

# **PROVISIONAL STS Term Master Checklist**

**GEDESCO TRADE RECEIVABLES 2020-1**

**DESIGNATED ACTIVITY COMPANY**



**PCS**

PRIME COLLATERALISED SECURITIES (PCS) EU SAS

11 March 2020



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

**This STS Term 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.**

**11 March 2020**



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PCS UK and PCS EU are authorised respectively by the UK Financial Conduct Authority and the French *Autorité des Marchés Financiers* as third parties verifying STS compliance pursuant to article 28 of the Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "**STS Regulation**").

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When entering any of the "Transaction" sections of the PCS Website, you will be asked to declare that you are allowed to do so under the legislation of your country. The circulation and distribution of information regarding securitisation instruments (including securities) that is available on the PCS Website may be restricted in certain jurisdictions. Persons receiving any information or documents with respect to or in connection with instruments (including securities) available on the PCS Website are required to inform themselves of and to observe all applicable restrictions.

## Prime Collateralised Securities (PCS) STS Verification

|   |   |
|---|---|
| Individual(s) undertaking the assessment                  | Dr Martina Spaeth   |
| Date of Verification                                      | 9 March 2020  |
| <b>The transaction to be verified (the “Transaction”)</b> | <b>GEDESCO TRADE RECEIVABLES 2020-1 DESIGNATED ACTIVITY COMPANY</b>                                       |
| Issuer  | Gedesco Trade Receivables 2020-1 Designated Activity Company  |
| Originator  | Sellers: Toro Finance, S.L.U., Gedesco Factoring, S.L.U., Pagaralia, S.L., Gedesco Services Spain, S.A.U. |
| Lead Manager(s)   | Morgan Stanley  |
| Transaction Legal Counsel                                 | Allen & Overy LLP   |
| Rating Agencies   | KBRA and Moody’s  |
| Stock Exchange  | Euronext Dublin   |
| Target Closing Date                                       | 11 March 2020   |

**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 on the next page together with a reference to summary headings of the respective article contents. To examine a specific article section from the list below in further detail, please click on the article description in the table below to be taken directly to the relevant section of the detailed checklist.**

| Article                                 | Summary of article contents   | Checklist Points |   |
|---|---|------------------|---|
| <b>Article 20 – Simplicity</b>          |   |                  |   |
| 20(1)                                   | <a href="#">True sale</a>   | 1, 2             | ✓ |
| 20(2)                                   | <a href="#">Severe clawback (part 1)</a>  | 2                | ✓ |
| 20(3)                                   | <a href="#">Severe clawback (part 2)</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 and active portfolio management</a>  | 6 - 8            | ✓ |
| 20(8)                                   | <a href="#">Homogeneity, obligations of the underlying exposures, 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 and expertise, unverified home loans</a>  | 16 - 21          | ✓ |
| 20(11)                                  | <a href="#">No undue delay after selection, no exposures in default and 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, disclosure, no further derivatives, 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 an acceleration notice: no cash trap, sequential amortisation, 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 - 50          | ✓ |
| 21(7)                                   | <a href="#">Duties, responsibilities and replacement of transaction parties</a>   | 51 - 53          | ✓ |
| 21(8)                                   | <a href="#">Expertise of the servicer</a>   | 54, 55           | ✓ |
| 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>   | 56 - 61          | ✓ |
| 21(10)                                  | <a href="#">Resolution of investor conflicts and fiduciary party responsibilities and duties</a>  | 62, 63           | ✓ |
| <b>Articles 22 and 7 – Transparency</b> |   |                  |   |
| 22(1)                                   | <a href="#">Historical asset data</a>   | 64 - 66          | ✓ |
| 22(2)                                   | <a href="#">AUP/asset verification</a>  | 67, 68           | ✓ |
| 22(3)                                   | <a href="#">Liability cashflow model</a>  | 69, 70           | ✓ |
| 22(4)                                   | <a href="#">Environmental performance of asset</a>  | 71               | ✓ |
| 22(5)                                   | <a href="#">Responsibility for article 7 and information disclosure before pricing and 15 days after closing</a>  | 72 - 75          | ✓ |
| 7(1)                                    | <a href="#">Transparency requirements: availability of reports, documentation, underlying loan data</a>   | 76 - 101         | ✓ |
| 7(2)                                    | <a href="#">Transparency requirements: designation of responsible entity, securitisation repository</a>   | 102, 103         | ✓ |

|   |                         |   |
|---|-------------------------|---|
| 1   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| 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.   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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.  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>Legal title to the Receivables will be transferred from the various Sellers to the Issuer by way of assignment (<i>cesión</i>):</p> <ul style="list-style-type: none"> <li>Initial Receivables Portfolio: The transfer of the Initial Receivables Portfolio will be performed and perfected on the Receivables Sale Agreement signing date.</li> <li>Additional Receivables Portfolios: The transfer of the Additional Receivables shall be performed and perfected on each Additional Purchase Date.</li> </ul> <p><b>Regarding the assignment</b>, see the RECEIVABLES SALE AGREEMENT, section 2 to section 6</p> <p>2 (b) Any sale of Eligible Receivables pursuant to this Agreement shall be by way of absolute assignment and transfer and, accordingly, each Seller shall assign and transfer to the Purchaser all its rights, title and interests in Receivables Sub-Portfolio sold by it including, to the fullest extent possible under Applicable Law, the rights, title and interests of such Seller in each Eligible Receivable comprised in the Receivables Sub-Portfolio sold by it, its Ancillary Rights (including the Claims) and all monies derived therein from time to time, including the right to receive from the Debtors payments of interest (if applicable) and repayments of advanced balance or principal due and outstanding in respect of such Eligible Receivables and Ancillary Rights, together with the Benefit of the related Funding Documents, but expressly excluding any obligation of such Seller relating (in any manner whatsoever) to the Receivables in the relevant Receivables Sub-Portfolio and/or the Ancillary Rights (including the Claims), and subject to clause 8 below, including in particular in the sale and transfer the Collateral Claims assigned for payment (<i>para pago</i>), or otherwise attached or pertaining to, those Eligible Receivable.</p> <p>We also note that notification events are included in the transaction.</p> <p><b>Regarding enforceability</b>, please refer to RECEIVABLES SALE AGREEMENT, clause 9</p> <p>The Sellers will agree to, not later than the fifth (5th) Business Day of each calendar month, raise to public status, together with the Cash Manager (on behalf of the Purchaser) any Assignment Agreement entered into in relation to the Receivables in order for the assignments to be effective vis-à-vis any third party.</p> <p>Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation risks is made in the Legal Opinions.</p> <p><b>PCS has been provided with and reviewed the transaction Spanish Law Legal Opinion by Allen &amp; Overy Spain, where the assignment is opined upon as legally valid and binding subject to set-off risks without notification.</b></p> <p>"True sale" is not a legal concept but a rating agency creation.</p> <p>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".</p> <p>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.</p> |                         |   |

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 Sellers’ jurisdiction for the purposes of insolvency law. This would be their centre of main interest (“COMI”) or “home member state”.

The second step would be to determine whether the relevant COMI and/or “home member state” 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.

***Regarding this Transaction, the Sellers are all incorporated in Spain and have their registered offices and their COMI in Spain, therefore Spain will be the relevant jurisdiction for the purposes of the applicable insolvency law. Spanish insolvency law provides for clawback provisions in the cases of unfair prejudice to creditors, transactions at an undervalue and/or fraud. Therefore, as suitably opines in the Spanish legal opinion, the transfer is not, in our view, subject to “severe clawback provisions”.***

***PCS was provided with a Spanish Law legal opinion by Simmons & Simmons LLP confirming that the assignments made by Direct Debtors to the Sellers, in compliance with the eligibility criteria and transaction documents meet the definition of “true sale” outlined above.***

***Finally, the legal opinion from Allen & Overy confirmed that the assignment from the Seller to the Issuer meets the definition of “true sale” outlined above.***

#### **EBA Final non-ABCP STS Guidelines – statements on *background and rationale***

##### **True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))**

16. The criterion specified in Article 20(1) aims to ensure that the underlying exposures are beyond the reach of, and are effectively ring-fenced and segregated from, the seller, its creditors and its liquidators, including in the event of the seller’s insolvency, enabling an effective recourse to the ultimate claims for the underlying exposures.

22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:

- (a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;
- (b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.

#### **EBA Final non-ABCP STS Guidelines**

#### **4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))**

##### ***True sale, assignment or transfer with the same legal effect***

10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:

(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;

(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;

(c) assessment of clawback risks and re-characterisation risks

11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.

12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.



|  |                         |   |
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| 2  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| 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.  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 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.   |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p><b><i>The Legal Opinion, which has been reviewed by PCS, 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 Sellers' insolvency, as required in Article 20(1) of Regulation (EU) 2017/2402.</i></b></p> <p><b><i>The same confirmation was obtained in respect of the assignments made by the Client Debtors to the Sellers, prior to selling the receivables on to the SSPE, in a separate Legal Opinion, which was provided to PCS, specifically addressing the effective assignment of that Client Debtor's right, title and interest in, to and under that Receivable, by way of sale, to the relevant Seller, effective between the Client Debtor and the relevant Seller and against any third parties in accordance with art. 1,526 of the Spanish Civil Code</i></b></p> <p><b><i>The legal opinion relates to the Pro Forma Agreements with no amendments or changes.</i></b></p> <p>See definition of "Eligible Funding Document":</p> <p>(b) the terms of the Funding Document governing the Receivable do not contain any provisions (i) that restrict the ability of the relevant Seller to exercise and enforce its rights or (ii) prevent the disclosure of information to any of the Issuer, the Cash Manager, the Servicer or the Trustee about that Funding Document, the Receivable or any party to it;</p> <p>(i) in respect of a Factoring Agreement it has been executed by means of a Spanish public document (<i>escritura pública</i> or <i>póliza</i>) (or otherwise formalised pursuant other methods permitted under Spanish law having an equivalent effect) and is drafted substantially in the form of the Pro-Forma Factoring Agreement attached as Schedule 15 to the Receivables Sale Agreement with no amendments, alterations, variations or modifications which may have an impact on the effective assignment to the relevant Seller of the Factoring Receivable; and</p> <p>(ii) in respect of a Promissory Note Agreement, it has been executed by means of a private document (<i>documento privado</i>) and is drafted substantially in the form of the Pro-Forma Promissory Note Agreement attached as Schedule 16 to the Receivables Sale Agreement with no amendments, alterations, variations or modifications which may have an impact on the effective assignment to the relevant Seller of the PN Receivable;</p> <p><b><i>See also eligibility criteria, as in e.g. "Eligible Receivables"</i></b></p> <p>(n) it does not contain any restriction on assignment or, if any, all consents to be obtained under the Funding Documents for the assignment of the Receivable have been obtained;</p> <p><b><i>Under applicable insolvency laws in Spain (the Sellers' jurisdiction), assignment of the Receivables by the Sellers to the Issuer is not subject to severe clawback provisions in the event of the Sellers' insolvency as Spanish insolvency laws do not include "severe clawback provisions".</i></b></p> <p><b><i>The COMI of each Seller is the Kingdom of Spain.</i></b></p> <p><b><i>The legislation of the Kingdom of Spain does not contemplate severe claw-back provisions for securitisation transactions, see also point 1, above.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>  |                         |   |
| 16. The criterion specified in Article 20(1) aims to ensure that the underlying exposures are beyond the reach of, and are effectively ring-fenced and segregated from, the seller, its creditors and its liquidators, including in the event of the seller's insolvency, enabling an effective recourse to the ultimate claims for the underlying exposures.  |                         |   |
| 22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:  |                         |   |

- (a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;
- (b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.

#### **EBA Final non-ABCP STS Guidelines**

#### **4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))**

##### ***True sale, assignment or transfer with the same legal effect***

10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:

- (a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;
- (b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;
- (c) assessment of clawback risks and re-characterisation risks.

11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.

12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.

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| <b>Legislative text</b>  |     | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |     |   |
| <p>20.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:</p> <p>(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;</p> <p>(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.</p>   |     |   |
| <b>STS criteria</b>  |     |   |
|  |     |   |
| <b>Verified?</b>   | Yes |   |
| <b>PCS Comment</b>   |     |   |
| Neither provision applies.   |     |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |     |   |
| <b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>  |     |   |
| <p>17. The criterion in Article 20(2) is designed to ensure the enforceability of the transfer of legal title in the event of the seller's insolvency. More specifically, if the underlying exposures sold to the SSPE could be reclaimed for the sole reason that their transfer was effected within a certain period before the seller's insolvency, or if the SSPE could prevent the reclaim only by proving that it was unaware of the seller's insolvency at the time of transfer, such clauses would expose investors to a high risk that the underlying exposures would not effectively back their contractual claims. For this reason, Article 20(2) specifies that such clauses constitute severe clawback provisions, which may not be contained in STS securitisation.</p>  |     |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |     |   |
| <b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>  |     |   |
| <b><i>True sale, assignment or transfer with the same legal effect</i></b>   |     |   |
| <p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p> <p>(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;</p> <p>(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;</p> <p>(c) assessment of clawback risks and re-characterisation risks.</p> <p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p> <p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p> |     |   |

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| <b>Article 20 - Requirements relating to simplicity</b>  |            |   |
| 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.  |            |   |
| STS criteria   |            |   |
|  |            |   |
| <b>Verified?</b>   | <b>Yes</b> |   |
| <b>PCS Comment</b>   |            |   |
| See comment to point 1 above. The legislation of the Kingdom of Spain does not contemplate severe claw-back provisions for securitisation transactions.  |            |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |            |   |
| <b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>  |            |   |
| 18. Whereas, pursuant to Article 20(2), contractual terms and conditions attached to the transfer of title that expose investors to a high risk that the securitised assets will be reclaimed in the event of the seller's insolvency should not be permissible in STS securitisations, such prohibition should not include the statutory provisions granting the right to a liquidator or a court to invalidate the transfer of title with the aim of preventing or combating fraud, as referred to in Article 20(3). |            |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |            |   |
| <b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>  |            |   |
| <b><i>True sale, assignment or transfer with the same legal effect</i></b>   |            |   |
| 10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:   |            |   |
| (a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;   |            |   |
| (b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;  |            |   |
| (c) assessment of clawback risks and re-characterisation risks.  |            |   |
| 11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.   |            |   |
| 12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.  |            |   |

|   |                         |   |
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| 3   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| 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.   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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.  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p><b><i>The same confirmation was obtained in respect of the assignments made by the Client Debtors to the Sellers, prior to selling the receivables on to the SSPE, in a separate Spanish Law Legal Opinion by Simmons &amp; Simmons, provided to PCS, specifically addressing the effective assignment of that Client Debtor's right, title and interest in, to and under that Receivable, by way of sale, to the relevant Seller, effective between the Client Debtor and the relevant Seller and against any third parties in accordance with art. 1,526 of the Spanish Civil Code</i></b></p> <p><b><i>The legal opinion relates to the Pro Forma Agreements with no amendments or changes.</i></b></p> <p>See also Prospectus, Eligible Receivables, (c)</p> <p>(c) it has been subscribed, acquired or originated, as applicable, by the relevant Seller pursuant to an Eligible Funding Document;</p> <p>Definition of "Eligible Funding Document"</p> <p>(iii) in respect of a Factoring Agreement it has been executed by means of a Spanish public document (<i>escritura pública</i> or <i>póliza</i>) (or otherwise formalised pursuant other methods permitted under Spanish law having an equivalent effect) and is drafted substantially in the form of the Pro-Forma Factoring Agreement attached as Schedule 15 to the Receivables Sale Agreement with no amendments, alterations, variations or modifications which may have an impact on the effective assignment to the relevant Seller of the Factoring Receivable; and</p> <p>(iv) in respect of a Promissory Note Agreement, it has been executed by means of a private document (<i>documento privado</i>) and is drafted substantially in the form of the Pro-Forma Promissory Note Agreement attached as Schedule 16 to the Receivables Sale Agreement with no amendments, alterations, variations or modifications which may have an impact on the effective assignment to the relevant Seller of the PN Receivable;</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| 19. Article 20(4) specifies that, where the transfer of title occurs not directly between the seller and the SSPE but through one or more intermediary steps involving further parties, the requirements relating to the true sale, assignment or other transfer with the same legal effect, apply at each step.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |

#### **4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))**

##### ***True sale, assignment or transfer with the same legal effect***

10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:

(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;

(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;

(c) assessment of clawback risks and re-characterisation risks.

11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.

12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.

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| 4  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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:</p> <p>(a) severe deterioration in the seller credit quality standing;</p> <p>(b) insolvency of the seller; and</p> <p>(c) unremedied breaches of contractual obligations by the seller, including the seller's default.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>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:</p> <p>(a) severe deterioration in the seller credit quality standing;</p> <p>(b) insolvency of the seller; and</p> <p>(c) unremedied breaches of contractual obligations by the seller, including the seller's default.</p>   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>Not applicable as the assignment is perfected without the need for notification to obligors on the relevant transfer date.</p> <p>See Prospectus, THE RECEIVABLES PORTFOLIO AND SERVICING, Notification Events (a) to (h)</p> <p>See also Receivables Sale Agreement, clause 9 (a):</p> <p>Without limitation to its undertaking in Clause 19, each Seller agrees to, not later than the fifth (5th) Business Day of each calendar month, raise to public status in an escritura pública or póliza mercantil, together with the Cash Manager (on behalf of the Purchaser) any Assignment Agreement entered into hereunder within the preceding month or which has otherwise not been raised to public status.</p> <p>STS Criterion 4 requires two steps:</p> <ul style="list-style-type: none"> <li>- To determine whether the transfer of the assets is by means of an unperfected assignment; and</li> <li>- If it is, whether the transaction contains the requisite triggers.</li> </ul> <p><b><i>Although the transfer is not notified to the borrowers, the Spanish legal opinion confirms that such notification is not required to fully perfect the transfer of ownership in the loans to the SSPE. Accordingly, this transaction does not operate by way of an unperfected assignment and the issue of triggers does not arise.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <p><b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b></p> <p>20. The objective of the criterion in Article 20(5) is to minimise legal risks related to unperfected transfers in the context of an assignment of the underlying exposures, by specifying a minimum set of events subsequent to closing that should trigger the perfection of the transfer of the underlying exposures.</p> <p>22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;</p> <p>(b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |

**4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))*****Severe deterioration in the seller credit quality standing***

13. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the transaction documentation should identify, with regard to the trigger of 'severe deterioration in the seller credit quality standing', credit quality thresholds that are objectively observable and related to the financial health of the seller.

***Insolvency of the seller***

14. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the trigger of 'insolvency of the seller' should refer, at least, to events of legal insolvency as defined in national legal frameworks.



