CRR ASSESSMENT

PEPPER IBERIA UNSECURED 2022 DAC

PRIME COLLATERALISED SECURITIES (PCS) EU SAS

9th May 2022

Analyst: Dr Martina Spaeth, T. + 33 1 75850140| M: +33 626632340, martina.spaeth@pcsmarket.org

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9th May 2022

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PCS

Prime Collateralised Securities (PCS) CRR Assessment

Individual(s) undertaking the assessment	Dr Martina Spaeth
Date of Assessment /Version	9th May 2022
The transaction to be assessed (the "Transaction")	**PEPPER IBERIA UNSECURED 2022**

Issuer	PEPPER IBERIA UNSECURED 2022 DAC
Originator	Pepper Finance Corporation, S.L.U. ("Pepper Finance")
Seller	Pepper Finance Corporation, S.L.U. ("Pepper Finance")
Lead Manager(s) and Arranger	Citigroup Global Markets Limited
Transaction Legal Counsel	Clifford Chance
Rating Agencies	S&P and DBRS
Stock Exchange	Euronext Dublin
Closing Date	9th May 2022

Legislative Text and CRR Criteria		Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
Article 243 ([1]) 2. Positions in a securitisation, other than an ABCP programme or ABCP transaction, that qualify as positions in an STS securitisation, shall be eligible for the treatment set out in Articles 260, 262 and 264 where the following requirements are met:				
1	(a) at the time of inclusion in the securitisation, the aggregate exposure value of all exposures to a single obligor in the pool does not exceed 2 % of the exposure values of the aggregate outstanding exposure values of the pool of underlying exposures. For the purposes of this calculation, loans or leases to a group of connected clients shall be considered as exposures to a single obligor.	Prospectus, "THE SECURITISED PORTFOLIO" Characteristics of the Receivables, last paragraph: The aggregate Principal Balance of all Receivables in the Securitised Portfolio made to a single Obligor does not exceed 0.01% of the aggregate Principal Balance of all Receivables in the Provisional Securitised Portfolio as of the Initial Cut-Off Date. See Prospectus, "Eligible Receivables" (s) it has, at the relevant Cut-Off Date, a Principal Balance or, in the case of Discount Receivables a Synthetic Principal Balance of no greater than: (i) if a Point of Sale Loan: EUR € 8,000; (ii) if a PIL Loan: EUR €12,000; (bb) its addition will not cause any breach of the Portfolio Concentration Levels on the Cut-Off Date relating to such Receivable being sold.	*PCS notes that although the Portfolio Concentration Levels do not include a single obligor concentration, the maximum size of the loans in the context of the transaction notional prevents concentrations from reaching levels of 2% during the revolving period. Initially the single Obligor Concentration does not exceed 0.01%.*	Yes ☒ No ☐
	In the case of securitised residual leasing values, the first subparagraph of this point shall not apply where those values are not exposed to refinancing or resell risk due to a legally	Not applicable.		Yes ☐ No ☐ N/A ☒

[1] REGULATION (EU) 2017/2401 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

	Legislative Text and CRR Criteria	Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
	enforceable commitment to repurchase or refinance the exposure at a pre-determined amount by a third party eligible under Article 201(1);			
2	(b) at the time of their inclusion in the securitisation, the underlying exposures meet the conditions for being assigned, under the Standardised Approach and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than: (i) 40 % on an exposure value-weighted average basis for the portfolio where the exposures are loans secured by residential mortgages or fully guaranteed residential loans, as referred to in point (e) of Article 129(1); (ii) 50 % on an individual exposure basis where the exposure is a loan secured by a commercial mortgage; (iii) 75 % on an individual exposure basis where the exposure is a retail exposure ([2]); for any other exposures, 100 % on an individual exposure basis;	See covenant in Prospectus outlining the "Repurchase of Receivables": "Pursuant to the Receivables Sale Agreement, the Transferor shall repurchase Receivables and their Related Rights: …which are not compliant with the EU Securitisation Regulation or Article 19, 20, 21 or 22 of the EU Securitisation Regulation or Article 243 of the Capital Requirements Regulation (or if different, the equivalent provisions in any such enacted versions of such regulations);"	2 (b) (iii) applies. According to the asset class a risk weight of 75% under standardised approach should apply. *Pepper Finance Corporation, S.L.U. as originator, has confirmed to PCS in writing that the exposures comply with risk weight of 75% under the Standardised Approach.*	Yes ☒ No ☐
3	(c) where points (b)(i) and (b)(ii) apply, the loans secured by lower ranking security rights on a given asset shall only be included in the	Not applicable		Yes ☐ No ☐

[2] See article 123, "Retail exposures" of the Regulation (EU) No 575/2013; for Consumer loans see the amendments to article 123 in (59) REGULATION (EU) 2019/876 and REGULATION (EU) 2020/873, article 2 (1) (a).
See article 501 on "Adjustment of risk-weighted non-defaulted SME exposures for "SME Loans" of the Regulation (EU) No 575/2013, as amended in Regulation (EU) 2019/876 and Regulation 2020/873 in (19) and Article 2.1(b).

Legislative Text and CRR Criteria		Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
	securitisation where all loans secured by prior ranking security rights on that asset are also included in the securitisation;			N/A ☒
4	(d) where point (b)(i) of this paragraph applies, no loan in the pool of underlying exposures shall have a loan-to-value ratio higher than 100 %, at the time of inclusion in the securitisation, measured in accordance with point (d)(i) of Article 129(1) and Article 229(1).	Not applicable		Yes ☐ No ☐ N/A ☒