

STS Term Verification Checklist

Candide Financing 2025-1 B.V



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

16th June 2025

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

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

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

16th June 2025

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

PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Verification	16 June 2025
The transaction to be verified (the "Transaction")	Candide Financing 2025-1 B.V
Issuer	Candide Financing 2025-1 B.V
Originator/Seller/STS Originator for STS purposes	Lloyds Bank GmbH, Amsterdam Branch
Arranger	Lloyds Bank Corporate Markets
Lead Manager(s)	ABN AMRO Bank N.V., ING Bank N.V., Lloyds Bank Corporate Markets Wertpapierhandelsbank
Transaction Legal Counsel	Allen Overy Shearman Sterling LLP
Rating Agencies	Fitch / Moody's
Stock Exchange	Euronext Amsterdam
Closing Date	16 June 2025

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

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

1	<div>STS Criteria</div> <div>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.</div>	<div>Verified?</div> <div>YES</div>
	<div>PCS Comments</div> <div>Section 7.1 discusses the method by which legal title to the Mortgage Receivables is transferred by the Seller to the Issuer</div> <div>On the Closing Date, the Issuer shall purchase and accept assignment of the Mortgage Receivables relating thereto from the Seller by means of the Mortgage Receivables Purchase Agreement and the Deed of Assignment and Pledge and registration of the Deed of Assignment and Pledge with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables is transferred from the Seller to the Issuer and will be enforceable against the Seller and any other relevant third party. On the relevant Reconciliation Date of completion of the sale and assignment of Further Advance Receivables, the legal title thereto will be assigned by the Seller to the Issuer by way of undisclosed assignment (stille cessie) by means of a private deed of assignment which is registered on the same date (the assignments are collectively referred to as (the Assignment). The Assignment has not and will not be notified to the Borrowers, except upon the occurrence of any Assignment Notification Event. Until notification of Assignment the Borrowers will only be entitled to validly pay (bevrijdend betalen) to the Seller.</div> <div>Section 5.9 Legal framework as to the assignment of the Mortgage Receivables - Assignment of the Mortgage Receivables</div> <div>Section 4.4 – EU STS Securitisation (i) provides additional information.</div> <div>PCS has been provided with a German law and a Dutch law legal opinion by Allen Overy Shearman Sterling LLP, a reputable law firm in the Netherlands.</div> <div>“True sale” is not a legal concept but a rating agency creation.</div> <div>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”.</div> <div>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.</div> <div>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.</div> <div>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.</div> <div>The Regulation (20.1) therefore does not require STS “true sales” to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to “severe clawback”. The Regulation does not define “severe clawback” but gives an example (20.2) where a clawback may occur.</div> <div>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”.</div>	

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 jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:

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

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

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

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

In the case of the Transaction, title to the assets is transferred by a traditional Dutch assignment. The legal opinions from Allen & Overy LLP confirm that this assignment meets the definition of “true sale” outlined above. In the case of the Seller and Originators with its business in selling mortgages secured solely on property in The Netherlands, the COMI is the Netherlands (see section 3.4 “Seller and Originators”. Dutch insolvency law provides for clawback in the cases of preferences and transactions at an undervalue and require the insolvency officer to prove that case.

However, it is also noted that the Seller is incorporated in Germany, although it is authorised to operate as in the Netherlands through its branch in Amsterdam, as described in the Prospectus. The Receivables were originated in the Netherlands by the Dutch branch. However, in the case of insolvency of the Seller, German insolvency laws would apply.

See also the true sale statements in §(i) and (ii) of “EU STS Securitisation” confirming that:

(i) For the purpose of compliance with Article 20(1) of the EU Securitisation Regulation, the Seller and the Issuer confirm that pursuant to the Mortgage Receivables Purchase Agreement the Issuer will purchase and accept from the Seller the assignment of the Mortgage Receivables by means of a registered Deed of Assignment and Pledge as a result of which legal title to the Mortgage Receivables is transferred to the Issuer and such purchase and assignment will be enforceable against the Seller and third parties of the Seller, subject to any applicable bankruptcy laws or similar laws affecting the rights of creditors and as a result thereof the requirement stemming from Article 20(5) of the EU Securitisation Regulation is not applicable (see also Section 7.1 (Purchase, Repurchase and Sale)).

(ii) For the purpose of compliance with Article 20(2) of the EU Securitisation Regulation (i) the Seller confirms that it, irrespective of whether it acts through its branch office in Amsterdam, is subject to the German Bankruptcy Act (Insolvenzordnung) and (ii) the Seller and the Issuer confirm that the German Bankruptcy Act (Insolvenzordnung) does not contain severe clawback provisions as referred to in Article 20(2) of the EU Securitisation Regulation and the Seller will represent on the relevant purchase date to the Issuer in the Mortgage Receivables Purchase Agreement that (a) it has its seat in the Federal Republic of Germany and (b) it is not subject to any intervention, resolution or recovery measures described in Regulation (EU) No 806/2014 of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz – SAG) nor in a situation of over-indebtedness (Überschuldung), illiquidity (Zahlungsunfähigkeit) nor impeding illiquidity (drohende Zahlungsunfähigkeit) and has not been dissolved (Auflösung) or declared bankrupt (Eröffnung eines Insolvenzverfahrens) (see also Section 3.4 (Seller)).

Section 3.4 (Seller and Servicer) describes the corporate structure of the Seller.

The home member state of the Originator is in the Federal Republic of Germany, which does not contemplate severe clawback provisions for securitisation transactions. In an insolvency /resolution procedure involving Lloyds Bank GmbH, however, PCS believes that both German and Dutch laws may be relevant in case a claw back action is raised against the Originator, aimed at the recovery of assets transferred by the Originator through its Dutch branch. In any case, neither Dutch nor German insolvency laws do contemplate severe claw back in the respect of sales of receivables made in the context of securitisation transactions. PCS has verified that both German and Dutch insolvency laws provide for clawback in relation to acts made in the suspect period, provided that also other circumstances occur, such as undue preference or transactions at an undervalue, and may require the insolvency officer to prove that case.

The Legal Opinions provide comfort on the true sale aspects related to the sale of the Mortgage Receivables of the initial pool and of each Further Advance Receivables.

Therefore, and as generally outlined in the German and Dutch opinions and more specifically in the Prospectus, sections mentioned above, the transfer of the Receivables is not, in our view, subject to "severe clawback".