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| 5  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| 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.  |                         |   |
| 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.   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Receivables Sale Agreement, Schedule 2, Eligible Claims, (c), (d), (h), (i), (l), (n).</p> <p>See Prospectus, THE RECEIVABLES PORTFOLIO AND SERVICING, Eligible Claims, (c), (d), (h), (i), (l), (n)</p> <p>See also the definition of the “Permanent Eligibility Criteria”.</p> <p>In addition, in order to be an Eligible Receivable, a Receivable must, on any date after its Purchase Date, meet the Permanent Eligibility Criteria:</p> <p><b>“Permanent Eligibility Criteria”</b> means the criteria set forth in paragraphs (b), (e), (g), (h) (other than any litigation related to recovery, (i.e. enforcement or other insolvency or bankruptcy related proceedings before the Spanish courts), (other than any right of counterclaim, defence or any other reduction or cancellation as a consequence of the insolvency of the Debtor), (j), (q), (r), (t),(u), (y), (hh) and (ii) of the Receivables Eligibility Criteria;</p> <p>Therefore, “Eligible Receivable” means a Receivable which, as of the Cut-Off Date and the Issue Date (in respect of any Receivables comprised in an Initial Receivables Sub-Portfolio) or its Additional Purchase Date (in respect of any Receivables comprised in an Additional Receivables Sub-Portfolio), as of its Purchase Date, complies with the Receivables Eligibility Criteria or, on any date after its Purchase Date, meets the Permanent Eligibility Criteria.</p> <p><b>PCS notes that both the “Initial Receivables” as well as any “Additional Receivables” purchased during the Revolving Period meet the Eligibility Criteria as set out in the Prospectus.</b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| 21. The objective of the criterion in Article 20(6), which requires the seller to provide the representations and warranties confirming to the seller’s best knowledge that the transferred exposures are neither encumbered nor otherwise in a condition that could potentially adversely affect the enforceability of the transfer of title, is to ensure that the underlying exposures are not only beyond the reach not only of the seller but equally of its creditors, and to allocate the commercial risk of the encumbrance of the underlying exposures to the seller.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |

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| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....</p>  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, "Claims Eligibility Criteria" and "Receivables Eligibility Criteria"</p> <p>The same Eligibility Criteria are also set out in Schedule 2 of the "Receivables Sale Agreement". This meets the "documented" requirement.</p> <p>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.</p> <p><b><i>PCS has read the Eligibility Criteria and Portfolio Requirements in the Prospectus. As they are mandatory, they meet the "predetermined" requirement. As they are in the Prospectus and in the Receivables Sale Agreement, they meet the "documented" requirement. PCS has also concluded that they allow determination in each case and so meet the "clear" requirement.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>   |                         |   |
| <b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>   |                         |   |
| <p>23. The objective of this criterion in Article 20(7) is to ensure that the selection and transfer of the underlying exposures in the securitisation is done in a manner which facilitates in a clear and consistent fashion the identification of which exposures are selected for/transferred into the securitisation, and to enable the investors to assess the credit risk of the asset pool prior to their investment decisions.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>   |                         |   |
| <b>Clear eligibility criteria</b>   |                         |   |
| <p>17. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, the criteria should be understood to be 'clear' where compliance with them is possible to be determined by a court or tribunal, as a matter of law or fact or both.</p>  |                         |   |

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| 7  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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.</p>   |                         |   |
| <b>STS criteria</b>  |                         |   |
| <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>   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, THE RECEIVABLES PORTFOLIO AND SERVICING No active portfolio management</p> <p>“The Sellers' rights and obligations to sell Receivables to the Issuer and/or the Portfolio Option Holder (acting in the name and on behalf of the Sellers)'s rights and obligations to repurchase the entire Receivables Portfolio (but not part only) from the Issuer during the Amortisation Period pursuant to the Receivables Sale Agreement do not constitute active portfolio management for purposes of Article 20(7) of the Securitisation Regulation.”</p> <p>See also Prospectus, RISK FACTORS, 2. RISKS RELATING TO THE UNDERLYING ASSETS.</p> <p>This risk of late payment by Debtors is also in part mitigated by the fact that each Seller may decide to repurchase any Defaulted Receivable with the exclusive view to maximise the recovery of the amounts due under the Eligible Receivables comprised in the Receivables Portfolio in the event of an Enforcement Retransfer.</p> <p>See Receivables Purchase Agreement, section 9, ENFORCEMENT RETRANSFER</p> <p><b><i>It is noticeable, that in this transaction the Receivables Sale Agreement will not provide for substitution of exposures that are in breach of representations and warranties. When the Purchaser becomes aware, such receivables will become deemed collections.</i></b></p> <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><i>PCS has reviewed all the repurchase devices set out in the Prospectus and these are acceptable within the context of the EBA final guidelines.</i></b></p> <p><b><i>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.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>  |                         |   |
| <p>24. Consistently with this objective, the active portfolio management of the exposures in the securitisation should be prohibited, given that it adds a layer of complexity and increases the agency risk arising in the securitisation by making the securitisation's performance dependent on both the performance of the underlying exposures and the performance of the management of the transaction. The payments of STS securitisations should depend exclusively on the performance of the underlying exposures.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>  |                         |   |
| <b>Active portfolio management</b>   |                         |   |

15. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, active portfolio management should be understood as portfolio management to which either of the following applies:
- (a) the portfolio management makes the performance of the securitisation dependent both on the performance of the underlying exposures and on the performance of the portfolio management of the securitisation, thereby preventing the investor from modelling the credit risk of the underlying exposures without considering the portfolio management strategy of the portfolio manager;
  - (b) the portfolio management is performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit.
16. The techniques of portfolio management that should not be considered active portfolio management include:
- (a) substitution or repurchase of underlying exposures due to the breach of representations or warranties;
  - (b) substitution or repurchase of the underlying exposures that are subject to regulatory dispute or investigation to facilitate the resolution of the dispute or the end of the investigation;
  - (c) replenishment of underlying exposures by adding underlying exposures as substitutes for amortised or defaulted exposures during the revolving period;
  - (d) acquisition of new underlying exposures during the 'ramp up' period to line up the value of the underlying exposures with the value of the securitisation obligation;
  - (e) repurchase of underlying exposures in the context of the exercise of clean-up call options, in accordance with Article 244(3)(g) of Regulation (EU) 2017/2401;
  - (f) repurchase of defaulted exposures to facilitate the recovery and liquidation process with respect to those exposures;
  - (g) repurchase of underlying exposures under the repurchase obligation in accordance with Article 20(13) of Regulation (EU) 2017/2402.

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| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>This transaction has a revolving period.</p> <p>See Receivables Sale Agreement, clause 6. PURCHASE OF ADDITIONAL RECEIVABLES PORTFOLIO</p> <p>(iii) each of Seller having represented, as a condition to the sending of the relevant Offer, that:</p> <p style="padding-left: 20px;">(A) each Receivable identified in the Offer Documents to be sold by such Seller is an Eligible Receivable;</p> <p>The definition of “Eligible Receivable” includes the Portfolio Requirements</p> <p style="padding-left: 20px;">(s) the transfer of the relevant Receivable will not cause any breach of the Portfolio Requirements</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. 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/seller 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><b>PCS has identified the existence of such a covenant in the Prospectus.</b></p>                                       |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20.7)</b>  |                         |   |
| <p>25. Revolving periods and other structural mechanisms resulting in the inclusion of exposures in the securitisation after the closing of the transaction may introduce the risk that exposures of lesser quality can be transferred into the pool. For this reason, it should be ensured that any exposure transferred into the securitisation after the closing meets the eligibility criteria, which are no less strict than those used to structure the initial pool of the securitisation.</p> <p>26. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) the purpose of the requirement on the portfolio management, and the provision of examples of techniques which should not be regarded as active portfolio management: this criterion should be considered without prejudice to the existing requirements with respect to the similarity of the underwriting standards in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in a securitisation be underwritten according to similar underwriting standards;</p> <p>(b) interpretation of the term ‘clear’ eligibility criteria;</p> <p>(c) clarification with respect to the eligibility criteria that need to be met with respect to the exposures transferred to the SSPE after the closing.</p> |                         |   |
| EBA Final non-ABCP STS Guidelines   |                         |   |

4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20.7)

*Eligibility criteria to be met for exposures transferred to the SSPE after the closing of the transaction*

18. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, 'meeting the eligibility criteria applied to the initial underlying exposures' should be understood to mean eligibility criteria that comply with either of the following:

(a) with regard to normal securitisations, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the closing of the transaction;

(b) with regard to securitisations that issue multiple series of securities including master trusts, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the most recent issuance, with the results that the eligibility criteria may vary from closing to closing, with the agreement of securitisation parties and in accordance with the transaction documentation.

19. Eligibility criteria to be applied to the underlying exposures in accordance with paragraph 18 should be specified in the transaction documentation and should refer to eligibility criteria applied at exposure level.

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| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>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.</p>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p><b>PCS: The asset class complies with article 1, (a) (viii), b, c, d and article 2 (in this case (d) same jurisdiction) of the “Homogeneity RTS”.</b></p> <p><b>Article 1:</b></p> <p>(a) (viii) other underlying exposures that are considered by the originator or sponsor to constitute a distinct asset type on the basis of internal methodologies and parameters.</p> <p>For (b), (c), (d) see Prospectus, <i>REGULATORY REQUIREMENTS</i>, Credit granting standards and information regarding the policies and procedures:</p> <p>Each Seller has confirmed that it has applied, or will apply, to the Receivables which will be transferred by it to the Issuer the same sound and well-defined criteria for credit-granting in accordance with Article 9(1) of the Securitisation Regulation which it applies to non-securitised Receivables. In particular, each relevant Seller has:</p> <p>(a) applied, and will apply, the same clearly established processes for approving and, where relevant, amending, renewing and refinancing the Receivables; and</p> <p>(b) effective systems in place to apply those criteria and processes in order to ensure that credit granting is based on a thorough assessment of the relevant Debtor’s creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Debtor meeting his obligations under the relevant Funding Agreement.</p> <p><b>Regarding Cash Flows the assets are described as follows:</b></p> <p>See Prospectus, THE SELLERS, THE RECEIVABLES AND THE CREDIT POLICY</p> <p>With respect to cash flows, the Receivables are repaid as follows:</p> <ul style="list-style-type: none"> <li>• Factoring Receivable: the relevant Debtor must repay the amount on the relevant maturity date specified in the relevant invoice.</li> <li>• PN Receivable: the relevant Debtor must repay the amount on the relevant maturity date specified in the relevant promissory note.</li> <li>• Loan Receivable: the relevant Debtor makes periodic (normally monthly) payments of principal until maturity (such amounts represented under the relevant promissory notes).</li> </ul> <p><b>Article 2:</b></p> <p>See Receivables Sale Agreement, Eligibility Criteria, Eligible Claims (i), see definition of “Eligible Debtor”</p> <p><b>“Eligible Debtor”</b> is a Debtor (i.e. Direct Debtor, Indirect Debtor and/or Collateral Debtor) who meets the following criteria as of the Cut-Off Date and the Issue Date (in respect of any Receivables comprised in an Initial Receivables Sub-Portfolio) or its Additional Purchase Date (in respect of any Receivables comprised in an Additional Receivables Sub-Portfolio):</p> <p>(a) is a corporation or a legal entity or a public administration or entity or a self-employed individual (not acting as consumer under Applicable Law) with full legal capacity under the laws of Spain;</p> <p>(b) has its billing address in Spain as set out in the relevant Funding Document or in the documentation related to the relevant Receivable</p> |                         |   |

See also:

“Direct Debtor” means

- in respect of a Factoring Agreement, the relevant Factoring Debtor (where the relevant Receivable is evidenced by an invoice) or the relevant PN Debtor (where the relevant Receivable is evidenced by a promissory note);
- in respect of a Promissory Note Agreement, the PN Debtor;
- in respect of a Promissory Notes Program, the PN Debtor;
- in respect of a Loan Agreement, the Loan Debtor;

“Indirect Debtor” means with respect to any Factoring Agreement or any Promissory Note Agreement, the Client Debtor relevant to such Factoring Agreement or Promissory Note Agreement, as applicable;

“Client Debtor” means in respect of any Factoring Agreement or Promissory Note Agreement, the client of the Seller under such Factoring Agreement or Promissory Note Agreement, as applicable;

The definition of “homogeneity” in the Regulation is to be 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.

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, four elements require examination: (a) “similar underwriting standards”, (b) “similar servicing standards”, (c) same asset class and (d) relevant risk factors.

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, there are several types of assets, originated under (1) Factoring Agreements, (2) Promissory Note Agreements, (3) Promissory Notes Programs and (4) Loan Agreements. Despite their formal differences they were underwritten to the same purpose, they are included in the transaction to the same maximum maturity profile of up to 364 days and were underwritten based on the same underwriting criteria and to comply with article 2, the assets 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.***

**EBA Final non-ABCP STS Guidelines – statements on *background and rationale***

**Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))**

27. The criterion on the homogeneity as specified in the first subparagraph of Article 20(8) has been further clarified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402.

**EBA Final non-ABCP STS Guidelines**



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| 10   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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.</p>   |                         |   |
| STS criteria   |                         |   |
| <p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Receivables Sale Agreement, Schedule 2, Eligibility Criteria or Prospectus, THE SELLERS, THE RECEIVABLES AND THE CREDIT POLICY, Eligible Receivables</p> <p>(e) in the case of a Receivable that is evidenced by a Promissory Note, it contains all relevant mentions in order for it to amount to a validly issued "pagaré" pursuant to Law 19/1985 (Ley Cambiaria y del Cheque);</p> <p>(f) Subject to Legal Reservations constitutes the legal, valid, binding and enforceable obligation of one or more Eligible Debtors;</p> <p>(y) Subject to Legal Reservations, the relevant Ancillary Rights (including the Claims) are valid, binding and enforceable and the relevant Seller is the holder of such Ancillary Rights (including the Claims, except for the Collateral Claims held by Gedesco Factoring);</p> <p>See also Receivables Sale Agreement, Schedule 2 or Prospectus, Glossary of Terms, "Eligible Claim"</p> <p>(f) subject to Legal Reservations, it constitutes the legal, valid, binding and enforceable obligation of one or more Eligible Debtors;</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>  |                         |   |
| <p>28. The objective of the criterion specified in the third sentence in the first subparagraph and in the second subparagraph of Article 20(8) is to ensure that the underlying exposures contain valid and binding obligations of the debtor/guarantor, including rights to payments or to any other income from assets supporting such payments that result in a periodic and well-defined stream of payments to the investors.</p>   |                         |   |
| <p>30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to:</p>  |                         |   |
| <p>(a) interpretation of the term 'contractually binding and enforceable obligations';</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>  |                         |   |
| <b><i>Contractually binding and enforceable obligations</i></b>  |                         |   |
| <p>20. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, 'obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors' should be understood to refer to all obligations contained in the contractual specification of the underlying exposures that are relevant to investors because they affect any obligations by the debtor and, where applicable, the guarantor to make payments or provide security.</p>   |                         |   |

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| 11  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 11. With full recourse to debtors and, where applicable, guarantors.  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See also Prospectus, THE RECEIVABLES, PORTFOLIO AND SERVICING, Eligible Receivables</p> <p>(z) if a Factoring Receivable, the purchase price thereof has been fully paid by the relevant Seller to the relevant Client Debtor, such purchase price having not been retained in whole or in part by such Seller other than in respect of any retention of the purchase price as may be agreed between the relevant Client Debtor and the relevant Seller in the relevant Factoring Agreement and such Factoring Agreement provides for full recourse by the Seller to the Client Debtor;</p> <p>(hh) it provides for full recourse to the relevant Debtors and, where applicable, the guarantors;"</p> <p>See also criterion 10, above.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8</b>   |                         |   |
| <p>30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to:</p> <p>(a) interpretation of the term 'contractually binding and enforceable obligations;</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8</b>   |                         |   |
| <b><i>Contractually binding and enforceable obligations</i></b>   |                         |   |
| <p>20. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, 'obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors' should be understood to refer to all obligations contained in the contractual specification of the underlying exposures that are relevant to investors because they affect any obligations by the debtor and, where applicable, the guarantor to make payments or provide security.</p>  |                         |   |

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| 12  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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.</p>   |                         |   |
| <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 Comment</b>  |                         |   |
| <p>See Receivables Sale Agreement, Schedule 11, Credit Policy and Prospectus, Credit Policy,<br/>         See also Prospectus, THE SELLERS, THE RECEIVABLES AND THE CREDIT POLICY, “the Credit Policy” and “the Receivables”<br/> <b>Factoring Receivables</b>, where the relevant Debtor must repay the amount on the relevant maturity date specified in the relevant invoice.<br/> <b>PN Receivable</b>, where the relevant Debtor must repay the amount on the relevant maturity date specified in the relevant Promissory Note or Promissory Note Program<br/> <b>Loan Receivable</b>, representing an obligation to make payments owed by the Loan Debtor and represented by Promissory Notes under the Loan Agreement.<br/> <b>“Loan Agreements”</b>, are fixed-rate interest loan agreements entered into by a Seller and a client (a “Loan Debtor”).</p> <p>See also Prospectus, THE RECEIVABLES, PORTFOLIO AND SERVICING, Eligible Receivables</p> <p>(cc) if a Loan Receivable, the loan made available under the relevant Loan Agreement is repayable within a maximum of 12 months at maturity or in monthly instalments, has been fully advanced by the Seller to the relevant Debtor, such loan amount having not been retained in whole or in part by the Seller (other than for the purposes of payment of interest, fees and expenses owed under such Loan Receivable);</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>   |                         |   |
| <p>30 (b) a non-exhaustive list of examples of exposures types that should be considered to have defined periodic payment streams. The individual examples are without prejudice to applicable requirements, such as the requirement with respect to the defaulted exposures in accordance with Article 20(11) of Regulation (EU) 2017/2402 and the requirement with respect to the residual value in accordance with Article 20(13) of that regulation.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |

**4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))*****Exposures with periodic payment streams***

21. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, exposures with defined periodic payment streams should include:

- (a) exposures payable in a single instalment in the case of revolving securitisation, as referred to in Article 20(12) of Regulation (EU) 2017/2402;
- (b) exposures related to credit card facilities;
- (c) exposures with instalments consisting of interest and where the principal is repaid at the maturity, including interest-only mortgages;
- (d) exposures with instalments consisting of interest and repayment of a portion of the principal, where either of the following conditions is met:
  - (i) the remaining principal is repaid at the maturity;
  - (ii) the repayment of the principal is dependent on the sale of assets securing the exposure, in accordance with Article 20(13) of Regulation (EU) 2017/2402 and paragraphs 47 to 49;
- (e) exposures with temporary payment holidays as contractually agreed between the debtor and the lender.

