

UK WORKSHOP

SEPTEMBER 2019



AGENDA

11:00 WELCOME AND INTRODUCTION

11:05 EU SECURITISATION REGULATION: TAKING STOCK

- Salim Nathoo, Allen & Overy

11:25 REGULATORY DEVELOPMENTS AND UK-SPECIFIC SOLUTIONS

- Dr. Christian Thun, Joel Penn and Andrea Walbrecht, European DataWarehouse

11:45 THIRD PARTY VERIFICATION OF STS TRANSACTIONS

- Jan-Peter Hülbert, STS Verification International (SVI)

12:05 SMALL BUSINESS LENDING AND THE BRITISH BUSINESS BANK ENABLE GUARANTEE

- Michael Strevens, British Business Bank

12:25 SECURITISATION REGULATION ROUND TABLE DISCUSSION AND Q&A

- Moderator: Marco Angheben, European DataWarehouse
- Anna Bak, AFME
- Salim Nathoo, Allen & Overy
- Andrew Mulley, Citi
- Vladimirs Zlotnikovs, Moody's Analytics

13:00 CLOSING REMARKS

EU SECURITISATION REGULATION: TAKING STOCK

SALIM NATHOO, ALLEN & OVERY

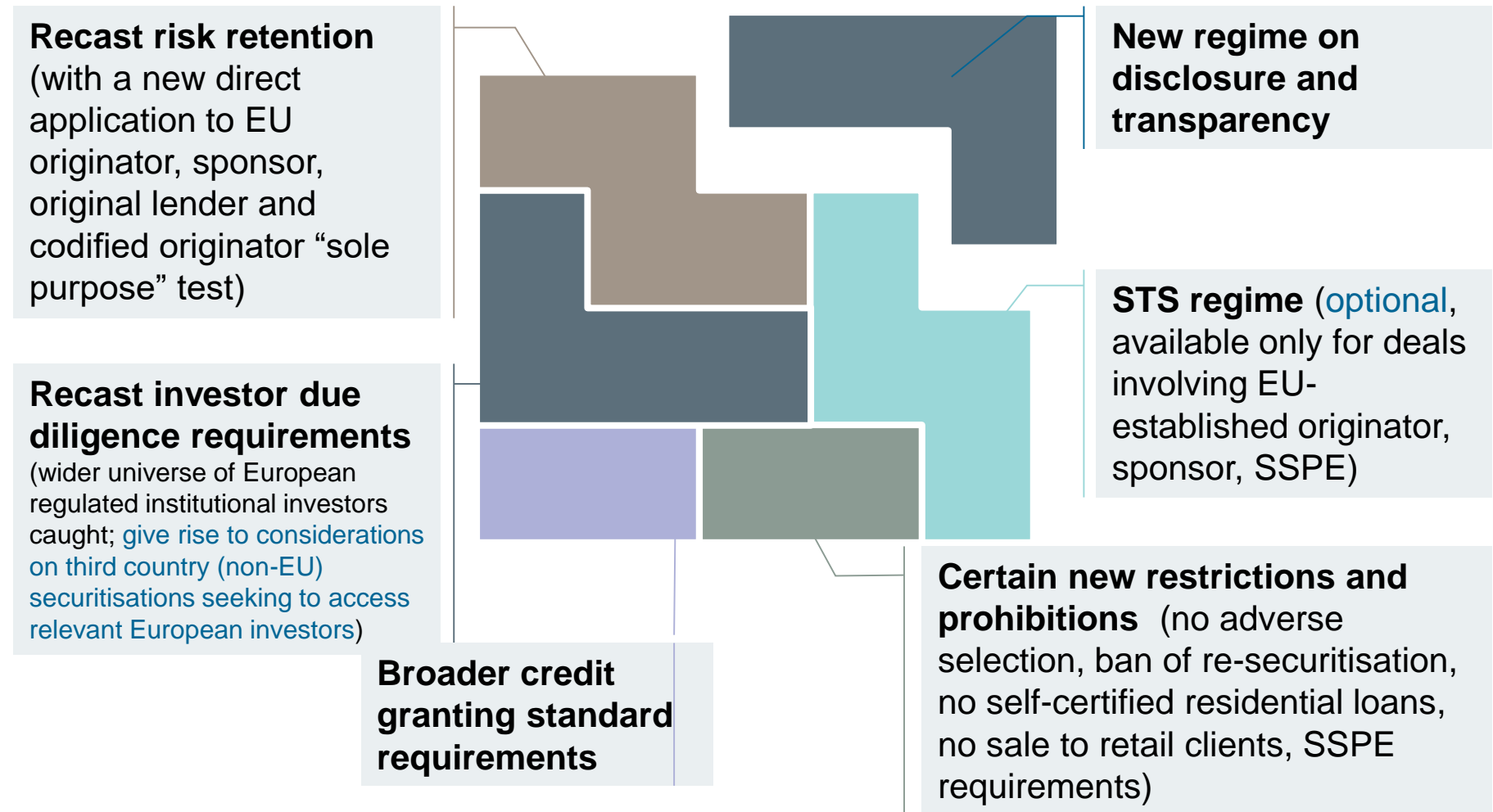
European Data Warehouse workshop

EU Securitisation Regulation: taking stock

Salim Nathoo, partner

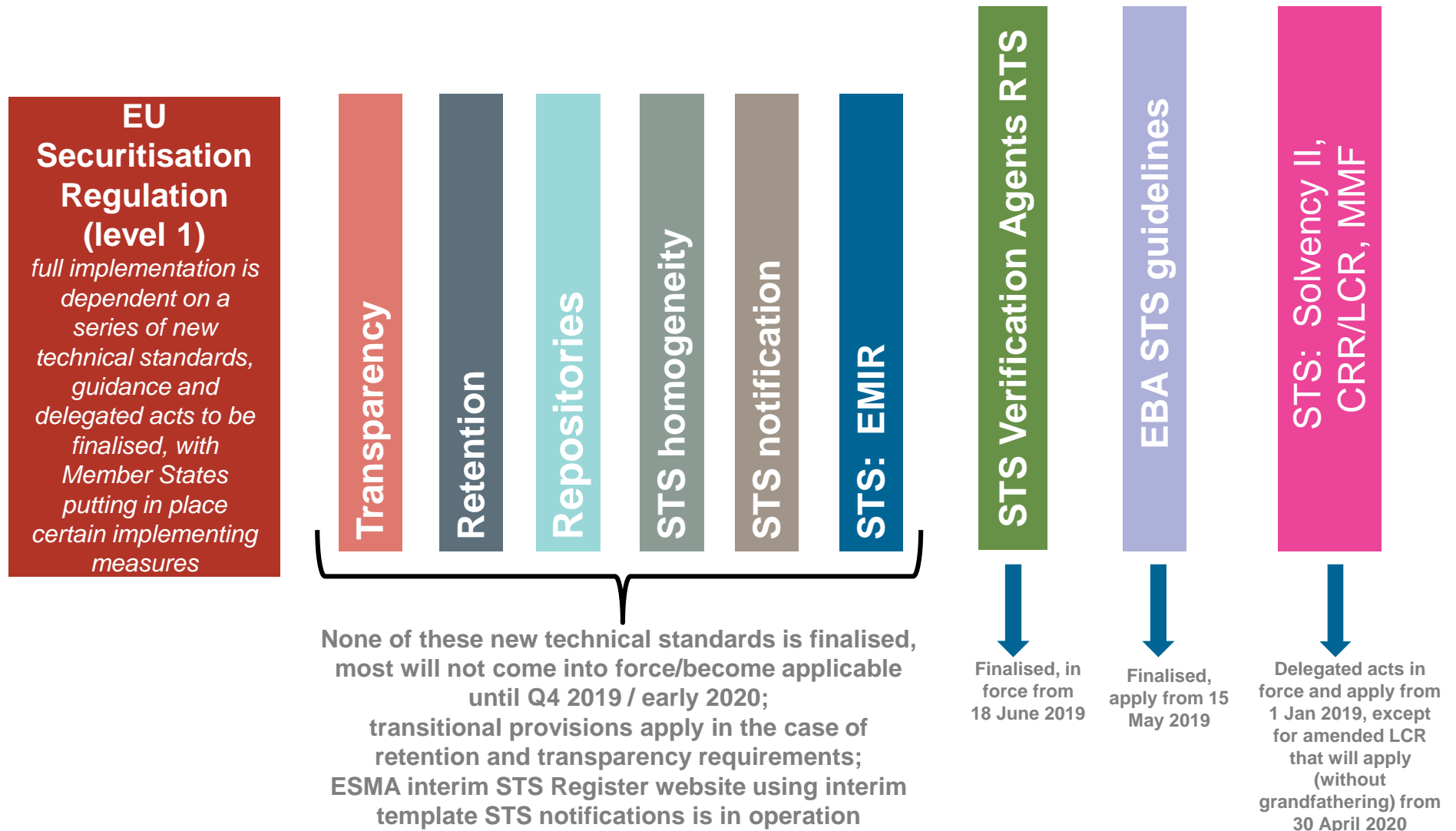
Allen & Overy

EU Securitisation Regulation applies in general from 1 Jan 2019 and the new regime can be broadly broken into six main sections

