knowledge, its centre of main interest is Spain (see R&W in § (6) of Section 2.2.8 – 1 "Indication of representations and warranties given to the Issuer relating to the assets – 1. The Originator in relation to itself").

Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation risks is made in the Legal Opinion.

PCS has been provided with and reviewed the Spanish law legal opinion provided by J&A Garrigues, S.L.P. (the Transaction Counsel).

*"True sale" is not a legal concept but a rating agency creation.*

*The essence of a "true sale" is that the property in the securitised assets has legally moved from the originator(s)/seller to the SSPE in such a way that the SSPE's ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator(s)/seller. In a "true sale" the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller's creditor out of the proceeds of the securitised assets. Following a "true sale" there is no legal device by which the assets can automatically revert to the originator/seller's ownership. Such automatic reversion is associated with security interests and anathema to a "true sale".*

*This is clearly stated in the wording of the Regulation (20.1). The expression "transfer to the same effect" indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.*

*The issue of "true sale" is separate from the issue of "clawback". "Clawback" refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a "true sale" has taken place.*

All European jurisdictions, to PCS' knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from "defrauding" its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.

The Regulation (20.1) therefore does not require STS "true sales" to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to "severe clawback". The Regulation does not define "severe clawback" but gives an example (20.2) where a clawback may occur.

The Regulation (20.3) also explicitly excludes from the definition of "severe clawback" the traditional European basis for such devices which all come under the general category of "preferences".

PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis.

Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.

Based on the above considerations, PCS believes that transfers from a jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of "severe clawback":

- Clawback requires an unfair preference "defrauding" creditors;
- Clawback puts the burden of proof on the insolvency officer or creditors – in other words it cannot be automatic nor require the purchaser to prove their innocence.

Since "severe clawback" is a jurisdictional concept, in analysing this issue PCS will therefore first seek to determine the Originator's jurisdiction for the purposes of insolvency law. This would be its centre of main interest or "COMI".

The second step would be to determine whether the relevant COMI contains severe claw back provisions in its insolvency legislation.

Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.

In the case of the Transaction, title to the assets is transferred by means of assignments from a Spanish bank to a Spanish fund.

The legal opinion from the Transaction Counsel confirmed that the assignment from the Originator to the Issuer meets the definition of "true sale" outlined above. In particular it is confirmed that such assignment does not constitute (and cannot be deemed as) the contracting of a debt by the Originator or the granting of a security interest by the Originator over the Receivables and that the Receivables have been acquired by the Fund by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the Originator or any other third party and the transfer of the title to the Fund shall not be subject to severe clawback provisions in the event of the Originator's insolvency, as required in Article 20(1) of Regulation (EU) 2017/2402.

The Originator is incorporated in Spain (see §3.4.8.3 (Name, address and significant business activities of the Originator of the securitised assets), and in the Prospectus it is stated that the Originator has its place of registered office and its COMI in Spain.

Spanish insolvency law provides for clawback in the cases of preferences and transactions at an undervalue and/or fraud and require the insolvency officer to prove that case. Therefore, and as generally outlined in the Spanish legal opinion, the transfer is not, in our view, subject to "severe clawback".

**Article 20.1** [...] The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

**Article 20.2** For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:

(a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;

(b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale..

**Article 20.3.** For the purpose of paragraph 1, clawback provisions in national insolvency laws that allow the liquidator or a court to invalidate the sale of underlying exposures in case of fraudulent transfers, unfair prejudice to creditors or of transfers intended to improperly favour particular creditors over others, shall not constitute severe clawback provisions.

2

**STS Criteria**

2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

**Verified?****YES****PCS Comments**

The Legal Opinion confirms that the transfer of the title on the Receivables to the Fund shall not be subject to severe clawback provisions in the event of the Originator's insolvency, as required in Article 20(1) of Regulation (EU) 2017/2402.

The COMI of the Originator is the Kingdom of Spain.

Neither provision of Article 20(2) applies.

The legislation of the Kingdom of Spain does not contemplate severe claw-back provisions.

**Article 20.4.** Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.

3

**STS Criteria**

3. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.

**Verified?****YES**

This requirement does not apply to this transaction since the Loans have been originated by Banco Sabadell, that is also the seller to the Fund/Issuer.

In particular, it is represented that the Loans have been originated by BANCO SABADELL: see §(33) in Section 2.2.8 (Indication of representations and warranties given to the Issuer relating to the assets), subparagraph 2. (The Originator in relation to the Loans and to the Receivables assigned to the Fund.).



**Article 20.5.** Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to affect such perfection shall, at least include the following events:

- (a) severe deterioration in the seller credit quality standing;
- (b) insolvency of the seller; and
- (c) unremedied breaches of contractual obligations by the seller, including the seller's default.

4

**STS Criteria**

4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:

- (a) severe deterioration in the seller credit quality standing;
- (b) insolvency of the seller; and
- (c) unremedied breaches of contractual obligations by the seller, including the seller's default.

**Verified?**  
**YES**

**PCS Comments**

Not applicable as the assignment is perfected without the need for notification to obligors.

See Section 3.3.1 (Perfecting the assignment of the Receivables). See also Section 3.3.1.2 (*Notification of the assignment*), where it is specified that the notification will be made only in the cases required by law and in some other cases.

In Section 2.2.8, para 2 it is represented under (7) <<*That the agreements or the private documents recording the Loans contain no clauses preventing their assignment or requiring any authorisation or communication for the Loan to be assigned, without prejudice to other authorisation or notification requirements established by law to the Originator not affecting the assignment of the Receivables to the Fund*>>.

Criterion 4 requires two steps:

- To determine whether the transfer of the assets is by means of an unperfected assignment; and
- If it is, whether the transaction contains the requisite triggers.

***Although the transfer is not notified to the borrowers, the Spanish legal opinion confirms that the assignment of Receivables has been legally, validly, effectively and unconditionally perfected, has complied with the formalities foreseen in Article 17 c) of Law 5/2015 and is binding and enforceable against the Originator and any third parties (including any creditors of the Originator and any bankruptcy administrator (administrador concursal) of the Originator) from the date of execution of the Notarised Certificate of Assignment.***

***Therefore, a notification to the obligors is required only to prevent the Obligor from setting off the payment of the Receivables against credit rights arisen prior to the assignment and of credit rights that arise after the assignment of the Receivables but prior to the moment at which they had had knowledge of the assignment.***

***Such notification is therefore not required to fully perfect the transfer of ownership in the loans to the SSPE or Fund. Accordingly, this transaction does not operate by way of an unperfected assignment and there is no need to identify triggers to effect the perfection of the assignment.***

**Article 20.6.** The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.

5

**STS Criteria**

5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.

**Verified?**  
**YES****PCS Comments**

See representation under §(3) in Section 2.2.8. (Indication of representations and warranties given to the Issuer relating to the assets) –2 (The Originator in relation to the Loans and to the Receivables assigned to the Fund), where it is represented that the Originator <<is the unrestricted legal and beneficial owner of all the Receivables, free and clear of any liens and claims and to the best of its knowledge there is no cause that could adversely affect the enforceability of their assignment to the Fund>>.

See also the representation under §(4) <<That the details of the Loans included in the schedules to the Deed of Incorporation and the Receivables assignment certificate truly and accurately reflect the status of those Loans at the assignment date.>> and under §(7) <<That the agreements or the private documents recording the Loans contain no clauses preventing their assignment or requiring any authorisation or communication for the Loan to be assigned, without prejudice to other authorisation or notification requirements established by law to the Originator not affecting the assignment of the Receivables to the Fund.>>.

**Article 20.7.** The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.

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**STS Criteria**

6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....

**Verified?**  
**YES****PCS Comments**

See the representations in Section 2.2.8 (*Indication of representations and warranties given to the Issuer relating to the assets*) – sub §2 (*The Originator in relation to the Loans and to the Receivables assigned to the Fund*), where the features of the Loans and the Receivables are set out.

