

# **STS Term Verification Checklist**

## **BAVARIAN SKY UK 5 PLC**



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

20<sup>th</sup> April 2023

**Analyst: Robert Leach – +44 203 866 5005**

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

This STS Term Verification 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 references in this document are to the Prospectus unless otherwise stated.

PCS comments in this STS Term Verification 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.

PCS comments in this STS Term Verification Checklist are based on PCS' interpretation of the STS Regulation EU 2017/2402 of the European Union as amended and incorporated into United Kingdom law by the Withdrawal Act 2019 and the Securitisation (Amendment) (EU Exit) Regulations 2019 (the "Regulation") informed by (a) the text of the Regulation itself, (b) following the joint guidance of the Bank of England and the PRA of April, 2019, the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") to the extent that they remain relevant following Brexit and where published prior to 1st January 2020 and (c) any relevant interpretation of the STS criteria by the Financial Conduct Authority 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.

**20<sup>th</sup> April 2023**

## STS Disclaimer

Neither an STS Verification, nor a CRR Assessment, nor an LCR Assessment is a recommendation to buy, sell or hold securities. None are investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and none are a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or any post-Brexit successor legislation in the United Kingdom.

PCS EU and PCS UK are authorised respectively by the French Autorité des Marchés Financiers and by the United Kingdom Financial Conduct Authority as third parties verifying STS compliance pursuant to article 28 of Regulation (EU) 2017/2402 (the “**STS Regulation**”) and The Securitisation (Amendment) (EU Exit) Regulations 2019.

Currently, none of the activities involved in providing an CRR Assessment are endorsed or regulated by any regulatory and/or supervisory authority nor are the PCS Association or PCS EU regulated by any regulator and/or supervisory authority including the Belgian Financial Services and Markets Authority, the United Kingdom Financial Conduct Authority, the French Autorité des Marchés Financiers or the European Securities and Markets Authority.

By assessing the CRR status of any securities or financing, neither the PCS Association nor PCS UK nor PCS EU express any views about the creditworthiness of these securities or financings or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities or financings.

Equally, by completing (either positively or negatively) any CRR status assessment of certain instruments, no statement of any kind is made as to the value or price of these instruments or the appropriateness of the interest rate they carry (if any).

In the provision of any CRR Assessment, PCS has based its decision on information provided directly and indirectly by the originator or sponsor of the relevant securitisation. Specifically, it has relied on statements made in the relevant prospectus or deal sheet, documentation and/or in certificates provided by, or on behalf of, the originator or sponsor in accordance with PCS’ published procedures for the relevant PCS verification or assessment. You should make yourself familiar with these procedures to understand fully how any PCS service is completed. These can be found at <https://pcsmarket.org/> (the “**PCS Website**”). Neither the PCS Association nor PCS UK nor PCS EU undertake their own direct verification of the underlying facts stated in the prospectus, deal sheet, documentation or certificates for the relevant instruments and the completion of any CRR Assessment is not a confirmation or implication that the information provided to it by or on behalf of the originator or sponsor is accurate or complete.

The PCS entities take reasonable measures to ensure the quality and accuracy of the information on [www.pcsmarket.org](http://www.pcsmarket.org). However, neither the PCS Association nor PCS UK nor PCS EU can be held liable in any way for the inaccuracy or incompleteness of any information that is available on or through the PCS Website. In addition, neither the PCS Association nor PCS UK nor PCS EU can in any way be held liable or responsible for the content of any website linked to the PCS Website.

To understand the meaning and limitations of any CRR Assessment you must read the [General Disclaimer](#) that appears on the PCS Website.

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	Robert Leach
Date of Verification	20 April 2023
<b>The transaction to be verified (the "Transaction")</b>	<b>BAVARIAN SKY UK 5 PLC</b>
Issuer	BAVARIAN SKY UK 4 PLC
Originator	BMW Financial Services (GB) Limited
Lead Manager(s)	HSBC Bank plc and Banco Santander, S.A.
Transaction Legal Counsel	Clifford Chance LLP
Rating Agencies	Fitch, Moody's
Stock Exchange	Luxembourg Stock Exchange
Closing Date	20 April 2023

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

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

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

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

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

<b>1</b>	<p><b><u>STS Criteria</u></b></p> <p>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.</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>General Description</p> <p>On the Issue Date, the Seller will sell, transfer and assign to the Issuer, against payment of the Initial Portfolio Purchase Price (£549,400,000), Receivables (subject, as regards to the Scottish Receivables, to a Scottish Declaration of Trust) originated by the Seller together with the Related Collateral pursuant to the Receivables Purchase Agreement.</p> <p>Further, on any Payment Date during the Revolving Period, the Seller may sell, transfer and assign to the Issuer, against payment of the Additional Portfolio Purchase Price, Receivables (subject, as regards to the Scottish Receivables, to a Scottish Declaration of Trust) originated by the Seller together with the Related Collateral, as comprised in an Additional Portfolio.</p> <p>The assignment by the Seller of the Purchased Receivables that are English Receivables will take effect in equity because no notice of the assignment will be given to Customers unless a Perfection Event shall have occurred.</p> <p>The sale of the Scottish Receivables will be given effect by a Scottish Declaration of Trust. No notice of the sale of the Scottish Receivables will be given to Customers unless a Perfection Event shall have occurred.</p> <p>See underlying transaction documents: Receivables Purchase Agreement.</p> <p>PART 2</p> <p>SALE OF RECEIVABLES</p> <p>2. SALE OF INITIAL PORTFOLIO</p> <p>2.1 On the Issue Date, the Seller as absolute legal and beneficial owner and with full title guarantee (or in the case of Scottish Receivables, with absolute warrandice), subject to the conditions in Clause 4.4 and the other terms and conditions of this Agreement, hereby irrevocably agrees to sell, transfer and assign absolutely to the Issuer (and the Issuer agrees to purchase), all of its rights, title, interest and benefit in and to the Initial Portfolio by executing and delivering to the Issuer a Transfer Notice (attaching the information to be given pursuant to the Annex to Schedule 2 (Form of Transfer Notice)).</p> <p><i>"True sale" is not a legal concept but a rating agency creation.</i></p> <p><i>The essence of a "true sale" is that the property in the securitised assets has legally moved from the originator/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/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".</i></p> <p><i>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.</i></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 happens for no reasons. 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 jurisdictions meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:

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

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

The second step would be to determine whether the relevant COMI contains severe claw back provisions in its insolvency legislation. Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.

In the case of the Transaction, title to the assets is transferred by means of an equitable or beneficial assignment.

The legal opinions from Clifford Chance and Brodies LLP, collectively confirm that an equitable assignment and a Scottish assignment of the beneficial interest meets the definition of “true sale” outlined above.

In the case of BMW Financial Services (GB) Limited, a finance company situated in the United Kingdom, the COMI is considered the United Kingdom. United Kingdom insolvency law provides for clawback in the cases of preferences and transactions at an undervalue and require the insolvency officer to prove that case. Therefore, and as confirmed by the Opinions, the transfer is not, in our opinion, subject to “severe clawback”.

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

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

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

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

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

<b>2</b>	<p><b><u>STS Criteria</u></b></p> <p>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.</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See underlying transaction documents: Incorporated Terms Memorandum.</p> <p>SCHEDULE 3</p> <p>SELLER REPRESENTATIONS AND WARRANTIES</p> <p>PART 1</p> <p>CORPORATE REPRESENTATIONS AND WARRANTIES OF THE SELLER</p> <p>2. CENTRE OF MAIN INTERESTS</p> <p>The Seller has its "centre of main interests" (as that expression is defined in the EU Insolvency Regulation as it forms part of domestic law of the United Kingdom as amended by the Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) and Insolvency (Amendment) (EU Exit) Regulations 2020 (SI 2020/647)) in the United Kingdom.</p> <p><i>COMI is in the UK. The UK does not have severe clawback provisions. See comment under checklist point 1.</i></p>	



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

<b>3</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>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.</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>Purchased Receivables</p> <p>On the Issue Date, the Issuer will purchase (and on any Payment Date the Issuer may purchase), in each case from the Seller certain Receivables originated by the Seller against customers located in England and Wales and Scotland together with the Related Collateral pursuant to the Receivables Purchase Agreement. Each Purchased Receivable is owed by the respective Customer (together, the "Customers"). The Purchased Receivables are sterling denominated as set forth in the relevant Underlying Agreements. Certain Underlying Agreements are connected with a Service Pack Agreement, as described in "CREDIT STRUCTURE AND FLOW OF FUNDS". Collections in respect of each Purchased Receivable will be payable on a monthly instalment basis. If a Purchased Receivable should partially or totally fail to comply on the Cut-Off Date immediately preceding the Issue Date or, as the case may be, the relevant Payment Date with any Eligibility Criterion, the Seller will be obliged to repurchase such Purchased Receivable in respect thereof. See "Repurchase of the Receivables and Related Collateral" above.</p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>On the Cut-Off Date immediately preceding: (a) the Issue Date (in respect of the Initial Portfolio); and (b) the relevant Payment Date (in respect of any Additional Portfolio), the following criteria (the "Eligibility Criteria") must have been met by the Receivables to be eligible for acquisition by the Issuer pursuant to the Receivables Purchase Agreement.</p> <p>A Receivable is an Eligible Receivable if it meets the following criteria:</p> <p>1.5 The relevant Receivable was originated on or after 1 December 2012 and in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general financing terms of the Seller.</p> <p>See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i>.</p> <p>"Service Pack Agreement" means a servicing contract connected to an Underlying Agreement and entered into by BMW (UK) Limited and a relevant Customer, for the servicing and maintenance of such Customer's vehicle by a dealer, based on such dealer's terms and conditions.</p>	

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

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

4

**STS Criteria**

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

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

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *TRANSACTION OVERVIEW*.