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

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

- (a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;
- (b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.

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

2	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>Section 4.4 – EU STS Securitisation (ii)</p> <p>Seller's COMI is Germany (see section 3.4 "Seller and Servicer"). The Federal Republic of Germany does not contemplate severe claw-back provisions for securitisation transactions in the event of the Seller's insolvency.</p> <p>The Federal Republic of Germany does not contemplate severe clawback provisions. See the comments in criterion 1 and 2 above.</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.

3	<p>STS Criteria</p> <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>Verified? YES</p>
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PCS Comments

The Seller is Lloyds Bank GmbH, Amsterdam Branch

See the Glossary of Defined Terms for definition of "Originator":

Originator: Lloyds Bank GmbH.

Section 7.1 discusses the transfer of legal title of Mortgage Receivables originated by Lloyds Bank GmbH, Amsterdam Branch. The pool of Mortgage Loans consists of Mortgage Loans which were originated by the Seller.

Section 7.2 "(b) each Mortgage Loan was (i) originated by the Originator as original lender and (ii) granted in the ordinary course of the Originator's business pursuant to underwriting standards that are no less stringent than those that the Originator applied at the time of origination to similar mortgage loans that are not securitised and (iii) originated after 1 February 2022 ;"

The legal opinions confirm the "true sale" aspects.

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

Notification to the borrowers is not required to perfect the transfer of legal title by means of an assignment and pledge.

See section 4.4. EU STS Securitisation (i) and section 5.9 Legal framework as to the assignment of the Mortgage Receivables, Assignment of the Mortgage Receivables

Criterion 4 requires two steps:

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

Although the transfer is not notified to the borrowers, the Prospectus and the legal opinions confirm that such notification is not required to fully perfect the transfer of ownership in the mortgage loans to the SSPE. Accordingly, this transaction does not operate by way of an unperfected assignment and no triggers are needed to satisfy this requirement.

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

5 STS Criteria

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

Verified?
YES

PCS Comments

Section 7.2 Representations and Warranties, (g), (i) and (j) which state:

"(g) the Seller (i) has full right and title (titel) to the Mortgage Receivables and, to the extent applicable, the NHG Advance Rights relating thereto, (ii) has the power to assign (is beschikkingsbevoegd) the Mortgage Receivables and, to the extent applicable, the NHG Advance Rights relating thereto and no restrictions on the sale and transfer of the Mortgage Receivables and, to the extent applicable, the NHG Advance Rights relating thereto are in effect and the Mortgage Receivables and, to the extent applicable, the NHG Advance Rights relating thereto are capable of being transferred in the manner envisaged in the Mortgage Receivables Purchase Agreement;"

"(i) no Mortgage Receivable is in a condition that can be foreseen to adversely affect the enforceability of the assignment of that Mortgage Receivable to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;"

(j) at the time of assignment thereof to the Issuer, the Mortgage Receivables and, to the extent applicable, the NHG Advance Rights relating thereto are free and clear of any rights of pledge or other similar rights (beperkte rechten), encumbrances and attachments (beslagen) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables and, to the extent applicable, the NHG Advance Rights relating thereto;

See also section 4.4 EU STS Securitisation (iii)

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.

6 STS Criteria

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

Verified?
YES

PCS Comments

See Section 7.2, Representations and Warranties, including in particular item (r) regarding compliance together with the Mortgage Loan Criteria as detailed in Section 7.3 and section 7.1. "Additional Purchase Conditions" applicable for Further Advance Receivables"

	<p>The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.</p> <p>PCS has read the eligibility criteria in the Prospectus. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus and the Mortgage Receivables Purchase Agreement they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement</p>	
7	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>See section 4.4. <i>EU STS Securitisation</i> (v) and section 7.1, “Repurchase of individual Mortgage Receivables” and paragraph “No active portfolio management on a discretionary basis”</p> <p>The EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met.</p> <p>If the transaction should contain a repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.</p> <p>PCS has reviewed all the repurchase devices set out in the Prospectus and the Mortgage Receivables Purchase Agreement and each one meets the EBA guidelines.</p> <p>PCS also notes that there is an explicit affirmative statement in the Prospectus to the effect that the Transaction does not allow for “active portfolio management”.</p>	
8	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>See 7.2 Representations and Warranties.</p> <p>“The Seller will represent and warrant to the Issuer and the Security Trustee (i) on the Signing Date and on the Closing Date with respect to the Mortgage Loans and the Mortgage Receivables sold and assigned by it to the Issuer and (ii) on the relevant Reconciliation Date of completion of the sale and assignment of Further Advance Receivables to be sold and assigned by it to the Issuer, inter alia, that:” [...]</p> <p>See also Section 7.3 Mortgage Loan Criteria. “Each of the Mortgage Loans will satisfy the following criteria (the Mortgage Loan Criteria) on the Final Cut-Off Date or, in case of Further Advance Receivables, the first of the calendar month immediately preceding the relevant Reconciliation Date of completion of the sale and assignment of Further Advance Receivables:” and Section 7.1 – “Additional Purchase Conditions” applicable to purchase of Further Advance Receivables</p> <p>This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.</p>	

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. PCS has identified the existence of such a covenant in the Mortgage Receivables Purchase Agreement.

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	<p>STS Criteria</p> <p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See section 4.4, EU STS Securitisation (vi) and Section 6.1 Stratification Tables, fifth paragraph discusses how the criterion is satisfied</p> <p>Particularly see section 6.1 Stratification Tables, section 6.3 Origination and Servicing and section 7.2 (a) regarding homogeneity factor.</p> <p>The definition of “homogeneity” in the Regulation is the subject of a Regulatory Technical Standard (“RTS”), issued by the European Commission on 7th November 2023, amending the RTS EU) 2019/1851. Being set out in an RTS, rather than a guideline or recommendation issued by the EBA, the definition of “homogeneity” will be legally binding on all regulatory authorities.</p> <p>In interpreting the expression, PCS has based itself on the text of the Regulation, its knowledge of the intent of the legislators – including, crucially, the legislators belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisations and the RTS adopted by the European Commission.</p> <p>Based on the above, it seems clear to PCS that the Regulation would not seek to exclude from the STS category securitisations that have performed extremely well and are universally considered “homogenous” by market participants. This does not exonerate any transaction from being analysed against this criterion but does set the background for such analysis.</p> <p>Turning, for guidance, to the RTS adopted by the European Commission, in principle, four elements require examination: (a) “similar underwriting standards”, (b) “similar servicing standards”, (c) “same asset class” and (d) “relevant risk factors”. Residential mortgage loans are though considered sufficiently homogeneous and do not need to meet also a specific homogeneity factor.</p> <p>Following the guiding principles of the EBA, we note that “similar underwriting standards” must mean something like the same type of underwriting approach, looking at the same types of data points to calculate the same type of credit risk. It cannot mean “exactly the same underwriting criteria”, since this would make it impossible for any securitisation ever to have a “homogenous” pool.</p> <p><i>In the Transaction, the mortgages were underwritten on a similar basis, they are being serviced by the Seller/Servicer, they are a single asset class – residential mortgages – and, the mortgages are all originated in the same jurisdiction.</i></p> <p><i>PCS also takes great comfort from the fact that transactions containing pools with similar characteristics have always been considered to be “homogenous” by a wide consensus of market participants.</i></p>	
10	<p>STS Criteria</p> <p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p>	<p>Verified? YES</p>