Please also see Section 2.2.9 (*Substitution of the securitised assets*), and in particular the sub paragraph §2(b) which describes the process of replacement of non-conforming Receivables. In such Section it is specified that the receivables that the Originator proposes to assign must satisfy the characteristics given in section 2.2.8.2 and must be “similarly characterised”. The Management Company has to verify eligibility of the substitute loans and confirm this to the Originator before they are assigned to the Fund in the context of the replacement by notarised certificate.

The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.

***PCS has read the eligibility criteria in the Prospectus. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus, they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.***

7	<p><b>STS Criteria</b></p> <p>7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See statement of non-applicability of active management in §2.3 (<i>Actively managed assets backing the issue</i>).</p> <p>In this respect we note that</p> <ul style="list-style-type: none"> <li>the transaction is not revolving (see §3.3.3 (<i>Loan Receivables sale or assignment price</i>); and</li> <li>the cases of repurchase /replacement are limited to the case of Receivables that do not meet the characteristics contained in §2.2.8.2 (see in section 3.3.2 (<i>Receivable assignment terms</i>) the statement in §3 that &lt;&lt;The Originator will also have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed, and will give no guarantees or security, nor indeed agree to replace or repurchase the Receivables, other than as provided in section 2.2.9 of this Additional Information.&gt;&gt;.</li> <li>In case of repurchase, the Replaced receivables shall satisfy the characteristics given in section 2.2.8.2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>).</li> </ul> <p>Indeed, the EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met.</p> <p>If the transaction should contain a repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.</p> <p><b>PCS has reviewed all the repurchase devices set out in the Prospectus and these are acceptable within the context of the EBA final guidelines.</b></p> <p><b>PCS also notes that there is an explicit affirmative statement in the Prospectus to the effect that no active management of the assets backing the Transaction applies.</b></p>	
8	<p><b>STS Criteria</b></p> <p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>The transaction is not revolving (see §3.3.1.1 (<i>Assignment of the Receivables</i>)). PCS notices, however, that, as described in section 2.2.9.2, substitute loans could replace existing Receivables which result not in compliance with the characteristics contained in section 2.2.8.2.</p> <p>Therefore, no Receivables will be sold after the Closing Date, save in case of replacement (see points 6 and 7 above). In case of replacement, the substitute loans shall meet the relevant eligibility requirements (see 2.2.9.2).</p> <p>This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.</p> <p>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</p> <p><b>PCS has identified the existence of such a covenant in the Prospectus</b></p>	

**Article 20.8.** The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.

9

**STS Criteria**

9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.

**Verified?  
YES****PCS Comments**

See the representations on homogeneity given by the Originator in paragraph (37) of §2.2.8 “Indication of representations and warranties given to the Issuer relating to the assets” – “2. The Originator in relation to the Loans and to the Receivables assigned to the Fund”. In particular it is stated that: <<(37) That the Loans are homogeneous in terms of asset type, cash flow, credit risk and prepayment characteristics and contain obligations that are contractually binding and enforceable, with full recourse to debtors, and where applicable, guarantors, within the meaning of Article 20.8 of the EU Securitisation Regulation. Regarding the homogeneity factor to be met: (i) all Obligors are resident individuals with residence in the same jurisdiction (Spain) only; (ii) all Loans have been underwritten according with standards that apply similar approaches for assessing associated credit risk; and (iii) are serviced in accordance with similar procedures for monitoring, collecting and administering.>>.

*The definition of “homogeneity” in the Regulation is also the subject of a Regulatory Technical Standard (“RTS”). Being set out in an RTS, rather than a guideline or recommendation issued by the EBA, the definition of “homogeneity” will be legally binding on all regulatory authorities. Such RTS has been formally adopted by the European Commission on 28 May 2019.*

*In interpreting the expression, PCS has based itself on the text of the Regulation, its knowledge of the intent of the legislators – including, crucially, the legislators belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisations and the draft RTS adopted by the European Commission.*

*Based on the above, it seems clear to PCS that the Regulation would not seek to exclude from the STS category securitisations that have performed extremely well and are universally considered “homogenous” by market participants. This does not exonerate any transaction from being analysed against this criterion but does set the background for such analysis.*

*Turning, for guidance, to the RTS adopted by the European Commission, in principle, four elements require examination: (a) “similar underwriting standards”, (b) “similar servicing standards”, (c) “same asset class” and (d) “relevant risk factors”. Consumer loans are though considered sufficiently homogeneous and do not need to meet also a specific homogeneity factor.*

*Following the guiding principles of the EBA, we note that “similar underwriting standards” must mean something like the same type of underwriting approach, looking at the same types of data points to calculate the same type of credit risk. It cannot mean “exactly the same underwriting criteria”, since this would make it impossible for any securitisation ever to have a “homogenous” pool.*

*In the Transaction, the loans were underwritten on a similar basis, they are being serviced by Banco Sabadell on the same platform, they are a single asset class – consumer loans – and, based on the EBA’s suggested approach, the loans are all originated in the same jurisdiction.*

*PCS also takes great comfort from the fact that transactions containing pools with similar characteristics have always been considered to be “homogenous” by a wide consensus of market participants.*

10	<b>STS Criteria</b> 10. The underlying exposures shall contain obligations that are contractually binding and enforceable.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See the representation in §(2) of Section 2.2.8 "Indication of representations and warranties given to the Issuer relating to the assets" – sub §2 "The Originator in relation to the Loans and to the Receivables assigned to the Fund), where the Originator represents <<that the Loans exist and are valid and contain <u>contractually binding and enforceable obligations</u> with full recourse to Debtors and where applicable to guarantors in accordance with the applicable laws.>>	
11	<b>STS Criteria</b> 11. With full recourse to debtors and, where applicable, guarantors.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See the representation in §(2) of Section 2.2.8 "Indication of representations and warranties given to the Issuer relating to the assets" – sub §2 "The Originator in relation to the Loans and to the Receivables assigned to the Fund), where the Originator represents that:  <<the Loans exist and are valid, and contain contractually binding and enforceable obligations <u>with full recourse to Debtors and where applicable to guarantors in accordance with the applicable laws</u> >>.	

**Article 20.8.** The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.

12	<b>STS Criteria</b> 12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See the representations in §(27) and §(28) of Section 2.2.8 “ <i>Indication of representations and warranties given to the Issuer relating to the assets</i> ” – sub §2 “ <i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i> ”, where it is represented as follows:  <i>&lt;&lt;(27) That each <u>Loan interest and repayment instalment frequency is monthly.</u></i>  <i>(28) That each Loan <u>principal repayment system is the annuity method (French amortization).</u>&gt;&gt;.</i>	
13	<b>STS Criteria</b> 13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See description of the various types of Loans contained in the Section headed “ <i>ADDITIONAL INFORMATION TO BE INCLUDED IN RELATION TO ASSET-BACKED SECURITIES</i> ”, §2 ( <i>Underlying Assets</i> ), where it is stated that <i>&lt;&lt;Based on the selected loan information supplied by the Originator and the requirements laid down for replacement with other loans, the Management Company confirms that, <u>having regard to their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised Receivables allow the payments due and payable on the Collateralised Notes issued to be satisfied.</u>&gt;&gt;.</i>	

**Article 20.8.** The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.

14	<b>STS Criteria</b> 14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Section headed “ <i>ADDITIONAL INFORMATION TO BE INCLUDED IN RELATION TO ASSET-BACKED SECURITIES</i> ”, §2 ( <i>Underlying Assets</i> ) subsection 2.2.13 and 2.2.14, where it is stated that <i>&lt;&lt;The Receivables do not include transferable securities, as definition in point (44) of Article 4(1) of Directive 2014/65/EU nor any securitization position, whether traded or not.&gt;&gt;.</i>  In the section, 3.4.5.1 Treasury Account, all activities on the treasury account are listed, the only investments into securities mentioned are “interim withholdings” that are not further specified. In 3.4.5.1. it is mentioned that a negative interest shall apply on the amounts on the Treasury Account. Further, in such section it is also specified that <i>&lt;&lt;The only permitted investment by the Fund (other than the Receivables) shall be the amounts deposited into the Treasury Account.&gt;&gt;.</i>	

