

LCR ASSESSMENT

LT AUTORAHOITUS DAC



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

26th April 2021

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This is an LCR Assessment.

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

26th April 2021



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Prime Collateralised Securities (PCS) LCR Assessment

Individual(s) undertaking the assessment	Robert Leach
Date of Assessment /Version	26 April 2021
The transaction to be assessed (the “Transaction”)	LT AUTORAHOITUS DAC
Issuer	LT AUTORAHOITUS DAC
Originator	LocalTapiola Finance Ltd
Seller	LocalTapiola Finance Ltd
Lead Manager(s)	BNP Paribas
Transaction Legal Counsel	Waselius & Wist
Rating Agencies	Moody’s, S&P
Stock Exchange	Irish Stock Exchange (Euronext Dublin)
Closing Date	26 April 2021

Legislative Text and LCR Criteria (¹)	Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
<p>1</p> <p>1. Exposures in the form of asset-backed securities as referred to in Article 12(1)(a) shall qualify as level 2B securitisations where the following conditions are satisfied:</p> <p>(a) the designation ‘STS’ or ‘simple, transparent and standardised’, or a designation that refers directly or indirectly to those terms, is permitted to be used for the securitisation in accordance with Regulation (EU) 2017/2402 of the European Parliament and of the Council (*) and is being so used;</p> <p>(b) the criteria laid down in paragraph 2 and paragraphs 10 to 13 of this Article are met.</p>		<p>1 (a) PCS is advised that the transaction LT AUTORAHOITUS DAC is expected to be designated STS.</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
		<p>1 (b) PCS has ticked the questions below as “yes”. See the disclaimer above for a fuller analysis of the limitations of PCS’s LCR assessment.</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
<p>2</p> <p>2. The securitisation position and the exposures underlying the position shall meet all the following requirements:</p> <p>(a) the position has been assigned a credit assessment of credit quality step 1 by a nominated ECAI in accordance with Article 264 of Regulation (EU) No 575/2013 or the equivalent credit quality step in the event of a short-term credit assessment;</p> <p>(b) the position is in the most senior tranche or tranches of the securitisation and possesses the highest level of seniority at all times during the ongoing life of the transaction. For these purposes, a tranche shall be deemed to be the most senior where after the delivery of an enforcement notice and where applicable an acceleration notice, the tranche is not subordinated to other tranches of the same securitisation transaction or scheme in respect of receiving principal and interest payments, without taking into account amounts due under interest rate</p>	<p>See Prospectus, Expected Ratings (Moody’s/S&P) Aaa / AAA</p>	<p>2 (a) PCS notes that the senior notes are expected to be rated Aaa/AAA.</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
	<p>See Prospectus, <i>NOTE CONDITIONS</i> 2. STATUS, SECURITY AND PRIORITY See Prospectus, <i>TRANSACTION OVERVIEW. PRIORITIES OF PAYMENTS</i></p>	<p>2 (b) PCS confirms that the senior tranche meets the required attributes, based on a review of the prospectus.</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>

¹ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

Legislative Text and LCR Criteria ⁽¹⁾	Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
<p>or currency derivative contracts, fees or other similar payments in accordance with Article 242(6) of Regulation (EU) No 575/2013;</p>			
<p>3 (g) the securitisation position is backed by a pool of underlying exposures and those underlying exposures either all belong to only one of the following subcategories or else they consist of a combination of residential loans referred to in point (i) and residential loans referred to in point (ii):</p> <p>(i) residential loans secured with a first-ranking mortgage granted to individuals for the acquisition of their main residence, provided that one of the two following conditions is met:</p> <p>— the loans in the pool meet on average the loan-to-value requirement laid down in point (i) of Article 129(1)(d) of Regulation (EU) No 575/2013 ⁽²⁾;</p> <p>— the national law of the Member State where the loans were originated provides for a loan-to-income limit on the amount that an obligor may borrow in a residential loan, and that Member State has notified this law to the Commission and EBA. The loan-to-income limit is calculated on the gross annual income of the obligor, taking into account the tax obligations and other commitments of the obligor and the risk of changes in the interest rates over the term of the loan. For each residential loan in the pool, the percentage of the obligor's gross income that may be spent to service the loan, including interest, principal and fee payments, does not exceed 45 %;</p> <p>(ii) fully guaranteed residential loans referred to in Article 129(1)(e) of Regulation (EU) No 575/2013, provided that the loans meet the collateralisation requirements laid down in that paragraph and the</p>	<p>See Prospectus, OTHER FEATURES OF THE PORTFOLIO</p> <p>Under the Amended Auto Portfolio Purchase Agreement, the Seller has represented and warranted as follows.</p> <p>2. As at the Note Issuance Date, the HP Contracts comprised in the Portfolio 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, pursuant to Article 20(8), first paragraph, of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, given that all HP Contracts:</p> <p>(c) fall within the same asset category (under the EU</p>	<p>(g)(iv) applies,</p> <p>(g) (iv) PCS notes that the underlying exposures are auto loans.</p> <p>The Purchaser holds title to the financed vehicles for the benefit of the Issuer.</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>