General Description

The assignment by the Seller of the Purchased Receivables that are English Receivables will take effect in equity because no notice of the assignment will be given to Customers unless a Perfection Event shall have occurred.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Perfection Event" means the occurrence of any of the following events:

- (a) unless otherwise agreed in writing by the Trustee, a Servicer Termination Event;
- (b) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables) in accordance with the terms of the Receivables Purchase Agreement;
- (c) the Seller calling for perfection or transfer of legal title by serving notice in writing to that effect on the Issuer and the Trustee,
- (d) the occurrence of a Severe Deterioration Event; or
- (e) the occurrence of an Insolvency Event in respect of the Seller.

"Servicer Termination Event" means any of the following:

- (a) an Insolvency Event has occurred with respect to the Seller or the Servicer; or
- (b) the Seller or the Servicer fails to make any payment or deposit required by the terms of the relevant Transaction Document within five (5) Business Days of the date such payment or deposit is required to be made; or
- (c) the Seller or the Servicer fails to perform any of its material obligations under the Receivables Purchase Agreement and/or the Servicing Agreement (other than a payment or deposit required), and such breach, if capable of remedy, is not remedied within sixty (60) days of written notice from the Issuer or the Trustee; or

(d) any representation or warranty in the Servicing Agreement or in any report provided by the Servicer is materially false or incorrect, and such inaccuracy, if capable of remedy, is not remedied within sixty (60) days of written notice from the Issuer or the Trustee and has a Material Adverse Effect in relation to the Issuer.

"Severe Deterioration Event" means all or any part of the property, business, undertakings, assets or revenues of the Seller having an aggregate value in excess of £120,000,000 having been attached as a result of any distress, execution or diligence being levied or any encumbrancer taking possession or similar attachment and such attachment having not been lifted within thirty (30) calendar days, unless such event will not materially prejudice the ability of the Seller to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Receivables.

"Insolvency Event" means in respect of a relevant entity (each a "Relevant Entity"):

- (a) an order is made or an effective resolution passed for the winding up of the Relevant Entity, except a winding up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have previously been approved by the Trustee; or
- (b) the Relevant Entity, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (a) above, ceases or through an authorised action of its board of directors, threatens to cease to carry on all or substantially all of its business or admits its inability to pay debts as they fall due or is unable to pay its debts within the meaning of Section 123(1) of the Insolvency Act (other than, except in the case of the Issuer, subsection 123(1)(a)) or 123(2) of the Insolvency Act or, where applicable, Section 222 to 224 of the Insolvency Act; or
- (c) proceedings, corporate action or other steps shall be initiated against the Relevant Entity under any applicable liquidation, insolvency, sequestration, diligence, bankruptcy, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) and (except in the case of presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) such proceedings are not, in the reasonable opinion of the Trustee, being disputed in good faith with a reasonable prospect of success or an administration order shall be granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator, trustee in sequestration or other similar official shall be appointed in relation to the Relevant Entity or in relation to the whole or any substantial part of the undertaking or assets of the Relevant Entity, or an encumbrancer (other than the Issuer or the Trustee) shall take possession of the whole or any substantial part of the undertaking or assets of the Relevant Entity, or a distress, execution or diligence or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Relevant Entity and such possession or process (as the case may be) shall not be discharged or otherwise ceases to apply within thirty days of its commencement, or the Relevant Entity (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws or makes a conveyance or assignment or assignation for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness; or
- (d) any event occurs which, under English law or any applicable law, has an analogous effect to any of the events referred to in paragraphs (a), (b) or (c) above.

*Criterion 4 requires two steps:*

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

*In the absence of any definition of "an assignment perfected at a later stage" in the Regulation or the EBA Guidelines and without additional views from the UK Financial Conduct Authority it is not possible to determine with finality whether an English equitable assignment is "unperfected" within the meaning of the Regulation – as distinguished from the meaning of the English rules of equity.*

*PCS believes there are good reasons why the Regulation's term of "an assignment perfected at a later stage" does not encompass an English equitable assignment.*

*However, this is not a question that is required to be answered in the case of the Transaction since, even if equitable assignments are unperfected assignments as defined in the Regulation, the requirements of the criterion are met by the Transaction.*

*PCS has measured the trigger events against the EBA Guidelines.*

20.5(a)

*No absolute definition of “severe deterioration” can be given, but clearly the Regulation is seeking to avoid requiring a “hair trigger” deterioration. In other words, an originator could provide a “hair trigger” deterioration if it wanted to. Therefore, the rule does not require an originator or investor to weigh carefully the severity of the trigger so long as it meets the requirements of the EBA Guidelines to be related to the seller’s credit standing, be observable and related to financial health.*

*The trigger provided in the Transaction meets these requirements.*

20.5(b)

*The insolvency trigger is in the Transaction.*

20.5(c)

*The Regulation refers to “unremedied breaches of contractual obligations by the seller, including the seller’s default”.*

*PCS notes that neither the Regulation nor the EBA Guidelines specify which contractual obligations are targeted. One can assume that this cannot possibly mean any seller contractual obligation since most financial institutions have millions of contractual obligations under tens of thousands of contracts. It is not conceivable that, in order to protect a securitisation, a transfer could be required resulting from a trivial breach of a totally unrelated contractual provision (e.g. to keep the walls painted on a leased property unconnected to the transaction).*

*PCS also notes that the Regulation clearly does not say “any breaches of contractual obligations”. Therefore, the Regulation must be aiming at an undefined sub-set of contractual obligations. In the absence of any indication in the Regulation or EBA Guidelines as to what this sub-set may be, PCS concludes, until clarification may be provided, that it is up to the originator to define which sub-set of obligations should trigger a possible perfection.*

*PCS does believe though that the Regulation must be interpreted in a purposive manner – as evidenced by the EBA Guidelines. Therefore, the sub-set of obligations selected by the originator cannot be capricious but should have some connection with the risks that would be run by investors if the seller should encounter a problem prior to perfection of the title.*

*The unremedied breach trigger is in the Transaction.*

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

<b>5</b>	<b><u>STS Criteria</u></b>	<b>Verified?</b> <b>YES</b>
	<p>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.</p> <p><b><u>PCS Comments</u></b></p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>10. The relevant Receivable is a Receivable to which the Seller is (subject to any prior Encumbrance which has been subsequently discharged) the sole legal and beneficial owner, free of any rights of any third party and over which the Seller may freely dispose save as provided for in the Transaction Documents or save for any third party rights arising by operation of law.</p>	

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

<b>6</b>	<b><u>STS Criteria</u></b>	<b>Verified?</b> <b>YES</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> <p><b><u>PCS Comments</u></b></p> <p>See Prospectus, <i>INTRODUCTION TO THE STRUCTURE OF THE TRANSACTION</i>.</p> <p>On the Issue Date, the Seller will sell and assign to the Issuer, against payment of the Initial Portfolio Purchase Price (£549,400,000), and on any Payment Date during the Revolving Period, the Seller may sell and assign to the Issuer, against payment of the Additional Portfolio Purchase Price, certain hire purchase receivables (the "Purchased Receivables") originated pursuant to PCP Agreements by the Seller in respect of customers located in England and Wales and Scotland, together with the Related Collateral by means of and pursuant to the Receivables Purchase Agreement (in each case, as regards to the Scottish Receivables, subject to a Scottish Declaration of Trust). The Purchased Receivables will be selected according to the eligibility criteria (the "Eligibility Criteria") set out in "ELIGIBILITY CRITERIA".</p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>General Description</p> <p>The Purchased Receivables have been selected according to the Eligibility Criteria (see "ELIGIBILITY CRITERIA"). The Eligibility Criteria are to be fulfilled on the Cut-Off Date immediately preceding the Issue Date (in the case of the Initial Portfolio) or (in the case of any Additional Portfolio) the Cut-Off Date immediately preceding the relevant Payment Date.</p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p>	