**Article 20.9.** The underlying exposures shall not include any securitisation position.

15	<p><b>STS Criteria</b></p> <p>15. The underlying exposures shall not include any securitisation position.</p>	<p><b>Verified?</b></p> <p>YES</p>
	<p><b>PCS Comments</b></p> <p>See statement is 2.2.13 and 2.2.14 that &lt;&lt;The Receivables do not include transferable securities, as definition in point (44) of Article 4(1) of Directive 2014/65/EU nor any securitization position, whether traded or not&gt;&gt;.</p> <p>See also statement in 3.4.5.1 that &lt;&lt;The only permitted investment by the Fund (other than the Receivables) shall be the amounts deposited into the Treasury Account.&gt;&gt;.</p>	

**Article 20.10.** The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.

16	<p><b>STS Criteria</b></p> <p>16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.</p>	<p><b>Verified?</b></p> <p>YES</p>
	<p><b>PCS Comments</b></p> <p>See §(1) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), where it is represented &lt;&lt;(1) That the grant of the Loans and all aspects relating thereto are <u>ordinary actions in the course of its business</u> and are and will be at arm's length&gt;&gt;.</p>	
17	<p><b>STS Criteria</b></p> <p>17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.</p>	<p><b>Verified?</b></p> <p>YES</p>
	<p><b>PCS Comments</b></p> <p>See the statement in § 2.2.7 "Method of creation of the assets" where it says:</p> <p>&lt;&lt; The loans selected to be assigned to the Fund have been granted by BANCO SABADELL following its usual credit risk analysis and assessment procedures for granting loans and credits without mortgage security to individuals for consumption purposes and therefore have been granted pursuant to underwriting standards that are no less stringent than those that BANCO SABADELL applied at the time of origination to similar exposures that are not securitised. No loans originated by other financial entities which have been integrated into BANCO SABADELL as result of acquisitions processes carried out during the last years have been included in the pool of loans selected to be assigned to the Fund.&gt;&gt;</p>	

**Article 20.10.** The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.

<b>18</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<p>18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.</p> <p><b>PCS Comments</b></p> <p>See §(15) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), where it is represented that &lt;&lt;<i>That it has strictly adhered to the lending policies applicable to it in granting the described in section 2.2.7 of the Additional Information. The Originator will disclose to the Management Company, the Noteholders and potential investors without undue delay any material changes from the origination criteria described in section 2.2.7 of the Additional Information.</i>&gt;&gt;.</p> <p>In respect of the receivables that should replace those included in the initial pool, see § 2.2.9 “Substitution of the securitised assets - Rules for substituting the Receivables or repayment to the Fund”, where it is stated in 2(b) that &lt;&lt;<i>In order to proceed to substitution, the Originator shall notify the Management Company of the characteristics of the receivables proposed to be assigned satisfying the characteristics given in section 2.2.8.2 of this Additional Information, and similarly characterised as to purpose, term, interest rate and outstanding principal balance. Once the Management Company has checked that the eligibility of the substitute Receivables(s) and expressly stated to the Originator that the receivable(s) to be assigned are eligible, the Originator shall proceed to substitute the affected Receivable by terminating the assignment of the affected Receivable and assign the substitute Receivable(s).</i>&gt;&gt;.</p> <p>Considering that the transaction is not revolving, the statements mentioned above are sufficient to cover the point.</p>	

**Article 20.10.** In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.

<b>19</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<p>19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p> <p><b>PCS Comments</b></p> <p>This requirement does not apply to consumer loans.</p>	



**Article 20.10.** The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

<b>20</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.</p> <p><b>PCS Comments</b></p> <p>See §(34) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), where it is represented that &lt;&lt;the assessment of the Debtor's creditworthiness of the Loans meets the requirements as set out in Article 8 of Directive 2008/48/EC.&gt;&gt;.</p> <p>The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. As a general principle, European Directives, in contrast to Regulations, do not have direct and immediate effect but must be implemented into national law, country by country.</p> <p>Therefore, if the assets concerned, as in the case of the Transaction, are consumer loans, the relevant Directive is 2008/48/EC. The next step is to determine which Spanish law transcribed this Directive into local law.</p> <p>PCS assumes, although the Regulation and the EBA Guidelines are silent on this point, that the requirement for mortgages and consumer loans to have been underwritten in compliance with the Directives only applies to assets underwritten after these Directives were transcribed into national law.</p> <p><b><i>The Seller has provided a representation that this criterion is met, with specific and extensive discussions in the section of the Prospectus mentioned above.</i></b></p>	

**Article 20.10.** The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.

<b>21</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p> <p><b>PCS Comments</b></p> <p>See in section 3.4.8.3 "Name, address and significant business activities of the Originator of the securitised assets", subsection "Significant economic activities of BANCO SABADELL", where it is stated that &lt;&lt;As a financial credit entity, its main activity consists of banking activities, [...]. BANCO SABADELL's activities are subject to the special regulation for financial entities and is under the supervision and control of the Bank of Spain. <u>Banco Sabadell as Originator and as Loan Servicer has the relevant expertise as an entity being active in the consumer loans market for over 20 years and as servicer of consumer receivables securitisation for over 20 years.</u>&gt;&gt;.</p>	

**Article 20.11.** The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...

22	<b>STS Criteria</b>	Verified? YES
	22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...	
<b>PCS Comments</b>		
See Section “ REGISTRATION DOCUMENT FOR ASSET-BACKED SECURITIES”, §4.4.1 “Date of incorporation of the Fund”, pursuant to which it appears that the deed of incorporation of the Fund, the notarised certificate assigning the Receivables and the issue of the Notes will happen without delay.		
In Section 3.3.1.1 it is stated under “Assignment of the Receivables” that: << <i>The Originator shall, upon the Fund being established and concurrently upon the Deed of Incorporation being executed, assign the Receivables to the Fund by virtue of a receivables assignment agreement, perfected in a certificate executed before a notary (póliza notarial).</i> >>		
<b>PCS understands that the pool was selected on 26 April 2022 and that the pool will be assigned for closing on 8 July 2022( see 4.4.1 and 4.1 of the prospectus). Any period of three and a half months or less between pool cut date and closing will meet the requirements of the criterion. This is in line with market standards.</b>		
23	<b>STS Criteria</b>	Verified? YES
	23. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...	
<b>PCS Comments</b>		
See §(36) in Section 2.2.8 ( <i>Indication of representations and warranties given to the Issuer relating to the assets</i> ) – sub 2 ( <i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i> ), where it is represented that <<That the Loans are not in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013>>.		

**Article 20.11.** The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:

(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:

(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and

(ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;

(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or

(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.

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**STS Criteria**

24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:

**Verified?****YES****PCS Comments**

See §(35) in Section 2.2.8 (*Indication of representations and warranties given to the Issuer relating to the assets*) – sub 2 (*The Originator in relation to the Loans and to the Receivables assigned to the Fund*), where it is represented that <<That at the time of assignment to the Fund, no Debtor or guarantor has experienced a deterioration of its credit quality, and to the best of its knowledge, no Debtor or guarantor is a credit-impaired debtor or guarantor who either:

- has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three (3) years prior to the date of origination or has undergone a debt-restructuring process with regard to its non-performing loans within three (3) years prior to the date of transfer or assignment of the loan to the Fund, except if;
  - o a restructured underlying loan has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of transfer or assignment of the loan to the Fund;
  - o the information provided by the originator in accordance with of Article 7(1) of the EU Securitisation Regulation explicitly sets out the proportion of restructured loans, the time and details of the restructuring as well as their performance since the date of the restructuring;
- was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or
- has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the Originator which are not securitized.>>.

The note below applies to points from 24 to 30.

Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful.

For PCS, the key points of the EBA guidelines on this issue are:

First that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be "credit impaired". So that it is not necessary to reflect at what the term "credit impaired" could mean above and beyond those three items.