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| 13   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See point 12 above.<br/>See in particular, the Prospectus' Section headed "THE RECEIVABLES PORTFOLIO AND SERVICING".</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>  |                         |   |
| <p>30 (b) a non-exhaustive list of examples of exposures types that should be considered to have defined periodic payment streams. The individual examples are without prejudice to applicable requirements, such as the requirement with respect to the defaulted exposures in accordance with Article 20(11) of Regulation (EU) 2017/2402 and the requirement with respect to the residual value in accordance with Article 20(13) of that regulation.</p>   |                         |   |
| EBA Final non-ABCP STS Guidelines  |                         |   |
| <b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>  |                         |   |
| <b><i>Exposures with periodic payment streams</i></b>  |                         |   |
| <p>21. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, exposures with defined periodic payment streams should include:</p> <ul style="list-style-type: none"> <li>(a) exposures payable in a single instalment in the case of revolving securitisation, as referred to in Article 20(12) of Regulation (EU) 2017/2402;</li> <li>(b) exposures related to credit card facilities;</li> <li>(c) exposures with instalments consisting of interest and where the principal is repaid at the maturity, including interest-only mortgages;</li> <li>(d) exposures with instalments consisting of interest and repayment of a portion of the principal, where either of the following conditions is met: <ul style="list-style-type: none"> <li>(i) the remaining principal is repaid at the maturity;</li> <li>(ii) the repayment of the principal is dependent on the sale of assets securing the exposure, in accordance with Article 20(13) of Regulation (EU) 2017/2402 and paragraphs 47 to 49;</li> </ul> </li> <li>(e) exposures with temporary payment holidays as contractually agreed between the debtor and the lender.</li> </ul> |                         |   |

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| 14   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>Receivables Sale Agreement, Schedule 10, part 2, <i>ASSET REPRESENTATIONS AND WARRANTIES OF EACH SELLER</i></p> <p>7. No transferable securities</p> <p>The Receivables Portfolio will not include any transferrable securities under the meaning of as defined in point (44) of Article 4(1) of Directive 2014/65/EU.</p> <p><b><i>PCS notes that no transferable security is included in the underlying portfolio. There is also a clear statement in the Receivables Sale Agreement.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>  |                         |   |
| <p>29. The objective of the criterion specified in the third subparagraph is that the underlying exposures do not include transferable securities, as they may add to the complexity of the transaction and of the risk and due diligence analysis to be carried out by the investor.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| 20.9. The underlying exposures shall not include any securitisation position.   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 15. The underlying exposures shall not include any securitisation position.   |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| <p>Receivables Sale Agreement, Schedule 10, part 2, <i>ASSET REPRESENTATIONS AND WARRANTIES OF EACH SELLER</i></p> <p>8. No securitisation positions<br/>The Receivables Portfolio will not include any securitisation position.</p> <p><b>PCS notes that according to the Eligibility Criteria no securitisation positions can be included in the underlying portfolio. There is also a representation of each Seller included in the Receivables Sale Agreement.</b></p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>No resecuritisation (Article 20(9))</b>  |                         |   |
| <p>31. The objective of this criterion is to prohibit resecuritisation subject to derogations for certain cases or for resecuritisation as specified in Regulation (EU) 2017/2402. This is a lesson learnt from the financial crisis, when resecuritisations were structured into highly leveraged structures in which notes of lower credit quality could be re-packaged and credit enhanced, resulting in transactions whereby small changes in the credit performance of the underlying assets had severe impacts on the credit quality of the resecuritisation bonds. The modelling of the credit risk arising in these bonds proved very difficult, also due to high levels of correlations arising in the resulting structures.</p> <p>32. The criterion is deemed sufficiently clear and does not require any further clarification.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 16   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.</p>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, definition of "Eligible Funding Document"</p> <p>(a) it is entered into in the ordinary course of the relevant Seller's business on arms' length commercial terms and in accordance with the Credit Policy as it is applied at the time the Funding Document was entered into;</p> <p>See Receivables Sale Agreement, definition of "Eligible Funding Document" included in Schedule 2, Eligibility Criteria</p> <p>(i) it is entered into in the ordinary course of the relevant Seller's business on arms' length commercial terms and in accordance with the Credit Policy as it is applied at the time the Funding Document was entered into:</p> <p>See also Receivables Sale Agreement, Schedule 9, part 2, <i>ASSET REPRESENTATIONS AND WARRANTIES OF EACH SELLER</i></p> <p>9. Receivables originated in the ordinary course of each of the Seller's business</p> <p>All Receivables are originated in the ordinary course of the relevant Seller's business pursuant to the Credit Policy which is applied to the entire business of the relevant Seller and not only the Receivables to be transferred to the Issuer.</p> <p>See also Prospectus, Representations and Warranties</p> <p>(i) all Receivables sold by it comprised in the Receivables Sub-Portfolio were originated in the ordinary course of the relevant Seller's business pursuant to the Credit Policy which is applied to the entire business of the relevant Seller and not only the Receivables to be transferred to the Issuer.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <p><b>Underwriting standards (Article 20(10))</b></p> <p>33. The objective of the criterion specified in the first subparagraph of Article 20(10) is to prevent cherry picking and to ensure that the exposures that are to be securitised do not belong to exposure types that are outside the ordinary business of the originator, i.e. types of exposures in which the originator or original lender may have less expertise and/or interest at stake. This criterion is focused on disclosure of changes to the underwriting standards and aims to help the investors assess the underwriting standards pursuant to which the exposures transferred into securitisation have been originated.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 17   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <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>   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Receivables Sale Agreement, Schedule 9, Seller Covenants, Part 2, <i>ASSET REPRESENTATIONS AND WARRANTIES OF EACH SELLER</i> comply in all material respects with the Credit Policy (including, without limitation, amending the current procedures relating to the allocation of an internal credit score to each Debtor according to a pre-determined internal score band and the subsequent steps to be taken according to the allocated credit score), and not implement any amendment to it without the prior written consent of the Issuer and the Note Trustee. Any amendments to the Credit Policy will be disclosed in accordance with Applicable Laws from time to time</p> <p>See also Receivables Sale Agreement, Schedule 10, <i>ASSET COVENANTS OF THE SELLERS</i>, Part 2</p> <p>9. All Receivables are originated in the ordinary course of the relevant Seller's business pursuant to the Credit Policy which is applied to the entire business of the relevant Seller and not only the Receivables to be transferred to the Issuer.</p> <p>See also Prospectus, Representations and Warranties</p> <p>(i) all Receivables sold by it comprised in the Receivables Sub-Portfolio were originated in the ordinary course of the relevant Seller's business pursuant to the Credit Policy which is applied to the entire business of the relevant Seller and not only the Receivables to be transferred to the Issuer.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Underwriting standards (Article 20(10))</b>   |                         |   |
| <p>37. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term 'similar exposures', with reference to requirements specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;</p> <p>(b) the term 'no less stringent underwriting standards': independently of the guidance provided in these guidelines, it is understood that, in the spirit of restricting the 'originate-to-distribute' model of underwriting, where similar exposures exist on the originator's balance sheet, the underwriting standards that have been applied to the securitised exposures should also have been applied to similar exposures that have not been securitised, i.e. the underwriting standards should have been applied not solely to securitised exposures;</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>4.4 Underwriting standards, originator's expertise (Article 20(10))</b>   |                         |   |
| <b><i>No less stringent underwriting standards</i></b>   |                         |   |
| <p>23. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the underwriting standards applied to securitised exposures should be compared to the underwriting standards applied to similar exposures at the time of origination of the securitised exposures.</p>   |                         |   |
| <p>24. Compliance with this requirement should not require either the originator or the original lender to hold similar exposures on its balance sheet at the time of the selection of the securitised exposures or at the exact time of their securitisation, nor should it require that similar exposures were actually originated at the time of origination of the securitised exposures.</p>  |                         |   |

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| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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>  |                         |   |
| <b>STS criteria</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>  |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Receivables Sale Agreement, <i>Undertakings given by the Sellers</i></p> <p><b>The Receivables Sale Agreement contains a number of undertakings by each Seller, to the Purchaser Issuer and the Cash Manager, in respect of its activities relating to the Receivables Portfolio and the related Receivables. These include, inter alia, undertakings to:</b></p> <p>(e) comply in all material respects with the Credit Policy (including, without limitation, amending the current procedures relating to the allocation of an internal credit score to each Debtor according to a pre-determined internal score band and the subsequent steps to be taken according to the allocated credit score), and not implement any amendment to it without the prior written consent of the Issuer and the Note Trustee unless required in order to comply with Applicable Law or of purely administrative or otherwise with a formal, minor or technical nature only. Any amendments to the Credit Policy will be disclosed in accordance with Applicable Laws from time to time without undue delay.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Underwriting standards (Article 20(10))</b>   |                         |   |
| <p>37 (c) clarification of the requirement to disclose material changes from prior underwriting standards to potential investors without undue delay: the guidance clarifies that this requirement should be forward-looking only, referring to material changes to the underwriting standards after the closing of the securitisation. The guidance clarifies the interactions with the requirement for similarity of the underwriting standards set out in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in securitisation be underwritten according to similar underwriting standards;</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>4.4 Underwriting standards, originator’s expertise (Article 20(10))</b>   |                         |   |
| <b>Disclosure of material changes from prior underwriting standards</b>  |                         |   |
| <p>25. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, material changes to the underwriting standards that are required to be fully disclosed should be understood to be those material changes to the underwriting standards that are applied to the exposures that are transferred to, or assigned by, the SSPE after the closing of the securitisation in the context of portfolio management as referred to in paragraphs 15 and 16.</p>  |                         |   |
| <p>26. Changes to such underwriting standards should be deemed material where they refer to either of the following types of changes to the underwriting standards:</p>  |                         |   |
| <p>(a) changes which affect the requirement of the similarity of the underwriting standards further specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;</p>  |                         |   |
| <p>(b) changes which materially affect the overall credit risk or expected average performance of the portfolio of underlying exposures without resulting in substantially different approaches to the assessment of the credit risk associated with the underlying exposures.</p>   |                         |   |
| <p>27. The disclosure of all changes to underwriting standards should include an explanation of the purpose of such changes.</p>   |                         |   |
| <p>28. With regard to trade receivables that are not originated in the form of a loan, reference to underwriting standards in Article 20(10) should be understood to refer to credit standards applied by the seller to short-term credit generally of the type giving rise to the securitised exposures and proposed to its customers in relation to the sales of its products and services.</p>  |                         |   |

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| <b>19</b>   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| 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>STS criteria</b>   |                         |   |
| 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.   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| This requirement does not apply to trade receivables and SME loans.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Underwriting standards (Article 20(10))</b>  |                         |   |
| 34. The objective of the criterion specified in the second subparagraph of Article 20(10) is to prohibit the securitisation of self-certified mortgages for STS purposes, given the moral hazard that is inherent in granting such types of loans.  |                         |   |
| 37 (d) the scope of the criterion with respect to the specific types of residential loans as referred to in the second subparagraph of Article 20(10) and to the nature of the information that should be captured by this criterion;   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>4.4 Underwriting standards, originator's expertise (Article 20(10))</b>  |                         |   |
| <b>Residential loans</b>  |                         |   |
| 29. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the pool of underlying exposures should not include residential loans that were both marketed and underwritten on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender.   |                         |   |
| 30. Residential loans that were underwritten but were not marketed on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender, or become aware after the loan was underwritten, are not captured by this requirement.   |                         |   |
| 31. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the 'information' provided should be considered to be only relevant information. The relevance of the information should be based on whether the information is a relevant underwriting metric, such as information considered relevant for assessing the creditworthiness of a borrower, for assessing access to collateral and for reducing the risk of fraud. |                         |   |
| 32. Relevant information for general non-income-generating residential mortgages should normally be considered to constitute income, and relevant information for income-generating residential mortgages should normally be considered to constitute rental income. Information that is not useful as an underwriting metric, such as mobile phone numbers, should not be considered relevant information.                           |                         |   |

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| 20   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| 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>STS criteria</b>  |                         |   |
| 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.   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus "REGULATORY REQUIREMENTS":</p> <p>"Credit granting standards and information regarding the policies and procedures</p> <p>Each Seller has confirmed that it has applied, or will apply, to the Receivables which will be transferred by it to the Issuer the same sound and well-defined criteria for credit-granting in accordance with Article 9(1) of the Securitisation Regulation which it applies to non-securitised Receivables. In particular, each relevant Seller has:</p> <p>(a) applied, and will apply, the same clearly established processes for approving and, where relevant, amending, renewing and refinancing the Receivables; and</p> <p>(b) effective systems in place to apply those criteria and processes in order to ensure that credit granting is based on a thorough assessment of the relevant Debtor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Debtor meeting his obligations under the relevant Funding Agreement."</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Underwriting standards (Article 20(10))</b>   |                         |   |
| <p>35. The objective of the criterion specified in the third subparagraph of Article 20(10) is to ensure that the assessment of the borrower's creditworthiness is based on robust processes. It is expected that the application of this article will be limited in practice, given that the STS is limited to originators based in the EU, and the criterion is understood to cover only exposures originated by the EU originators to borrowers in non-EU countries.</p> <p>37 (e) clarification of the criterion with respect to the assessment of a borrower's creditworthiness based on equivalent requirements in third countries;</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 21   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.  |                         |   |
| STS criteria   |                         |   |
| 21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, THE SELLERS, THE RECEIVABLES AND THE CREDIT POLICY</p> <p>For the purposes of article 20(10) of the Securitisation Regulation, each Seller confirms that:</p> <ul style="list-style-type: none"> <li>• it has originated exposures similar to those securitised for at least five (5) years prior to the Issue Date;</li> <li>• it will represent and warrant pursuant to the Receivables Sale Agreement that it "has expertise in originating exposures of a similar nature to those securitised pursuant to article 20(10), last paragraph, of the Securitisation Regulation"; and</li> <li>• the members of its respective management body and the senior staff responsible for managing the origination of exposures of a similar nature to those securitised, have adequate knowledge and skills in the origination of exposures of a similar nature to those securitised.</li> </ul> <p><b><i>GEDESCO is neither prudentially regulated, nor does the Servicer have a Servicer Ranking. PCS has conducted a due diligence conference call with the relevant management staff from Gedesco Services and Toro Finance. PCS has also received the Rating Agency presentation.</i></b></p> <p><b><i>PCS has taken comfort in the fact that the individuals responsible for the origination and underwriting have many years of experience, and the underwriting and origination is set up in a very similar way to a prudentially regulated institution. PCS has also found the underwriting to be standardised across the group of originating entities, since Gedesco Services centrally does the underwriting, monitoring, accounting and servicing for all originators to this transaction, including Toro Finance, who is bound to Gedesco Services by Service Level Agreements regarding all underwriting and servicing aspects, though not formally consolidated into the group.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Underwriting standards (Article 20(10))</b>   |                         |   |
| 36. The objective of the criterion specified in the fourth subparagraph of Article 20(10) is for the originator or original lender to have an established performance history of credit claims or receivables similar to those being securitised, and for an appropriately long period of time.  |                         |   |
| 37 (f) identification of criteria on which the expertise of the originator or the original lender should be determined:  |                         |   |
| (i) when assessing if the originator or the original lender has the required expertise, some general principles should be set out against which the expertise should be assessed. The general principles have been designed to allow a robust qualitative assessment of the expertise. One of these principles is the regulatory authorisation: this is to allow for more flexibility in such qualitative assessments of the expertise if the originator or the original lender is a prudentially regulated institution which holds regulatory authorisations or permissions that are relevant with respect to origination of similar exposures. The regulatory authorisation in itself should, however, not be a guarantee that the originator or original lender has the required expertise;   |                         |   |
| (ii) irrespective of such general principles, specific criteria should be developed, based on specifying a minimum period for an entity to perform the business of originating similar exposures, compliance with which would enable the entity to be considered to have a sufficient expertise. Such expertise should be assessed at the group level, so that possible restructuring at the entity level would not automatically lead to non-compliance with the expertise criterion. It is not the intention of such specific criteria to form an impediment to the entry of new participants to the market. Such entities should also be eligible for compliance with the expertise criterion, as long as their management body and senior staff with managerial responsibility for origination of similar exposures, have sufficient experience over a minimum specified period.   |                         |   |
| 38. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |

#### **4.4 Underwriting standards, originator's expertise (Article 20(10))**

##### ***Similar exposures***

22. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, exposures should be considered to be similar when one of the following conditions is met:

(a) the exposures belong to one of the following asset categories referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402:

- (i) residential loans secured with one or several mortgages on residential immovable property, or residential loans fully guaranteed by an eligible protection provider among those referred to in Article 201(1) of Regulation (EU) No 575/2013 qualifying for credit quality step 2 or above as set out in Part Three, Title II, Chapter 2 of that regulation;
- (ii) commercial loans secured with one or several mortgages on commercial immovable property or other commercial premises;
- (iii) credit facilities provided to individuals for personal, family or household consumption purposes;
- (iv) auto loans and leases;
- (v) credit card receivables;
- (vi) trade receivables;

(b) the exposures fall under the asset category of credit facilities provided to micro-, small-, medium-sized and other types of enterprises and corporates including loans and leases, as referred to in Article 2(d) of the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, as underlying exposures of a certain type of obligor;

(c) where they do not belong to any of the asset categories referred to in points (a) and (b) of this paragraph and as referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous for the purposes of Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, the underlying exposures share similar characteristics with respect to the type of obligor, ranking of security rights, type of immovable property and/or jurisdiction.

##### *Criteria for determining the expertise of the originator or original lender*

34. For the purposes of determining whether an originator or original lender has expertise in originating exposures of a similar nature to those securitised in accordance with Article 20(10) of Regulation (EU) 2017/2402, both of the following should apply:

(a) the members of the management body of the originator or original lender and the senior staff, other than the members of the management body, responsible for managing the originating of exposures of a similar nature to those securitised should have adequate knowledge and skills in the origination of exposures of a similar nature to those securitised;

(b) any of the following principles on the quality of the expertise should be taken into account:

- (i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;
- (ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;
- (iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of originating the exposures should be appropriate;
- (iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to origination of exposures of a similar nature to those securitised.

35. An originator or original lender should be deemed to have the required expertise when either of the following applies:

(a) the business of the entity, or of the consolidated group to which the entity belongs for accounting or prudential purposes, has included the originating of exposures similar to those securitised, for at least five years;

(b) where the requirement referred to in point (a) is not met, the originator or original lender should be deemed to have the required expertise where they comply with both of the following:

- (i) at least two of the members of the management body have relevant professional experience in the origination of exposures similar to those securitised, at a personal level, of at least five years;
- (ii) senior staff, other than members of the management body, who are responsible for managing the entity's originating of exposures similar to those securitised, have relevant professional experience in the origination of exposures of a similar nature to those securitised, at a personal level, of at least five years.

36. For the purposes of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.

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| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| 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:   |                         |   |
| <b>STS criteria</b>  |                         |   |
| 22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Receivables Sale Agreement, clause 3 and clause 6.</p> <p>Initial Receivables Portfolio: The transfer of the Initial Receivables Portfolio is performed and perfected on the signing date.</p> <p>Initial Receivables Portfolio is selected as at the Initial Cut-Off Date.</p> <p>Initial Cut-Off Date means 31 December 2019.</p> <p>Additional Receivables Portfolios: The transfer of the Additional Receivables shall be performed and perfected on each Additional Purchase Date, which can be each Business Day falling in the Revolving Period, according to the process, as set out in section 5, 6 and 7 of the Receivables Sale Agreement. The Additional Purchase Date can be daily, the Receivables Daily File is received by 11am, the Additional Receivables selected and assigned on the same day, and the purchase price paid one business day later. On a monthly basis the Purchase Price is adjusted for Deemed Collections to be taken into account.</p> <p><b><i>PCS has assumed that 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.</i></b></p> <p><b><i>The time between the selection date and the transfer to the Issuer for this Transaction is in line with the Criterion, especially given the short-term nature of the assets and quickly revolving transaction.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 23   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| 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:   |                         |   |
| <b>STS criteria</b>  |                         |   |
| 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>Verified?</b>   |                         | <b>yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Receivables Sale Agreement, Schedule 2 (Eligibility Criteria)</p> <p>(l) is not a Defaulted Receivable;</p> <p>Definition of "Defaulted Receivable": PN Receivable or a Loan Receivable which is due and unpaid for more than 7 calendar days or a Factoring Receivable which is due and unpaid for more than 60 calendar days.</p> <p>See Prospectus, THE RECEIVABLES PORTFOLIO AND SERVICING, Eligible Receivables</p> <p>(kk) the Receivable does not qualify as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/ pursuant to article 20(11) of the Securitisation Regulation;</p> <p>See Prospectus, definition of "Eligible Claim"</p> <p>(w) the Claim does not qualify as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/2013 pursuant to article 20(11) of the Securitisation Regulation;</p> <p>See Prospectus, definition of "Eligible Debtor"</p> <p>(h) for the purposes of article 20(11) of the Securitisation Regulation, is not credit-impaired Debtor, who, to the best of the Seller's knowledge</p> <p>(i) 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 3 (three) years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures; or</p> <p>(ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or</p> <p>(iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by the relevant Seller which have not been assigned to the Issuer under the Transaction; and</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>  |                         |   |
| <p>39. The objective of the criterion in Article 20(11) is to ensure that STS securitisations are not characterised by underlying exposures whose credit risk has already been affected by certain negative events such as disputes with credit-impaired debtors or guarantors, debt restructuring processes or default events as identified by the EU prudential regulation. Risk analysis and due diligence assessments by investors become more complex whenever the securitisation includes exposures subject to certain ongoing negative credit risk developments. For the same reasons, STS securitisations should not include underlying exposures to credit-impaired debtors or guarantors that have an adverse credit history. In addition, significant risk of default normally rises as rating grades or other scores are assigned that indicate highly speculative credit quality and high likelihood of default, i.e. the possibility that the debtor or guarantor is not able to meet its obligations becomes a real possibility. Such exposures to credit-impaired debtors or guarantors should therefore also not be eligible for STS purposes.</p> <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p>   |                         |   |



(a) Interpretation of the term 'exposures in default': given the differences in interpretation of the term 'default', the interpretation of this criterion should refer to additional guidance on this term provided in the existing delegated regulations and guidelines developed by the EBA, while taking into account the limitation of scope of that additional guidance to certain types of institutions;

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**4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))**

***Exposures in default***

37. For the purposes of the first subparagraph of Article 20(11) of Regulation (EU) 2017/2402, the exposures in default should be interpreted in the meaning of Article 178(1) of Regulation (EU) 575/2013, as further specified by the Delegated Regulation on the materiality threshold for credit obligations past due developed in accordance with Article 178 of that Regulation, and by the EBA Guidelines on the application of the definition of default developed in accordance with Article 178(7) of that regulation.