11	<u>PCS Comments</u> Section 7.2, Representations and Warranties items (d) and (o). For NHG Mortgage Loans (e).	<u>Verified?</u> YES
	<u>STS Criteria</u> 11. With full recourse to debtors and, where applicable, guarantors.	
	<u>PCS Comments</u> Section 7.2, Representations and Warranties item (d)	

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

12	<u>STS Criteria</u> 12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.	<u>Verified?</u> YES
	<u>PCS Comments</u> Section 6.2, Description of Mortgage Loans, Mortgage Loan Types and section 7.3 Mortgage Loan Criteria (i), (iv), (vii) and (ix).	
13	<u>STS Criteria</u> 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.	<u>Verified?</u> YES
	<u>PCS Comments</u> Section 6.2, Description of Mortgage Loans, Mortgage Loan Types See also section 7.2: Representations and Warranties (k) each Mortgage Receivable is secured by a first-ranking Mortgage (eerste recht van hypotheek) or, in the case of Mortgage Loans (including any Further Advance, as the case may be) secured on the same Mortgaged Asset, first and sequentially lower ranking Mortgages over real estate (onroerende zaak), an apartment right (appartementenrecht), or a long lease (erfpacht) situated in the Netherlands; (q) each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the same Mortgage or, as the case may be, if a Further Advance is granted, by first and sequentially lower ranking Mortgages on the same Mortgaged Asset and not merely one or more loan parts (leningdelen); (cc) the Mortgage Conditions provide that each of the properties on which a Mortgage has been vested to secure the Mortgage Receivable should at the time of origination of the Mortgage Loan, have the benefit of buildings insurance (opstalverzekering) satisfactory to the Seller; See also 2.4 Notes , Security:	

The Notes have the benefit of:

(i) a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables, including all rights ancillary thereto and the NHG Advance Rights; and

5.9 Legal framework as to the assignment of Mortgage Receivables

Assignment of the Mortgage Receivables

"On the Closing Date the Seller will assign legal title to the Mortgage Receivables by means of one or more private deeds of assignment which will be registered with the Dutch tax authorities or by means of a notarial deed, without notification of the assignment to the Borrowers. All ancillary rights and, in respect of any NHG Mortgage Loans, NHG Advance Rights will also pass to the Issuer."

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

14 **STS Criteria**

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

Verified?
YES

PCS Comments

See section 4.4., EU STS Securitisation (vi), section 7.3 Mortgage Loan Criteria (i) (ii) and (iii) plus statement at footer (a).

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 section 4.4, EU STS Securitisation (vii) and section 7.3 Mortgage Loan Criteria (i), (ii), (iii) plus statement at foot of section (c).

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 **STS Criteria**

16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.

Verified?
YES

17	<u>PCS Comments</u> Section 7.2 Representations and Warranties (b).	
	<u>STS Criteria</u> 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.	<u>Verified?</u> YES
	<u>PCS Comments</u> Section 7.2 Representations and Warranties (b).	

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	<u>STS Criteria</u> 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.	<u>Verified?</u> YES
	<u>PCS Comments</u> <p>Section 4.4., "EU STS Securitisation", (viii).</p> <p>Section 8, General, paragraph (20)</p> <p>"Furthermore, the Seller has made available and will make available, as applicable:</p> <p>(a) the underwriting standards pursuant to which the Mortgage Loans are originated and any material changes to such underwriting standards pursuant to which the Mortgage Loans are originated to the Noteholders and potential investors without undue delay, as required by Article 20(10) of the EU Securitisation Regulation; and " [...]</p> <p><i>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.</i></p> <p><i>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</i></p> <p><i>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> <p><i>PCS has identified the existence of such a covenant in the Mortgage Receivables Purchase Agreement.</i></p>	

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

19	<p>STS Criteria</p> <p>19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>Section 7.2 Representations and Warranties (ff) and section 7.3 Mortgage Loan Criteria (xvii).</p> <p>Section 4.4. EU STS Securitisation (viii)</p> <p>Section 9, Glossary of Defined Terms</p> <p>"Self-Certified Mortgage Loan means a mortgage loan marketed and underwritten on the premise that the applicant and/or intermediary representing him was made aware prior to the originator's underwriting assessment commencing that the information provided might not be verified by the originator";</p>	

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

20	<p>STS Criteria</p> <p>20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>Section 7.2 Representations and warranties (II).</p> <p>Section 4.4., <i>EU STS Securitisation</i> (viii) states [] (iv) the Seller represents on the relevant purchase date in the Mortgage Receivables Purchase Agreement that in respect of each Mortgage Loan, the assessment of the Borrower's creditworthiness was done in accordance with the Originator's underwriting criteria and meets the requirements set out in paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or of Article 8 of Directive 2008/48/EC (see also Section 7.2 (Representations and Warranties)), subparagraph (II)) and []</p> <p>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.</p> <p>Therefore, if the assets concerned, as in the case of the Transaction, are residential mortgages, the relevant Directive is 2014/17/EU. The next step is to determine which Dutch law transcribed this Directive into local law.</p> <p>PCS assumes, although the Regulation and the EBA Guidelines are silent on this point, that the requirement for mortgages and consumer loans to have been underwritten in compliance with the Directives only applies to assets underwritten after these Directives were transcribed into national law.</p>	

This was done in The Netherlands via the new Civil Code implementing Directive No. 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers with regard to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No. 1093/2010 (PbEU 2014, L 60/34) issued in 2016.