	<p>b. Secondly, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a “credit impaired” debtor is the example of a failure to pay that can “reasonably be ignored” for the purposes of credit assessment.</p> <p>Therefore, the criterion, to be met, does not require the elimination from the pool of all debtors with any negative entry in a credit registry but only those whose entries it would not be reasonable to ignore for the purposes of credit assessments.</p> <p>Absent any further clarification from the EBA or a national competent authority regarding what it is reasonable to ignore, a judgement would still be necessary in cases where the originator does include in the pool some debtors with some negative entries in a credit registry.</p> <p>In making this judgement, PCS takes comfort from the intent of the legislators – including, crucially, the legislators’ belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisation. It is clear to PCS that the “credit impaired” prohibition is driven by the desire of legislators to exclude from the STS category deals generally coming under the definition of “sub-prime”. Therefore, it is unreasonable to refuse STS status to a transaction considered by universal consensus to be a “prime/plain vanilla” transaction with no “sub-prime” aspects. Indeed, this approach seems to be the rationale behind the EBA Guidelines on this matter.</p> <p>To determine whether this requirement is met, PCS has discussed this matter with the Seller and uses its knowledge of the market and market stakeholders as well as the explicit statements made in the prospectus and transaction documentation.</p> <p>c. Thirdly, the EBA Guidelines on guaranteed obligations make it clear that the criterion is met so long as either the debtor or the guarantor is not “credit impaired”.</p>	
25	<p><b><u>STS Criteria</u></b></p> <p>25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.</p> <p>See representation under §(35) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), first bullet.</p> <p>See also point 24 above</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
26	<p><b><u>STS Criteria</u></b></p> <p>26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <p><b><u>PCS Comments</u></b></p> <p>See §(35) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), first bullet.</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>

27	<p><b>STS Criteria</b></p> <p>27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See §(35) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), first bullet</p> <p><b>PCS understands that no restructurings have taken place prior to transfer to the Fund in respect of the assigned Loans.</b></p>	
28	<p><b>STS Criteria</b></p> <p>28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See §(35) in Section 2.2.8</p>	
29	<p><b>STS Criteria</b></p> <p>29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See §(35) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), second bullet.</p>	
30	<p><b>STS Criteria</b></p> <p>30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See §(35) in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>), third bullet.</p>	

**Article 20.12.** The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.

<b>31</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p> <p><b>PCS Comments</b></p> <p>See the following representations in Section 2.2.8 (<i>Indication of representations and warranties given to the Issuer relating to the assets</i>) – sub 2 (<i>The Originator in relation to the Loans and to the Receivables assigned to the Fund</i>):</p> <p>&lt;&lt;§ (13) <i>That all the Loan payment obligations are satisfied by directly debiting an account opened at BANCO SABADELL</i>&gt;&gt;</p> <p>&lt;&lt;§ (14) <i>That on the date of assignment to the Fund, none of the Loans shall be in arrears for more than 1 month.</i>&gt;&gt;</p> <p>&lt;&lt;§ (22) <i>That at date of assignment to the Fund, at least two (2) payment instalments have fallen due and paid on each Loan.</i>&gt;&gt;</p>	

**Article 20.13.** The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.

The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.

<b>32</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.</p> <p><b>PCS Comments</b></p> <p>In PCS' view, this requirement does not apply to the unsecured consumer loans as in this Transaction.</p> <p><b><i>Accordingly, none of the assets in the pool display any predominant reliance on the sale of any asset.</i></b></p>	

**Article 21.1.** The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.

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**STS Criteria**

33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.

**Verified?****YES****PCS Comments**

See point 3.4.3 "Risk retention under the EU Secritisation Regulation".

**Article 21.2.** The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.

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**STS Criteria**

34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.

**Verified?****YES****PCS Comments**

See statement in § 3.4.2.1 "Description of the credit enhancement" confirming that <<The Fund has entered into the Interest Swap to mitigate the interest-rate risk appropriately>>.

See also the description of the Interest Rate Swap in Section 3.4.8.2 "Interest Rate Swap Agreement" where it is stated that:

<< On the Date of Incorporation, the Management Company, on behalf of the Fund, will enter into an Interest Rate Swap, which will form part of a 1992 ISDA Master Agreement (Multicurrency – Cross Border) (the "Master Agreement") and the 2021 ISDA Interest Rate Derivatives Definitions with J.P. MORGAN AG (such agreement, together with the schedule and the credit support annex thereto and the confirmation evidencing the terms of the Interest Rate Swap, the "Interest Rate Swap Agreement") to hedge against a potential future increase of 1 month EURIBOR that is the Base Rate of the Notes, meanwhile the portfolio of loans of the Fund are fixed-rate loans. Hence, the Interest Rate Swap shall not be deemed to be used for speculative purposes. >>

See also in "3.7.2.1 Ordinary Loan servicing and custody system and procedures - 4. Authorities and actions in relation to Loan renegotiation procedures - a) Renegotiating the interest rate" the provision that <<Renegotiation from time to time of the interest rate applicable to a Loan may be at no event take place where the change is to a floating interest rate.>>.

*Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case by case basis.*

*The fact that the Regulation was crafted by the legislators to recognise existing high-quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.*

	<p><i>This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:</i></p> <ul style="list-style-type: none"> <li><i>A statement in the Prospectus or other document setting out the boundary conditions of the hedging. This should state in effect how far the hedging stretches and under what scenario's it will break. For example, if interbank rates rise above X%. This will provide a common-sense feel for whether, at first glance, the hedging is reasonable.</i></li> <li><i>Risk Factors section of the prospectus to check that no statements refer to the risks of "unhedged positions". This is based on the legal requirement to disclose any relevant information to investors. If the originator or its advisers believed that the hedging in a transaction was unusually light, this should be disclosed in the Risk Section.</i></li> <li><i>The "pre-sale" report from a recognised credit rating agency (if used) so as to identify any issues with hedging. Again, rating agencies as credit specialists should highlight in their analysis any substantial and unusual hedging risks.</i></li> </ul> <p><b><i>In the case of this Transaction, the analysis is straightforward. Interest payable by Borrowers on the Loans is calculated on the basis of a fixed interest rate. The risk of an increased potential mismatch between the interest received on the Loans and the interest due on the Collateralized Notes is reduced through the Interest Rate Swap.</i></b></p>	
35	<p><b><u>STS Criteria</u></b> 35. Currency risks arising from the securitisation shall be appropriately mitigated.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> PCS notes that in §4.5 "Currency of the issue" it is stated that the notes shall be denominated in euros. We also note that pursuant to the representation in Section 2.2.8-,2. The Originator in relation to the Loans and to the Receivables assigned to the Fund. §(12), &lt;&lt;(12) That the Loans are all denominated and payable exclusively in Euros [...]&gt;&gt;. See statement in § 3.4.2.1 "Description of the credit enhancement" confirming that &lt;&lt;[...] Additionally, there is no currency risk given that both the Receivables and the Notes are denominated in the same currency (euros).&gt;&gt;. Therefore, in the absence of any currency mismatch, no currency hedging is necessary</p>	
36	<p><b><u>STS Criteria</u></b> 36. Any measures taken to that effect shall be disclosed.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> See points 34 and 35 above.</p>	



**Article 21.2.** Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives.

Those derivatives shall be underwritten and documented according to common standards in international finance.

37	<b>STS Criteria</b>	Verified? YES
	37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...	
	<b>PCS Comments</b>	
	See statement about the fund not entering into any hedging instrument in § 3.4.2.1 “Description of the credit enhancement” confirming that <<The Fund has entered into the Interest Swap to mitigate the interest-rate risk appropriately. Other than that, the Fund has not and shall not enter into any kind of hedging instruments. [...]>>.	
38	<b>STS Criteria</b>	Verified? YES
	38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	
	<b>PCS Comments</b>	
	See the statement contained in “Information regarding applicable nominal interest rates applicable to the selected loans” that <<None of the selected loans has any embedded derivative associated to them that could affect the payment scheduled.>>.	
	See also point 37 above.	
39	<b>STS Criteria</b>	Verified? YES
	39. Those derivatives shall be underwritten and documented according to common standards in international finance.	
	<b>PCS Comments</b>	
	See the reference to the ISDA Master Agreement in section 3.4.8.2 “Interest Rate Swap Agreement”	
	See point 34 above.	

**Article 21.3.** Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.

<b>40</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.	