38. Where an originator or original lender is not an institution and is therefore not subject to Regulation (EU) 575/2013, the originator or original lender should comply with the guidance provided in the previous paragraph to the extent that such application is not deemed to be unduly burdensome. In that case, the originator or original lender should apply the established processes and the information obtained from debtors on origination of the exposures, information obtained from the originator in the course of its servicing of the exposures or in the course of its risk management procedure or information notified to the originator by a third party.

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| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| 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:  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Sale and Receivables Agreement, Schedule 2, "Eligible Debtor" or Prospectus, Glossary of Terms, definition of "Eligible Debtor"</p> <p>is a Debtor (i.e. Direct Debtor, Indirect Debtor and/or Collateral Debtor) who meets the following criteria as of the Cut-Off Date and the Issue Date (in respect of any Receivables comprised in an Initial Receivables Sub-Portfolio) or its Additional Purchase Date (in respect of any Receivables comprised in an Additional Receivables Sub-Portfolio):</p> <ul style="list-style-type: none"> <li>(c) is not insolvent or subject to insolvency proceedings;</li> <li>(d) is not in default under any other loan or financing advanced by any of the Seller;</li> <li>(e) it is not included in RAI, Experian or ASNEF (Equifax);</li> <li>(f) it receives financing from a regulated financial institution different to the Sellers or through a public bond issuance in a regulated capital market not arranged by the Sellers;</li> <li>(g) to the knowledge of the Seller, is not a target of, or in breach of Sanctions or listed on any Sanctions List; and(h) for the purposes of article 20(11) of the Securitisation Regulation, is not credit-impaired Debtor, who, to the best of the Seller's knowledge <ul style="list-style-type: none"> <li>(i) 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 3 (three) years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures; or</li> <li>(ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or</li> <li>(iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by the relevant Seller which have not been assigned to the Issuer under the Transaction; and</li> </ul> </li> <li>(i) is not part of the Sellers' group.</li> </ul> <p>See Prospectus, THE RECEIVABLES PORTFOLIO AND SERVICING, "Eligible Receivable" or "Eligible Claim"</p> <p>See also Sale and Receivables Agreement, Schedule 2, "Eligible Receivable" or "Eligible Claim"</p> <p>(kk) the Receivable does not qualify as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/2013 pursuant to article 20(11) of the Securitisation Regulation;</p> <p>The note below applies to points from 24 to 29.</p> <p>Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful.</p> <p>For PCS, the key points of the EBA guidelines on this issue are:</p> |                         |   |

- a. 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.
- 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.  
  
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.  
  
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.  
  
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.  
  
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.
- 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 are not “credit impaired”.

**EBA Final non-ABCP STS Guidelines – statements on *background and rationale***

**No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))**

39. The objective of the criterion in Article 20(11) is to ensure that STS securitisations are not characterised by underlying exposures whose credit risk has already been affected by certain negative events such as disputes with credit-impaired debtors or guarantors, debt-restructuring processes or default events as identified by the EU prudential regulation. Risk analysis and due diligence assessments by investors become more complex whenever the securitisation includes exposures subject to certain ongoing negative credit risk developments. For the same reasons, STS securitisations should not include underlying exposures to credit-impaired debtors or guarantors that have an adverse credit history. In addition, significant risk of default normally rises as rating grades or other scores are assigned that indicate highly speculative credit quality and high likelihood of default, i.e. the possibility that the debtor or guarantor is not able to meet its obligations becomes a real possibility. Such exposures to credit-impaired debtors or guarantors should therefore also not be eligible for STS purposes.

40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:

(b) Interpretation of the term ‘exposures to a credit-impaired debtor or guarantor’: the interpretation should also take into account the interpretation provided in recital 26 of Regulation (EU) 2017/2402, according to which the circumstances specified in points (a) to (c) of Article 24(9) of that regulation are understood as specific situations of credit-impairedness to which exposures in the STS securitisation may not be exposed. Consequently, other possible circumstances of credit-impairedness that are not captured in points (a) to (c) should be outside the scope of this requirement. Moreover, taking into account the role of the guarantor as a risk bearer, it should be clarified that the requirement to exclude ‘exposures to a credit-impaired debtor or guarantor’ is not meant to exclude (i) exposures to a credit-impaired debtor when it has a guarantor that is not credit impaired; or (ii) exposures to a non-credit-impaired debtor when there is a credit-impaired guarantor;

(c) Interpretation of the term ‘to the best knowledge of’: the interpretation should follow the wording of recital 26 of Regulation (EU) 2017/2402, according to which an originator or original lender is not required to take all legally possible steps to determine the debtor’s credit status but is only required to take those steps that the originator/original lender usually takes within its activities in terms of origination, servicing, risk management and use of information that is received from third parties. This should not require the originator or original lender to check publicly available information, or to check entries in at least one credit registry where an originator or original lender does not conduct such checks within its regular activities in terms of origination, servicing, risk management and use of information received from third parties, but rather relies, for example, on other information that may include credit assessments provided by third parties. Such clarification is important because corporates that are not subject to EU financial sector regulation and that are acting as sellers with respect to STS securitisation may not always check entries in credit registries and, in line with the best knowledge standard, should not be obliged to perform additional checks at origination of any exposure for the purposes of later fulfilling this criterion in terms of any credit-impaired debtors or guarantors;

**EBA Final non-ABCP STS Guidelines**

**4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))**

***Exposures to a credit-impaired debtor or guarantor***

39. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the circumstances specified in points (a) to (c) of that paragraph should be understood as definitions of credit-impairedness. Other possible circumstances of credit-impairedness that are not captured in points (a) to (c) should be considered to be excluded from this requirement.

40. The prohibition of the selection and transfer to SSPE of underlying exposures 'to a credit-impaired debtor or guarantor' as referred to in Article 20(11) of Regulation (EU) 2017/2402 should be understood as the requirement that, at the time of selection, there should be a recourse for the full securitised exposure amount to at least one non-credit-impaired party, irrespective of whether that party is a debtor or a guarantor. Therefore, the underlying exposures should not include either of the following:

- (a) exposures to a credit-impaired debtor, when there is no guarantor for the full securitised exposure amount;
- (b) exposures to a credit-impaired debtor who has a credit-impaired guarantor.

***To the best of the originator's or original lender's knowledge***

41. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the 'best knowledge' standard should be considered to be fulfilled on the basis of information obtained only from any of the following combinations of sources and circumstances:

- (a) debtors on origination of the exposures;
- (b) the originator in the course of its servicing of the exposures or in the course of its risk management procedures;
- (c) notifications to the originator by a third party;
- (d) publicly available information or information on any entries in one or more credit registries of persons with adverse credit history at the time of origination of an underlying exposure, only to the extent that this information had already been taken into account in the context of (a), (b) and (c), and in accordance with the applicable regulatory and supervisory requirements, including with respect to sound credit granting criteria as specified in Article 9 of Regulation (EU) 2017/2402. This is with the exception of trade receivables that are not originated in the form of a loan, with respect to which credit-granting criteria do not need to be met.

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| 25   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| <p>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:</p> <p>(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> |                         |   |
| STS criteria   |                         |   |
| 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.   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <i>See 24, above.</i>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
|  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 26  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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:</p> <p>(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:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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;</li> </ul> <p>(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</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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:  |                         |   |
| <b>Verified?</b>  | <b>Yes</b>              |   |
| <b>PCS Comment</b>  |                         |   |
| <p>See also Eligibility Criteria, "Eligible Receivables" or "Eligible Claims" Schedule 2, Receivables Sale Agreement</p> <p>(h) as far as the Seller is aware, is not subject to any litigation (including, without limitation, any recovery or enforcement proceedings before the Spanish courts), dispute or right of set-off that may adversely affect the payment of the Receivable to the Purchaser;</p> <p><b>See 24, above. Not applicable, since no restructured exposures.</b></p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>   |                         |   |
| <b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>   |                         |   |
| <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |

**4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))**

***Exposures to credit-impaired debtors or guarantors that have undergone a debt-restructuring process***

42. For the purposes of Article 20(11)(a) of Regulation (EU) 2017/2402, the requirement to exclude exposures to credit-impaired debtors or guarantors who have undergone a debt-restructuring process with regard to their non-performing exposures should be understood to refer to both the restructured exposures of the respective debtor or guarantor and those of its exposures that were not themselves subject to restructuring. For the purposes of this Article, restructured exposures which meet the conditions of points (i) and (ii) of that Article should not result in a debtor or guarantor becoming designated as credit-impaired.

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| 27  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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:</p> <p>(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:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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;</li> </ul> <p>(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</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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   |                         |   |
| <b>Verified?</b>  | <b>Yes</b>              |   |
| <b>PCS Comment</b>  |                         |   |
| <i>See 24, above. Not applicable, since no restructured exposures.</i>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| 28  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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:</p> <p>(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:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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;</li> </ul> <p>(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</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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;   |                         |   |
| <b>Verified?</b>  | <b>Yes</b>              |   |
| <b>PCS Comment</b>  |                         |   |
| <i>PCS notes that "Restructured Receivables" are not eligible in this transaction.</i>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 29  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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:</p> <p>(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:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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;</li> </ul> <p>(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</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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;  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus or Receivables Purchase Agreement, Schedule 2, definition of "Eligible Debtor"</p> <p>(c) is not insolvent or subject to insolvency proceedings;</p> <p>(d) is not in default under any other loan or financing advanced by any of the Sellers;</p> <p>(e) it is not included in RAI, Experian or ASNEF (Equifax);</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>   |                         |   |
| <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |

**4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))*****Credit registry***

43. The requirement referred to in Article 20(11)(b) of Regulation (EU) 2017/2402 should be limited to exposures to debtors or guarantors to which both of the following requirements apply at the time of origination of the underlying exposure:

- (a) the debtor or guarantor is explicitly flagged in a credit registry as an entity with adverse credit history due to negative status or negative information stored in the credit registry;
- (b) the debtor or guarantor is on the credit registry for reasons that are relevant to the purposes of the credit risk assessment.

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| 30  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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:</p> <p>(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>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>(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>(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) 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>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, Regulatory Requirements, Adverse selection - Information on credit risk profile of the Receivables</p> <p>Each Seller has confirmed that Receivables sold by it or to be sold by it, to the Issuer have not been, and will not be, selected to be sold to the Issuer with the aim of rendering losses on the Receivables sold to the Issuer, measured over a period of four (4) years, higher than the losses over the same period on comparable Receivables held on the balance sheet of the relevant Seller.</p> <p>See also Prospectus, THE RECEIVABLES, PORTFOLIO, Eligible Receivables</p> <p>(kk) the Receivable does not qualify as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/2013</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>   |                         |   |
| <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(e) Interpretation of the term 'significantly higher risk of contractually agreed payments not being made for comparable exposures': the term should be interpreted with a similar meaning to the requirement aiming to prevent adverse selection of assets referred to in Article 6(2) of Regulation (EU) 2017/2402, and further specified in the Article 16(2) of the Delegated Regulation specifying in greater detail the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/24027, given that in both cases the requirement (i) aims to prevent adverse selection of underlying exposures and (ii) relates to the comparison of the credit quality of exposures transferred to the SSPE and comparable exposures that remain on the originator's balance sheet. To facilitate the interpretation, a list is given of examples of how to achieve compliance with the requirement.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |

**4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))**

***Risk of contractually agreed payments not being made being significantly higher than for comparable exposures***

44. For the purposes of Article 20(11)(c) of Regulation (EU) 2017/2402, the exposures should not be considered to have a 'credit assessment of 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' when the following conditions apply:

(a) the most relevant factors determining the expected performance of the underlying exposures are similar;

(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.

45. The requirement in the previous paragraph should be considered to have been met where either of the following applies:

(a) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or classified to the similar effect under the relevant accounting principles;

(b) the underlying exposures do not include exposures whose credit quality, based on credit ratings or other credit quality thresholds, significantly differs from the credit quality of comparable exposures that the originator originates in the course of its standard lending operations and credit risk strategy.

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| 31   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>  |                         |   |
| 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>STS criteria</b>  |                         |   |
| 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.   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p><i>For Factoring Receivables and PN Receivables, this criterion shall not be applicable as these are payable in one single instalment.</i></p> <p><i>Loan Agreements and Loan Receivables under such Loan Agreements are all repayable in a maximum of 364 days, meaning the criterion of at least one payment having been made does not apply.</i></p> <p>"Loan Agreements", are fixed-rate interest loan agreements entered into by a Seller and a client (a "Loan Debtor" with a maximum initial legal maturity of 364 days and are repayable at maturity or in monthly instalments.</p> <p>See Prospectus, definition of "Eligible Receivables"</p> <p>(cc) if a Loan Receivable, the loan made available under the relevant Loan Agreement has a maximum initial legal maturity of 364 days and is repayable within a maximum of 12 months at maturity or in monthly instalments, has been fully advanced by the Seller to the relevant Debtor, such loan amount having not been retained in whole or in part by the Seller (other than for the purposes of payment of interest, fees and expenses owed under such Loan Receivable);</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>At least one payment made (Article 20(12))</b>  |                         |   |
| 41. STS securitisations should minimise the extent to which investors are required to analyse and assess fraud and operational risk. At least one payment should therefore be made by each underlying borrower at the time of transfer, since this reduces the likelihood of the loan being subject to fraud or operational issues, unless in the case of revolving securitisations in which the distribution of securitised exposures is subject to constant changes because the securitisation relates to exposures payable in a single instalment or with an initial legal maturity of an exposure of below one year.   |                         |   |
| 42. To facilitate consistent interpretation of this criterion, its scope and the types of payments referred to therein should be further clarified.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>4.6 At least one payment made (Article 20(12))</b>  |                         |   |
| <b>Scope of the criterion</b>  |                         |   |
| 46. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, further advances in terms of an exposure to a certain borrower should not be deemed to trigger a new 'at least one payment' requirement with respect to such an exposure.   |                         |   |
| <b>At least one payment</b>  |                         |   |
| 47. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, the payment referred to in the requirement according to which 'at least one payment' should have been made at the time of transfer should be a rental, principal or interest payment or any other kind of payment.  |                         |   |

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| 32  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 20 - Requirements relating to simplicity</b>   |                         |   |
| <p>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.</p> <p>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.</p>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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.  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Section "THE RECEIVABLES PORTFOLIO AND SERVICING".</p> <p><b><i>In PCS view, this requirement does not apply to the underlying assets, being trade receivables and unsecured loans.</i></b></p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>No predominant dependence on the sale of assets (Article 20(13))</b>   |                         |   |
| <p>43. Dependence of the repayment of the holders of the securitisation positions on the sale of assets securing the underlying exposures increases the liquidity risks, market risks and maturity transformation risks to which the securitisation is exposed. It also makes the credit risk of the securitisation more difficult for investors to model and assess.</p> <p>44. The objective of this criterion is to ensure that the repayment of the principal balance of exposures at the contract maturity – and therefore repayment of the holders of the securitisation positions – is not intended to be predominantly reliant on the sale of assets securing the underlying exposures, unless the value of the assets is guaranteed or fully mitigated by a repurchase obligation.</p> <p>45. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term 'predominant dependence' on the sale of assets securing the underlying exposures should be further interpreted:</p> <p>(i) when assessing whether the repayment of the holders of the securitisation positions is or is not predominantly dependent on the sale of assets, the following three aspects should be taken into account: (i) the principal balance at contract maturity of underlying exposures that depend on the sale of assets securing those underlying exposures to repay the balance; (ii) the distribution of maturities of such exposures across the life of the transaction, which aims to reduce the risk of correlated defaults due to idiosyncratic shocks; and (iii) the granularity of the pool of exposures, which aims to promote sufficient distribution in sale dates and other characteristics that may affect the sale of the underlying exposures.</p> <p>(i) no types of securitisations should be excluded ex ante from the compliance with this criterion and from the STS securitisation as long as they meet all the requirements specified in the guidance. For example, this criterion does not aim to exclude leasing transactions and interest-only residential mortgages from STS securitisation, provided they comply with the guidance provided and all other applicable STS requirements. However, it is expected that commercial real estate transactions, or securitisations where the assets are commodities (e.g. oil, grain, gold), or bonds whose maturity dates fall after the maturity date of the securitisation, would not meet these requirements, as in all these cases it is expected that the repayment is predominantly reliant on the sale of the assets, that other possible ways to repay the securitisation positions are substantially limited, and that the granularity of the portfolio is low.</p> <p>46. With respect to the exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402, it should be ensured that the entity providing the guarantee or the repurchase obligation of the assets securing the underlying exposures is not an empty-shell or defaulted entity, so that it has sufficient loss absorbency to exercise the guarantee of the repurchase of the assets.</p> |                         |   |
| EBA Final non-ABCP STS Guidelines   |                         |   |
| <b>4.7 No Predominant dependence on the sale of assets</b>  |                         |   |
| <b><i>Predominant dependence on the sale of assets</i></b>  |                         |   |
| 48. For the purposes of Article 20(13) of Regulation (EU) 2017/2402, transactions where all of the following conditions apply, at the time of origination of the securitisation in cases of amortising securitisation or during the revolving period in cases of revolving securitisation, should be considered not predominantly dependent on the sale of assets securing the underlying exposures, and therefore allowed:   |                         |   |

(a) the contractually agreed outstanding principal balance, at contract maturity of the underlying exposures that depend on the sale of the assets securing those underlying exposures to repay the principal balance, corresponds to no more than 50% of the total initial exposure value of all securitisation positions of the securitisation;

(b) the maturities of the underlying exposures referred to in point (a) are not subject to material concentrations and are sufficiently distributed across the life of the transaction;

(c) the aggregate exposure value of all the underlying exposures referred to in point (a) to a single obligor does not exceed 2% of the aggregate exposure value of all underlying exposures in the securitisation.

49. Where there are no underlying exposures in the securitisation that depend on the sale of assets to repay their outstanding principal balance at contract maturity, the requirements in paragraph 48 should not apply.

***Exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402***

50. The exemption referred to in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402 with regard to the repayment of holders of securitisation positions whose underlying exposures are secured by assets, the value of which is guaranteed or fully mitigated by a repurchase obligation of either the assets securing the underlying exposures or of the underlying exposures themselves by another third party or parties, the seller or the third parties should meet both of the following conditions:

(a) they are not insolvent;

(b) there is no reason to believe that the entity would not be able to meet its obligations under the guarantee or the repurchase obligation.



20.14. EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory standards further specifying which underlying exposures referred to in paragraph 8 are deemed to be homogeneous. EBA shall submit those draft regulatory standards to the Commission by 18 July 2018.

The Commission is empowered to supplement this Regulation by adopting the regulatory technical standards referred to in this paragraph in accordance with the procedure laid down in Articles 10 to 14 of Regulation (EU) No 1093/2010.