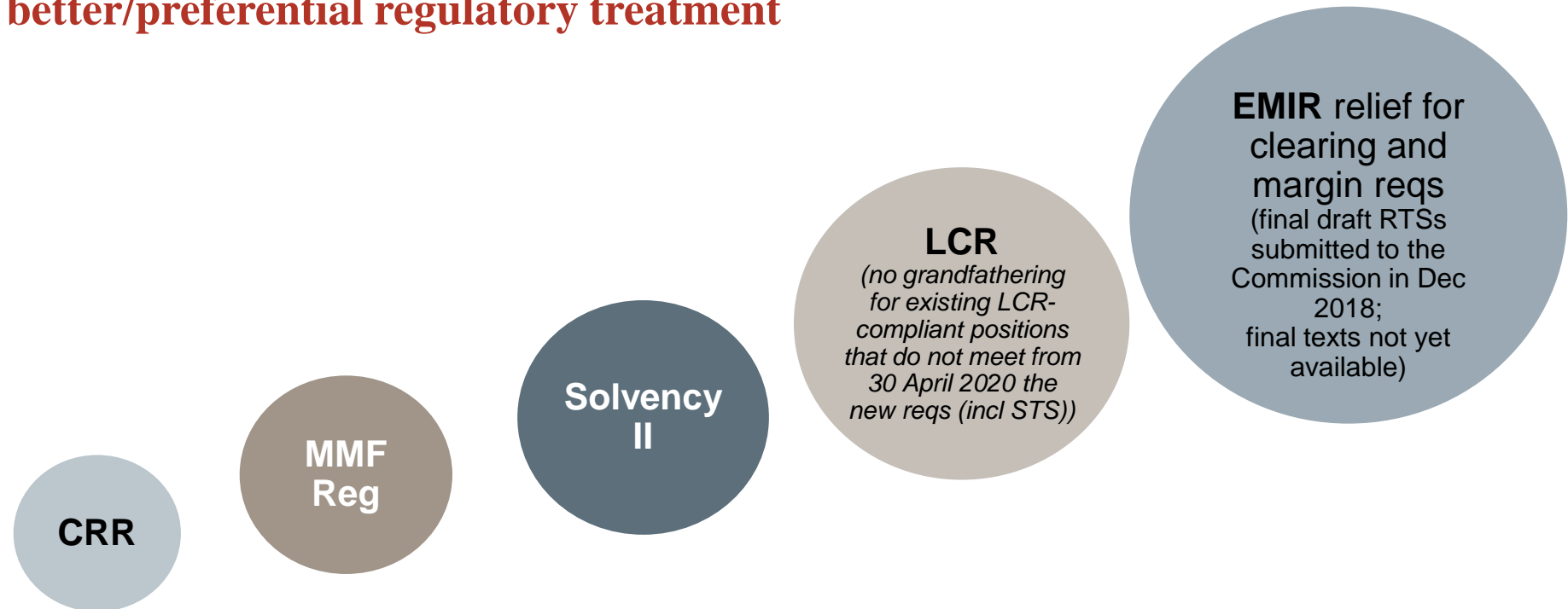


New regime also makes corresponding adjustments to other EU regulatory frameworks (eg CRR, LCR, Solvency II, MMF Regulation, EMIR, CRA Regulation)

Delay in finalising new legislative measures needed to fully implement the new regime leads to uncertainties and interim solutions