**PCS Comments**

As for assets: see specific statement that the Loans are all fixed-rate Loans in §(21) in Section 2.2.8 (*Indication of representations and warranties given to the Issuer relating to the assets*) – sub 2 (*The Originator in relation to the Loans and to the Receivables assigned to the Fund*).

As for liabilities: see Section 4.8.1.3 (*Reference Rate and determining the same*) where it is confirmed that interest rate will be Euribor based.

**Article 21.4.** Where an enforcement or an acceleration notice has been delivered:

- (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;
- (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;
- (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and
- (d) No provisions shall require automatic liquidation of the underlying exposures at market value.

41	<b>STS Criteria</b>	Verified? YES
	41. Where an enforcement or an acceleration notice has been delivered: (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;	
	<b>PCS Comments</b>	
	See Section 3.4.7.3 "Fund Liquidation Priority of Payments".  There is no cash trapping, other than under item 1 of such Priority of Payments, providing for a reserve "to meet the final tax, administrative or advertising termination and liquidation expenses".	
42	<b>STS Criteria</b>	Verified? YES
	42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;	
	<b>PCS Comments</b>	
	See §3.4.7.3 ( <i>Fund Liquidation Priority of Payments</i> ), which, in a post enforcement scenario, contemplates only sequential payments. We note that non-sequential payments apply only in a pre-enforcement scenario (see §3.4.7.2.2(2) ( <i>Distribution of Principal Available Funds</i> )).	
43	<b>STS Criteria</b>	Verified? YES
	43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	
	<b>PCS Comments</b>	
	See point 42 above.	

44	<p><b>STS Criteria</b></p> <p>44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>	<p><b>Verified?</b> <b>YES</b></p>
<p><b>PCS Comments</b></p> <p>See in 4.9.3.2 the statement that the Management Company shall be authorised to proceed, as the case may be, to Early Liquidation.</p> <p>In section 4.4.3.1 Mandatory Early Liquidation Events, the Early Liquidation of the Fund is described as an entitlement of the Management Company. Such Early Liquidation is <u>only mandatory in certain specified cases</u>.</p> <p>See also 3.4.7.3 Fund Liquidation Priority of Payments</p> <p>See also definition of “Liquidation Available Funds”</p> <p><b>“Liquidation Available Funds” (“Fondos Disponibles de Liquidación”) means, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or upon Early Liquidation, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, as follows: (i) the Available Funds and (ii) the amounts obtained by the Fund from time to time upon disposing of the Receivables and the remaining assets.</b></p>		
<p><b>Article 21.5.</b> Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.</p>		
45	<p><b>STS Criteria</b></p> <p>45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.</p>	<p><b>Verified?</b> <b>YES</b></p>
<p><b>PCS Comments</b></p> <p>The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment in relation to the amortisation of the Notes.</p> <p>This is the case. See Section 4.9.3.1.5 and 3.4.7.2.2 “Principal Available Funds: source and application” – “2 Distribution of Principal Available Funds”.</p> <p>In particular, it is provided that</p> <p><i>&lt;&lt;1. Since the Closing Date and provided that no Sequential Redemption Event has occurred, the Principal Available Funds shall be applied on a pro-rata basis to amortise Class A, Class B, Class C, Class D, Class E Notes, Class F Notes and Class G Notes until fully amortised.</i></p> <p><i>2. Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes will cease to amortise on a pro-rata basis if a Sequential Redemption Event occurs.&gt;&gt;.</i></p> <p>The events that constitute a “Sequential Redemption Event” include events connected to the deterioration in the credit quality of the Receivables (see definition of Sequential Redemption Event).</p>		

**Article 21.6.** The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:

- (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;
- (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;
- (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);
- (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).

<b>46</b>	<p><b><u>STS Criteria</u></b></p> <p>46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>This provision only applies to transactions with a revolving period. This Transaction does not contemplate a revolving period. Therefore, this requirement does not apply.</p>	
<b>47</b>	<p><b><u>STS Criteria</u></b></p> <p>47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>This provision only applies to transactions with a revolving period. This Transaction does not contemplate a revolving period. Therefore, this requirement does not apply.</p>	
<b>48</b>	<p><b><u>STS Criteria</u></b></p> <p>48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>This provision only applies to transactions with a revolving period. This Transaction does not contemplate a revolving period. Therefore, this requirement does not apply.</p>	
<b>49</b>	<p><b><u>STS Criteria</u></b></p> <p>49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>This provision only applies to transactions with a revolving period. This Transaction does not contemplate a revolving period. Therefore, this requirement does not apply.</p>	

<p><b>Article 21.7.</b> The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p> <p>(b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p> <p>(c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.</p>		
<b>50</b>	<p><b>STS Criteria</b></p> <p>50. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>We note that this transaction is governed by the Spanish securitisation law and, therefore, the trustee and many other functions are performed by the Management Company.</p> <p>The main document relating to their duties and responsibilities is the Deed of Incorporation of the Fund under Spanish law.</p> <p>We note that the main obligations duties and responsibilities of the Management Company are listed in Section 3.6.1, headed "<i>Management, administration and representation of the Fund and of the Noteholders</i>" it is stated that &lt;&lt;On the terms provided for in Article 26.1 a) of Law 5/2015, it shall be the Management Company's duty to act using its best endeavours and transparently in <u>defending the interests of Noteholders' and lenders</u>. In addition, in accordance with Article 26.2 of Law 5/2015, the Management Company shall be liable to Noteholders and Other Creditors of the Fund for all losses caused to them by a breach of its duties. The Meeting of Creditors shall be established upon and by virtue of the Deed of Incorporation and shall remain in force and in effect until repayment of the Notes in full or cancellation of the Fund, as established in section 4.11 of the Securities Note.&gt;&gt;.</p> <p>PCS notices that in addition to the contractual obligations and provisions, the role of the management company is regulated by Article 26.1 a) of the Spanish Securitization Law (Ley 5/2015), which states that a management company is obliged to "<i>act with the utmost diligence and transparency in the best interests of the noteholders and financing providers of the funds administered by them</i>". Paragraphs b) to i) afterwards list several specific requirements, relating to, among others, experience, the need to put into place the necessary policies to prevent conflicts of interests, or the obligation to procure compliance with applicable law.</p> <p>The duties and responsibilities of the Servicer under the Servicing Agreement are described in section 3.6.2 "Servicing and custody of the securitised assets".</p> <p>Other arrangements upon which payments of interest and principal to investors are dependent are described in 3.4.8.</p>	
<b>51</b>	<p><b>STS Criteria</b></p> <p>51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See section 3.7.2.2 "Term and substitution". In particular, it is provided that in case of termination of the Servicing Agreement the Management Company as Back-Up Loan Servicer Facilitator, shall use its best efforts to nominate a new back-up loan servicer within not more than sixty (60) days.</p>	

52	<p><b>STS Criteria</b></p> <p>52. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Section 3.4.8.2 (Interest Rate Swap Agreement) and particularly subsection “Interest Rate Swap Provider Downgrade Event”, where the provisions regulating the actions to be taken in case of downgrading are specified.</p> <p>In case of termination of the Interest Rate Swap Agreement, without prejudice of any remedial actions to be taken by the Interest Rate Swap Provider or the Management Company on behalf of the Fund, BANCO SABADELL, by virtue of the Deed of Incorporation, will undertake to use its best endeavour to find a replacement of the interest rate swap provider, although BANCO SABADELL cannot guarantee that such replacement could be found.</p> <p>See also 3.4.8.2, section 6. Interest Rate Swap Downgrade Events</p> <p>1) Ratings Event I</p> <p>A “Ratings Event I” shall occur, with respect to the relevant Rating Agencies, if the Interest Rate Swap Provider has not fulfilled the Ratings Event I Required Ratings, described below.[...]</p> <p>2) Ratings Event II</p> <p>[...]</p> <p>2.B.</p> <p>a) To obtain an eligible guarantee from a financial institution with the Ratings Event II Required Ratings in respect of all present and future obligations of the Interest Rate Swap Provider under the Interest Rate Swap Agreement.</p> <p>2.C.</p> <p>b) To transfer all the Interest Rate Swap Provider's rights and obligations under the Interest Rate Swap Agreement to an eligible replacement with the Ratings Event I Required Ratings in the manner provided for in the Interest Rate Swap Agreement (subject to the terms and conditions established under the Interest Rate Swap Agreement); or</p> <p>See Section 3.4.5.1</p> <p>BANCO SABADELL undertakes to use commercially reasonable efforts to enable the Management Company to seek and find a new treasury account provider with the minimum credit ratings required by the Rating Agencies.</p> <p>As for the replacement of the Issuer's account bank, see Section 3.4.5.1 in relation to the Treasury Account and the undertaking of BANCO SABADELL, on a “reasonable efforts basis”, to find a replacement account provider upon termination.</p>	