	<p>As of the Cut-Off Date immediately preceding: (a) the Issue Date (in respect of the Initial Portfolio); or (b) the relevant Payment Date (in respect of any Additional Portfolio), the following criteria (the "Eligibility Criteria") must have been met by the Receivables to be eligible for acquisition by the Issuer pursuant to the Receivables Purchase Agreement.</p> <p><i>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.</i></p> <p><i>PCS has read the eligibility criteria in the Prospectus. As they are mandatory, they meet the "predetermined" requirement. As they are in the Prospectus, they meet the "documented" requirement. PCS has also concluded that they allow determination in each case and so meet the "clear" requirement.</i></p>
<p><b>7</b> <b>STS Criteria</b></p> <p>7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p>	<p><b>Verified?</b> <b>YES</b></p>
<p><b>PCS Comments</b></p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>Repurchase of the Receivables and Related Collateral</p> <p>Seller indemnification obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables</p> <p>Receivables Call Option</p> <p>Clean-Up Call Option</p> <p><i>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. 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".</i></p> <p><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></p>	
<p><b>8</b> <b>STS Criteria</b></p> <p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>	<p><b>Verified?</b> <b>YES</b></p>
<p><b>PCS Comments</b></p> <p>See Prospectus, <i>INTRODUCTION TO THE STRUCTURE OF THE TRANSACTION</i>.</p> <p>On the Issue Date, the Seller will sell and assign to the Issuer, against payment of the Initial Portfolio Purchase Price (£549,400,000), and on any Payment Date during the Revolving Period, the Seller may sell and assign to the Issuer, against payment of the Additional Portfolio Purchase Price, certain hire purchase receivables (the "Purchased Receivables") originated pursuant to PCP Agreements by the Seller in respect of customers located in England and Wales and Scotland, together with the Related Collateral by means of and pursuant to the Receivables Purchase Agreement (in each case, as regards to the Scottish Receivables, subject to a Scottish Declaration of Trust). The Purchased Receivables will be selected according to the eligibility criteria (the "Eligibility Criteria") set out in "ELIGIBILITY CRITERIA".</p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p>	

General Description

The Purchased Receivables have been selected according to the Eligibility Criteria (see "ELIGIBILITY CRITERIA"). The Eligibility Criteria are to be fulfilled on the Cut-Off Date immediately preceding the Issue Date (in the case of the Initial Portfolio) or (in the case of any Additional Portfolio) the Cut-Off Date immediately preceding the relevant Payment Date.

See Prospectus, *ELIGIBILITY CRITERIA*.

As of the Cut-Off Date immediately preceding: (a) the Issue Date (in respect of the Initial Portfolio); or (b) the relevant Payment Date (in respect of any Additional Portfolio), the following criteria (the "Eligibility Criteria") must have been met by the Receivables to be eligible for acquisition by the Issuer pursuant to the Receivables Purchase Agreement.

*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 the FCA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.*

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

9

**STS Criteria**

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

**Verified?  
YES**

**PCS Comments**

See Prospectus, *ELIGIBILITY CRITERIA*.

As of the Cut-Off Date immediately preceding: (a) the Issue Date (in respect of the Initial Portfolio); or (b) the relevant Payment Date (in respect of any Additional Portfolio), the following criteria (the "Eligibility Criteria") must have been met by the Receivables to be eligible for acquisition by the Issuer pursuant to the Receivables Purchase Agreement.

A Receivable is an Eligible Receivable if it meets the following criteria:

5. The relevant Receivable was originated on or after 1 December 2012 and in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general financing terms of the Seller.

19. The relevant Underlying Agreement has been entered into with a Customer which is an individual who has their place of residence in England and Wales or Scotland.

25. The Underlying Agreement under which the relevant Receivable arises is a PCP Agreement.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Underlying Agreement" means any PCP Agreement (including any modifying agreements supplemental thereto relating to any replacement vehicle which becomes the subject matter of any such PCP Agreement (as the case may be) in substitution for the original vehicle) from which any Receivable derives.

	<p>See Prospectus, <i>CREDIT AND COLLECTION POLICY</i>.</p> <p>Under the Servicing Agreement, the Purchased Receivables are to be administered together with all other financing receivables of BMW FS according to BMW FS's normal business procedures.</p> <p><i>In the Transaction, the loans were underwritten on a similar basis, they are being serviced by BMW Financial Services (GB) Limited on the same platform, they are a single asset class – auto loans – and the assets are all originated in the UK. PCS also takes 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.</i></p>	
10	<p><b>STS Criteria</b></p> <p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>1. The Underlying Agreement under which the relevant Receivable arises is a legal, valid, binding and enforceable obligation of the Customer, subject to any laws from time to time in effect relating to bankruptcy, sequestration or liquidation or any other laws or other legal procedures affecting generally the enforcement of creditors' rights, has not been terminated or rescinded and is not capable of being terminated or rescinded, as a result directly of an act or omission by the Seller. In addition, no Underlying Agreement has been subject to any variation, modification, waiver or exclusion of time of any kind which in any material way adversely affects the enforceability or collectability of all or a material portion of the Receivables offered for purchase.</p>	
11	<p><b>STS Criteria</b></p> <p>11. With full recourse to debtors and, where applicable, guarantors.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS</i>.</p> <p>1. Receivables Purchase Agreement</p> <p>[ ] The Purchased Receivables include all amounts due under the relevant Underlying Agreements (including, for the avoidance of doubt, all Instalments due from the Customer under the relevant Underlying Agreement (including any VAT or related fees and expenses due and payable by the Customer under the terms of the Underlying Agreement) and any Related Collateral). The Purchased Receivables and any Related Collateral comprise full recourse claims against Customers (and, where applicable, the guarantors in relation to the Related Collateral) in respect of payments due under the Purchased Agreements and the Related Collateral.</p>	



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

<b>12</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
<p>12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>CREDIT STRUCTURE AND FLOW OF FUNDS</i>.</p> <p>Instalments of the Purchased Receivables</p> <p>The Receivables arise under fixed interest rate (personal contract plan) hire-purchase agreements under which the Customer has the right to purchase the Financed Vehicle on making all payments under the Underlying Agreements. The Customer also has the option of returning the Financed Vehicle to the Seller instead of making the final payment. Legal title in the Financed Vehicle is retained by the Seller until all the instalments have been made. All of the Underlying Agreements provide for level monthly payments (provided that the payment in the first month and the final month of the life of the Purchased Receivable may be different from the level payment) of instalments that amortise the amount financed over the term (subject to any readjustment to monthly payments in connection with any partial settlement by a Customer pursuant to the CCA). The Underlying Agreements amortise the amount financed over a series of Instalments. Each Instalment payment generally consists of an interest portion and a principal portion.</p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>3. In respect of a Purchased Receivable, the Related Underlying Agreement has a fixed interest rate and is fully amortising through payments of constant monthly instalments (except for the first instalment and the final instalment payable under the relevant Underlying Agreement which may differ from the monthly instalments payable for subsequent or previous months).</p>		
<b>13</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</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> <p><b>PCS Comments</b></p> <p>See point 12 above.</p> <p>See also Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i>.</p> <p>"Related Collateral" means in relation to each Purchased Receivable:</p> <p>(a) the right to demand, sue for, recover, receive and give receipts for all amounts due (whether or not from the relevant Customer) under, relating to or in connection with the Underlying Agreement from which such Receivable derives;</p> <p>(b) the benefit of all covenants and undertakings from the relevant Customer and from any guarantor under, relating to or in connection with the Underlying Agreement from which such Receivable derives;</p> <p>(c) the benefit of all causes of action against the relevant Customer and any guarantor under, relating to or in connection with the Underlying Agreement from which such Receivable derives;</p> <p>(d) the right to receive the Vehicle Sales Proceeds;</p>		

(e) the benefit of any other rights, title, interests, powers or benefits of the Seller in relation to the Underlying Agreement from which such Receivable derives, other than title to the Financed Vehicle (including (i) amounts (if any) received by the Seller arising from claims by a Customer against the relevant insurer under any Insurance Agreement entered into by the Customer in connection with the relevant specified Financed Vehicles or the financing of their acquisition by the relevant Customer and (ii) any claims against a Dealer in respect of a Financed Vehicle),

and for the purpose of this definition references to "guarantees" shall be deemed to include all other indemnities, security, collateral or other documents, agreements or arrangements whatsoever whereby any person (including, but without limitation, any Customer) agrees to make any payment to the Seller in respect of that Customer's obligations under the relevant Underlying Agreement or to provide any security therefor and "guarantors" shall be construed accordingly.

**Article 20.8.** The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.

**14** **STS Criteria**

14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*.

Other characteristics

The Purchased Receivables, as at the Issue Date, will not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of article 21(2) of the UK Securitisation Regulation, in each case on the basis that the Purchased Receivables have been entered into substantially on the terms of similar standard documentation for PCP contracts.

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

**15** **STS Criteria**

15. The underlying exposures shall not include any securitisation position.

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*.

Other characteristics

The Purchased Receivables, as at the Issue Date, will not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of article 21(2) of the UK Securitisation Regulation, in each case on the basis that the Purchased Receivables have been entered into substantially on the terms of similar standard documentation for PCP contracts.