² Article 129(1)(d) of Regulation (EU) No 575/2013 refers to <<(d) loans secured by:

(i) residential property up to the lesser of the principal amount of the liens that are combined with any prior liens and 80 % of the value of the pledged properties; or

(ii) senior units issued by French Fonds Communs de Titrisation or equivalent securitisation entities governed by the laws of a Member State securitising residential property exposures. In the event of such senior units being used as collateral, the special public supervision to protect bond holders as provided for in Article 52(4) of Directive 2009/65/EC shall ensure that the assets underlying such units shall, at any time while they are included in the cover pool be at least 90 % composed of residential mortgages that are combined with any prior liens up to the lesser of the principal amounts due under the units, the principal amounts of the liens, and 80 % of the value of the pledged properties, that the units qualify for the credit quality step 1 as set out in this Chapter and that such units do not exceed 10 % of the nominal amount of the outstanding issue.>>

Legislative Text and LCR Criteria (1)	Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
<p>average loan-to-value requirement laid down in point (i) of Article 129(1)(d) of Regulation (EU) No 575/2013</p> <p>(iii) commercial loans, leases and credit facilities to undertakings established in a Member State to finance capital expenditures or business operations other than the acquisition or development of commercial real estate, provided that at least 80 % of the borrowers in the pool in terms of portfolio balance are small and medium- sized enterprises at the time of issuance of the securitisation, and none of the borrowers is an institution as defined in Article 4(1)(3) of Regulation (EU) No 575/2013; (3)</p> <p>(iv) auto loans and leases to borrowers or lessees established or resident in a Member State. For these purposes, auto loans and leases shall include loans or leases for the financing of motor vehicles or trailers as defined in points (11) and (12) of Article 3 of Directive 2007/46/EC of the European Parliament and of the Council, agricultural or forestry tractors as referred to in Regulation (EU) No 167/2013 of the European Parliament and of the Council, two-wheel motorcycles or powered tricycles as referred to in Regulation (EU) No 168/2013 of the European Parliament and of the Council or tracked vehicles as referred to in point (c) of Article 2(2) of Directive 2007/46/EC. (4) Such loans or leases may include ancillary insurance and service products or additional vehicle parts, and in the case of leases, the residual value of leased vehicles. All loans and leases in the pool shall be secured with a first-ranking charge or security over the vehicle or an appropriate guarantee in favour of the SSPE, such as a retention of title provision;</p>	<p>Securitisation Regulation and the applicable Regulatory Technical Standards) of "auto loans";</p> <p>Se Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>THE LOAN AGREEMENT</p> <p>Purchaser Secured Assets</p> <p>The obligations of the Purchaser to the Issuer under the Loan Agreement and the other Purchaser Secured Parties will be secured by first ranking security interests granted to the Issuer and the other Purchaser Secured Parties (in the case of (a) below) and to the Purchaser Security Trustee for the benefit of the Issuer and the other Purchaser Secured Parties (in the case of (b) and (c) below) over the Purchaser Secured Assets, including:</p>		

³ In particular: "institution" means a credit institution or an investment firm; 'credit institution' means an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account; and 'investment firm' means a person as defined in point (1) of Article 4(1) of Directive 2004/39/EC, which is subject to the requirements imposed by that Directive, excluding the following: (a) credit institutions; (b) local firms; (c) firms which are not authorised to provide the ancillary service referred to in point (1) of Section B of Annex I to Directive 2004/39/EC, which provide only one or more of the investment services and activities listed in points 1, 2, 4 and 5 of Section A of Annex I to that Directive, and which are not permitted to hold money or securities belonging to their clients and which for that reason may not at any time place themselves in debt with those clients.