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| 33   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| 21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.   |                         |   |
| <b>Verified?</b>   | <b>Yes</b>              |   |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, REGULATORY REQUIREMENTS, EU Risk Retention</p> <p>EU Risk Retention</p> <p>Gedesco Factoring, S.L.U., as originator under paragraph (a) of the definition of “Originator” set out in Article 2(3) of the Securitisation Regulation, will retain on an ongoing basis a material net economic interest of not less than 5% in the securitisation as required by Article 6(1) of the Securitisation Regulation (as such article is interpreted and applied on the date hereof and not taking into account any relevant national measures). As at the Issue Date and while any of the Notes remain Outstanding, such interest will comprise the retention of the Class Z Notes by Gedesco Factoring, S.L.U. which will equal no less than 5 per cent. of the nominal value of the securitised exposures, in accordance with Article 6(3)(d) of the Securitisation Regulation (the “Retained Interest”).</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Risk retention (Article 21(1))</b>  |                         |   |
| 47. The main objective of the risk retention criterion is to ensure an alignment between the originators’/sponsors’/original lenders’ and investors’ interests, and to avoid application of the originate-to-distribute model in securitisation.   |                         |   |
| 48. The content of the criterion is deemed sufficiently clear that no further guidance in addition to that provided by the Delegated Regulation further specifying the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/2402 is considered necessary.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 34   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| 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.  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>The interest rate is mitigated due to the short-dated maturity dates of the receivables in the portfolio. The Funding Discount is calculated on each purchase date and applied as part of the Purchase Price of the Receivables.</p> <p>See Prospectus, Overview of the Transaction Documents, Receivables Sale Agreement, Consideration</p> <p>The Issuer shall pay a purchase price in respect of the sale of each portfolio of Receivables.</p> <p>The purchase price (the "Purchase Price") shall be, on any determination date, in relation to the Initial Receivables Portfolio or any Additional Receivables Portfolio, an amount equal to the lowest of:</p> <p>(a) the net amount (after deducting applicable haircuts, fees, commissions and/or other similar amounts) of finance provided by the relevant Seller in respect of the Receivables in the relevant Receivables Portfolio pursuant to the Funding Documents under which those Receivables arose or were acquired as specified by the Offer Agent in the relevant Offer; and</p> <p>(b) an amount equal to the aggregate Outstanding Balance of the Receivables comprised in the relevant Receivables Portfolio multiplied by a percentage equal to 100 per cent. minus the Minimum Discount, less an amount equal to the product of the Loss Absorption Percentage and the aggregate Outstanding Balance of the Receivables in the Portfolio.</p> <p>"Minimum Discount" means the percentage being the aggregate of the following percentages:</p> <p>(a) the Expenses Discount; and</p> <p>(b) the Funding Discount;</p> <p>"Funding Discount" means on any Purchase Date, the Weighted Average Interest Rate of the Rated Notes on such date multiplied by the weighted average Remaining Term (in days) of the Receivables comprised in the Receivable Sub-Portfolio being purchased on such Purchase Date, divided by 360;</p> <p>See also Prospectus, definition of "Portfolio Requirements"</p> <p>(k) the Outstanding Balance of Receivables comprised in the Combined Receivables Portfolio with Remaining Term greater than 180 days as a proportion of the Total Assets shall not be greater than 40%;</p> <p>(l) the Outstanding Balance of Receivables comprised in the Combined Receivables Portfolio with Remaining Term greater than 90 days and less than or equal to 180 days as a proportion of the Total Assets shall not be greater than 50%;</p> <p>(m) the Outstanding Balance of Receivables comprised in the Combined Receivables Portfolio with Remaining Term less than or equal to 90 days as a proportion of the Total Assets shall not be lower than 25%;</p> <p>(n) the Unlevered Annual Return of the Combined Receivables Portfolio should not become less than 10%.</p> <p>See also Prospectus, Risk Factors, 3. OTHER RISKS RELATING TO THE NOTES AND THE STRUCTURE</p> <p>The Issuer has not entered into any interest rate hedging agreement in connection with the Transaction and the Rated Notes and therefore it will be exposed to the interest rate and timing mismatch between assets and liabilities. However, such risk is mitigated through the calculation method of the Receivable Purchase Price payable by the Issuer to the relevant Seller as consideration for the purchase of any Receivable. Calculation of such Receivable Purchase Price on each Purchase Date will depend on the Funding Discount which is determined on the basis of the floating rate payment</p> |                         |   |

obligations of the Issuer under the Rated Notes as at such Purchase Date. As a consequence, any increase of Euribor resulting in an increase of the relevant Rated Note Interest Rate will be mitigated with a lower Receivable Purchase Price. All Receivables are payable within one year of the relevant Purchase Date (with many having shorter maturities) which helps to mitigate the risks associated with rises in EURIBOR after the relevant Purchase Date.

Although the Issuer believes that the structural features of the Transaction and the characteristics of the Receivables Portfolio are such that the credit enhancement furnished by the above elements adequately mitigate the above described interest rate and liquidity risks, there can, however, be no assurance that any such features will ensure timely and full receipt of interest amounts due under the Notes. 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.

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:

- 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.
- 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.
- 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.

***Interest payable by Borrowers on the Assets is an implied fixed rate for each Receivable. The floating rate interest on the notes is hedged naturally, not by entering into any derivative transaction. The short-term nature of the assets (turn-around within 90 days on average) allows for the interest rate to be adjusted when interest rates on the liabilities increase. It is PCS's understanding that the Purchase Price paid by the Issuer to the Seller is the lower of the "net amount" paid by the Seller to the indirect or PN Debtor (a) and the receivables Outstanding Balance less a Minimum Discount, less further Percentages (Loss absorption). The Minimum Discount has two components, the Funding Discount and the Expenses Discount. The Funding Discount Expresses the Interest Rate on the underlying assets varies from Purchase Date to Purchase Date to be able to react to changes in Euribor. PCS has been provided with a calculation example and the cash flows modelled to that purpose for different scenarios.***

***In this context it must also be considered that the Portfolio Requirements limit the weighted average life of the portfolio which, on the one hand, has a theoretical maximum at 231 days, and on the other hand, does not allow further purchases if the Unlevered Annual Return of the Combined Portfolio becomes less than 10%.***

#### **EBA Final non-ABCP STS Guidelines – statements on *background and rationale***

##### **Appropriate mitigation of interest-rate and currency risks (Article 21 (2))**

49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.

50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.

51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.

52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:

- (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;
- (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;
- (c) clarification of the term 'common standards in international finance'.

#### **EBA Final non-ABCP STS Guidelines**

##### **5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))**

###### ***Appropriate mitigation of interest-rate and currency risks***

51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered 'appropriately mitigated', it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.

52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:

- (a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;
- (b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;
- (c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.

53. Where the mitigation of interest-rate and currency risks referred to in Article 21(2) of Regulation (EU) 2017/2402 is carried out not through derivatives but by other risk-mitigating measures, those measures should be designed to be sufficiently robust. When such risk-mitigating measures are used to mitigate multiple risks at the same time, the disclosure required by Article 21(2) of Regulation (EU) 2017/2402 should include an explanation of how the measures hedge the interest-rate risks and currency risks on one hand, and other risks on the other hand.

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| 35   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| 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.  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 35. Currency risks arising from the securitisation shall be appropriately mitigated.   |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| No currency risk may arise in relation to the Receivables transferred to the Issuer as all the amounts under the Funding Documents must be denominated and payable in EUR. In the absence of any currency mismatch, no currency hedging is necessary.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b>  |                         |   |
| 49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.  |                         |   |
| 50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.   |                         |   |
| 51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.   |                         |   |
| 52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:  |                         |   |
| (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;   |                         |   |
| (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;   |                         |   |
| (c) clarification of the term 'common standards in international finance'.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b>  |                         |   |
| 51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered 'appropriately mitigated', it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures. |                         |   |
| 52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:   |                         |   |
| (a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;   |                         |   |
| (b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;   |                         |   |
| (c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.  |                         |   |
| 53. Where the mitigation of interest-rate and currency risks referred to in Article 21(2) of Regulation (EU) 2017/2402 is carried out not through derivatives but by other risk-mitigating measures, those measures should be designed to be sufficiently robust. When such risk-mitigating measures are used to mitigate multiple risks at the same time, the disclosure required by Article 21(2) of Regulation (EU) 2017/2402 should include an explanation of how the measures hedge the interest-rate risks and currency risks on one hand, and other risks on the other hand.  |                         |   |

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|  | 54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed. |
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|           | <b>Article 21 - Requirements relating to standardisation</b>   |   |
|           | 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.  |   |
|           | <b>STS criteria</b>  |   |
|           | 36. Any measures taken to that effect shall be disclosed.  |   |
|           | <b>Verified?</b>   | <b>Yes</b>                                |
|           | <b>PCS Comment</b>   |   |
|           | See point 34 above.  |   |
|           | <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |   |
|           | <b>Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>   |   |
|           | 49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.  |   |
|           | 50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.   |   |
|           | 51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks. |   |
|           | 52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:  |   |
|           | (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;   |   |
|           | (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;   |   |
|           | (c) clarification of the term ‘common standards in international finance’.   |   |
|           | <b>EBA Final non-ABCP STS Guidelines</b>   |   |
|           | <b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>   |   |
|           | 54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed.  |   |

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| 37  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES, No derivative contracts<br/>The Issuer has not entered into and does not intend to enter into any derivatives contracts.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>  |                         |   |
| <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>  |                         |   |
| <b>Derivatives</b>  |                         |   |
| <p>55. For the purpose of Article 21(2) of Regulation (EU) 2017/2402, exposures in the pool of underlying exposures that merely contain a derivative component exclusively serving the purpose of directly hedging the interest-rate or currency risk of the respective underlying exposure itself, which are not themselves derivatives, should not be understood to be prohibited.</p>  |                         |   |



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| 38  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 38. ...Shall ensure that the pool of underlying exposures does not include derivatives.   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus THE RECEIVABLES, PORTFOLIO AND SERVICING, Eligible Receivables<br/>         (ll) it is not a derivative, pursuant to article 21(2) of the Securitisation Regulation;<br/>         See Prospectus, THE RECEIVABLES, PORTFOLIO AND SERVICING, Eligible Claims<br/>         (x) the Claim is not a derivative, pursuant to article 21(2) of the Securitisation Regulation.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>  |                         |   |
| <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>  |                         |   |
| <b>Derivatives</b>  |                         |   |
| 55. For the purpose of Article 21(2) of Regulation (EU) 2017/2402, exposures in the pool of underlying exposures that merely contain a derivative component exclusively serving the purpose of directly hedging the interest-rate or currency risk of the respective underlying exposure itself, which are not themselves derivatives, should not be understood to be prohibited.   |                         |   |

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| 39  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 39. Those derivatives shall be underwritten and documented according to common standards in international finance.  |                         |   |
| <b>Verified?</b>  | <b>Yes</b>              |   |
| <b>PCS Comment</b>  |                         |   |
| The SSPE initially does not enter into any derivative, so this criterion does not apply.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>  |                         |   |
| <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p>  |                         |   |
| <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p>   |                         |   |
| <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> |                         |   |
| <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p>  |                         |   |
| <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p>   |                         |   |
| <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p>   |                         |   |
| <p>(c) clarification of the term 'common standards in international finance'.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</b>  |                         |   |
| <b>Common standards in international finance</b>  |                         |   |
| 56. For the purposes of Article 21(2) of Regulation (EU) 2017/2402, common standards in international finance should include ISDA or similar established national documentation standards.  |                         |   |

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| 40   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| 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>STS criteria</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.   |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p>Assets: See explanation on point 34 above.</p> <p>See also Prospectus, Weighted average Life of the Notes, (q) last two tables</p> <p><b>PCS: the Underlying assets (trade receivables and 364 day loans) have a synthetic fixed rate, stemming from the Funding Discount which is part of the Minimum Discount calculation.</b></p> <p>Liabilities:</p> <p><b>PCS: the payments on the Notes are floating rate, based on 1-month Euribor.</b></p>                            |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Referenced interest payments (Article 21 (3))</b>   |                         |   |
| 53. The objective of this criterion is to prevent securitisations from making reference to interest rates that cannot be observed in the commonly accepted market practice. The credit risk and cash flow analysis that investors must be able to carry out should not involve atypical, complex or complicated rates or variables that cannot be modelled on the basis of market experience and practice.   |                         |   |
| 54. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:  |                         |   |
| (a) the scope of the criterion (by specifying the common types and examples of interest rates captured by this criterion);   |                         |   |
| (b) the term ‘complex formulae or derivatives’.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>5.2 Referenced interest payments (Article 21 (3))</b>   |                         |   |
| <b>Referenced rates</b>  |                         |   |
| 57. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, interest rates that should be considered to be an adequate reference basis for referenced interest payments should include all of the following:   |                         |   |
| (a) interbank rates including the Libor, Euribor and other recognised benchmarks;  |                         |   |
| (b) rates set by monetary policy authorities, including FED funds rates and central banks’ discount rates;   |                         |   |
| (c) sectoral rates reflective of a lender’s cost of funds, including standard variable rates and internal interest rates that directly reflect the market costs of funding of a bank or a subset of institutions, to the extent that sufficient data are provided to investors to allow them to assess the relation of the sectoral rates to other market rates.   |                         |   |
| <b>Complex formulae or derivatives</b>   |                         |   |
| 58. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, a formula should be considered to be complex when it meets the definition of an exotic instrument by the Global Association of Risk Professionals (GARP), which is a financial asset or instrument with features that make it more complex than simpler, plain vanilla, products. A complex formula or derivative should not be deemed to exist in the case of the mere use of interest-rate caps or floors. |                         |   |

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| 41  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(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;</p>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(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;</p>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, CREDIT STRUCTURE AND CASHFLOW, Post-Enforcement Priority of Payments</p> <p>On each Interest Payment Date following the delivery of an Enforcement Notice by the Security Trustee (which has not been revoked) on the Issuer, the Note Trustee (or the Cash Manager on its behalf) will apply all monies standing to the credit of the Bank Accounts and all receipts (however characterised or realised) received by the Issuer and/or the Security Trustee or a Receiver (whether of principal or interest or otherwise) in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full):</p> <p>See Prospectus, Overview, Priority of Payments</p> <p>Following service of an Enforcement Notice on the Issuer, the Security Trustee (or the Cash Manager on its behalf) will apply amounts available for such purpose in accordance with the Post-Enforcement Priority of Payments</p> <p>See also Security Deed:</p> <p><b>Priority of payments - upon enforcement</b></p> <p>After an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Transaction Security will apply amounts received or recovered following enforcement of the Transaction Security in accordance with the Post-Enforcement Priority of Payments set out in Schedule 3 to the Cash Management Agreement</p> <p><b>Please note that Clause 6.4 of the Security Deed allows the Security Trustee to retain proceeds of enforcement in an interest-bearing account post enforcement, but this is only prior to amounts becoming due and payable in respect of any Secured Liabilities</b></p> <p>See also Cash Management Agreement, Schedule 3 for the Post-Enforcement Priority of Payments.</p> <p><b>PCS has reviewed the descriptions of the priorities of payment and found no amount of cash will be trapped following the Service of an Enforcement Notice.</b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>   |                         |   |
| <b>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</b>  |                         |   |
| <p>55. The objective of this criterion is to prevent investors from being subjected to unexpected repayment profiles and to provide appropriate legal comfort regarding their enforceability, for instances where an enforcement or an acceleration notice has been delivered.</p>  |                         |   |

56. STS securitisations should be such that the required investor's risk analysis and due diligence do not have to factor in complex structures of the payment priority that are difficult to model, nor should the investor be exposed to complex changes in such structures throughout the life of the transaction. Therefore, it should be ensured that junior noteholders do not have inappropriate payment preference over senior noteholders that are due and payable.

57. In addition, taking into account that market risk on the underlying collateral constitutes an element of complexity in the risk and due diligence analysis to be carried out by investors, the objective is also to ensure that the performance of STS securitisations does not rely, due to contractual triggers, on the automatic liquidation at market price of the underlying collateral.

58. To facilitate consistent interpretation of this criterion, the scope and operational functioning of conditions specified under letters (a), (b) and (d) of Article 21(4) should be specified further.

#### **EBA Final non-ABCP STS Guidelines**

#### **5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))**

##### ***Exceptional circumstances***

59. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, a list of 'exceptional circumstances' should, to the extent possible, be included in the transaction documentation.

60. Given the nature of 'exceptional circumstances' and in order to allow some flexibility with respect to potential unusual circumstances requiring that cash be trapped in the SSPE in the best interests of investors, where a list of 'exceptional circumstances' is included in the transaction documentation in accordance with paragraph 59, such a list should be non-exhaustive.

##### ***Amount trapped in the SSPE in the best interests of investors***

61. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, the amount of cash to be considered as trapped in the SSPE should be that agreed by the trustee or other representative of the investors who is legally required to act in the best interests of the investors, or by the investors in accordance with the voting provisions set out in the transaction documentation.

62. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, it should be permissible to trap the cash in the SSPE in the form of a reserve fund for future use, as long as the use of the reserve fund is exclusively limited to the purposes set out in Article 21(4)(a) of Regulation (EU) 2017/2402 or to orderly repayment to the investors.

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| <b>42</b>  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| <p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(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;</p> <p>(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;</p>   |                         |   |
| <b>STS criteria</b>  |                         |   |
| 42. 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>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| See Prospectus, <i>CASH MANAGEMENT</i> , Post-Enforcement Priority of Payments or Cash Management Agreement, Schedule 3.   |                         |   |
| <b>PCS notes that the Post-Enforcement Priority of Payments is sequential.</b>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</b>   |                         |   |
| <p>55. The objective of this criterion is to prevent investors from being subjected to unexpected repayment profiles and to provide appropriate legal comfort regarding their enforceability, for instances where an enforcement or an acceleration notice has been delivered.</p> <p>56. STS securitisations should be such that the required investor's risk analysis and due diligence do not have to factor in complex structures of the payment priority that are difficult to model, nor should the investor be exposed to complex changes in such structures throughout the life of the transaction. Therefore, it should be ensured that junior noteholders do not have inappropriate payment preference over senior noteholders that are due and payable.</p> <p>57. In addition, taking into account that market risk on the underlying collateral constitutes an element of complexity in the risk and due diligence analysis to be carried out by investors, the objective is also to ensure that the performance of STS securitisations does not rely, due to contractual triggers, on the automatic liquidation at market price of the underlying collateral.</p> <p>58. To facilitate consistent interpretation of this criterion, the scope and operational functioning of conditions specified under letters (a), (b) and (d) of Article 21(4) should be specified further.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b>  |                         |   |
| <b>Repayment</b>   |                         |   |
| <p>63. The requirements in Article 21(4)(b) of Regulation (EU) 2017/2402 should be understood as covering only the repayment of the principal, without covering the repayment of interest.</p> <p>64. For the purposes of Article 21(4)(b) of Regulation (EU) 2017/2402, non-sequential payments of principal in a situation where an enforcement or an acceleration notice has been delivered should be prohibited. Where there is no enforcement or acceleration event, principal receipts could be allowed for replenishment purposes pursuant to Article 20(12) of that Regulation.</p>  |                         |   |

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| 43  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(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;</p> <p>(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;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 43. Repayment of the securitisation positions shall not be reversed with regard to their seniority; and   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| See point 42 above.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
|   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(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;</p> <p>(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;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p>(d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 44. No provisions shall require automatic liquidation of the underlying exposures at market value.  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>Upon the occurrence of an Event of Default the Note Trustee may serve an Enforcement Notice at its absolute discretion following the occurrence of an Event of Default, but shall have no obligation to do so unless so directed in writing by the holders of at least one-fifth in aggregate Principal Amount Outstanding of the Controlling Class or if so directed by an Extraordinary Resolution of the holders of the Controlling Class.</p> <p><i>PCS has reviewed the relevant triggers, as partially outlined above, and concluded that no provision allows for automatic liquidation.</i></p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>   |                         |   |
|   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <p><b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b></p> <p><b>Liquidation of the underlying exposures at market value</b></p> <p>65. For the purposes of Article 21(4)(d) of Regulation (EU) 2017/2402, the investors' decision to liquidate the underlying exposures at market value should not be considered to constitute an automatic liquidation of the underlying exposures at market value.</p>   |                         |   |