**Article 21.8.** The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.

<b>53</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised</p> <p><b>PCS Comments</b></p> <p>The Servicer is Banco Sabadell that is a bank and this is stated in the prospectus (see Section 3.4.8.3 “Name, address and significant business activities of the Originator of the securitised assets”). In such section it is also represented that &lt;&lt;BANCO SABADELL as Originator and as Loan Servicer has the relevant expertise as an entity being active in the consumer loans market for over 20 years and as servicer of consumer receivables securitisation for over 20 years.&gt;&gt;.</p> <p>See also 2.2.8 - 1 (1) where Banco Sabadell represents &lt;&lt;(1) That it is a credit institution duly incorporated in Spain in accordance with the laws in force, entered in the Companies Register of Alicante and in the Bank of Spain’s Register of Credit Institutions.&gt;&gt;. Therefore, Banco Sabadell is an entity that is subject to prudential and capital regulation and supervision in the Union, as required by EBA Guidelines, §72(a).</p>	

<b>54</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.</p> <p><b>PCS Comments</b></p> <p>See point 53 above.</p> <p>See also policies/procedures described in Section 2.2.7.2 (Procedures applied to Banco Sabadell portfolio), and the provisions set out in the “Contrato de Gestión de los Préstamos (Servicing Agreement)” and the relevant Annexes.</p> <p><b>The EBA Guidelines specify that the servicer should be considered to meet the requisite elements of the criterion if it is a prudentially regulated financial institution.</b></p> <p><b>This requirement is certainly met by Banco Sabadell, as confirmed in the representations mentioned in point 53 above</b></p>	



**Article 21.9.** The transaction documentation shall set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies

<b>55</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<p>55. The transaction documentation shall set out in clear and consistent terms, remedies and actions relating to delinquency and default of debtors debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.</p> <p><b>PCS Comments</b></p> <p>See point 54 above.</p> <p>See also policies/procedures described in Section 2.2.7.2 (<i>Procedures applied to Banco Sabadell portfolio</i>) and in particular the subsections “Participants and scopes of responsibility in the new NPL recovery process” and “Actions by the Commercial Network and the delinquency specialists”. It is noted that section 2.2.7 includes the following wording: &lt;&lt;In any case, the collection management and recovery procedure shall comply with the criteria set forth in the Servicing Agreement, as described in section 3.7.2.1, sub-sections 4, 5 and 6 of the Additional Information.&gt;&gt;</p> <p>See also section 3.7.2.1 of the Additional Information, that includes a detailed description of the Servicing Agreement.</p> <p>See also the statement contained in “Participants and scopes of responsibility in the new NPL recovery process” that &lt;&lt; The Servicing Agreement provides a regulation of all the possible remedies and actions relating to delinquency and default of debtors and debt restructuring, as described in section 3.7.2.1.4. of the Additional Information. Any action that is not expressly allowed in the Servicing Agreement, shall be expressly authorised by the Management Company. .&gt;&gt;.</p> <p>See also Annex ii of the Servicing Agreement</p> <p><b>PCS has reviewed the relevant documents to satisfy itself that this criterion is met.</b></p>	

**Article 21.9.** The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.

<b>56</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<p>56. The transaction documentation shall clearly specify the priorities of payment,</p> <p><b>PCS Comments</b></p> <p>See Section 3.4.7.2.1 (<i>Available Funds: source and application</i>).</p> <p>The Priority of Payments (<i>Orden de Prelación de Pagos</i>) is also contained in the Issuer Regulation.</p> <p><b>PCS has reviewed the relevant documents to satisfy itself that this criterion is met.</b></p>	

57	<b>STS Criteria</b> 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <p>The definition of <u>Sequential Redemption Event</u> is contained in full in the Glossary of terms and in the Incorporation Deed (in Spanish, “<i>Evento de Amortización Secuencial</i>”). The definition of <u>Early Liquidation Events</u> makes reference to the “Registration Document”, which is included in the Prospectus. See in particular Section 4.4.3 (Early Liquidation of the Fund).</p> <p>See also Section 3.4.7.3 “Fund Liquidation Priority of Payments”.</p> <p><i>PCS has reviewed the relevant documents to satisfy itself that this requirement is met.</i></p>	
58	<b>STS Criteria</b> 58. The transaction documentation shall clearly specify the obligation to report such events.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <p>The obligation to report the occurrence of</p> <ul style="list-style-type: none"> <li>• <u>Sequential Redemption Event</u> is contained in Section 4 (Post-Issuance Reporting) subsection 4.1.2 (<i>Extraordinary notices</i>).</li> <li>• <u>Early Liquidation Events</u> is contained in Section 4 (Post-Issuance Reporting) subsection 4.1.2 (<i>Extraordinary notices</i>).</li> </ul> <p>This a future event – PCS notices the statement that pursuant to Article 36 of Law 5/2015, the Management Company shall forthwith disclose any particularly significant event affecting the status or development of the Fund to the CNMV and its creditors. Particularly, material events for the Fund shall be deemed to be those likely to materially affect the Notes issued or the Loans, including the occurrence of an Early Liquidation Event or a Sequential Redemption Event.</p> <p><i>PCS has reviewed the relevant documents to satisfy itself that this criterion is met.</i></p>	
59	<b>STS Criteria</b> 59. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <p>See Section 4.1.2 (<i>Extraordinary notices</i>).</p> <p>This criterion requires notification to investors of events occurring in the future. Therefore, this criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</p> <p><i>PCS has identified the existence of a covenant to provide investors with notices on extraordinary events. In any case, its attention has also been drawn to the fact that, since the notes are listed on the AIAF in Madrid, there is an obligation to inform investors of events of this nature.</i></p>	

**Article 21.10.** The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

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60. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders

**Verified?**  
**YES**

**PCS Comments**

See "**Rules for the Meeting of Creditors**" included in the Prospectus, following section 4.10. See in particular:

- (a) the method for calling meetings: Article 5 (*Convening the Meeting*). The notification is made pursuant to article 5.2 through the Spanish CNMV.
- (b) the maximum timeframe for setting up a meeting: see Article 6.1 (*Notice*): <<at least 21 calendar days' notice but no more than 45 calendar days' notice>>.
- (c) the required quorum: Article 7 (*Quorums at Initial Meeting and Adjourned Meeting*).
- (d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision; Article 8 (*Required Majority*).
- (e) where applicable, a location for the meetings which should be in the EU. Article 14 (*Domicile*), where it is specified that the Meeting of Creditors may meet at the domicile of the Management Company's registered office or at any other venue in the city of Madrid, with express specification in the notice of call to meeting.

*Although the wording of the Regulation as to what constitutes the "facilitation of timely resolution of conflicts" is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.*

***PCS has reviewed the documents to ascertain that all the five requirements above are indeed present.***

**Article 21.10.** The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

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61. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

**Verified?****YES****PCS Comments**

A role of fiduciary duties to investors, similar to the one of the trustee, is carried out by the Management Company. It is described in section 4.10 (*Representation of security holders*): <<On the terms provided for in Article 26.1 of Law 5/2015, it shall be the Management Company's duty to act using its best endeavours and transparency in defending the interests of Noteholders and lenders. In addition, in accordance with Article 26.2 of Law 5/2015, the Management Company shall be liable to Noteholders and other creditors of the Fund for all losses caused to them by a breach of its duties.>>.

Section 3.2 (*Description of the entities participating in the issue ...*) describes also the Managing Company (Europea de Titulizaci3n) as <<EUROPEA DE TITULIZACI3N will be the Management Company that will establish, manage and be the authorised representative of the Fund and takes responsibility for the contents of this Prospectus.>>.