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

16	<b>STS Criteria</b> 16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, <i>ELIGIBILITY CRITERIA</i> .  5. The relevant Receivable was originated on or after 1 December 2012 and in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general financing terms of the Seller.	
17	<b>STS Criteria</b> 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.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See also point 16 above.  See Prospectus, <i>CREDIT AND COLLECTION POLICY</i> .  The Portfolio was originated in the ordinary course of BMW FS's business in accordance with the origination processes set out below which were applied irrespective of whether the Purchased Receivables were to be securitised.	

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

18	<b>STS Criteria</b> 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.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus.  UK SECURITISATION REGULATION AND EU SECURITISATION REGULATION REQUIREMENTS	

UK Transparency Requirements

Any material changes to the Seller's prior underwriting policies and credit and collection procedures shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation and the Transaction Documents.

*Although somewhat confusingly drafted, the EBA Guidelines make clear that the part of the criterion referring to changes from prior underwriting is a future event criterion. It applies changes in underwriting criteria that occur post-closing. 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. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting at the same time that the absence of any such covenant – although possibly unsettling for some investors – would not invalidate the STS status of the transaction at closing.*

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

**19** **STS Criteria**

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.

**Verified?  
YES**

**PCS Comments**

*Not applicable, the underlying exposures are auto loans and leases.*

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

**20** **STS Criteria**

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.

**Verified?  
YES**

**PCS Comments**

See Prospectus, *CREDIT AND COLLECTION POLICY*.

Credit Decision and Underwriting

See Prospectus, *ELIGIBILITY CRITERIA*.

5. The relevant Receivable was originated on or after 1 December 2012 and in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general financing terms of the Seller.

The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. European Directives, in contrast to Regulations, do not have direct effect but must be implemented into national law country by country.

PCS assumes, although the Regulation and the EBA Guidelines are silent on this point, that the requirement for mortgages and consumer loans to have been underwritten in compliance with the Directives only applies to assets underwritten after these Directives were transcribed into national law.

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

<b>21</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>THE SELLER AND SERVICER</i>.</p> <p>BMW FS (the "Company") is a financial services company that has been part of the BMW Group since 1992.</p> <p>BMW Group is a leading provider of premium products and premium services for individual mobility. It is a maker of premium brand cars and motorcycles worldwide, and owns the premium brands "BMW", "MINI" and "Rolls-Royce".</p> <p>The Company seeks to uphold the values of these brands through the provision of financial services products tailored to motor vehicle buyers' and its dealers' (referred to as the "BMW Dealers") needs, in order to support BMW Group sales activities. The Company has more than 5 years' experience in originating and servicing automotive finance products such as the Purchased Receivables.</p> <p><i>An entity originating assets similar to those securitised for at least five years is deemed, according to the EBA Guidelines to have "expertise".</i></p>	

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

<b>22</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA</i>.</p> <p>1. Purchased Receivables characteristics</p> <p>(1) Portfolio Overview</p> <p>The portfolio information presented in this Offering Circular is based on the pool on 31 January 2023.</p>	

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Cut-Off Date" means the last calendar day of each calendar month, and the Cut-Off Date with respect to each Payment Date is the Cut-Off Date immediately preceding such Payment Date, provided that the Cut-Off Date immediately preceding the Issue Date is 31 March 2023.

*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.*

23

**STS Criteria**

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...

**Verified?**

**YES**

**PCS Comments**

See Prospectus, *CREDIT AND COLLECTION POLICY*.

**Credit Decision and Underwriting**

To the best of the Seller's knowledge, the Receivables and Related Collateral purchased (or to be purchased) are due from a Customer who does not have a credit assessment indicating as at the relevant origination date and, as at the Initial Cut-Off Date (in the case of a Receivable in the Initial Portfolio) or the relevant Additional Cut-Off Date (in the case of a Receivable in any Additional Portfolio), based on the Seller's Credit and Collection Policy indicated above, a significant risk that contractually agreed payments will not be made.

See Prospectus, *ELIGIBILITY CRITERIA*.

16. The relevant Receivable is not overdue for more than thirty (30) calendar days, and is not a Defaulted Receivable or a Receivable disputed by the relevant Customer whether by reason of any matter concerning the Financed Vehicles or by reason of any other matter or in respect of which a set-off or counterclaim is being claimed by such Customer. No breach of any obligation under any agreement (except of the obligation to pay) of any party exists with respect to the relevant Receivable, provided that if the Customer is party to a group litigation against the Seller in connection with the Underlying Agreement of such Customer, the relevant Receivable will not be regarded as disputed for the purposes of this Eligibility Criterion 16 unless the Customer has withheld payment of amounts due under their Underlying Agreement and (a) has notified the same to the Seller and the Seller has accepted the amount of the claim or (b) the Seller has received confirmation of a non-appealable judgement in favour of the Customer.

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

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

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

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

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

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

24	<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 Comments</b> <i>See points 25-30 below.</i>	
25	<b>STS Criteria</b> 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 Comments</b> See Prospectus, <i>ELIGIBILITY CRITERIA</i> . 25. According to the Seller's records and to the best of its knowledge, the relevant Receivable is due from a Customer who: (a) has neither been declared insolvent nor had a court grant its 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 its non-performing exposures within three years prior to the date of transfer or assignment of the relevant Receivables to the Issuer; (b) was, at the time of origination, where applicable, not 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 Seller; or (c) has neither a credit assessment nor 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.	

26	<p><b>STS Criteria</b></p> <p>26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, ELIGIBILITY CRITERIA.</p> <p>25. According to the Seller's records and to the best of its knowledge, the relevant Receivable is due from a Customer who:</p> <p>(a) has neither been declared insolvent nor had a court grant its 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 its non-performing exposures within three years prior to the date of transfer or assignment of the relevant Receivables to the Issuer;</p> <p>(b) was, at the time of origination, where applicable, not 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 Seller; or</p> <p>(c) has neither a credit assessment nor a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	
27	<p><b>STS Criteria</b></p> <p>27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See point 24 above.</p> <p>No restructured borrowers are included in the pool.</p>	
28	<p><b>STS Criteria</b></p> <p>28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See point 24 above.</p> <p>No restructured borrowers are included in the pool.</p>	



29	<p><b>STS Criteria</b></p> <p>29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See point 24 above.</p>	
30	<p><b>STS Criteria</b></p> <p>30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>25. According to the Seller's records and to the best of its knowledge, the relevant Receivable is due from a Customer who:</p> <p>(a) has neither been declared insolvent nor had a court grant its 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 its non-performing exposures within three years prior to the date of transfer or assignment of the relevant Receivables to the Issuer;</p> <p>(b) was, at the time of origination, where applicable, not 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 Seller; or</p> <p>(c) has neither a credit assessment nor a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	

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

31	<p><b>STS Criteria</b></p> <p>31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p>	<p><b>Verified?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>9. At least one (1) due Instalment has been fully paid under the relevant Underlying Agreement in respect of the relevant Receivable.</p>	

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

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

<b>32</b>	<p><b><u>STS Criteria</u></b></p> <p>32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>Seller indemnification obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables</p> <p>On and following the occurrence of a PCP/VT Indemnification Trigger, the Seller shall, on the Cut-Off Date immediately following the date on which the Servicer has determined in accordance with the Credit and Collection Policy that any Purchased Receivable has become a PCP Handback Receivable or, as the case may, a Voluntarily Terminated Receivable (in each case, an "Indemnified Receivable") (such Cut-Off Date, the "PCP/VT Indemnification Date"), indemnify the Issuer in respect of the amount by which the aggregate Recoveries received by the Servicer in respect of all Indemnified Receivables in such PCP/VT Calculation Period is less than the Aggregate PCP/VT Receivables Balance of such Indemnified Receivables by paying the Issuer an amount equal to the PCP/VT Indemnification Amount.</p> <p>The Seller will only be obliged to indemnify the Issuer in respect of such Indemnified Receivable, where such Indemnified Receivable is not a Defaulted Receivable.</p> <p>See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i>.</p> <p>"PCP/VT Indemnification Amount" means, as at the relevant PCP/VT Indemnification Date, the amount (if any) by which the aggregate Recoveries received by the Servicer in accordance with the Credit and Collection Policy in respect of all Indemnified Receivables in the relevant PCP/VT Calculation Period is less than the Aggregate PCP/VT Receivables Balance of such Indemnified Receivables.</p> <p>"PCP/VT Indemnification Trigger" means, on any Payment Date, the sum of: (a) the Aggregate Discounted Receivables Balance of Performing Receivables in the Portfolio (including any Additional Portfolio acquired by the Issuer on such Payment Date and as of the Cut-Off Date immediately preceding such Payment Date); and (b) the balance standing to the credit of the Replenishment Account (on such Payment Date) is less than Aggregate Outstanding Note Balance (following application of the Available Distribution Amount on such Payment Date in accordance with the Pre-Enforcement Priority of Payments).</p>	