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| 45  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>21.5. 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>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| <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>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>Not applicable for this transaction since the priority of payments is always sequential (see Prospectus, Ranking).</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Non-sequential priority of payments (Article 21(5))</b>  |                         |   |
| <p>59. The objective of this criterion is to ensure that non-sequential (pro rata) amortisation should be used only in conjunction with clearly specified contractual triggers that determine the switch of the amortisation scheme to a sequential priority, safeguarding the transaction from the possibility that credit enhancement is too quickly amortised as the credit quality of the transaction deteriorates, thereby exposing senior investors to a decreasing amount of credit enhancement.</p> <p>60. To facilitate consistent interpretation of this criterion, a non-exhaustive list of examples of performance-related triggers that may be included is provided in the guidance.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.4 Non-sequential priority of payments (Article 21(5))</b>  |                         |   |
| <b>Performance-related triggers</b>   |                         |   |
| <p>66. For the purposes of Article 21(5) of Regulation (EU) 2017/2402, the triggers related to the deterioration in the credit quality of the underlying exposures may include the following:</p> <ul style="list-style-type: none"> <li>(a) with regard to underlying exposures for which a regulatory expected loss (EL) can be determined in accordance with Regulation (EU) 575/2013 or other relevant EU regulation, cumulative losses that are higher than a certain percentage of the regulatory one-year EL on the underlying exposures and the weighted average life of the transaction;</li> <li>(b) cumulative non-matured defaults that are higher than a certain percentage of the sum of the outstanding nominal amount of tranche held by the investors and the tranches that are subordinated to them;</li> <li>(c) the weighted average credit quality in the portfolio decreasing below a given pre-specified level or the concentration of exposures in high credit risk (probability of default) buckets increasing above a pre-specified level.</li> </ul> |                         |   |

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| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| 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:   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 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:   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| See Prospectus, GLOSSARY OF TERMS, definition of "Amortisation Trigger Event".  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Early amortisation provisions/triggers for termination of the revolving period (Article 21 (6))</b>  |                         |   |
| <p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21 (6))</b>  |                         |   |
| <b><i>Insolvency-related event with regard to the servicer</i></b>  |                         |   |
| <p>67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:</p> <p>(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;</p> <p>(b) it should trigger the termination of the revolving period.</p>  |                         |   |

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| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| <p>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:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>47. 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>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, GLOSSARY OF TERMS, definition of "Amortisation Trigger Event".</p> <p>(g) if on any Calculation Date and with reference to the immediately preceding Calculation Period, the Three Months Rolling Average Default Ratio is higher than 10 per cent. for three consecutive Calculation Dates;</p> <p>(l) breach in the Portfolio Requirements occurs and continues unremedied for 30 Business Days;</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>  |                         |   |
| <p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> |                         |   |
| <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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:</p> <ul style="list-style-type: none"> <li>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</li> <li>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</li> </ul>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>48. 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> <ul style="list-style-type: none"> <li>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</li> </ul>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, GLOSSARY OF TERMS, definition of Amortisation Trigger Event.</p> <ul style="list-style-type: none"> <li>(d) the occurrence of a Material Adverse Change which would likely affect or impede the ability of any Seller to perform its obligations;</li> <li>(e) the Cross-Default of any Seller;</li> <li>(f) any expropriation, attachment, Sequestration, distress or execution affecting any asset or assets of any Seller for an amount in excess of EUR 10,000,000;</li> </ul>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>   |                         |   |
| <p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>   |                         |   |
| <b><i>Insolvency-related event with regard to the servicer</i></b>  |                         |   |
| <p>67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:</p> <ul style="list-style-type: none"> <li>(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;</li> <li>(b) it should trigger the termination of the revolving period.</li> </ul>   |                         |   |

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| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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:</p> <ul style="list-style-type: none"> <li>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</li> <li>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</li> <li>(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</li> </ul>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>49. 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> <ul style="list-style-type: none"> <li>(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</li> </ul>  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, GLOSSARY OF TERMS, definition of Amortisation Trigger Event.</p> <p>(h) if there has been an outstanding debit on the Class F Principal Deficiency Sub-Ledger for more than two Interest Payment Dates (after applying Available Revenue Receipts in accordance with the Pre-enforcement Revenue Priority of Payments on such Interest Payment Dates);</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>   |                         |   |
| <p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| <p>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:</p> <ul style="list-style-type: none"> <li>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</li> <li>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</li> <li>(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</li> <li>(d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</li> </ul>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>50. 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> <ul style="list-style-type: none"> <li>(d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</li> </ul>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, GLOSSARY OF TERMS, definition of "Amortisation Trigger Event".</p> <ul style="list-style-type: none"> <li>(k) no transfer of Additional Receivables Portfolio is made to the Issuer during a period longer than 3 months;</li> </ul>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <p><b>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b></p> <p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>21.7. 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>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>51. 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>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>The Transaction Documents provide for the contractual obligations, duties and responsibilities of the servicer and other ancillary service providers, in particular:</p> <ul style="list-style-type: none"> <li>- the Servicing Agreement sets out the contractual provisions applying to the Servicer;</li> <li>- the Back-Up Servicing Agreement sets out the contractual provisions applying to the Back-Up Servicer;</li> <li>- the Trust Deed sets out the contractual provisions applying to the Note Trustee;</li> <li>- the Security Deed sets out the contractual provisions applying to the Security Trustee;</li> <li>- the Cash Management Agreement sets out the contractual provisions applying to the Cash Manager;</li> <li>- the Agency Agreement sets out the contractual provisions applying to the Principal Paying Agent and the Agent Bank;</li> <li>- the Account Bank Agreement sets out the contractual provisions applying to the Issuer Account Bank;</li> <li>- the Seller Account Bank Agreement sets out the contractual provisions applying to the Seller Account Bank; and</li> <li>- the Corporate Services Agreement sets out the contractual provisions applying to the Corporate Services Provider.</li> </ul> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Transaction Documentation (Article 21 (7))</b>   |                         |   |
| <p>63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.</p> <p>64. This criterion is considered sufficiently clear and no further guidance is considered necessary.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| <p>21.7. 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>                     |                         |   |
| <b>STS criteria</b>  |                         |   |
| 52. (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  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Servicing Agreement, 15.3 Servicer to continue to act upon removal or resignation</p> <p>15.3 Upon any removal or resignation of the Servicer, the existing Servicer will continue to act in such capacity until the Back-up Servicer or a Successor Servicer appointed in accordance with Clause 16 has assumed responsibility for the performance of the Services.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Transaction Documentation (Article 21 (7))</b>  |                         |   |
| <p>63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.</p> <p>64. This criterion is considered sufficiently clear and no further guidance is considered necessary.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>21.7. The transaction documentation shall clearly specify:</p> <ul style="list-style-type: none"> <li>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</li> <li>(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</li> <li>(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.</li> </ul>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 53. (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.   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Bank Account Agreement, 11.1, Termination Events</p> <p>(iii) if an Insolvency Event occurs in relation to the Issuer Account Bank;</p> <p>See Prospectus, Triggers Table, Issuer Account Bank</p> <p>If the Issuer Account Bank breaches the minimum rating requirements, the Issuer shall use reasonable endeavours to close the accounts and transfer the accounts to a successor institution (which meets the minimum rating requirements) within a period not exceeding 30 calendar days from the first day on which such downgrade occurred.</p> <p>See Prospectus, Triggers Table, Seller Collection Account Bank:</p> <p>...Seller Collection Account Bank ceases to have the Seller Collection Account Bank Ratings, within 30 calendar days of such downgrade, in each case as prescribed and within the time limits as set out in the Servicing Agreement, transfer all direct debit mandates to such replacement collection account....</p> <p>See Prospectus, Risk Factors, 3. OTHER RISKS RELATING TO THE NOTES AND THE STRUCTURE, second paragraph</p> <p>...The Issuer has not entered into any interest rate hedging agreement in connection with the Transaction and the Rated Notes</p> <p>See Prospectus, CREDIT STRUCTURE AND LIQUIDITY, Liquidity Provider</p> <p>There is no liquidity provider in the Transaction.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Transaction Documentation (Article 21 (7))</b>   |                         |   |
| <p>63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.</p> <p>64. This criterion is considered sufficiently clear and no further guidance is considered necessary.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |

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| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| <p>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.</p>   |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised</p>   |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p>Gedesco Services Spain, S.A.U. will act as servicer of the exposures in accordance with the Servicing Agreement, as long as no Servicer Termination Event has occurred. Gedesco Services Spain, S.A.U. shall recover amounts from the relevant debtors in accordance with the Collection Policy.</p> <p><b>PCS has conducted a detailed due diligence of GEDESCO Servicers Spain regarding its experience in Origination, Underwriting and Servicing. PCS has also reviewed Due Diligence materials from GEDESCO and the Prospectus sets out the Policies and Procedures.</b></p> <p><b>GEDESCO is neither prudentially regulated, nor does it have a Servicer Ranking. GEDESCO was founded in 2001. GEDESCO has many years of experience in the same asset class. Gedesco is the largest independent receivables finance specialist in Spain offering factoring and promissory note finance to small / medium SMEs, with total sales (lending volumes) over 2017 of c. €625m and YTD Sales of €319m (as of June 2018)</b></p> <p><b>TORO Finance SLU was founded in 2014 to provide the slightly larger SME companies with Financing. The staff at TORO only dedicate themselves to origination, while the GEDESCO SERVICES company is in charge of the underwriting (rating system etc.), Monitoring and Servicing. Policies and Procedures, which apply to every single Seller of the transaction, were made available to PCS</b></p> <p><b>A Back-up Servicer, Copernicus, has been put in place (see also Back-up Servicing Agreement). Copernicus is an experienced company in providing similar services, focused mainly on the NPL and distressed debt area.</b></p> <p><b>PCS has taken comfort in the fact that the individuals responsible for the origination and underwriting have many years of experience and the underwriting and servicing is set up in a very similar way to a prudentially regulated institution's SME or Factoring business. Also, PCS notes, that, although there are several sellers, the servicing is all conducted by the same legal entity on behalf of the different sellers, including Toro, which has a Service level Agreement with Gedesco Services, though not formally consolidated within Gedesco Group.</b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Expertise of the Servicer (Article 21 (8))</b>  |                         |   |
| <p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p>  |                         |   |
| <p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p>   |                         |   |
| <p>(a) criteria for determining the expertise of the servicer;</p>   |                         |   |
| <p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p>  |                         |   |

67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.

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#### **5.8 Expertise of the servicer (Article 21 (8))**

##### ***Criteria for determining the expertise of the servicer***

68. For the purposes of determining whether a servicer has expertise in servicing exposures of a similar nature to those securitised in accordance with Article 21(8) of Regulation (EU) 2017/2402, both of the following should apply:

- (a) the members of the management body of the servicer and the senior staff, other than members of the management body, responsible for servicing exposures of a similar nature to those securitised should have adequate knowledge and skills in the servicing of exposures similar to those securitised;
- (b) any of the following principles on the quality of the expertise should be taken into account in the determination of the expertise:
  - (i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;
  - (ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;
  - (iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of servicing the exposures should be appropriate;
  - (iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to the servicing of similar exposures to those securitised.

69. A servicer should be deemed to have the required expertise where either of the following applies:

- (a) the business of the entity, or of the consolidated group, to which the entity belongs, for accounting or prudential purposes, has included the servicing of exposures of a similar nature to those securitised, for at least five years;
- (b) where the requirement referred to in point (a) is not met, the servicer should be deemed to have the required expertise where they comply with both of the following:
  - (i) at least two of the members of its management body have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at personal level, of at least five years;
  - (ii) senior staff, other than members of the management body, who are responsible for managing the entity's servicing of exposures of a similar nature to those securitised, have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at a personal level, of at least five years;
  - (iii) the servicing function of the entity is backed by the back-up servicer compliant with point (a).

70. For the purpose of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.

##### ***Exposures of similar nature***

71. For the purposes of Article 21(8) of Regulation (EU) 2017/2402, interpretation of the term 'exposures of similar nature' should follow the interpretation provided in paragraph 23 above.

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| 55   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| 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>STS criteria</b>  |                         |   |
| 55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.  |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, SERVICING OF RECEIVABLES AND COLLECTION POLICY, whole section.</p> <p>See Servicing Agreement, also 13. Covenants of Servicer.</p> <p>See also Prospectus, THE SERVICER</p> <p><b>PCS has conducted a due diligence of Gedesco Services Spain S.A.U. regarding its experience in Origination, Underwriting and Servicing. PCS has reviewed Due Diligence materials from Gedesco and considered the representations given by the Originator and Servicer in the Prospectus and Servicing Agreement.</b></p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <p><b>Expertise of the Servicer (Article 21 (8))</b></p> <p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p> <p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) criteria for determining the expertise of the servicer;</p> <p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p> <p>67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <p><b>Expertise of the Servicer (Article 21 (8))</b></p> <p><b>Well-documented and adequate policies, procedures and risk management controls</b></p> <p>72. For the purposes of Article 21(8) of Regulation (EU) 2017/2402, the servicer should be considered to have well documented and adequate policies, procedures and risk management controls relating to servicing of exposures' where either of the following conditions is met:</p> <p>(a) The servicer is an entity that is subject to prudential and capital regulation and supervision in the Union and such regulatory authorisations or permissions are deemed relevant to the servicing;</p> <p>(b) The servicer is an entity that is not subject to prudential and capital regulation and supervision in the Union, and a proof of existence of well-documented and adequate policies and risk management controls is provided that also includes a proof of adherence to good market practices and reporting capabilities. The proof should be substantiated by an appropriate third-party review, such as by a credit rating agency or external auditor.</p>   |                         |   |

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| 56  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| 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>STS criteria</b>   |                         |   |
| 56. The transaction documentation shall set out in clear and consistent terms definitions   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| See Prospectus, SERVICING OF RECEIVABLES AND COLLECTION POLICY, whole section.<br>See 57 below.<br><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Remedies and actions related to delinquency and default of debtor (Article 21 (9))</b>   |                         |   |
| 68. Investors should be in a position to know, when they receive the transaction documentation, what procedures and remedies are planned in the event that adverse credit events affect the underlying exposures of the securitisation. Transparency of remedies and procedures, in this respect, allows investors to model the credit risk of the underlying exposures with less uncertainty. In addition, clear, timely and transparent information on the characteristics of the waterfall determining the payment priorities is necessary for the investor to correctly price the securitisation position.<br>69. To facilitate consistent interpretation of this criterion, the terms 'in clear and consistent terms' and 'clearly specify' should be further clarified. |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.7 Remedies and actions related to delinquency and default of debtor (Article 21 (9))</b>   |                         |   |
| <b><i>Clear and consistent terms</i></b>  |                         |   |
| For the purposes of Article 21(9) of Regulation (EU) 2017/2402, to 'set out clear and consistent terms' and to 'clearly specify' should be understood as requiring that the same precise terms are used throughout the transaction documentation in order to facilitate the work of investors.  |                         |   |

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| 57   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>57. 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>   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Servicing Agreement<br/>         Subtitle: Enforcement of Receivables and the Claims</p> <p>See also Prospectus, Collection Policy Overview</p> <p>The Collection Policy of the Servicer which is in force as at the Issue Date, includes provisions on the steps which the Servicer takes in connection with the servicing of receivables similar to the Receivables and the Ancillary Rights (and the Claims) included in the Receivables Portfolio, including steps aimed at the recovery of amounts due following a non-payment by a Debtor, both out-of-court and through the court recovery process. A brief summary of these procedures is given below</p> <p>Description of “Amicable Procedure” and “Legal Procedure”</p> <p><b><i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met and adequately described in the context of this asset class.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Remedies and actions related to delinquency and default of debtor (Article 21 (9))</b>  |                         |   |
| <p>68. Investors should be in a position to know, when they receive the transaction documentation, what procedures and remedies are planned in the event that adverse credit events affect the underlying exposures of the securitisation. Transparency of remedies and procedures, in this respect, allows investors to model the credit risk of the underlying exposures with less uncertainty. In addition, clear, timely and transparent information on the characteristics of the waterfall determining the payment priorities is necessary for the investor to correctly price the securitisation position.</p> <p>69. To facilitate consistent interpretation of this criterion, the terms ‘in clear and consistent terms’ and ‘clearly specify’ should be further clarified.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>5.7 Remedies and actions related to delinquency and default of debtor (Article 21 (9))</b>  |                         |   |
| <b><i>Clear and consistent terms</i></b>   |                         |   |
| <p>For the purposes of Article 21(9) of Regulation (EU) 2017/2402, to ‘set out clear and consistent terms’ and to ‘clearly specify’ should be understood as requiring that the same precise terms are used throughout the transaction documentation in order to facilitate the work of investors.</p>  |                         |   |

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| 58   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 58. The transaction documentation shall clearly specify the priorities of payment,   |                         |   |
| <b>Verified?</b>   | <b>Yes</b>              |   |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, CREDIT STRUCTURE AND CASH FLOW<br/>         See also Prospectus, CASH MANAGEMENT<br/>         Overview Priorities of Payment<br/>         Pre-Enforcement Priorities of Payment</p> <ul style="list-style-type: none"> <li>a) Pre-Enforcement Revenue Priority of Payments</li> <li>b) Pre-Enforcement Principal Priority of Payments</li> </ul> <p>Post-Enforcement Priorities of Payment<br/>         See also the Cash Management Agreement, Schedule 3.<br/> <i><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b></i></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 59  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.   |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| <p><i>The transaction features a revolving period during which no principal is paid out except for the occurrence of a “Cash Collateral Ratio Trigger Event”. The Revolving Period ends early on the “Amortisation Trigger Event Date”. In all cases the Pre-Enforcement sequential priority of payments apply.</i></p> <p><i>The delivery of an “Enforcement Notice” changes the Priorities of Payment into sequential Post-Enforcement mode. Such Notice is delivered upon occurrence of an “Event of Default”.</i></p> <p><i>PCS notes that all three “Events” described above are clearly documented and defined.</i></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 60  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 60. The transaction documentation shall clearly specify the obligation to report such events.   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, Non-Rating Triggers table, Notification Event</p> <p>See also Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Notification Event</p> <p>Each of the following constitutes a "Notification Event" and their occurrence will trigger the requirement that a notice that a Notification Event has occurred be delivered pursuant to the Receivables Sale Agreement (a "Notification Event Notice"):</p> <p>(f) the occurrence of an Amortisation Trigger Event;</p> <p>(b)The Issuer shall cause any Enforcement Notice served in accordance with Condition 9 (Events of Default) to be notified to all Noteholders without undue delay in compliance with Condition 14 (Notice To Noteholders).</p> <p>See Prospectus, Payments, 5.7 Change in the Priority of Payments</p> <p>5.7. The Issuer shall cause any change in the Priority of Payments (including for the avoidance of doubt the occurrence of an Amortisation Trigger Event terminating the Revolving Period before the Revolving Period End Date) to be notified to all Noteholders without undue delay in compliance with Condition 14 (Notice To Noteholders).</p> <p>See also Prospectus, REGULATORY REQUIREMENTS, Reporting</p> <p>The Reporting Entity has undertaken to procure that:</p> <p>(a) a monthly investor report as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation is published no later than three Business Days following each Interest Payment Date, which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards required under the Securitisation Regulation coming into effect, in the form of the standardised template set out in Annex XII of the Draft Technical Standards and (ii) following the technical standards required under the Securitisation Regulation coming into effect, in the manner required by such technical standards. For the avoidance of doubt, such reporting shall include any change in the Priority of Payments which will materially affect the repayment of the Notes;</p> <p><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 61  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>61. 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.</p>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See criterion 60, above.</p> <p>See Prospectus, Cash Management Agreement, Investor Reports</p> <p>The Cash Manager will prepare and publish monthly Investor Reports. The Investor Reports will include, among other things, the details with respect to the amounts of principal and interest made in respect of the Notes, as well as with respect to other payments made by the Issuer and information about whether the Cash Manager has received from the Note Trustee a copy of any Enforcement Notice. The Investor Reports will be published by the Cash Manager no later than three (3) Business Days following each Interest Payment Date and will be available at the website of the Cash Manager at <a href="http://www.imtitulizacion.com">www.imtitulizacion.com</a>.</p> <p>This a future event:</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.</p> <p><b><i>PCS has reviewed the Prospectus and found an appropriate covenant for this reporting obligation.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 62  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| 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.   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 62. 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   |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| <p><b>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.</b></p> <p>See prospectus, TERMS AND CONDITIONS OF THE NOTES, section 11. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER<br/>         See also TRUST DEED, SCHEDULE 3, PROVISIONS FOR MEETINGS OF NOTEHOLDERS<br/>         a) the method for calling meetings, - see TRUST DEED, schedule 3, section 4, 5<br/>         b) the maximum timeframe for setting up a meeting – see TRUST DEED, schedule 3, section 5<br/>         c) the required quorum - covered in 11.2, 11.3 and 11.4 PROSPECTUS, see also TRUST DEED, schedule 3, sections 6-8<br/>         d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision; covered in PROSPECTUS 11.4, (a),(b),(c),(d),(e),(f),(g) or TRUST DEED, schedule 3, section 11 to 19<br/>         e) where applicable, a location for the meetings which should be in the EU: see TRUST DEED, schedule 3, section 4</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Resolution of conflicts between different classes of investors</b>   |                         |   |
| 70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.   |                         |   |
| 71. To facilitate consistent interpretation of this criterion, the term ‘clear provisions that facilitate the timely resolution of conflicts between different classes of investors’ should be further interpreted.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>5.8 Resolution of conflicts between different classes of investors (Article 20 (10))</b>   |                         |   |
| <b>Clear provisions facilitating the timely resolution of conflicts between different classes of investors</b>  |                         |   |
| 73. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, provisions of the transaction documentation that ‘facilitate the timely resolution of conflicts between different classes of investors’, should include provisions with respect to all of the following:   |                         |   |
| (a) the method for calling meetings or arranging conference calls;<br>(b) the maximum timeframe for setting up a meeting or conference call;<br>(c) the required quorum;<br>(d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision;<br>(e) where applicable, a location for the meetings which should be in the Union.   |                         |   |
| 74. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, where mandatory statutory provisions exist in the applicable jurisdiction that set out how conflicts between investors have to be resolved, the transaction documentation may refer to these provisions.   |                         |   |