The Seller has provided a representation that this criterion is met.

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

21	<p><u>STS Criteria</u></p> <p>21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See section 4.4. EU STS Securitisation (viii) sub (v) and see also section 3.4 Seller and section 6.3 Origination and servicing</p> <p>Section 4.4., EU STS Securitisation (viii) states:</p> <p>"(v) the Seller is of the opinion that it has the required expertise in originating mortgage loans which are of a similar nature as the Mortgage Loans within the meaning of Article 20(10) of the EU Securitisation Regulation, the Seller is authorised to offer credit in the Netherlands and has a minimum of 5 years' experience in originating mortgage loans (see also Sections 3.4 (Seller) and 6.3 (Origination and Servicing))."</p>	

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

22	<p>STS Criteria</p> <p>22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>Cut-off Date definition in the Glossary of Defined Terms</p> <p>Cut-Off Date means,(i) in respect of the Mortgage Receivables assigned on the Closing Date, the Final Cut-Off Date , (ii) in respect of a Further Advance, the date of granting thereof and (iii) in respect of the Provisional Pool, the Initial Cut-Off Date;</p> <p>Initial Cut-Off Date means 31 March 2025;</p> <p>Final Cut-Off Date means 30 April 2025;</p> <p>See section 4.4, EU STS Securitisation (ix)</p> <p>(ix)...[...]"(i) the Mortgage Receivables forming part of the Pool have been selected on the Cut-Off Date and shall be assigned by the Seller to the Issuer no later than on the Closing Date and (ii) any Further Advance Receivables that will be assigned to the Issuer after the Closing Date, shall be assigned by the Seller to the Issuer on the Reconciliation Date immediately following the month in which the Seller agrees with a Borrower to grant a Further Advance and each such assignment therefore occurs in the Seller's view without undue delay (see also Sections 6.1 (Stratification tables) and 7.1 (Purchase, Repurchase and Sale))"</p> <p><i>PCS has assumed that any period of three and a half months or less between pool cut date and closing will meet the requirements of the criterion. This is in line with market standards</i></p>	
23	<p>STS Criteria</p> <p>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...</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See section 4.4., EU STS Securitisation (ix).</p> <p>See section 7.2 Representations and Warranties (w), see also (v) (no material breach) and (x) (no amounts overdue and unpaid). and (y) (unlikely to pay)</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 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.

<p>24 <u>STS Criteria</u></p> <p>24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p>	<p><u>Verified?</u></p> <p>YES</p>
<p><u>PCS Comments</u></p> <p>Section 4.4, <i>EU STS Securitisation</i> (ix) and section 7.2 Representations and Warranties (w)</p> <p>"(w) as at the Final Cut-Off Date, no Mortgage Receivable is in default within the meaning of Article 178(1) of the EU CRR and the relevant Borrower is not a credit-impaired obligor or guarantor who, to the best of the Seller's knowledge, (i) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 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 Closing Date or, in respect of a Further Advance Receivable, the relevant Reconciliation Date, or (ii) has a negative BKR registration upon origination, or (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable mortgage receivables originated by the Seller which are not sold and assigned to the Issuer under the Mortgage Receivables Purchase Agreement, within the meaning of Article 20(11) of the EU Securitisation Regulation;"</p> <p><i>Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful.</i></p> <p><i>For PCS, the key points of the EBA guidelines on this issue are:</i></p> <p><i>a. first that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be "credit impaired". So that it is not necessary to reflect at what the term "credit impaired" could mean above and beyond those three items.</i></p> <p><i>b. Secondly, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a "credit impaired" debtor is the example of a failure to pay that can "reasonably be ignored" for the purposes of credit assessment.</i></p> <p><i>Therefore, the criterion, to be met, does not require the elimination from the pool of all debtors with any negative entry in a credit registry but only those whose entries it would not be reasonable to ignore for the purposes of credit assessments.</i></p>	

	<p>Absent any further clarification from the EBA or a national competent authority regarding what it is reasonable to ignore, a judgement would still be necessary in cases where the originator does include in the pool some debtors with some negative entries in a credit registry.</p> <p>In making this judgement, PCS takes comfort from the intent of the legislators – including, crucially, the legislators’ belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisation. It is clear to PCS that the “credit impaired” prohibition is driven by the desire of legislators to exclude from the STS category deals generally coming under the definition of “sub-prime”. Therefore, it is unreasonable to refuse STS status to a transaction considered by universal consensus to be a “prime/plain vanilla” transaction with no “sub-prime” aspects. Indeed, this approach seems to be the rationale behind the EBA Guidelines on this matter.</p> <p>To determine whether this requirement is met, PCS has discussed this matter with the originator and uses its knowledge of the market and market stakeholders as well as the explicit statements made in the prospectus and transaction documentation.</p> <p>c. Thirdly, the EBA Guidelines on guaranteed obligations make it clear that the criterion is met so long as either the debtor or the guarantor are not “credit impaired”.</p>	
25	<p>STS Criteria</p> <p>25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See criterion 24 above.</p>	
26	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>See criterion 24 above.</p>	
27	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>See criterion 24 above.</p>	
28	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p>	

	See criterion 24 above.	
29	STS Criteria 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;	Verified? YES
	PCS Comments See criterion 24 above.	
30	STS Criteria 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.	Verified? YES
	PCS Comments See criterion 24 above	

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	STS Criteria 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.	Verified? YES
	PCS Comments Section 7.3 Mortgage Loan Criteria (xviii). (xviii) at least one (1) interest payment has been made in respect of the Mortgage Loan prior to the Closing Date.	

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.

32	STS Criteria 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.	Verified? YES
	PCS Comments	

See section 4.4, *EU STS Securitisation* (xi). Also reference to Section 6.2 Description of Mortgage Loans.

Although there was some uncertainty over the status of interest-only mortgages, this has been definitively cleared up by the EBA Guidelines specific statement that this criterion was not designed to capture and exclude these products.

Accordingly, none of the assets in the pool display any predominant reliance on the sale of the assets.