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

<b>33</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b> <b>YES</b>
	<p>33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.</p> <p><b><u>PCS Comments</u></b></p> <p>See Prospectus.</p> <p>UK SECURITISATION REGULATION AND EU SECURITISATION REGULATION REQUIREMENTS</p> <p>UK and EU Risk Retention Requirements</p> <p>BMW Financial Services (GB) Limited ("BMW FS"), in its capacity as Seller and as Subordinated Lender will retain, on an ongoing basis a material net economic interest of not less than 5% in the Transaction in accordance with (a) Article 6(1) of the UK Securitisation Regulation (the "UK Risk Retention Requirements") and (b) Article 6(1) of the EU Securitisation Regulation (as in force on the Issue Date) (the "EU Risk Retention Requirements") only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis.</p> <p>The Seller will (as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) (i) retain, on an ongoing basis until the earlier of the redemption of the Class A Notes and the Class B Notes in full and the Legal Final Maturity Date, the Class C Notes in an amount the sum of which (when aggregated with the principal amount of the Subordinated Loan) is equal to not less than 5% of the nominal value of the securitised exposures (the "Retained Class C Notes") and (ii) retain, in its capacity as Subordinated Lender, on an ongoing basis until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date, and as required by the text of paragraph (d) of Article 6(3) of the UK Securitisation Regulation and paragraph (d) of Article 6(3) of the EU Securitisation Regulation (as in force on the Issue Date) (only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis) a first loss tranche constituted by the claim for repayment of a loan advance in an initial principal amount of £7,200,000, made available by the Subordinated Lender to the Issuer under the Subordinated Loan Agreement (the "Subordinated Loan" and, together with the Retained Class C Notes, the "Retained Interest") on the Issue Date so that the sum of the aggregate principal amount of the Retained Class C Notes and the principal amount of the Subordinated Loan is equal to at least 5% of the nominal amount of the "securitised exposures" (i.e. the Purchased Receivables) on the Issue Date.</p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>Retention Undertaking</p> <p>The Seller, as "originator" for the purposes of the UK Securitisation Regulation, will retain for the life of the transaction a material net economic interest of not less than 5% in the transaction in accordance with (a) Article 6(1) of the UK Securitisation Regulation, (as interpreted and applied on the date hereof) (the "UK Risk Retention Requirements") and (b) Article 6(1) of the EU Securitisation Regulation (as in force on the Issue Date) (the "EU Risk Retention Requirements") only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis. On the Issue Date, such interest will, in accordance with Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation (as in</p>	

force on the Issue Date), be comprised of (i) an investment in the Class C Notes and (ii) a loan advance in the principal amount of the Subordinated Loan, the sum of which is no less than 5% of the nominal amount of the securitised exposures. Any change in the manner in which the interest is held will be notified to the Noteholders. See the section entitled "Certain Regulatory Disclosures – UK Securitisation Regulation and EU Securitisation Regulation" for more information. It is the Seller's intention that on and from the Issue Date and for the life of the Transaction (a) the Class C Notes will be retained by the Seller and (b) the Subordinated Loan will remain outstanding, in each case until the earlier of the redemption of the Class A Notes and Class B Notes in full and the Legal Final Maturity Date, subject always to any requirement of law applicable to the Seller.

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

34	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>RISK FACTORS</i>.</p> <p>Interest Rate Risk</p> <p>Payments made to the Seller by any Customer under an Underlying Agreement comprise monthly amounts calculated on the basis of fixed interest rates. However, payments of interest on the Class A Notes are calculated on the basis of Compounded Daily SONIA. To ensure that the Issuer will not be exposed to interest rate risks, the Issuer and the Swap Counterparty will enter into the Swap Agreement under which the Issuer will owe payments by reference to a fixed rate and the Swap Counterparty will owe payments by reference to Compounded Daily SONIA, in each case calculated with respect to the Swap Notional Amount which is equal to the Class A Outstanding Note Balance on the immediately preceding Payment Date. Payments under the Swap Agreement will be made on a net basis.</p> <p>Interest rate hedging</p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>Swap Agreement</p> <p>As the Purchased Receivables carry interest at a fixed rate, but the Class A Notes will bear interest at a floating rate calculated by reference to SONIA, the Issuer will effect on each Payment Date an exchange of the swap fixed interest rate for Compounded Daily SONIA on the Swap Notional Amount. To this end, the Issuer will enter into a Swap Agreement with the Swap Counterparty (the "Swap Agreement"). The notional amount of the swap on any date will be equal to the Class A Outstanding Note Balance on the immediately preceding Payment Date. On each Payment Date, the Issuer pays to or receives, as applicable, from the Swap Counterparty the net swap amount being the difference between the Swap Fixed Interest Rate and Compounded Daily SONIA calculated on the Swap Notional Amount.</p> <p><i>Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case by case basis.</i></p> <p><i>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.</i></p>	

*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.*

*In the case of the Transaction, payments from the underlying receivables include fixed rate payments, while the Class A notes are floating rate. An interest rate swap is used in the Transaction to mitigate fixed-to-floating interest rate risk. Class B and C notes are fixed rate.*

<b>35</b>	<p><b><u>STS Criteria</u></b> 35. Currency risks arising from the securitisation shall be appropriately mitigated.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> See Prospectus, <i>TERMS AND CONDITIONS OF THE NOTES</i>.</p> <p>3. FORM, DENOMINATION AND TITLE For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Definitive Notes (as defined below) will be issued with a denomination above £199,000. See Prospectus, <i>ELIGIBILITY CRITERIA</i>.</p> <p>4. The relevant Receivable is denominated and payable in Sterling. <i>Notes and underlying assets both denominated in Sterling.</i></p>	
<b>36</b>	<p><b><u>STS Criteria</u></b> 36. Any measures taken to that effect shall be disclosed.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> See Prospectus, <i>RISK FACTORS</i>.</p> <p>Interest Rate Risk Payments made to the Seller by any Customer under an Underlying Agreement comprise monthly amounts calculated on the basis of fixed interest rates. However, payments of interest on the Class A Notes are calculated on the basis of Compounded Daily SONIA. To ensure that the Issuer will not be exposed to interest rate risks, the Issuer and the Swap Counterparty will enter into the Swap Agreement under which the Issuer will owe payments by reference to a fixed rate and the Swap Counterparty will owe payments by reference to Compounded Daily SONIA, in each case calculated with respect to the Swap Notional Amount which is equal to the Class A Outstanding Note Balance on the immediately preceding Payment Date. Payments under the Swap Agreement will be made on a net basis.</p>	

Interest rate hedging

See Prospectus, *TRANSACTION OVERVIEW*.

Swap Agreement

See Prospectus, *OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS*.

7. Swap Agreement

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

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

*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.*

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

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

37

**STS Criteria**

37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...

**Verified?**

**YES**

**PCS Comments**

See underlying transaction documents: Incorporated Terms Memorandum.

SCHEDULE 8

ISSUER COVENANTS

PART 1

	CORPORATE COVENANTS OF THE ISSUER	
	8. GENERAL NEGATIVE COVENANTS	
	Not until after the Final Discharge Date, save as contemplated by and to the extent permitted by the Transaction Documents or with the prior written consent of the Trustee:	
	8.1 carry on any business or enter into any transactions other than those contemplated by the Transaction Documents;	
38	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	
	<b>PCS Comments</b>	
	See Prospectus, <i>PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA</i> .	
	Other characteristics	
	The Purchased Receivables, as at the Issue Date, will not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of article 21(2) of the UK Securitisation Regulation, in each case on the basis that the Purchased Receivables have been entered into substantially on the terms of similar standard documentation for PCP contracts.	
39	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	39. Those derivatives shall be underwritten and documented according to common standards in international finance.	
	<b>PCS Comments</b>	
	See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i> .	
	"Swap Agreement" means a swap agreement dated and executed on or about 31 March 2023 between the Issuer and the Swap Counterparty pursuant to the 1992 ISDA Master Agreement and a rating agency compliant Schedule (including the related Credit Support Annex) and Confirmation (such confirmation executed on 31 March 2023 with trade date 31 March 2023 and effective date 20 April 2023) and any replacement swap agreement entered into with a replacement Swap Counterparty in accordance with the terms thereof.	
<b>Article 21.3.</b> 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.		
40	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.	
	<b>PCS Comments</b>	
	See Prospectus.	
	Interest on the Class A Notes will accrue on the Outstanding Note Balance of each Class A Note at a per annum rate equal to the sum of the Sterling Overnight Interbank Average Rate (SONIA) and a margin of .62% per annum, provided that if such rate is below zero, the applicable interest rate will be zero. Interest on the Class B Notes will accrue on the Outstanding	

Note Balance of each Class B Note at a per annum rate of 1.00%. Interest on the Class C Notes will accrue on the Outstanding Note Balance of each Class C Note at a per annum rate of 1.50%.

See Prospectus, *CREDIT STRUCTURE AND FLOW OF FUNDS*.

Interest rate hedging

The Purchased Receivables are purchased at their Aggregate Discounted Receivables Balance and the instalments payable under or in respect of the Underlying Agreements will be calculated by reference to a fixed rate of interest. The interest payable by the Issuer with respect to the Class A Notes is calculated as the sum of Compounded Daily SONIA and the margin as set out in Condition 6.4 (Interest Rate).

See Prospectus, *ELIGIBILITY CRITERIA*.