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| 63  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 21 - Requirements relating to standardisation</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>   |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| <p>See Criterion 62 above.<br/>         See TRUST DEED. Schedule 3.<br/>         See also Prospectus, TERMS AND CONDITIONS OF THE NOTES, 11. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER, 11.5,11.6,11.7,11.8,11.9</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Resolution of conflicts between different classes of investors (Article 20 (10))</b>   |                         |   |
| <p>70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.<br/>         71. To facilitate consistent interpretation of this criterion, the term ‘clear provisions that facilitate the timely resolution of conflicts between different classes of investors’ should be further interpreted.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 64  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>64. 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,</p>  |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, HISTORICAL DEFAULT AND LOSS PERFORMANCE</p> <p><b>PCS has reviewed the data provided in the Prospectus. Cumulative Historical Data including defaults and losses for the last five years have been provided, split into product types.</b></p> <p><b>The underwriting and servicing procedures are the same for all Sellers, so that the provision of only three years of data for Gedesco Factoring is sufficient, given that the five years of data provided by Gedesco Services Spain is representative.</b></p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <p><b>Data on historical default and loss performance (Article 22(1))</b></p> <p>72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.</p> <p>73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) its application to external data;</p> <p>(b) the term 'substantially similar exposures'.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <p><b>6.1 Data on historical default and loss performance (Article 22(1))</b></p> <p><b>Data</b></p> <p>75. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, where the seller cannot provide data in line with the data requirements contained therein, external data that are publicly available or are provided by a third party, such as a rating agency or another market participant, may be used, provided that all of the other requirements of that article are met.</p> <p><b>Substantially similar exposures</b></p> <p>76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term 'substantially similar exposures' should be understood as referring to exposures for which both of the following conditions are met:</p> <p>(a) the most relevant factors determining the expected performance of the underlying exposures are similar;</p> <p>(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.</p> <p>77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.</p> |                         |   |

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| 65   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| 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.  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.  |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, HISTORICAL DEFAULT AND LOSS PERFORMANCE</p> <p>The table in this section relates to the historical default and loss performance information of (i) Receivables originated by the Sellers in the five-year period between January 2014 and December 2018, which matured prior to 31 May 2019, such selection being made in consideration of the 60-day default definition of Factoring Receivables and the payments/recoveries data available as at the Cut-Off Date and (ii) payments/recoveries collected in the period between January 2014 and July 2019. The table in this section has been prepared by the Reporting Entity and is made available to potential investors for the purposes of Article 22(1) of the Securitisation Regulation.</p> <p>The Receivables to be purchased by the Issuer will have similar characteristics to those of the Receivables analysed for the preparation of the historical default and loss performance information.</p> <p>The table in this section has been prepared by the Reporting Entity and is made available to potential investors for the purposes of Article 22(1) of the Securitisation Regulation. The historical default and loss performance information relating to Gedesco Factoring set out in this section “Historical Default and Loss Performance” of this Prospectus can be considered to be comparable to the historical default and loss performance information of the Sellers other than Gedesco Factoring also set out in this section “Historical Default and Loss Performance”.</p> <p>The Receivables to be purchased by the Issuer will have similar characteristics to those of the Receivables analysed for the preparation of the historical default and loss performance information.</p> <p>In the following table, under the column referring to Product on such table, (i) Direct Lending refers to any Receivable originated under a Promissory Note Program or Loan Agreement, (ii) Promissory Notes refers to any Receivable originated under a Promissory Note Agreement and (iii) Factoring refers to any Receivable originated under a Factoring Agreement.</p> <p>See also “Initial Receivables Portfolio”, The Initial Receivables Portfolio transferred on the Issue Date may differ from the Provisional Initial Receivables Portfolio due to new Receivables being originated by the Sellers between 31 July 2019 and the Issue Date, any repayments of Receivables occurring or enforcement procedures being completed or if the Receivables do not comply with the Eligibility Criteria during the period between the Cut-Off Date and the Issue Date.</p> <p><b><i>The underwriting and servicing procedures are the same for all Sellers, so that the provision of only three years of data for Gedesco Factoring is sufficient, given that the five years of data provided by Gedesco Services Spain is representative.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Data on historical default and loss performance (Article 22(1))</b>   |                         |   |
| 72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.   |                         |   |
| 73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:  |                         |   |
| (a) its application to external data;  |                         |   |
| (b) the term ‘substantially similar exposures’.  |                         |   |

**EBA Final non-ABCP STS Guidelines****6.1 Data on historical default and loss performance (Article 22(1))*****Data***

75. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, where the seller cannot provide data in line with the data requirements contained therein, external data that are publicly available or are provided by a third party, such as a rating agency or another market participant, may be used, provided that all of the other requirements of that article are met.

***Substantially similar exposures***

76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term 'substantially similar exposures' should be understood as referring to exposures for which both of the following conditions are met:

- (a) the most relevant factors determining the expected performance of the underlying exposures are similar;
- (b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.

77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.

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| 66   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| <p>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.</p>   |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>66. Those data shall cover a period no shorter than five years.</p>   |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p>See point 64 above.</p> <p><b>PCS notes that the information provided in the Prospectus, as described above, covers a period of 5 years of Origination by all except for one factoring company which has the same underwriting standards and asset type as the sister company Gedesco Services.</b></p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <p>72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.</p> <p>73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) its application to external data;</p> <p>(b) the term ‘substantially similar exposures’.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <p><b>6.1 Data on historical default and loss performance (Article 22(1))</b></p>  |                         |   |
| <b>Data</b>  |                         |   |
| <p>75. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, where the seller cannot provide data in line with the data requirements contained therein, external data that are publicly available or are provided by a third party, such as a rating agency or another market participant, may be used, provided that all of the other requirements of that article are met.</p>   |                         |   |
| <b>Substantially similar exposures</b>   |                         |   |
| <p>76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term ‘substantially similar exposures’ should be understood as referring to exposures for which both of the following conditions are met:</p>   |                         |   |
| <p>(a) the most relevant factors determining the expected performance of the underlying exposures are similar;</p>   |                         |   |
| <p>(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.</p>   |                         |   |
| <p>77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.</p>   |                         |   |



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| 67   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| 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>STS criteria</b>  |                         |   |
| 67. 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,  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| See Prospectus, REGULATORY REQUIREMENTS, Article 22 of the Securitisation Regulation   |                         |   |
| <p>For the purposes of compliance with the requirements stemming from Article 22(2) of the Securitisation Regulation, an agreed upon procedures review of a provisional Receivables Portfolio as at 31 May 2019 was conducted by an appropriate and independent party between 22 July 2019 and 26 July 2019. and the relevant report was issued by such appropriate and independent party on 21 November 2019. For such an agreed upon procedures review - a confidence level of at least 95 per cent. was applied. Such independent third party also conducted a review to verify whether the receivables included in a provisional Receivables Portfolio as at 31 July 2019 satisfied the Eligibility Criteria on the basis of the datatape provided to it. Such a review of the Eligibility Criteria was made on the full provisional Receivables Portfolio as at 31 July 2019. The Issuer confirms that no significant adverse findings have been found. The Issuer confirms that not no significant findings have been found. The independent third party undertaking the review has reported the factual findings to the parties to its engagement letter. The third party undertaking the review only accepts a duty of care to the parties to the engagement letter governing the performance of the agreed upon procedures and to the fullest extent permitted by law shall have no responsibility to anyone else in respect of the work it has performed or the reports it has produced save where terms are expressly agreed. An independent third party has also performed agreed upon procedures in order to verify that the data included in the stratification tables disclosed in this Prospectus in respect of the Provisional Initial Receivables Portfolio is accurate, in accordance with Article 22(2) of the Securitisation Regulation.</p> <p><b><i>PCS has reviewed the results of the auditor verification exercise, the auditor being an appropriate and independent party, including the analysis of the “agreed upon procedures” (AUP) commonly known as a “pool audit”. The eligibility criteria and stratification tables also form part of the verification exercise.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Verification of a sample of the underlying exposures (Article 22 (2))</b>   |                         |   |
| 74. The objective of the criterion is to provide a level of assurance that the data on and reporting of the underlying credit claims or receivables is accurate and that the underlying exposures meet the eligibility criteria, by ensuring checks on the data to be disclosed to the investors by an external entity not affected by a potential conflict of interest within the transaction.  |                         |   |
| 75. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:  |                         |   |
| (a) requirements on the sample of the underlying exposures subject to external verification;   |                         |   |
| (b) requirements on the party executing the verification;  |                         |   |
| (c) scope of the verification;   |                         |   |
| (d) requirement on the confirmation of the verification.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>6.2 Verification of a sample of the underlying exposures (Article 22 (2))</b>   |                         |   |
| <b><i>Sample of the underlying exposures subject to external verification</i></b>  |                         |   |
| 78. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the underlying exposures that should be subject to verification prior to the issuance should be a representative sample of the provisional portfolio from which the securitised pool is extracted and which is in a reasonably final form before issuance.   |                         |   |
| <b><i>Party executing the verification</i></b>   |                         |   |

79. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, an appropriate and independent party should be deemed to be a party that meets both of the following conditions:

- (a) it has the experience and capability to carry out the verification;
- (b) it is none of the following:
  - (i) a credit rating agency;
  - (ii) a third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402;
  - (iii) an entity affiliated to the originator.

**Scope of the verification**

80. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the verification to be carried out based on the representative sample, applying a confidence level of at least 95%, should include both of the following:

- (a) verification of the compliance of the underlying exposures in the provisional portfolio with the eligibility criteria that are able to be tested prior to issuance;
- (b) verification of the fact that the data disclosed to investors in any formal offering document in respect of the underlying exposures is accurate.

**Confirmation of the verification**

81. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, confirmation that this verification has occurred and that no significant adverse findings have been found should be disclosed.

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| 68   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>68. Including verification that the data disclosed in respect of the underlying exposures is accurate.</p>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See also criterion 67 above.</p> <p><i>PCS is not an auditing firm, nor it has, or it has 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.</i></p> <p><i>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.</i></p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <p><b>Verification of a sample of the underlying exposures (Article 22 (2))</b></p> <p>74. The objective of the criterion is to provide a level of assurance that the data on and reporting of the underlying credit claims or receivables is accurate and that the underlying exposures meet the eligibility criteria, by ensuring checks on the data to be disclosed to the investors by an external entity not affected by a potential conflict of interest within the transaction.</p> <p>75. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) requirements on the sample of the underlying exposures subject to external verification;</p> <p>(b) requirements on the party executing the verification;</p> <p>(c) scope of the verification;</p> <p>(d) requirement on the confirmation of the verification.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <p><b>6.2 Verification of a sample of the underlying exposures (Article 22 (2))</b></p> <p><b>Sample of the underlying exposures subject to external verification</b></p> <p>78. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the underlying exposures that should be subject to verification prior to the issuance should be a representative sample of the provisional portfolio from which the securitised pool is extracted and which is in a reasonably final form before issuance.</p> <p><b>Party executing the verification</b></p> <p>79. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, an appropriate and independent party should be deemed to be a party that meets both of the following conditions:</p> <p>(a) it has the experience and capability to carry out the verification;</p> <p>(b) it is none of the following:</p> <p>(i) a credit rating agency;</p> <p>(ii) a third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402;</p> <p>(iii) an entity affiliated to the originator.</p> |                         |   |

**Scope of the verification**

80. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the verification to be carried out based on the representative sample, applying a confidence level of at least 95%, should include both of the following:

- (a) verification of the compliance of the underlying exposures in the provisional portfolio with the eligibility criteria that are able to be tested prior to issuance;
- (b) verification of the fact that the data disclosed to investors in any formal offering document in respect of the underlying exposures is accurate.

**Confirmation of the verification**

81. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, confirmation that this verification has occurred and that no significant adverse findings have been found should be disclosed.

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| 69  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>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.</p>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>69. 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>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, REGULATORY REQUIREMENTS, Article 22 of the Securitisation Regulation</p> <p>The Sellers have provided to potential investors the liability cash flow model as referred to in Article 22(3) of the Securitisation Regulation published on the platform of Intex Solutions available at <a href="https://www.intex.com">https://www.intex.com</a> prior to the pricing of the Notes and will, after the date of this Prospectus, on an ongoing basis make the liability cash flow model published by Intex Solutions available to Noteholders and, upon request, to potential investors in accordance with Article 22(3) of the Securitisation Regulation.</p> <p><b><i>Having seen 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.</i></b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>   |                         |   |
| <b>Liability cashflow model (Article 22(3))</b>   |                         |   |
| <p>76. The objective of this criterion is to assist investors in their ability to appropriately model the cash flow waterfall of the securitisation on the liability side of the SSPE.</p>  |                         |   |
| <p>77. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p>  |                         |   |
| <p>(a) interpretation of the term 'precise' representation of the contractual relationships;</p>  |                         |   |
| <p>(b) implications when the model is provided by third parties.</p>  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
| <b>Liability cash flow model (Article 22(3))</b>  |                         |   |
| <b>Precise representation of the contractual relationship</b>   |                         |   |
| <p>82. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, the representation of the contractual relationships between the underlying exposures and the payments flowing among the originator, sponsor, investors, other parties and the SSPE should be considered to have been done 'precisely' where it is done accurately and with an amount of detail sufficient to allow investors to model payment obligations of the SSPE and to price the securitisation accordingly. This may include algorithms that permit investors to model a range of different scenarios that will affect cash flows, such as different prepayment or default rates.</p>   |                         |   |
| <b>Third parties</b>  |                         |   |
| <p>83. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, where the liability cash flow model is developed by third parties, the originator or sponsor should remain responsible for making the information available to potential investors.</p>  |                         |   |

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| 70   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p><b>See criterion 70 above.</b></p> <p>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.</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.</p> <p><b>PCS notes the existence of such covenant in the Prospectus, see criterion above.</b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
| <b>Liability cashflow model (Article 22(3))</b>  |                         |   |
| 76. The objective of this criterion is to assist investors in their ability to appropriately model the cash flow waterfall of the securitisation on the liability side of the SSPE.  |                         |   |
| 77. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:  |                         |   |
| (a) interpretation of the term 'precise' representation of the contractual relationships;  |                         |   |
| (b) implications when the model is provided by third parties.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>Liability cash flow model (Article 22(3)) <i>Precise representation of the contractual relationship</i></b>   |                         |   |
| 82. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, the representation of the contractual relationships between the underlying exposures and the payments flowing among the originator, sponsor, investors, other parties and the SSPE should be considered to have been done 'precisely' where it is done accurately and with an amount of detail sufficient to allow investors to model payment obligations of the SSPE and to price the securitisation accordingly. This may include algorithms that permit investors to model a range of different scenarios that will affect cash flows, such as different prepayment or default rates.   |                         |   |
| <b>Third parties</b>   |                         |   |
| 83. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, where the liability cash flow model is developed by third parties, the originator or sponsor should remain responsible for making the information available to potential investors.  |                         |   |

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| 71   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| 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).  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 71. 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).  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| This requirement does not apply to this transaction, since it is a trade receivables securitisation.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
| <b>Environmental performance of assets (Article 22(4))</b>   |                         |   |
| 78. It should be clarified that this is a requirement of disclosure about the energy efficiency of the assets when this information is available to the originator, sponsor or SSPE, rather than a requirement for a minimum energy efficiency of the assets.  |                         |   |
| 79. To facilitate consistent interpretation of this criterion, the term ‘available information related to the environmental performance’ should be further clarified.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
| <b>Environmental performance of assets (Article 22(4))</b>   |                         |   |
| <b><i>Available information related to the environmental performance</i></b>   |                         |   |
| 84. This requirement should be applicable only if the information on the energy performance certificates for the assets financed by the underlying exposures is available to the originator, sponsor or the SSPE and captured in its internal database or IT systems. Where information is available only for a proportion of the underlying exposures, the requirement should apply only in respect of the proportion of the underlying exposures for which information is available. |                         |   |