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

33	STS Criteria 33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	Verified? YES
	PCS Comments <p>See section 4.4, <i>EU STS Securitisation</i> (xii).</p> <p>Section 4.4 , Regulatory and Industry Compliance</p> <p>EU and UK Risk Retention</p> <p>"The Seller, will retain, as originator (the Retention Holder), on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation in accordance with Article 6(1) of the EU Securitisation Regulation (which does not take into account any relevant national measures) (the EU Retention Requirements).</p> <p>In addition, although the UK Securitisation Framework is not applicable to it, the Seller will retain (on a contractual basis), as originator, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the UK Retention Rules, as if it were applicable to it, but solely as such requirements are interpreted and applied on the Closing Date and until such time when the Seller is able to certify to the Issuer and the Security Trustee that a competent UK authority has made an official statement that the satisfaction of the EU Retention Requirements will also satisfy the UK Retention Rules due to the application of an equivalence regime or similar analogous concept. Prospective investors should note that the obligation of the Seller to comply with the UK Retention Rules is strictly contractual and the Seller has elected to comply with such requirements at its discretion and it will be under no obligation to comply with any amendments introduced after the Closing Date in relation to the UK Retention Rules.</p> <p>As at the Closing Date, the Retention Requirements will be complied with by the Seller holding such material net economic interest in accordance with Article 6(3)(d) of the EU Securitisation Regulation and Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules and SECN 5.2.8R(1)(d) of the FCA Retention Rules by holding the entire interest in the first loss tranches of the securitisation transaction described in this Prospectus (held through the Class B Notes and the Class C Notes)."</p>	

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	STS Criteria 34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.	Verified? YES
	PCS Comments <p>See section 4.4. <i>EU STS Securitisation</i> (xiii). In addition, covenant to set interest rate and the use of Available Principal Funds to meet interest obligations on the notes.</p> <p>5.4 Hedging: provides a description of the Interest Rate Swap Agreement</p>	

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 hedges 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.”.

In the case of the Transaction, the analysis is straightforward up to 99.4% are fixed rate mortgage loans with a weighted average remaining time to interest reset of 13.38 years is mitigated due to the interest rate swap agreement. .

Currency hedging is not applicable as all assets and liabilities are denominated in Euros.

35	<u>STS Criteria</u> 35. Currency risks arising from the securitisation shall be appropriately mitigated.	<u>Verified?</u> YES
	<u>PCS Comments</u> The assets and liabilities are both denominated in Euros: section 7.3 (iii) assets and cover page, liabilities. There is no currency hedging. See also Section 4.4. EU STS Securitisation (xiii)	
36	<u>STS Criteria</u> 36. Any measures taken to that effect shall be disclosed.	<u>Verified?</u> YES
	<u>PCS Comments</u> See section 4.4, EU STS Securitisation (xiii) and 5.4 Hedging. See comments in criterion 34 above.	

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 section 4.4, <i>EU STS Securitisation</i> (xiii), Also, 4.1 Terms and Conditions, limb (t) (Covenants of the Issuer) See section 5.4 Hedging, which states: "Other than the Swap Agreement to mitigate the interest rate risk, the Issuer shall not enter into any derivative contracts."	
38	STS Criteria 38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	Verified? YES
	PCS Comments See section 4.4, <i>EU STS Securitisation</i> (xiii). See section 7.3 Mortgage Loan Criteria footer (b)	
39	STS Criteria 39. Those derivatives shall be underwritten and documented according to common standards in international finance.	Verified? YES
	PCS Comments See section 5.4 Hedging The Issuer will mitigate the interest rate exposure on the Class A Notes by entering into the Swap Agreement with the Swap Counterparty on the Closing Date. The Swap Agreement will be documented under an ISDA 2002 Master Agreement.	

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

40	STS Criteria 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.	Verified? YES
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PCS Comments

See section 4.4, *EU STS Securitisation*(xiv)

Assets: Section 6.1 Stratification Tables 15 and 16 – fixed rate mortgages (99.4%) and floating interest rate mortgages (0.6%) and Section 6.2 Description of Mortgage Loans.- Interest Payments/Interest Rate Setting

Liabilities: 4.1, Terms and Conditions, Floating rate Conditions 4 (c), (d) and (e)for Class A notes. The Class B and C Notes do not bear interest, Condition 4 (a).

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	<p><u>STS Criteria</u></p> <p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See section 4.4, <i>EU STS Securitisation</i>:</p> <p>“(xv) For the purpose of compliance with the requirements stemming from Article 21(4) of the EU Securitisation Regulation, the Seller and the Issuer confirm that upon the issuance of an Enforcement Notice, (i) no amount of cash shall be trapped in the Issuer Accounts and the Notes will amortise sequentially (see also Section 5.2 (Priority of Payments)) and (ii) no automatic liquidation for market value of the Mortgage Receivables is required under the Transaction Documents (see also Conditions 6 (Redemption), 10 (Events of Default) and 11 (Enforcement, Limited Recourse and Non-Petition) and Section 5.2 (Priority of Payments)).”</p> <p>See also Section 5.2 Priority of Payments, Post-Enforcement Priority of Payments</p> <p><i>There is no cash trapping.</i></p>	
42	<p><u>STS Criteria</u></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><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See section 4.4, <i>EU STS Securitisation</i>:</p> <p>“(xv) For the purpose of compliance with the requirements stemming from Article 21(4) of the EU Securitisation Regulation, the Seller and the Issuer confirm that upon the issuance of an Enforcement Notice, (i) no amount of cash shall be trapped in the Issuer Accounts and the Notes will amortise sequentially (see also Section 5.2 (Priority of Payments)) and (ii) no automatic liquidation for market value of the Mortgage Receivables is required under the Transaction Documents (see also Conditions 6 (Redemption), 10 (Events of Default) and 11 (Enforcement, Limited Recourse and Non-Petition) and Section 5.2 (Priority of Payments)).”</p> <p>See also Section 5.2 Priority of Payments, Post-Enforcement Priority of Payments</p>	
43	<p><u>STS Criteria</u></p>	<p><u>Verified?</u></p>