As for its features and functions, these are generally described in section 6 (*Administrative, management and supervisory bodies*) and its subsections.

Article 22.1. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period no shorter than five years.

62	<b>STS Criteria</b> 62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <i>Static loss and dynamic delinquency data have been provided in section "Underlying Assets" – "Arrears and recovery information of the BANCO SABADELL's consumer loan portfolio". The data relates to performance of consumer loans originated by Banco Sabadell with similar characteristics to the selected loans.</i>	
63	<b>STS Criteria</b> 63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 62 above.  See also the statement that the tables show the historical performance of consumer loans originated by BANCO SABADELL with the aim to inform potential investors of the performance of the consumer loan portfolio.	
64	<b>STS Criteria</b> 64. Those data shall cover a period no shorter than five years.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 62 above.	

**Article 22.2.** A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.

<b>65</b>	<b>STC Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,</p> <p><b>PCS Comments</b></p> <p>See section 3.2, § (viii) &lt;&lt;E&amp;Y has prepared the special securitisation report on certain features and attributes of a sample of all of BANCO SABADELL's selected loans from which the Receivables will be taken to be assigned to the Fund upon being established in accordance with Article 22.2 of the EU Securitisation Regulation&gt;&gt;.</p> <p>See also in 2.2.2 "Description of the general characteristics of the obligors, as well as global statistical data referred to the securitised assets", paragraph entitled "Review of the selected assets securitised through the Fund upon being established." where it is stated that &lt;&lt;E&amp;Y has reviewed a sample of 481 loans from the selected loan portfolio from which the Receivables shall be taken. Additionally, E&amp;Y has verified the data disclosed in the following stratification tables in respect of the 129,523 selected loans.</p> <p><u>The results, applying a confidence level of 99%, are set out in a special securitisation report prepared by E&amp;Y, for the purposes of complying with Article 22.2 of the EU Securitisation Regulation. The Originator confirms that no significant adverse findings have been detected.&gt;&gt;.</u></p> <p>See also in section 4.1.1, the statement that &lt;&lt;Furthermore, in accordance with Article 22 of the EU Securitisation Regulation, the Reporting Entity, or Management Company by delegation, will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: [...] e) the <u>special securitisation report issued by E&amp;Y on certain features and attributes of a sample of the 129,523 selected loans, including verification of the data disclosed in respect of those loans.&gt;&gt;.</u></p> <p><b>PCS has reviewed the results of the auditor verification exercise, including the analysis of the "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS notices that this was done by an auditing firm of international repute.</b></p> <p>PCS has reviewed the final report on "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS can confirm that this was done by an appropriate and independent third party.</p>	
<b>66</b>	<b>STC Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>66. Including verification that the data disclosed in respect of the underlying exposures is accurate.</p> <p><b>PCS Comments</b></p> <p>PCS is not an auditing firm, nor has it or has it sought access to the underlying information which was the basis of the AUP. However, it has read the AUP with the aim of determining whether, on its face, it appears to cover the items required by the criterion.</p> <p><b>Based solely on the words of the AUP and without any additional due diligence or interaction with the auditing firm responsible for the AUP or sight of the instructions to such firm, PCS has concluded that the AUP appears to meet the requirements of the criterion. PCS also notes the representation to that effect made by the originator in the Prospectus.</b></p>	

**Article 22.3.** The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE, and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.

<b>67</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
<p>67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.</p>		

**PCS Comments**

See in section 4.1.1, the statement that <<Furthermore, in accordance with Article 22 of the EU Securitisation Regulation, the Reporting Entity, or Management Company by delegation, will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: [...] b) a liability cash flow model, elaborated and published by DEUTSCHE BANK, through the platforms provided by Intex and Bloomberg, which precisely represents the contractual relationship of the Receivables and the payments flowing between the Originator, the Fund and the Noteholders, (and shall, after pricing, make that model available to Noteholders on an ongoing basis and to potential investors upon request);>>.

To verify this criterion, PCS will require to see the model. It will then require a statement by the originator that the model was circulated as required by the criterion.

PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.

***Having seen an excerpt of the model, read a statement in the prospectus that the model will be made available in accordance with the requirements of the criteria and assessed the firm responsible for the model, PCS is prepared to verify this criterion.***

<b>68</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
<p>68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p>		

**PCS Comments**

See in section 4.1.1, the statement that <<Furthermore, in accordance with Article 22 of the EU Securitisation Regulation, the Reporting Entity, or Management Company by delegation, will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: [...] b) a liability cash flow model, elaborated and published by DEUTSCHE BANK, through the platforms provided by Intex and Bloomberg, which precisely represents the contractual relationship of the Receivables and the payments flowing between the Originator, the Fund and the Noteholders, (and shall, after pricing, make that model available to Noteholders on an ongoing basis and to potential investors upon request);>>.

BANCO SABADELL shall make sure that potential investors may readily access all relevant data as to credit quality and performance of the different underlying exposures, cash flows and such information as may be necessary to conduct comprehensive and well-informed stress tests on the cash flows. Potential investors may in this regard obtain that information at EDW.

Although technically covering the period between pricing and close, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.

***PCS notes the existence of such covenant in the Prospectus***

**Article 22.4.** In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).

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**STS Criteria**

69. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).

**Verified?**  
**YES**

**PCS Comments**

This requirement does not apply to this Transaction, since it is a consumer loan securitisation.

**Article 22.5.** The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.

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**STS Criteria**

70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.

**Verified?**  
**YES**

**PCS Comments**

See statement in Section 4.1.1 (*Ordinary information*), §(e) that << Pursuant to the obligations set forth in Article 7(2) of the EU Securitisation Regulation, BANCO SABADELL (as Originator) and the Management Company (as in charge of compliance with the technical requirements) acting on behalf and representation of the Fund (as SSPE), designate the Originator (for these purposes, the "Reporting Entity") as in charge of fulfilling the information requirements set out in points a), b),d) e), f) and g) of article 7(1) of the Securitization Regulation. The disclosure requirements of Article 7 of the EU Securitisation Regulation apply in respect of the Notes

**BANCO SABADELL**, as Originator shall be responsible for compliance with article 7 of the EU Securitisation Regulation. Without prejudice of such ultimate responsibility, the Reporting Entity, directly or delegating to the Management Company or any other agent on its behalf, will: >>



**Article 22.5.** The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.

71	<p><b>STS Criteria</b></p> <p>71. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Point (a) of the first subparagraph of Article 7(1) requires disclosure to holders of a securitisation position, to the competent authorities and, upon request, to potential investors, information on the underlying exposures on a quarterly basis. Pursuant to Article 22.5 such information shall be made available to potential investors before pricing upon request.</p> <p>See the covenant in Section 4.1.1 (<i>Ordinary information</i>), §(e) which states that</p> <p>&lt;&lt;Furthermore, in accordance with Article 22 of the EU Securitisation Regulation, the Reporting Entity, or Management Company by delegation, will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: [...]</p> <p>c) upon request, the loan-by-loan information required by point (a) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation;&gt;&gt;.</p>	
72	<p><b>STS Criteria</b></p> <p>72. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See the covenant in Section 4.1.1 (<i>Ordinary information</i>), §(d) that &lt;&lt;Furthermore, in accordance with Article 22 of the EU Securitisation Regulation, the Reporting Entity, or Management Company by delegation, will make available (or <u>has made available in this Prospectus</u>) to potential investors, before pricing, the following information: [...] (d) <u>draft versions of the Transaction Documents and the STS Notification, which are all the documents essential for the understanding of the transaction</u>; [...]&gt;&gt;.</p>	

**Article 22.5.** The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

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**STS Criteria**

73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

**Verified?****YES****PCS Comments**

We note that a covenant to make available copies of the relevant transaction documents is contained in Section 4.1.1 (*Ordinary information*), §(e) Information referred to the EU Securitisation Regulation (e).