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| 72  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| 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. |                         |   |
| <b>STS criteria</b>   |                         |   |
| 72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| See Prospectus, 11. Reporting under the EU Securitisation Regulation<br>Pursuant to Article 22(5) of the Securitisation Regulation, each Seller is responsible for compliance with Article 7 of the Securitisation Regulation.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
| <b>Compliance with transparency requirements</b>  |                         |   |
| 80. The objective of this criterion is to ensure that investors have access to the data that are relevant for them to carry out the necessary risk and due diligence analysis with respect to the investment decision.  |                         |   |
| 81. The criterion is deemed sufficiently clear and not requiring any further clarification.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 73  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>73. 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>   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, <i>REGULATORY REQUIREMENTS</i>, Reporting under the Securitisation Regulation</p> <p>(b) on a monthly basis, certain receivable by receivable information in relation to the Receivables Portfolio in respect of the preceding Collection Period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation is published no later than one month following each Interest Payment Date, which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards required under the Securitisation Regulation coming into effect, in the form of the standardised template set out in Annex IV of the Draft Technical Standards and (ii) following the technical standards required under the Securitisation Regulation coming into effect, in the manner required by such technical standards;</p> <p>The Reporting Entity (or the Reporting Agent on its behalf) has confirmed that it has made (in respect of information required to be made available, upon request, to potential investors of the Notes before pricing of the Notes before pricing of the Notes) and has undertaken that it will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes, by arranging for it to be published on the website of European Data Warehouse at <a href="https://eurodw.eu">https://eurodw.eu</a>, being a website which conforms with the requirements set out in Article 7(2) of the Securitisation Regulation.</p> <p>See Prospectus, GENERAL INFORMATION, 11. Reporting under the EU Securitisation Regulation</p> <p>(c) that the information required to be provided under Article 7(1)(a) pursuant to Article 22(5) of the Securitisation Regulation has been made available, upon request, to potential investors prior to the pricing of the Notes,</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 74  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>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.</p>  |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>74. 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>  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, <i>REGULATORY REQUIREMENTS</i>, Reporting under the Securitisation Regulation</p> <p>(d) before pricing of the Notes (in at least draft or initial form) and within 15 days of the issuance of the Notes (in final form), copies of the STS Notification, the Transaction Documents and this Prospectus are made available.</p> <p>See Prospectus, GENERAL INFORMATION, 11. Reporting under the EU Securitisation Regulation</p> <p>The Reporting Entity has confirmed that:</p> <p>(a) the information required to be provided under Article 7(1)(d) of the Securitisation Regulation has been made available to potential investors (in draft form, if applicable) prior to the pricing of the Notes (and will procure that such information shall be made available in final form within 15 days following the Issue Date);</p> <p>(b) copies of the documents required pursuant to Article 7(1)(b) of the Securitisation Regulation (including the Transaction Documents, this Prospectus and any supplements thereto) have been made available (in draft form, if applicable) prior to the pricing of the Notes (and will procure that such copies will be made available in final form within 15 days following the Issue Date); and</p> <p>The Reporting Entity will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes subject, in each case, to the extent required by and in accordance with Article 7(1) of the Securitisation Regulation and to any relevant guidelines issued by EBA.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 75   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| <p>The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p>  |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, <i>GENERAL INFORMATION</i>, 11. Reporting under the EU Securitisation Regulation</p> <p>The Reporting Entity will also procure:</p> <ul style="list-style-type: none"> <li>(a) the publication of any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay;</li> <li>(b) that the information required to be provided under Article 7(1)(d) of the Securitisation Regulation shall be made available to potential investors prior to the pricing of the Notes; and</li> <li>(c) that copies of the documents required pursuant to Article 7(1)(b) of the Securitisation Regulation (including the Transaction Documents, this Prospectus and any supplements thereto) are made available (in draft form, if applicable) prior to the pricing of the Notes (and in final form within 15 days following the Issue Date),</li> </ul> <p>See Prospectus, <i>REGULATORY REQUIREMENTS</i>, Reporting under the Securitisation Regulation</p> <ul style="list-style-type: none"> <li>(d) before pricing of the Notes (in at least draft or initial form) and within 15 days of the issuance of the Notes (in final form), copies of the STS Notification, the Transaction Documents and this Prospectus are made available.</li> </ul> <p><b>PCS notes the existence of such covenant in the Prospectus.</b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 76  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>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:</p> <p>(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;</p>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>76. 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:</p> <p>(a) information on the underlying exposures on a quarterly basis,</p>  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, <i>GENERAL INFORMATION</i>, 11. Reporting under the EU Securitisation Regulation</p> <p>The Reporting Entity will procure the simultaneous publication of certain loan-by-loan and other information in relation to the Receivables Portfolio to the extent required by and in accordance with Article 7(1)(a) and 7(1)(e) of the Securitisation Regulation, (which shall be by the provision of the Weekly Cash Manager Reports, Monthly Cash Manager Reports and the Investor Reports), in each case (to the extent required under Article 7(1) of the Securitisation Regulation) on the website of the European Data Warehouse, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus</p> <p><b>PCS notes the existence in the Prospectus of a covenant to provide all the Article 7 information.</b></p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 77  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>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:</p> <p>(b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <p style="padding-left: 20px;">(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</p>   |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>77. All underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <p>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</p>  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, <i>GENERAL INFORMATION</i>, 11. Reporting under the EU Securitisation Regulation</p> <p>The Reporting Entity will procure the simultaneous publication of certain loan-by-loan and other information in relation to the Receivables Portfolio to the extent required by and in accordance with Article 7(1)(a) and 7(1)(e) of the Securitisation Regulation, (which shall be by the provision of the Weekly Cash Manager Reports, Monthly Cash Manager Reports and the Investor Reports), in each case (to the extent required under Article 7(1) of the Securitisation Regulation) on the website of the European Data Warehouse, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus</p> <p>The Reporting Entity will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes subject, in each case, to the extent required by and in accordance with Article 7(1) of the Securitisation Regulation and to any relevant guidelines issued by EBA.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 78  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 78. For traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See point 77 above,</p> <p>The Reporting Entity has confirmed that:</p> <p>(b) copies of the documents required pursuant to Article 7(1)(b) of the Securitisation Regulation (including the Transaction Documents, this Prospectus and any supplements thereto) have been made available (in draft form, if applicable) prior to the pricing of the Notes (and will procure that such copies will be made available in final form within 15 days following the Issue Date); and</p> <p>See also definition of "Transaction Documents".</p> <p>"Transaction Documents" means the Trust Deed, the Notes (when issued), the Agency Agreement, the Servicing Agreement, the Cash Management Agreement, the Issuer Account Bank Agreement, the Security Deed, the Irish Deed of Charge, the Security Powers of Attorney, the Receivables Sale Agreement, the Seller Collection Account Pledge Agreements, the Master Definitions Schedule, the Corporate Services Agreement, the Back-Up Servicing Agreement, the Subscription Agreement, the Risk Retention Letter, the Subordinated Loan Agreement and any other document entered into by one or more Transaction Parties which is designated as a Transaction Document with the consent of the Note Trustee, the Issuer and the Sellers;</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 79  | Legislative text | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <i>Article 22 - Requirements relating to transparency</i>   |                  |   |
| (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; |                  |   |
| <b>STS criteria</b>   |                  |   |
| 79. The derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;   |                  |   |
| <b>Verified?</b>  |                  | Yes                                       |
| <b>PCS Comment</b>  |                  |   |
| <i>Not applicable for this transaction. If a derivative was entered into post-closing, it would be covered by the definition of Transaction Documents (see item 78 above).</i>                |                  |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                  |   |
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| 80   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>                                |                         |   |
| (iv) the servicing, back-up servicing, administration and cash management agreements;    |                         |   |
| <b>STS criteria</b>  |                         |   |
| 80. The servicing, back-up servicing, administration and cash management agreements;     |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| See point 78 above.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b> |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 81   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| (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; |                         |   |
| <b>STS criteria</b>  |                         |   |
| 81. 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; |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| See point 78 above.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 82  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements; |                         |   |
| <b>STS criteria</b>   |                         |   |
| 82. Any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| See point 78 above.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 83  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| That underlying documentation shall include a detailed description of the priority of payments of the securitisation;                                 |                         |   |
| <b>STS criteria</b>   |                         |   |
| 83. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;                             |                         |   |
| <b>Verified?</b>  | Yes                     |   |
| <b>PCS Comment</b>  |                         |   |
| <i>The "Priorities of Payment" are set out in the Prospectus (Credit Structure and Cash Flow) and in Schedule 3 of the Cash Management Agreement.</i> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 84  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>(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:</p> <p>(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;</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>84. 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:</p> <p>(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;</p> |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| Not applicable.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 85   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| <p>(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:</p> <p>(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;</p> <p>(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</p> |                         |   |
| <b>STS criteria</b>  |                         |   |
| 85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;  |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| Not applicable.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 86  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>(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:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</li> <li>(iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</li> </ul> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| Not applicable.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 87  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>(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:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</li> <li>(iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</li> <li>(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;</li> </ul> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 87. (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;  |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| Not applicable.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 88  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| (d) in the case of STS securitisations, the STS notification referred to in Article 27;   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 88. In the case of STS securitisations, the STS notification referred to in Article 27;   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, <i>REGULATORY REQUIREMENTS</i>,</p> <p>(d) within 15 days of the issuance of the Notes (in final form), copies of the STS Notification, the Transaction Documents and this Prospectus are made available.</p> <p>The Reporting Entity (or the Reporting Agent on its behalf) has confirmed that it has made (in respect of information required to be made available, upon request, to potential investors of the Notes before pricing of the Notes before pricing of the Notes) and has undertaken that it will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes, by arranging for it to published on the website of European Data Warehouse at <a href="https://eurodw.eu">https://eurodw.eu</a>, being a website which conforms with the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, such website and the contents thereof do not form part of this Prospectus.</p> <p>See Prospectus, Summary, Simple, Transparent and Standardised Securitisation</p> <p>In relation to the STS Notification, Gedesco Services Spain S.A.U. has been designated as the first point of contact for investors and competent authorities.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 89   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:   |                         |   |
| <b>STS criteria</b>  |                         |   |
| 89. Quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:   |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, <i>REGULATORY REQUIREMENTS</i></p> <p>The Reporting Entity has undertaken to procure that:</p> <p>(a) a monthly investor report as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation is published no later than one month following each Interest Payment Date, which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards required under the Securitisation Regulation coming into effect, in the form of the standardised template set out in Annex XII of the Draft Technical Standards and (ii) following the technical standards required under the Securitisation Regulation coming into effect, in the manner required by such technical standards (the "<b>Investor Report</b>"). For the avoidance of doubt, such reporting shall include any change in the Priority of Payments which will materially affect the repayment of the Notes;</p> <p>See Prospectus, <i>GENERAL INFORMATION</i>, 11. Reporting under the EU Securitisation Regulation</p> <p>The Reporting Entity will procure the simultaneous publication of certain loan-by-loan and other information in relation to the Receivables Portfolio to the extent required by and in accordance with Article 7(1)(a) and 7(1)(e) of the Securitisation Regulation, (which shall be by the provision of the Monthly Cash Manager Reports and the Investor Reports), in each case (to the extent required under Article 7(1) of the Securitisation Regulation) on the website of the European Data Warehouse, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 90  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>                                       |                         |   |
| (i) all materially relevant data on the credit quality and performance of underlying exposures; |                         |   |
| STS criteria  |                         |   |
| 90. All materially relevant data on the credit quality and performance of underlying exposures; |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| See statement in item 89, above.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>        |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 91   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| (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; |                         |   |
| <b>STS criteria</b>  |                         |   |
| 91. Information on events which trigger changes in the priority of payments or the replacement of any counterparties,  |                         |   |
| <b>Verified?</b>   |                         | Yes                                       |
| <b>PCS Comment</b>   |                         |   |
| See item 89, above.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 92   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| (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;   |                         |   |
| <b>STS criteria</b>  |                         |   |
| 92. 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;  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| See Prospectus, <i>REGULATORY REQUIREMENTS</i> , Article 22 of the Securitisation Regulation, last paragraph<br>The Sellers have provided to potential investors the liability cash flow model as referred to in Article 22(3) of the Securitisation Regulation published on the platform of Intex Solutions available at <a href="https://www.intex.com">https://www.intex.com</a> prior to the pricing of the Notes and will, after the date of this Prospectus, on an ongoing basis make the liability cash flow model published by Intex Solutions available to Noteholders and, upon request, to potential investors in accordance with Article 22(3) of the Securitisation Regulation. |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 93  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| (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.  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 93. 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.  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, <i>REGULATORY REQUIRMENTS</i>, EU Risk Retention</p> <p>Any change to the manner in which the Retained Interest is held will be notified to Noteholders in accordance with the Conditions and the requirements of the Securitisation Regulation. The Retention Holder's Retained Interest will be confirmed through the disclosure in the monthly Investor Reports.</p> <p>Pursuant to the Risk Retention Letter, Gedesco Factoring, S.L.U. has covenanted that it will, while any of the Notes remains outstanding:</p> <ul style="list-style-type: none"> <li>(i) retain the Retained Interest;</li> <li>(ii) not change the manner in which it retains such Retained Interest, except to the extent permitted or required under the Securitisation Regulation;</li> <li>(iii) not subject the Retained Interest to any credit risk mitigation or hedging, or sell, transfer or otherwise surrender all or part of the rights, benefits or obligations arising from the Retained Interest, except, in each case, to the extent permitted under the Securitisation Regulation;</li> <li>(iv) confirm its Retained Interest through the disclosure in the monthly Investor Reports; and</li> <li>(v) promptly notify the Issuer and the Note Trustee if for any reason it ceases to hold the Retained Interest in accordance with the Risk Retention Letter or fails to comply with the covenants set out in the Risk Retention Letter in respect of the Retained Interest.</li> </ul> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| (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;  |                         |   |
| <b>STS criteria</b>  |                         |   |
| 94. 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;  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| See Prospectus, <i>REGULATORY REQUIRMENTS</i> , EU Risk Retention  |                         |   |
| (c) any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation is published without delay, which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards required under the Securitisation Regulation coming into effect, in the form of the standardised template set out in Annex XIV of the Draft Technical Standards and (ii) following the technical standards required under the Securitisation Regulation coming into effect, in the manner required by such technical standards; and |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 95  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>(g) where point (f) does not apply, any significant event such as:<br/>         (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;</p>     |                         |   |
| <b>STS criteria</b>   |                         |   |
| <p>95. (g) where point (f) does not apply, any significant event such as:<br/>         (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;</p> |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| See criterion 94 above.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| 96   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| (ii) a change in the structural features that can materially impact the performance of the securitisation;   |                         |   |
| <b>STS criteria</b>  |                         |   |
| 96. (ii) a change in the structural features that can materially impact the performance of the securitisation;   |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>Investor Reports</p> <p>The Cash Manager will prepare and publish monthly Investor Reports. The Investor Reports will include, among other things, the details with respect to the amounts of principal and interest made in respect of the Notes, as well as with respect to other payments made by the Issuer and information about whether the Cash Manager has received from the Note Trustee a copy of any Enforcement Notice. The Investor Reports will be published by the Cash Manager no later than three (3) Business Days following each Interest Payment Date and will be available at the website of the Cash Manager at <a href="http://www.imtitulizacion.com">www.imtitulizacion.com</a>.</p> <p>See criterion 94 and 89 above.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 97  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;     |                         |   |
| <b>STS criteria</b>   |                         |   |
| 97. (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation; |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| See criterion 94 and 89 above.  |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 98  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| (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;   |                         |   |
| <b>STS criteria</b>   |                         |   |
| 98. (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;   |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, Summary, Simple, Transparent and Standardised Securitisation</p> <p>The STS status of the Notes is not static and investors should verify the current status on the ESMA STS Register website, which will be updated where the Notes are no longer considered to be STS following a decision of competent authorities or a notification by the Sellers.</p> <p>The Reporting Entity will also procure:</p> <p>(a) the publication of any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay;</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 99  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| (v) any material amendment to transaction documents.  |                         |   |
| <b>STS criteria</b>   |                         |   |
| 99. (v) any material amendment to transaction documents.  |                         |   |
| <b>Verified?</b>  |                         | Yes                                       |
| <b>PCS Comment</b>  |                         |   |
| <p>See Prospectus, GENERAL INFORMATION, 11. Reporting under EU Securitisation Regulation</p> <p>(c) that copies of the documents required pursuant to Article 7(1)(b) of the Securitisation Regulation (including the Transaction Documents, this Prospectus and any supplements thereto) are made available (in draft form, if applicable) prior to the pricing of the Notes (and in final form within 15 days following the Issue Date),</p> <p>The Reporting Entity will also procure:</p> <p>(a) the publication of any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay;</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 100  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| <p>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]</p>   |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>100. 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]</p>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, <i>GENERAL INFORMATION</i>, 11. Reporting under EU Securitisation Regulation</p> <p>The Reporting Entity will procure the simultaneous publication of certain loan-by-loan and other information in relation to the Receivables Portfolio to the extent required by and in accordance with Article 7(1)(a) and 7(1)(e) of the Securitisation Regulation, (which shall be by the provision of the Weekly Cash Manager Reports, Monthly Cash Manager Reports and the Investor Reports), in each case (to the extent required under Article 7(1) of the Securitisation Regulation) on the website of the European Data Warehouse, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.</p> |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 101   | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>   |                         |   |
| <p>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</p> <p>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.</p> <p>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.</p> <p>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.</p> |                         |   |
| <b>STS criteria</b>   |                         |   |
| 101. 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  |                         |   |
| <b>Verified?</b>  |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>  |                         |   |
| See item 78, above.   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>  |                         |   |
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| 102  | <b>Legislative text</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| <b>Article 22 - Requirements relating to transparency</b>  |                         |   |
| <p>7.2 The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.<br/>Or<br/>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.<br/>Or<br/>Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> <li>(a) includes a well-functioning data quality control system;</li> <li>(b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website;</li> <li>(c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk;</li> <li>(d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and</li> <li>(e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation.</li> </ul> |                         |   |
| <b>STS criteria</b>  |                         |   |
| <p>102. Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> <li>(a) includes a well-functioning data quality control system;</li> <li>(b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website;</li> <li>(c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk;</li> <li>(d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and</li> <li>(e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation</li> </ul>  |                         |   |
| <b>Verified?</b>   |                         | <b>Yes</b>                                |
| <b>PCS Comment</b>   |                         |   |
| <p>See Prospectus, <i>GENERAL INFORMATION</i>, 11. Reporting under EU Securitisation Regulation<br/>...in each case by publication on the website of the European Data Warehouse or other securitisation repository (as defined in the Securitisation Regulation) or such other method as the Reporting Entity deems appropriate from time to time in accordance with the Securitisation Regulation.</p>   |                         |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>  |                         |   |
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| <b>EBA Final non-ABCP STS Guidelines</b>   |                         |   |
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| 103  | <b>Legislative text</b><br><b>Article 22 - Requirements relating to transparency</b> | <a href="#">BACK TO TABLE OF CONTENTS</a> |
| 7.2 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.  |  |   |
| <b>STS criteria</b>  |  |   |
| 103. 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.   |  |   |
| <b>Verified?</b>   |  | <b>Yes</b>                                |
| <b>PCS Comment</b>   |  |   |
| <p>See Prospectus, <i>REGULATORY REQUIREMENTS</i>, Designation of the Reporting Entity</p> <p>Designation of the Reporting Entity</p> <p>For the purposes of Article 7(2) of the Securitisation Regulation, the Issuer (the "<b>Reporting Entity</b>") has been designated as the entity responsible for compliance with the requirements of Article 7 of the Securitisation Regulation and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf.</p> <p>See Prospectus, <i>GENERAL INFORMATION</i>, 11. Reporting under EU Securitisation Regulation</p> <p>For the purposes of Article 7 of the Securitisation Regulation, the Reporting Entity will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf by the Reporting Agent.</p> |  |   |
| <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>   |  |   |
| <b>EBA Final non-ABCP STS Guidelines</b>   |  |   |

## Definitions:

**“AUP”**: the agreed upon procedures through which an external firm verifies certain aspects of the asset pool.

**“COMI”**: centre of main interest – broadly, the legal jurisdiction where the insolvency of the seller of assets will be primarily determined.

**“Issuer Notification”**: the notification provided by the originator or sponsor pursuant to article 27 of the STS Regulation.

**“Jurisdiction List”**: the list of jurisdictions where it has been determined that severe clawback provisions do not apply.

**“Legal Opinion”**: an opinion signed by a law firm qualified in the relevant jurisdiction and acting for the originator or the arranger where the law firm sets out the reasons why, in its opinion and subject to customary assumptions and qualifications, the assets are transferred in such a way as to meet the STS Criterion for “true sale” or the same type of opinion for prior sales together with an opinion on the enforceability of the underlying assets.

**“Marketing Documents”**: Documents prepared by or on behalf of the originator and used in the marketing of the transaction with potential investors.

**“Model”**: 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.

**“Prospectus/Deal Sheet”**: the prospectus, or for a deal where no prospectus needs to be drawn up, the deal sheet envisaged by article 7.1(c) of the STS Regulation.

**“Transaction Document”**: a document entered into in relation to the transaction binding on one or more parties connected to the transaction.