⁴ Directive 2007/46/EC of the European Parliament and of the Council of 5 September 2007 establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles (Framework Directive) (OJ L 263, 9.10.2007, p. 1). Regulation (EU) No 167/2013 of the European Parliament and of the Council of 5 February 2013 on the approval and market surveillance of agricultural and forestry vehicles (OJ L 60, 2.3.2013, p. 1). Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles (OJ L 60, 2.3.2013, p. 52).;

Legislative Text and LCR Criteria (1)	Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
<p>(v) loans and credit facilities to individuals resident in a Member State for personal, family or household consumption purposes.</p>	<p>(a) a Finnish law governed pledge over (i) the Purchased HP Contracts; (ii) the present and future claims and receivables that the Purchaser has or will have against (A) the Servicer pursuant to the Servicing Agreement; and (B) the Seller and the Subordinated Loan Provider pursuant to the Amended Auto Portfolio Purchase Agreement; (iii) the Financed Vehicles; and (iv) the Purchaser's right, title and interest in and to the Collections Account, in accordance with the Purchaser Finnish Security Agreement</p> <p>Pursuant to the Purchaser Security Trust Deed, the Issuer will declare that, until the Discharge Date, it will hold all of its rights, title, benefits and interests as pledgee under the Purchaser Finnish Security Agreement upon trust absolutely for itself and the other Purchaser Secured Parties as beneficiaries in accordance with the Purchaser Security Trust Deed.</p>		
<p>4 10. The underlying exposures shall not have been originated by the credit institution holding the securitisation position in its liquidity buffer, its subsidiary, its parent undertaking, a subsidiary of its parent</p>		<p>The investor should confirm that it is not a group entity of the Originator to meet</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>

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undertaking or any other undertaking closely linked with that credit institution.		this point. We have ticked this point positive but ultimately it is the investors responsibility to confirm.	
5 11. The issue size of the tranche shall be at least EUR 100 million (or the equivalent amount in domestic currency).	See Prospectus. Note Principal Amount	PCS notes that the senior tranche is at least EUR 100 million (or the equivalent amount in domestic currency).	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
6 12. The remaining weighted average life of the tranche shall be 5 years or less, which shall be calculated using the lower of either the transaction's pricing prepayment assumption or a 20 % constant prepayment rate, for which the credit institution shall assume that the call is exercised on the first permitted call date.	See Prospectus, <i>EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS.</i>	The weighted average life of Class A Notes assuming exercise of the clean-up call ranges from 2.23 years at a 0% CPR to 1.02 years at 35% CPR. Each scenario results in a WAL for the senior notes of less than five years.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
7 13. The originator of the exposures underlying the securitisation shall be an institution as defined in Article 4(3) of Regulation (EU) No 575/2013 or an undertaking whose principal activity is to pursue one or more of the activities listed in points 2 to 12 and point 15 of Annex I to Directive 2013/36/EU.	See Prospectus, <i>THE SELLER AND THE SERVICER.</i>	The originator is an institution whose principal activity is to pursue lending including, inter alia: consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfeiting).	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Legislative Text and LCR Criteria (1)	Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
<p>8 Article 37 Transitional provision for securitisations backed by residential loans</p> <p>1. By derogation from Article 13, securitisations issued before 1 October 2015, where the underlying exposures are residential loans as referred to in point (g)(i) of Article 13(2), shall qualify as Level 2B assets if they meet all the requirements set out in Article 13 other than the loan-to-value or loan-to-income requirements set out in that point (g)(i) of Article 13(2).</p> <p>2. By derogation from Article 13, securitisations issued after 1 October 2015, where the underlying exposures are residential loans as referred to in point (g)(i) of Article 13(2) that do not meet the average loan-to-value or the loan-to-income requirements set out in that point, shall qualify as Level 2B assets until 1 October 2025, provided that the underlying exposures include residential loans that were not subject to a national law regulating loan-to-income limits at the time they were granted and such residential loans were granted at any time prior to 1 October 2015.</p>		Points 1 and 2 are not applicable.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>