In particular, there's a covenant to

(d) make available in accordance with Article 7(1)(b) of the EU Securitisation Regulation, final versions of the relevant Transaction Documents, the STS notification and this Prospectus, which are all the documents essential for the understanding of the transaction, in any case within 15 calendar days of the Closing Date, copies of the relevant Transaction Documents and this Prospectus, which are all the documents essentials for the understanding of the transaction.

This criterion requires document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Seller will need to inform ESMA and the STS status of the securitisation will be lost.

Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.

However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.

***PCS notes the existence of such covenant in the Prospectus.***

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;

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**STS Criteria**

74. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(a) information on the underlying exposures on a quarterly basis,

**Verified?****YES****PCS Comments**

See section 4 – Post Issuance Reporting – 4.1.1 (*Ordinary information*) §(e) Information referred to the EU Securitisation Regulation §(a)(ii).

**All the criteria from point 74 onwards are future event criteria, as to which we refer you to PCS' analysis in point 73 above.**

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:

- (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
- (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
- (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
- (iv) the servicing, back-up servicing, administration and cash management agreements;
- (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
- (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

<b>75</b>	<p><b><u>STS Criteria</u></b></p> <p>75. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <ul style="list-style-type: none"> <li>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions</li> <li>(ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</li> <li>(iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;</li> <li>(iv) the servicing, back-up servicing, administration and cash management agreements;</li> <li>(v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;</li> <li>(vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;</li> </ul>	<b><u>Verified?</u></b> <b>YES</b>
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**PCS Comments**

See the covenant in Section 4.1.1 (*Ordinary information*), §(d) Information referred to the Securitisation (d) make available in accordance with Article 7(1)(b) of the EU Securitisation Regulation, final versions of the relevant Transaction Documents, the STS notification and this Prospectus, which are all the documents essential for the understanding of the transaction, in any case within 15 calendar days of the Closing Date, copies of the relevant Transaction Documents and this Prospectus, which are all the documents essentials for the understanding of the transaction.

See also the definition of <<“**Transaction Documents**” means the following documents: (i) Deed of Incorporation of the Fund; (ii) the notarised receivables assigning certificate (póliza de cesión) of the Receivables; (iii) the Management, Underwriting and Placement Agreement; (iv) the Note Issue Paying Agent Agreement; (v) the Treasury Account Agreement; (vi) the Servicing Agreement; (vii) the Cash Collateral Account Agreement and (viii) any other documents executed from time to time after the Date of Incorporation in connection with the Fund and designated as such by the relevant parties.>>.

All the criteria from 74 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

**Article 7.1.** That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

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**STS Criteria**

76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

**Verified?****YES****PCS Comments**

- Section 3.4.7.2.1 (*Available Funds: source and application*) §2(*Application*) for the pre-enforcement PoP; and
- Section 3.4.7.3 (*Fund Liquidation Priority of Payments*) for the post-enforcement PoP.

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

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**STS Criteria**

77. (c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

**Verified?****YES****PCS Comments**

Not applicable.

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(d) in the case of STS securitisations, the STS notification referred to in Article 27;

<b>78</b>	<p><b>STS Criteria</b></p> <p>78. (d) in the case of STS securitisations, the STS notification referred to in Article 27;</p>	<p><b>Verified?</b></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See the covenant in Section 4.1.1 (<i>Ordinary information</i>), §(e) that &lt;&lt;Furthermore, in accordance with Article 22 of the EU Secritisation Regulation, the Reporting Entity, or Management Company by delegation, will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: [...] (d) draft versions of the Transaction Documents and the STS Notification; [...]&gt;&gt;.</p> <p>See also the statement in Risk Factors – 2 – “EU Secritisation Regulation and simple, transparent and standardised securitisation” that &lt;&lt;The Originator will submit a STS notification to ESMA in accordance with Article 27 of the EU Secritisation Regulation, pursuant to which compliance with the requirements of Articles 19 to 22 of the EU Secritisation Regulation shall be notified with the intention that the securitisation transaction described in this Prospectus is to be included in the list administered by ESMA within the meaning of Article 27 of the EU Secritisation Regulation.&gt;&gt;.</p>	

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:

- (i) all materially relevant data on the credit quality and performance of underlying exposures;
- (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;
- (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.

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**STS Criteria**

79. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:

- (i) all materially relevant data on the credit quality and performance of underlying exposures;
- (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties,  
(ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;
- (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.

**Verified?**  
**YES**

**PCS Comments**

A covenant to publish a quarterly investor report is contained in Section 4.1.1 (Ordinary information), §(e)(a)(i)

See Section 4.1.1 (*Ordinary information*), §(e) where it is stated that

<<The monthly investor reports shall include, in accordance with Article 7(1), subparagraph (e)(iii) of the EU Securitisation Regulation, information about the risk retention, including information on which of the modalities provided for in article 6(3) has been applied, in accordance with article 6 of the EU Securitisation Regulation.>>.

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;

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**STS Criteria**

80. (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;

**Verified?**  
**YES**

**PCS Comments**

A covenant to publish without delay any inside information make public in accordance with Article 17 of Regulation (EU) No 596/2014 is contained in Section 4.1.1 (*Ordinary information*), §(e) (b)

<<(b) publish, , without delay, in accordance with article 7(1)(f) of the EU Secritisation Regulation, any insider information r and in accordance with article 7(1)(g) of the EU Secritisation Regulation any significant events regarding the securitization that has been disclosed in accordance with article 17 of the Regulation (EU) 596/2014 of the European Parliament and of the Council, of 16 April 2014, on insider dealing and market manipulation;>>

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (ii) a change in the structural features that can materially impact the performance of the securitisation;
- (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;
- (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;
- (v) any material amendment to transaction documents.

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**STS Criteria**

81. (g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (ii) a change in the structural features that can materially impact the performance of the securitisation
- (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;
- (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;
- (v) any material amendment to transaction documents.

**Verified?  
YES**

**PCS Comments**

A covenant to publish without delay any significant event including any significant events described in article 7(1)(g) of the STS Regulation is contained in Section 4.1.1 (*Ordinary information*), §(e) (c)

**<<(c) publish without delay any significant event including any significant events described in Article 7(1)(g) of the EU Securitisation Regulation >>.**



**Article 7.1.** The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]

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**STS Criteria**

82. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]

**Verified?****YES****PCS Comments**

A covenant to publish loan-by-loan information in relation to the Receivables in respect of each Interest Accrual Period, as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation, simultaneously with the monthly investor report is contained in Section 4.1.1 (*Ordinary information*), §(e)(a)(ii).

**Article 7.1.** Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay  
When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.

In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.

Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.

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**STS Criteria**

83. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay

**Verified?****YES****PCS Comments**

See covenant to publish without delay the inside information (as per point (f)) and any significant events (as per point (g)) contained in Section 4.1.1 (*Ordinary information*), §(e)(b) and §(e)(c).

**Article 7.2.** The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

84

**STS Criteria**

84. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

**Verified?**  
**YES**

**PCS Comments**

See Section 4.1.1 (*Ordinary information*), §(e)

<<The Reporting Entity, directly or delegating to the Management Company or any other agent on its behalf, will publish or make otherwise available the reports and information referred to in paragraphs (a) to (d) (inclusive) above as required under Article 7 and in accordance with Article 10 of the EU Securitisation Regulation by means of: the website of the SR Repository.>>

“SR Repository” (“Repositorio SR”) means a securitisation repository registered under Article 10 of the EU Securitisation Regulation and appointed by the Reporting Entity for the securitisation transaction as described in this Prospectus.

85

**STS Criteria**

85. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.

**Verified?**  
**YES**

**PCS Comments**

See point 84 above.

See statement in Section 4.1.1 (*Ordinary information*), §(e) that << Pursuant to the obligations set forth in Article 7(2) of the EU Securitisation Regulation, BANCO SABADELL (as Originator) and the Management Company (as in charge of compliance with the technical requirements) acting on behalf and representation of the Fund (as SSPE), designate the Originator (for these purposes, the “Reporting Entity”) as in charge of fulfilling the information requirements set out in points a), b),d) e), f) and g) of article 7(1) of the Securitization Regulation. The disclosure requirements of Article 7 of the EU Securitisation Regulation apply in respect of the Notes.>>