	43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	YES
	<p>PCS Comments</p> <p>See section 4.4, EU STS Securitisation:</p> <p>“(xv) For the purpose of compliance with the requirements stemming from Article 21(4) of the EU Securitisation Regulation, the Seller and the Issuer confirm that upon the issuance of an Enforcement Notice, (i) no amount of cash shall be trapped in the Issuer Accounts and the Notes will amortise sequentially (see also Section 5.2 (Priority of Payments)) and (ii) no automatic liquidation for market value of the Mortgage Receivables is required under the Transaction Documents (see also Conditions 6 (Redemption), 10 (Events of Default) and 11 (Enforcement, Limited Recourse and Non-Petition) and Section 5.2 (Priority of Payments)).”</p>	
44	<p>STS Criteria</p> <p>44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>	<p>Verified?</p> <p>YES</p>
	<p>PCS Comments</p> <p>See section 4.4, EU STS Securitisation:</p> <p>“(xv) For the purpose of compliance with the requirements stemming from Article 21(4) of the EU Securitisation Regulation, the Seller and the Issuer confirm that upon the issuance of an Enforcement Notice, (i) no amount of cash shall be trapped in the Issuer Accounts and the Notes will amortise sequentially (see also Section 5.2 (Priority of Payments)) and (ii) no automatic liquidation for market value of the Mortgage Receivables is required under the Transaction Documents (see also Conditions 6 (Redemption), 10 (Events of Default) and 11 (Enforcement, Limited Recourse and Non-Petition) and Section 5.2 (Priority of Payments)).”</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.

45	<p>STS Criteria</p> <p>45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.</p>	<p>Verified?</p> <p>YES</p>
	<p>PCS Comments</p> <p>Not applicable as transaction is sequential pay. The Notes will amortise sequentially (see also section 5.1 (Available Funds) and, in particular section 5.2 (Priorities of Payments) Section 4.4 <i>EU STS Securitisation</i></p> <p>“(xvi) Prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Principal Funds will be applied by the Issuer in accordance with the Principal Priority of Payments and as a result thereof, the requirements stemming from Article 21(5) of the EU Securitisation Regulation are not applicable (see also Section 5.1 (Available Funds) and Section 5.2 (Priority of Payments)).</p> <p>See also Section 5.2 Priority of Payments, Priority of Payments in respect of principal</p>	

The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment.

The Transaction does not have such non-sequential priorities and so no examination of triggers is required.

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).

46	STS Criteria 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;	Verified? YES
	PCS Comments The transaction is not a revolving transaction. See section 7.1, Portfolio Documentation - Purchase, Repurchase and Sale	
47	STS Criteria 47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	Verified? YES
	PCS Comments Not applicable.	
48	STS Criteria 48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	Verified? YES
	PCS Comments Not applicable.	
49	STS Criteria 49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	Verified? YES
	PCS Comments Not applicable.	

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.

50	<p><u>STS Criteria</u></p> <p>50. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See section 4.4, <i>EU STS Securitisation</i>:</p> <p>(xviii) For the purpose of compliance with the requirements stemming from Article 21(7) of the EU Securitisation Regulation, the contractual obligations, duties and responsibilities of the Servicer are set forth in the Servicing Agreement (including the processes and responsibilities to ensure that a substitute servicer shall be appointed upon the occurrence of a termination event under the Servicing Agreement), a summary of which is included in Section 7.4 (Servicing Agreement), the contractual obligations, duties and responsibilities of the Issuer Administrator are set forth in the Administration Agreement, a summary of which is included in Sections 3.6 (Issuer Administrator) and 5.7 (Administration Agreement), the contractual obligations, duties and responsibilities of the Security Trustee are set forth in the Trust Deed, a summary of which is included in Section 3.3 (Security Trustee) and Section 4.1 (Terms and Conditions), the provisions that ensure the replacement of the Issuer Account Bank are set forth in the Issuer Account Agreement (see also Section 5.6 (Issuer Accounts)) and the relevant rating triggers for potential replacements are set forth in the definition of Requisite Credit Rating. Furthermore, the Swap Agreement has provisions requiring replacement of the Swap Counterparty in the event that it (and any applicable guarantor) ceases to maintain the Initial Required Ratings or the Subsequent Required Ratings (see Part 5 of the Schedule to the Swap Agreement and the Credit Support Annex entered into in respect of the Swap Agreement), which requires the Swap Counterparty to take certain remedial actions as necessary to avoid a negative impact on the ratings of the Notes.</p> <p>Servicer: section 7.4. See also the Servicing Agreement</p> <p>Issuer Administrator: section 3.6 and section 5.7 See also the Administration Agreement</p> <p>Security Trustee: section 3.3 and Terms and Conditions 4.1, cites Trust Deed. See also the Trust Deed</p>	
51	<p><u>STS Criteria</u></p> <p>51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See section 7.4 last paragraph for substitute servicer requirement on termination. See also the Servicing Agreement.</p>	

52	STS Criteria 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.	Verified? YES
	PCS Comments Section 5.4, hedging-- "If the Swap Transaction is terminated, the Issuer will use its best endeavours to replace the Swap Counterparty" Section 5.5, Liquidity Support Cash Advance Facility Provider Section 5.6, Issuer Accounts See also the Trust Deed, Cash Advance Facility Agreement and the Issuer Account Agreement	

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

53	STS Criteria 53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	Verified? YES
	PCS Comments See section 4.4 EU STS Securitisation (xix) For the purpose of compliance with the requirements stemming from Article 21(8) of the EU Securitisation Regulation, the Servicer is of the opinion that it has the required expertise in servicing mortgage loans which are of a similar nature as the Mortgage Loans within the meaning of Article 21(8) of the EU Securitisation Regulation, as it has a license in accordance with the Wft and a minimum of 5 years' experience in servicing mortgage loans. The Servicer is of the opinion that it has well documented and adequate policies, procedures and risk management controls relating to the servicing of mortgage receivables since the Servicer is part of a group that is subject to capital and prudential regulation (see also Section 6.3 (Origination and Servicing)). PCS has also received evidentiary materials confirming that the Servicer has more than 5 years' experience in servicing exposures of a similar nature. <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> <i>The Servicer has serviced residential mortgages for longer than five years as described in the Prospectus.</i>	

54	STS Criteria 54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	Verified? YES
	PCS Comments See criterion 53 above. The Servicer is a branch of an entity that is subject to capital and prudential regulation and deemed to satisfy this criterion. <i>PCS has also received evidentiary materials confirming that the Servicer has adequate policies and risk management controls.</i>	

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 Section 6.3 Servicing of the Mortgage Loans See section 4.4, <i>EU STS Securitisation</i> (xx) For the purpose of compliance with the requirements stemming from Article 21(9) of the EU Securitisation Regulation, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, losses, charge offs, recoveries and other asset performance remedies are set out in the Servicing Agreement and in Section 6.3 (Origination and Servicing). <i>The relevant documents satisfy that the criterion is met.</i>	

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.