3. In respect of a Purchased Receivable, the Related Underlying Agreement has a fixed interest rate and is fully amortising through payments of constant monthly instalments (except for the first instalment and the final instalment payable under the relevant Underlying Agreement which may differ from the monthly instalments payable for subsequent or previous months).

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

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

**41** STS Criteria

41. Where an enforcement or an acceleration notice has been delivered:

- (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;

Verified?  
**YES**

PCS Comments

See Prospectus, *TRANSACTION OVERVIEW*.

Post-Enforcement Priority of Payments

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Available Post-Enforcement Funds" means, from time to time, all moneys standing to the credit of the Issuer Accounts, including, without limitation, any enforcement proceeds in respect of the Security credited to the Issuer Accounts and/or to any account of the Trustee or Receiver appointed by the Trustee upon the service of an Enforcement Notice by the Trustee on the Issuer (but excluding, for the avoidance of doubt, any Set-Off Reserve Excess Amount) provided that, in relation to the Counterparty Downgrade Collateral Account,



	Available Post-Enforcement Funds shall include (i) any balance credited to the Counterparty Downgrade Collateral Account to the extent that such balance comprises (a) the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account which have been applied pursuant to the terms of the Swap Agreement to reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement; and (b) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement, but (ii) shall exclude, for the avoidance of doubt, any amount credited to the Counterparty Downgrade Collateral Account which will be returned directly to the Swap Counterparty, including, without limitation, any accrued interest and any Replacement Swap Premium (only to the extent that it is applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty).	
42	<p><b>STS Criteria</b></p> <p>42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>Post-Enforcement Priority of Payments</p> <p><i>Principal is paid sequentially under post-enforcement order of priority.</i></p>	<p><b>Verified?</b> <b>YES</b></p>
43	<p><b>STS Criteria</b></p> <p>43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>Post-Enforcement Priority of Payments</p>	<p><b>Verified?</b> <b>YES</b></p>
44	<p><b>STS Criteria</b></p> <p>44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS</i>.</p> <p>8. Deed of Charge</p> <p>For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default. The Trustee is required to ensure that any amounts deposited or investments made by it in accordance with the provisions of the Deed of Charge are, where applicable, held in accordance with the requirements of Article 21(4)(a) of the UK Securitisation Regulation.</p>	<p><b>Verified?</b> <b>YES</b></p>

**Article 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.

<b>45</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u> YES</b>
	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.	
<b><u>PCS Comments</u></b>		
See Prospectus, <i>TRANSACTION OVERVIEW</i> .		
Pre-Enforcement Priority of Payments		
Post-Enforcement Priority of Payments		
<i>Transaction does not feature non-sequential priority of payments.</i>		

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

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

<b>46</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u> YES</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: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	
<b><u>PCS Comments</u></b>		
See Prospectus, <i>TRANSACTION OVERVIEW</i> .		
General Description		
The "Revolving Period" is the period commencing on (and including) the Issue Date and ending on (but excluding) the earlier of (a) the Payment Date falling in May 2024, and (b) the date on which an Early Amortisation Event occurs.		
See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i> .		

	<p>"Early Amortisation Event" means the occurrence of any of the following events during the Revolving Period:</p> <p>(a) as at any Cut-Off Date, the Cumulative Net Loss Ratio exceeds 2.50% for any Payment Date;</p> <p>(b) as at any Payment Date, the 3 Month Rolling Average Delinquency Percentage exceeds 1.50%;</p> <p>(c) if after application of the Available Distribution Amount in accordance with the Pre-Enforcement Priority of Payments, the Excess Collection Amount paid to the Replenishment Account under item eleventh of the Pre-Enforcement Priority of Payments on any Payment Date (when aggregated with any Additional Portfolio Purchase Price paid on such Payment Date) would be lower than the Replenishment Available Amount;</p> <p>(d) on two consecutive Cut-Off Dates, the amount standing to the credit of the Replenishment Account exceeds 10% of the Aggregate Discounted Receivables Balance as of the Cut-Off Date immediately preceding the Issue Date;;</p> <p>(e) the occurrence of an Issuer Event of Default;</p> <p>(f) the occurrence of a Servicer Termination Event; or</p> <p>(g) an Insolvency Event has occurred with respect to the Servicer or the Seller.</p> <p>See above, (a), (b)</p>	
47	<p><b><u>STS Criteria</u></b></p> <p>47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See point 46 above, (g)</p>	
48	<p><b><u>STS Criteria</u></b></p> <p>48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See point 46 above, (d)</p>	
49	<p><b><u>STS Criteria</u></b></p> <p>49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See point 46 above, (d)</p>	

**Article 21.7.** The transaction documentation shall clearly specify:

- (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;
- (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
- (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>50</b>	<p><b><u>STS Criteria</u></b> 50. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b> See Prospectus, OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS. Servicing Agreement, Data Trust Agreement, Bank Account Agreement, Deed of Charge, Trust Deed, Calculation Agency Agreement, Agency Agreement, The Corporate Services Agreement See also underlying transaction documents.</p>	
<b>51</b>	<p><b><u>STS Criteria</u></b> 51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b> See Prospectus, <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS</i>. Servicing Agreement Termination of appointment of the Servicer Under the Servicing Agreement, the Issuer (prior to the delivery of an Enforcement Notice or notice that the Trustee has taken any action to enforce the Security) with the written consent of the Trustee, or the Trustee itself (after delivery of an Enforcement Notice or notice that the Trustee has taken any action to enforce the Security) may at any time after the occurrence of a Servicer Termination Event terminate the appointment of the Servicer and designate as a successor Servicer any Person that is a Suitable Entity and to succeed the Servicer provided that such termination of the Servicer shall not become effective until a successor Servicer has been appointed that is a Suitable Entity. See also underlying transaction documents: Servicing Agreement. 13. Termination 14. Change of Servicer 17. Back-up Servicer Facilitator</p>	

52	<b>STS Criteria</b> 52. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus <i>RISK FACTORS</i> . Interest rate hedging If the Swap Counterparty defaults in respect of its obligations under the Swap Agreement and that results in a termination of the Swap Agreement, the Issuer will be obligated to enter into a replacement arrangement with another Eligible Swap Counterparty. See underlying transaction documents: Bank Account Agreement. 8. TERMINATION	
<b>Article 21.8.</b> 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.		
53	<b>STS Criteria</b> 53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, <i>THE SELLER AND SERVICER</i> . BMW FS (the "Company") is a financial services company that has been part of the BMW Group since 1992. BMW Group is a leading provider of premium products and premium services for individual mobility. It is a maker of premium brand cars and motorcycles worldwide, and owns the premium brands "BMW", "MINI "and "Rolls-Royce". The Company seeks to uphold the values of these brands through the provision of financial services products tailored to motor vehicle buyers' and its dealers' (referred to as the "BMW Dealers") needs, in order to support BMW Group sales activities. The Company has more than 5 years' experience in originating and servicing automotive finance products such as the Purchased Receivables. <i>The EBA Guidelines provide that an entity that has serviced similar assets for at least five years will be deemed to meet the expertise criterion.</i>	
54	<b>STS Criteria</b> 54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, <i>THE SELLER AND SERVICER</i> .	

BMW FS (the "Company") is a financial services company that has been part of the BMW Group since 1992.

The Company's activities

The Company has provided regulated consumer credit activities since its incorporation. It was authorised to conduct these activities by the Financial Conduct Authority on 13th July 2015. Prior to being granted authorisation the Company held interim permissions from the FCA to provide regulated consumer credit.

See Prospectus, *CREDIT AND COLLECTION POLICY*.

*Additional due diligence materials were reviewed in connection with verifying these criteria.*

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

**55** **STS Criteria**

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

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *RISK FACTORS*.

Reliance on Credit and Collection Policy

The Servicer will carry out the administration, collection and enforcement of the Purchased Receivables and the Related Collateral in accordance with the Servicing Agreement and the Credit and Collection Policy.

See Prospectus, *CREDIT AND COLLECTION POLICY*.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Collections"

"Defaulted Receivable"

"Delinquent Receivable"

"Recoveries"

See also underlying transaction documents: Servicing Agreement.

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

<b>56</b>	<b><u>STS Criteria</u></b> 56. The transaction documentation shall clearly specify the priorities of payment,	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See Prospectus, <i>TRANSACTION OVERVIEW</i> . Pre- Enforcement Priority of Payments Post- Enforcement Priority of Payments	
<b>57</b>	<b><u>STS Criteria</u></b> 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See Prospectus, <i>TRANSACTION OVERVIEW</i> . Applicable Priority of Payments  The Issuer and, upon enforcement, the Trustee will make payments to the Noteholders and other parties on the basis of two different priorities of payments (each a "Priority of Payments"): (i) prior to the delivery of an Enforcement Notice by the Trustee to the Issuer, the Issuer will pay, inter alia, tax and administration expenses, Swap Net Cashflow payable to the Swap Counterparty and interest and principal on the Notes in accordance with the Pre-Enforcement Priority of Payments and (ii) subsequent to the delivery of an Enforcement Notice by the Trustee to the Issuer, the Trustee will, on behalf of the Issuer, make all distributions of Available Post-Enforcement Funds (or procure that all such distributions be made) in accordance with the Post-Enforcement Priority of Payments.  See Prospectus, <i>TERMS AND CONDITIONS OF THE NOTES</i> .  11. EVENTS OF DEFAULT 11.1 Notes  The Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25% in aggregate Class Outstanding Note Balance of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an "Enforcement Notice") to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Class Outstanding Note Balance, together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Trustee, the Seller, the Servicer, the Back-Up Servicer Facilitator, the Account Bank, the Collection Account Bank and the Calculation Agent), if any of the following events (each, an "Issuer Event of Default") occur:  (a) a default occurs in the payment of interest on any Payment Date (and such default is not remedied within five (5) Business Days of its occurrence) or the payment of principal on the Legal Final Maturity Date (and such default is not remedied within five (5) Business Days of its occurrence) in respect of the Most Senior Class of Notes;	

	<p>(b) the Issuer fails to perform or observe any of its other material obligations under the Conditions or the Transaction Documents (other than the Subordinated Loan Agreement) and, in each such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy when no notice will be required) such failure is continuing for a period of thirty (30) calendar days following the service by the Trustee on the Issuer of a notice requiring the same to be remedied;</p> <p>(c) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Class A Notes or any other Transaction Document (other than the Subordinated Loan Agreement); or</p> <p>(d) an Insolvency Event has occurred with respect to the Issuer.</p>	
<b>58</b>	<p><b><u>STS Criteria</u></b> 58. The transaction documentation shall clearly specify the obligation to report such events.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> See Prospectus. UK SECURITISATION REGULATION AND EU SECURITISATION REGULATION REQUIREMENTS UK Transparency Requirements Any events which trigger changes in the Priority of Payments and any change in the Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.</p>	
<b>59</b>	<p><b><u>STS Criteria</u></b> 59. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> See Prospectus. UK SECURITISATION REGULATION AND EU SECURITISATION REGULATION REQUIREMENTS UK Transparency Requirements Any events which trigger changes in the Priority of Payments and any change in the Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.</p>	



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

<b>60</b>	<p><b><u>STS Criteria</u></b></p> <p>60. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>See Prospectus, <i>TERMS AND CONDITIONS OF THE NOTES</i>.</p> <p>13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION</p> <p>13.4 Quorum</p> <p>13.15 "Ordinary Resolution"</p> <p>13.16 "Extraordinary Resolution"</p> <p>See Prospectus, <i>OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED PARTIES</i>.</p> <p>Noteholders Meeting provisions</p> <p>See underlying transaction documents: Trust Deed.</p> <p>SCHEDULE 4</p> <p>PROVISIONS FOR MEETINGS OF NOTEHOLDERS</p> <p><i>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. The documentation covers the following:</i></p> <p><i>(a) the method for calling meetings; as for method: Trust Deed: Schedule 4, 5. CONVENING OF MEETING: MEETINGS OF COMBINED CLASSES OF NOTES; (b) the maximum timeframe for setting up a meeting: Trust Deed: Schedule 4, 6. NOTICE, (c) the required quorum: Trust Deed: Schedule 4, 8. QUORUM, (d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision: Prospectus: 13.15 "Ordinary Resolution"/13.16 "Extraordinary Resolution"; (e) where applicable, a location for the meetings which should be in the UK: Trust Deed: Schedule 4, 6. NOTICE, 6.1 Notice period and notice details</i></p>	

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

<b>61</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	61. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	<b>YES</b>
<b><u>PCS Comments</u></b>		
See Prospectus, <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS</i> .		
8. Deed of Charge		
9. Trust Deed		
See underlying transaction documents: Trust Deed, Deed of Charge.		

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

62	<b>STS Criteria</b> 62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, <i>PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA</i> . The historical information set out in below is based on the past experience and present procedures of the Seller. 2. Historical performance data	
63	<b>STS Criteria</b> 63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See comment 64 above.	
64	<b>STS Criteria</b> 64. Those data shall cover a period no shorter than five years.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See comment 64 above.	

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

65	<b>STS Criteria</b> 65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i> . Verification of data	

The Preliminary Portfolio has been subject to an agreed upon procedures review on a sample of loans selected from the Preliminary Portfolio conducted by a third-party and completed with respect to the Preliminary Portfolio in existence on 31 January 2023 and to verify that the Preliminary Portfolio is compliant with certain Eligibility Criteria that was able to be tested prior to issuance. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables disclosed in respect of the underlying exposures are accurate.

The Seller has reviewed the reports and is of the opinion that there were no significant adverse findings in such reports.

See Prospectus, *PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*

Pursuant to Article 22(2) of the UK Securitisation Regulation and the terms of an external verification applying a confidence level higher than 95% has been made in respect of the Receivables prior to the Issue Date by an appropriate and independent party, including verification that the data disclosed in any formal offering document in respect of the Purchased Receivables is accurate, and, in this respect, no significant adverse findings have been found.

*PCS has reviewed the draft report on "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS can confirm that this was done by an appropriate and independent third party.*

**66** **STS Criteria**

66. Including verification that the data disclosed in respect of the underlying exposures is accurate.

**Verified?**

**YES**

**PCS Comments**

See comment 65 above.

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

**67** **STS Criteria**

67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.

**Verified?**

**YES**

**PCS Comments**

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*

Liability cashflow model

The Seller will make available a liability cashflow model via EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>. The Seller shall procure that such liability cashflow model (a) precisely represents the contractual relationship between the Purchased Receivables and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer, and (b) is made available to (i) prior to pricing of the notes, potential investors and (ii) on an on-going basis, investors in the Notes and to potential investors in the Notes upon request.

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.

68	<b>STS Criteria</b> 68. 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 Comments</b> <p>See comment 67 above.</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. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</p>	

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

69	<b>STS Criteria</b> 69. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <p>See Prospectus, <i>PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA</i>.</p> <p>Environmental performance</p> <p>To the extent the administrative records of the Seller contain any information related to the environmental performance of the Purchased Receivables then such information shall be made available in the SR Investor Reports in accordance with article 22(4) of the UK Securitisation Regulation.</p>	

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

<b>70</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.	
	<b>PCS Comments</b>	
	See Prospectus, <i>TRANSACTION OVERVIEW</i> .	
	Simple, Transparent and Standardised Securitisation	
	In relation to such notification, the Seller has been designated as the first contact point for investors and competent authorities. The Seller, as originator, will also take responsibility for compliance with Article 7 of the UK Securitisation Regulation in accordance with Article 22(5) of the UK Securitisation Regulation.	
	See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i> .	
	UK Securitisation Regulation and the EU Securitisation Regulation	
	Transparency requirements	
	UK Transparency Requirements	
	The Issuer (as the SSPE (as defined in the UK Securitisation Regulation) has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation. Notwithstanding the appointment of the Issuer as designated entity, the Seller as the originator is responsible for compliance with Articles 7 and 22(5) of the UK Securitisation Regulation. As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Offering Circular and to the monthly reports to investors that are prepared pursuant to the Servicing Agreement.	

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

<b>71</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	71. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	
	<b>PCS Comments</b>	
	See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i> .	
	UK Securitisation Regulation and EU Securitisation Regulation	
	Transparency requirements	

UK Transparency Requirements

[...] As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Preliminary Offering Circular and to the monthly reports to investors that are prepared pursuant to the Servicing Agreement.

The Issuer will procure that the Servicer will:

- (a) from the Issue Date:
    - (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;
    - (ii) publish on a monthly basis, simultaneously with the investor report referred to in (a) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),
- in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "SR Investor Reports")

72

**STS Criteria**

72. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.

**Verified?**

**YES**

**PCS Comments**

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*.

UK Securitisation Regulation and the EU Securitisation Regulation

Transparency requirements

UK Transparency Requirements

The Issuer will procure that the Servicer will:

- (b) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date);
- (d) make available (i) the draft STS notification prior to the pricing of the Notes and (ii) the STS Notification on or about the Issue Date,

The Issuer intends that this Offering Circular constitutes a transaction summary overview of the main features of the Transaction contemplated herein for the purposes of Article 7(1)(c) of the UK Securitisation Regulation (and make the same available to investors prior to the pricing of the Notes).

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

<b>73</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i>.</p> <p>UK Securitisation Regulation and the EU Securitisation Regulation</p> <p>Transparency requirements</p> <p>UK Transparency Requirements</p> <p>The Issuer will procure that the Servicer will:</p> <p>(b) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date);</p> <p><i>This criterion speaks to document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.</i></p> <p><i>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement 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.</i></p>	

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

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

<b>74</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>74. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis,</p> <p><b>PCS Comments</b></p> <p>See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i>.</p> <p>UK Securitisation Regulation and the EU Securitisation Regulation</p> <p>Transparency requirements</p>	



## UK Transparency Requirements

The Issuer will procure that the Servicer will:

- (a) from the Issue Date:
  - (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;
  - (ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "UK SR Investor Reports");

See Prospectus, *GENERAL INFORMATION*.