56	STS Criteria 56. The transaction documentation shall clearly specify the priorities of payment,	Verified? YES
	PCS Comments See section 5.2, Priority of Payments. <i>PCS has reviewed the underlying document to satisfy itself that this criterion is met.</i>	

57	<u>STS Criteria</u> 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	<u>Verified?</u> YES
	<u>PCS Comments</u> Section 4.1, Terms and Conditions, Condition 10 Events of Default. And Section 5.2. Order of Priorities <i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met</i>	
58	<u>STS Criteria</u> 58. The transaction documentation shall clearly specify the obligation to report such events.	<u>Verified?</u> YES
	<u>PCS Comments</u> Section 4.1, Terms and Conditions, Condition 10 Events of Default <i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met</i>	
59	<u>STS Criteria</u> 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.	<u>Verified?</u> YES
	<u>PCS Comments</u> Section 8 General (16) <i>PCS has indeed identified the existence of such a covenant as set out in the Prospectus.</i>	

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.

60	<u>STS Criteria</u> 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	<u>Verified?</u> YES
	<u>PCS Comments</u> See 4.1 Terms and Conditions, section 14 The EBA requirements are met: (a) <i>the method for calling meetings; as for method: Condition 14(a)</i> (b) <i>the maximum timeframe for setting up a meeting: – in Trust Deed, SCHEDULE 1, PROVISIONS FOR MEETINGS OF NOTEHOLDERS 3 Notices</i>	

(c) the required quorum: – in Condition 14 (b).

(d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision: voting rights in Condition 14 , extraordinary resolutions.

(e) where applicable, a location for the meetings which should be in the EU : – In the Trust Deed – SCHEDULE 1, PROVISIONS FOR MEETINGS OF NOTEHOLDERS, 3 Notices , Amsterdam specified.

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

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

PCS has satisfied itself that all five are set out in the Trust Deed.

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.

61 **STS Criteria**

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

Verified?

YES

PCS Comments

See 4.1 Terms and condition and the Trust Deed outline the responsibilities of the trustee. Also, 3.3 (Security Trustee) and 3.6 (Issuer Administrator).

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	STS Criteria 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,	Verified? YES
	PCS Comments <p>Section 4.4 EU STS Securitisation:</p> <p>(xxiii) The Seller has provided to potential investors (i) the information regarding the Mortgage Receivables pursuant to Article 22(1) of the EU Securitisation Regulation over the past 5 years as set out in Section 6.3 (Origination and Servicing), a draft of which was made available to such potential investors prior to the pricing of the Notes and (ii) the liability cash flow model as referred to in Article 22(3) of the EU Securitisation Regulation published by Bloomberg or Intex prior to the pricing of the Notes and will, after the date of this Prospectus, on an ongoing basis make the liability cash flow model published by Bloomberg or Intex available to Noteholders and, upon request, to potential investors in accordance with Article 22(3) of the EU Securitisation Regulation.</p> <p>See section, General (20)</p> <p>Furthermore, the Seller has made available and will make available, as applicable:</p> <p>((b)to potential investors before pricing, data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar mortgage loans and mortgage receivables to those being securitised, and the sources of those data and the basis for claiming similarity, which data cover a period of not shorter than five (5) years, as required by Article 22(1) of the EU Securitisation Regulation (see also Section 6.3 (Origination and Servicing)).</p> <p>See section 6.3 <i>Data on static and dynamic historical default and loss performance</i></p>	
63	STS Criteria 63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	Verified? YES
	PCS Comments <p>See criterion 62 above.</p>	
64	STS Criteria 64. Those data shall cover a period no shorter than five years.	Verified? YES
	PCS Comments <p>See criterion 62 above.</p>	

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	<p>STS Criteria</p> <p>65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See section 4.4, <i>EU STS- securitisation</i></p> <p>(xxiv) For the purpose of compliance with the requirements stemming from Article 22(2) of the EU Securitisation Regulation, the stratification tables have been externally verified by an independent third party prior to the date of this Prospectus (see Section 6.1 (Stratification tables)) and the Seller confirms that no adverse findings have been found. Furthermore, certain Mortgage Loan Criteria have been verified against the entire loan-level data tape by an independent third party and the Seller confirms that no adverse findings have been found.</p> <p>See also section 8 (General)</p> <p>26. The Mortgage Loans, as well as the stratification tables, have been subject to an external verification by an independent third party (including a verification that the data disclosed in respect of the Mortgage Loans is accurate) according to agreed-upon procedures of a random sample of Mortgage Loans, of which the results were communicated to the Issuer on the Signing Date. For the verification of the Mortgage Loans a confidence level of 99 per cent. was applied. The Seller confirms that no significant adverse findings were found.</p> <p><i>PCS has reviewed the review on “agreed upon procedures” (AUP) commonly known as a “pool audit”. PCS can confirm that this was done by an auditing firm of international repute.</i></p> <p><i>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.</i></p>	
66	<p>STS Criteria</p> <p>66. Including verification that the data disclosed in respect of the underlying exposures is accurate.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See 65 above.</p> <p>See also section 6.1 Stratification Tables The accuracy of the data included in the stratification tables in respect of the Provisional Pool as selected on the Initial Cut-off Date has been verified by an appropriate and independent party.</p> <p><i>PCS notes the representation to that effect made by the originator in the Prospectus.</i></p>	

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

67	<p>STS Criteria</p> <p>67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Section 4.4. <i>EU STS Securitisation</i>.</p> <p>(xxiii) The Seller has provided to potential investors (i) the information regarding the Mortgage Receivables pursuant to Article 22(1) of the EU Securitisation Regulation over the past 5 years as set out in Section 6.3 (Origination and Servicing), a draft of which was made available to such potential investors prior to the pricing of the Notes and (ii) the liability cash flow model as referred to in Article 22(3) of the EU Securitisation Regulation published by Bloomberg or Intex prior to the pricing of the Notes and will, after the date of this Prospectus, on an ongoing basis make the liability cash flow model published by Bloomberg or Intex available to Noteholders and, upon request, to potential investors in accordance with Article 22(3) of the EU Securitisation Regulation.</p> <p><i>The criterion requires an accurate liability model to be circulated to prospective investors pre-pricing.</i></p> <p><i>To verify this criterion, PCS will require to see the model. It will then require a statement by the originator that the model was circulated as required by the criterion.</i></p> <p><i>PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.</i></p> <p><i>Having seen the model, read a statement in the prospectus that the model will be made available in accordance with the requirements of the criteria, and assessed the firm responsible for the model, PCS is prepared to verify this criterion.</i></p>	
68	<p>STS Criteria</p> <p>68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>As criterion 69 above.</p> <p>See also section "Reporting and disclosure under the EU Securitisation Regulation" second paragraph (iii)</p> <p><i>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.</i></p> <p><i>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</i></p>	

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

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

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

By way of derogation from the first subparagraph, originators may, from 1 June 2021, decide to publish the available information related to the principal adverse impacts of the assets financed by underlying exposures on sustainability factors.