## 10. Post-issuance Reporting

(a) The Issuer (as SSPE (as defined in the UK Securitisation Regulation and the EU Securitisation Regulation)) is the designated entity for the purposes of Article 7 of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation and Article 7 of the and the EU Securitisation Regulation (as in force on the Issue Date). The Issuer will procure that the Servicer will:

- (i) from the Issue Date:
  - (A)
    - (1) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation; and
    - (2) publish on a monthly basis, simultaneously with the investor report referred to in (1) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "UK SR Investor Reports");

*Please see notes in comment 73 above regarding future event criteria.*

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

- (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
  - (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
  - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
  - (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
  - (iv) the servicing, back-up servicing, administration and cash management agreements;
  - (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
  - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

**75** **STS Criteria**

75. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
- (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions
  - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
  - (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
  - (iv) the servicing, back-up servicing, administration and cash management agreements;
  - (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
  - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*.

UK Securitisation Regulation and the EU Securitisation Regulation

Transparency requirements

UK Transparency Requirements

The Issuer will procure that the Servicer will:

- (b) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date); in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "UK SR Investor Reports");

The reports set out in paragraphs (a) above and the documentation and information set out in paragraphs (b), (c) and (d) above shall be published or made otherwise available by the Servicer as required under Article 7(2) of the UK Securitisation Regulation on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>, being a securitisation repository registered under Article 10 of the UK Securitisation Regulation (the "UK SR Repository"). Each UK SR Investor Report shall be made available no later than one month following the due date for the payment of interest.

*Please see notes in comment 73 above regarding future event criteria.*

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

<b>76</b>	<p><b>STS Criteria</b></p> <p>76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><u>PCS Comments</u></p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p> <p>See also underlying transaction documents: Deed of Charge.</p> <p>SCHEDULE 6, PRE-ENFORCEMENT PRIORITY OF PAYMENTS</p> <p>SCHEDULE 7, POST-ENFORCEMENT PRIORITY OF PAYMENTS</p>	

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

(c) where section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing)<sup>1</sup> do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

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

77

**STS Criteria**

77. (c) section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

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

**Verified?**  
**YES**

**PCS Comments**

*The Prospectus in this transaction serves as the Transaction Summary and contains the required information.*

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

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

78

**STS Criteria**

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

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *UK SECURITISATION REGULATION AND EU SECURITISATION REGULATION REQUIREMENTS*.

STS and the Authorised Verification Agent

<sup>1</sup> These are "prospectus rules"; see section 73A of the Financial Services and Markets Act 2000 (Part 6 Rules), inserted by S.I. 2005/381

## STS Requirements

The Seller confirms that it will make an STS Notification to the FCA that the Transaction is an STS-compliant securitisation pursuant to Article 18 of the UK Securitisation Regulation. Such STS-compliant securitisations appear on the list of STS-compliant securitisations established and maintained by the FCA in accordance with Article 27(5) of the UK Securitisation Regulation (each, an "STS Securitisation"). The STS Notification and accompanying explanation from the Seller of the transaction's compliance with Articles 20 to 22 of the UK Securitisation Regulation (compliance with such articles being required to qualify as an STS Securitisation) will be available for inspection on the list maintained by the FCA.

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*.

UK Securitisation Regulation and the EU Securitisation Regulation

Transparency requirements

UK Transparency Requirements

The Issuer will procure that the Servicer will:

(d) make available (i) the draft STS notification prior to the pricing of the Notes and (ii) the STS Notification on or about the Issue Date,

provided that (i) the Servicer will only be required to do so to the extent that the disclosure requirements under Article 7 of the UK Securitisation Regulation (as in force on the Issue Date) remain in effect and (ii) the Servicer will not be in breach of such undertaking if the Servicer fails to so comply due to events, actions or circumstances beyond the Servicer's control.

*Please see notes in comment 73 above regarding future event criteria.*

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

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

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

<b>79</b>	<p><b><u>STS Criteria</u></b></p> <p>79. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p> <ul style="list-style-type: none"> <li>(i) all materially relevant data on the credit quality and performance of underlying exposures;</li> <li>(ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties,</li> <li>(ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;</li> <li>(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.</li> </ul>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i>.</p> <p>UK Securitisation Regulation and the EU Securitisation Regulation</p> <p>Transparency requirements</p> <p>UK Transparency Requirements</p> <p>The Issuer will procure that the Servicer will:</p> <ul style="list-style-type: none"> <li>(a) from the Issue Date: <ul style="list-style-type: none"> <li>(i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;</li> <li>(ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),</li> </ul> </li> </ul> <p>in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "UK SR Investor Reports");</p> <p>See Prospectus, <i>GENERAL INFORMATION</i>.</p> <p>10. Post-issuance Reporting</p>	

(a) The Issuer (as SSPE (as defined in the UK Securitisation Regulation and the EU Securitisation Regulation)) is the designated entity for the purposes of Article 7 of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation and Article 7 of the and the EU Securitisation Regulation (as in force on the Issue Date). The Issuer will procure that the Servicer will:

(i) from the Issue Date:

(A)

(1) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation; and

(2) publish on a monthly basis, simultaneously with the investor report referred to in (1) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "UK SR Investor Reports");

*Please see notes in comment 73 above regarding future event criteria.*

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

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

**80** **STS Criteria**

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

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*.

UK Securitisation Regulation and the EU Securitisation Regulation

Transparency requirements

UK Transparency Requirements

The Issuer will procure that the Servicer will:

(c) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation;

*Please see notes in comment 73 above regarding future event criteria.*

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

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

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

**81** **STS Criteria**

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

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

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*.

UK Securitisation Regulation and the EU Securitisation Regulation

Transparency requirements

UK Transparency Requirements

The Issuer will procure that the Servicer will:

- (c) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation;

*Please see notes in comment 73 above regarding future event criteria.*



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

<b>82</b>	<p><b>STS Criteria</b></p> <p>82. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i>.</p> <p>UK Securitisation Regulation and the EU Securitisation Regulation</p> <p>Transparency requirements</p> <p>UK Transparency Requirements</p> <p>The Issuer will procure that the Servicer will:</p> <p>(a) from the Issue Date:</p> <p style="padding-left: 20px;">(i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;</p> <p style="padding-left: 20px;">(ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),</p> <p>in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "UK SR Investor Reports");</p> <p><i>Please see notes in comment 73 above regarding future event criteria.</i></p>	

**Article 7.1.** Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay

When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and United Kingdom law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.

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

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

<b>83</b>	<p><b>STS Criteria</b></p> <p>83. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, <i>CERTAIN REGULATORY DISCLOSURES</i>.</p> <p>UK Securitisation Regulation and the EU Securitisation Regulation</p> <p>Transparency requirements</p> <p>UK Transparency Requirements</p> <p>The Issuer will procure that the Servicer will:</p> <p>(c) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation;</p> <p><i>Please see notes in comment 73 above regarding future event criteria.</i></p>	

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

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

Or

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

#### 84 **STS Criteria**

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

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

Or

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

**Verified?**  
**YES**

#### **PCS Comments**

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*.

UK Securitisation Regulation and the EU Securitisation Regulation

Transparency requirements

UK Transparency Requirements

The Issuer will procure that the Servicer will:

(a) from the Issue Date:

(i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;

(ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "UK SR Investor Reports");

(b) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date);

(c) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation; and

(d) make available (i) the draft STS notification prior to the pricing of the Notes and (ii) the STS Notification on or about the Issue Date,

The reports set out in paragraphs (a) above and the documentation and information set out in paragraphs (b), (c) and (d) above shall be published or made otherwise available by the Servicer as required under Article 7(2) of the UK Securitisation Regulation on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>, being a securitisation repository registered under Article 10 of the UK Securitisation Regulation (the "UK SR Repository"). Each UK SR Investor Report shall be made available no later than one month following the due date for the payment of interest.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"UK SR Repository" means EuroABS, being a securitisation repository registered under Article 10 of the UK Securitisation Regulation.

Please see notes in comment 73 above regarding future event criteria.

85

**STS Criteria**

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

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, *CERTAIN REGULATORY DISCLOSURES*.

Transparency requirements

UK Transparency Requirements

The Issuer (as the SSPE (as defined in the UK Securitisation Regulation)) has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation. Notwithstanding the appointment of the Issuer as designated entity, the Seller as the originator is responsible for compliance with Articles 7 and 22(5) of the UK Securitisation Regulation. As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Offering Circular and to the monthly reports to investors that are prepared pursuant to the Servicing Agreement.

See Prospectus, *OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS*.

2. Servicing Agreement

Information and Regular Reporting

The Issuer and the Seller, as the originator within the meaning of the UK Securitisation Regulation and the EU Securitisation Regulation, have agreed that the Issuer is the designated entity for the purposes of the Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as in force on the Issue Date). The Issuer has delegated its obligations under the Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) to the Servicer under the Servicing Agreement.

Please see notes in comment 73 above regarding future event criteria.