69	<p><u>STS Criteria</u></p> <p>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).</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>Section 4.4. EU STS Securitisation:</p> <p>(xxv) For the purpose of compliance with the requirements stemming from Article 22(4) of the EU Securitisation Regulation, the Seller confirms that it will report on the environmental performance of the Mortgage Receivables, to the extent such information is available, in accordance with Article 22(4) of the EU Securitisation Regulation.</p> <p>PCS notes the statement made in the prospectus.</p> <p>The consultation paper ("Draft Regulatory Technical Standards with regard to the content, methodologies and presentation of disclosures of Article 22(4) and 26(4) of Regulation (EU)2017/2402") was published on 2 May 2022. The draft EBA guidelines commenting on environmental data reporting was published in April 2023, suggesting that where only some environmental data is available, such proportion of environmental data must be published.</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.

70	STS Criteria 70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.	Verified? YES
	PCS Comments Section 4.4 EU STS Securitisation (xxvii) For the purpose of compliance with Article 7(2) of the EU Securitisation Regulation, the Seller as originator within the meaning of Article 2(3) of the EU Securitisation Regulation shall be responsible for compliance with Article 7 of the EU Securitisation Regulation. The Seller undertakes to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of Article 7(1) of the EU Securitisation Regulation (see also Section 5.8 (Transparency Reporting 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.

71	STS Criteria 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.	Verified? YES
	PCS Comments Section 8, General (15)	
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 Section 8, General (15)	

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

73	STS Criteria 73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.	Verified? YES
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PCS Comments

Section General 20, second paragraph, limb (a).

This criterion requires document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Seller will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.

PCS notes the existence of such covenant in the Prospectus.

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

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

74 STS Criteria

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

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

Verified?
YES

PCS Comments

Section 4.4, Reporting and disclosure under the EU Securitisation Regulation, second paragraph (ii)

Section 8, General 20, first paragraph, limb (a)(i)

All the criteria from 76 onwards are future event criteria, as to which we refer you to PCS' analysis in Note 75 above.

PCS notes the existence of a covenant to provide all the Article 7 information in the Prospectus

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

(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 guarantee 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 guarantee 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

Section 4.4 Reporting and disclosure under the EU Securitisation Regulation , third paragraph (i) and Section 8 General (11),(14) and (20)

Section 4.4, *EU STS Securitisation* (xxvi)

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

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

76	STS Criteria 76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	Verified? YES
	PCS Comments See Trust Deed, clauses 5 and 7	

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

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

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

77	STS Criteria 77. (c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable: (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;	Verified? YES
	PCS Comments Not applicable.	

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

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

78	<u>STS Criteria</u> 78. (d) in the case of STS securitisations, the STS notification referred to in Article 27;	<u>Verified?</u> YES
	<u>PCS Comments</u> See section, General (20), second paragraph, limb (b) <i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i>	

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.

79	<u>STS Criteria</u> 79. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following: (i) all materially relevant data on the credit quality and performance of underlying exposures; (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, (ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.	<u>Verified?</u> YES
	<u>PCS Comments</u> Section 4.4 Reporting and disclosure under the EU Securitisation Regulation, second paragraph (i) Section General 20, first paragraph, limb (a)(ii) <i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i>	

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;	<u>Verified?</u> YES
	PCS Comments <p>Section 4.4 Reporting and disclosure under the Securitisation Regulation, second paragraph (iv)</p> <p>Section General 20, first paragraph, limb (b)</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</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 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 competent authorities have taken remedial or administrative actions; (v) any material amendment to transaction documents.	<u>Verified?</u> YES
	PCS Comments	

Section 4.4 Reporting and disclosure under the EU Securitisation Regulation second paragraph (iv) and Section 8 General (20), first paragraph, limb (c)

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

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

82	<p>STS Criteria</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</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>Section 4.4 Reporting and disclosure under the EU Securitisation Regulation and Section 8 General (15).</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</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 Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.

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

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

83	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>Section 4.4 Reporting and disclosure under the EU Securitisation Regulation second paragraph (iv) and Section 8 General (20), first paragraph, limb (b) and (c)</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</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	<p><u>STS Criteria</u></p> <p>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.</p> <p>The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>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.</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See section, 5.8 Transparency Reporting Agreement</p> <p>Transparency Reporting Agreement</p> <p>Pursuant to Article 7 of the EU Securitisation Regulation the Seller (as originator and EU Reporting Entity under the EU Securitisation Regulation) is obliged to make information available to the Noteholders, competent authorities referred to in article 29 of the EU Securitisation Regulation and potential investors and to 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 Article 7(1) of the EU Securitisation Regulation in relation to the securitisation transaction described in this Prospectus. Under the Transparency Reporting Agreement, the Issuer and the Seller shall, in accordance with Article 7 of the EU Securitisation Regulation, designate and appoint the Seller as the EU Reporting Entity to fulfil the aforementioned information requirements.</p> <p>See also, section 8 General (14) and (20), first paragraph</p> <p>See also section , Glossary of Defined Terms for definition of EU SR Repository</p> <p>EU SR Repository means European Datawarehouse GmbH or any substitute or successor securitisation repository registered under Article 10 of the EU Securitisation Regulation and appointed by the EU Reporting Entity for the securitisation transaction as described in this Prospectus;</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i></p>	
85	<p><u>STS Criteria</u></p> <p>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.</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>Section 5.8 Transparency Reporting Agreement</p>	

Glossary of Defined Terms, . Reporting Entity means Lloyds Bank GmbH, designated as reporting entity for the purposes of Article 7(2) of the EU Securitisation Regulation; Section 8 General (14) and (20), first paragraph.

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