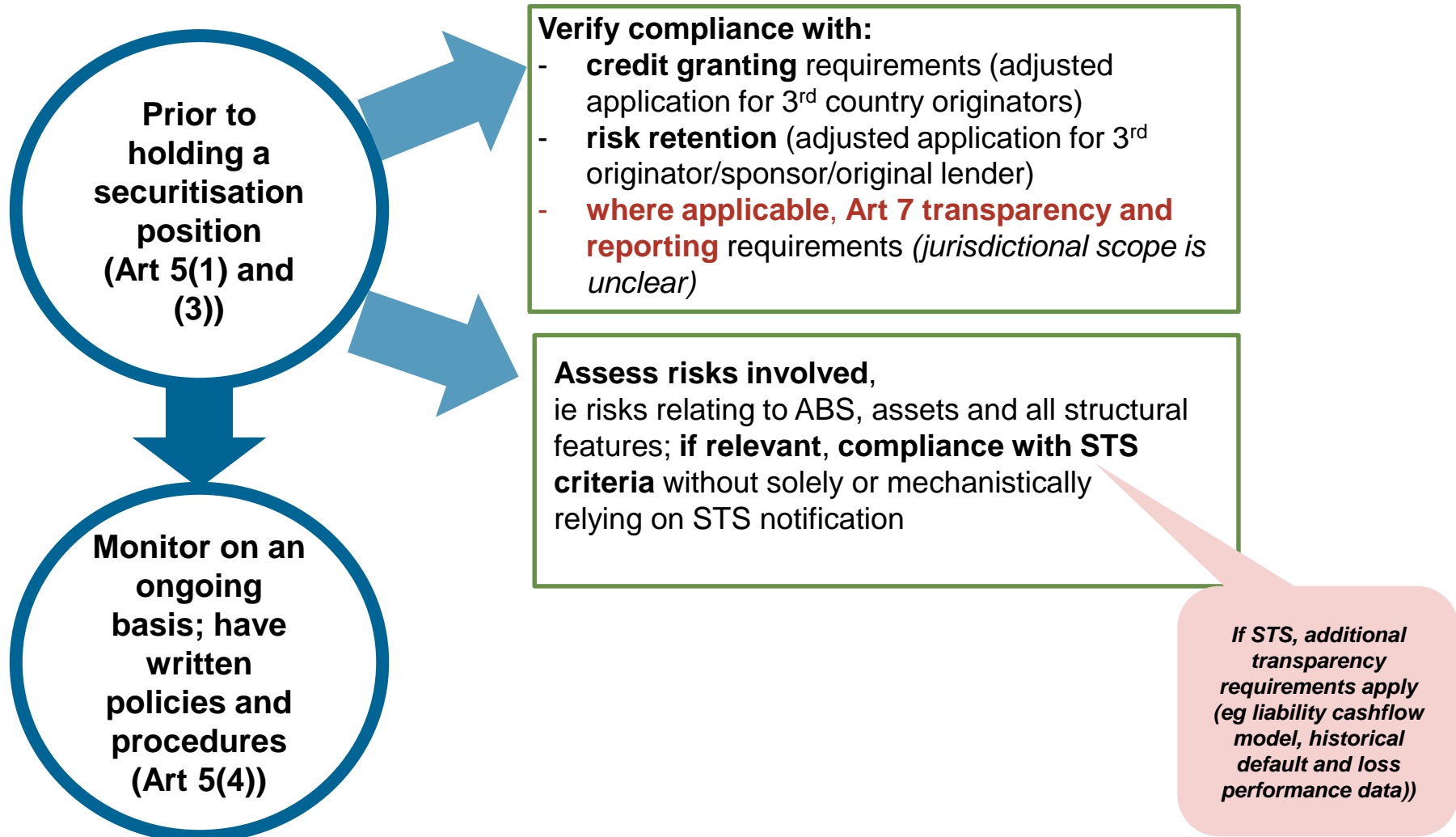


STS designation is optional and is only part of the story – “STS+” assessments with additional criteria will need to be addressed under the relevant EU regulatory regime, if the relevant STS securitisation is to achieve better/preferential regulatory treatment



More than 47 securitisations have been notified as STS to the ESMA STS Register since 22 March 2019

Recast investor due diligence (Article 5) and interaction with transparency and reporting requirements of Article 7



Transparency and reporting requirements of Article 7 – technical standards are not yet finalised; CRA3 Art 8b RTS templates apply under transitional provisions, but do not work for all deal types; ESMA draft Q&As provide some guidance on interpretation of the draft templates, but uncertainties remain

Art 7
direct application to EU
originator, sponsor,
SSPE – waiting for EU
authorities to clarify
whether on non-EU
deals indirectly applies
via investor dd/whether
strict compliance is
required

WHAT?

Public deals (with PD prospectus):

- (i) **docs essential to understand the deal** (drafts **pre-pricing**; **final upon closing**, within 15 days if STS);
- (ii) **if relevant, STS notification** (draft **pre-pricing**, **final once notified**);
- (iii) **quarterly template-based LLD and investor reporting**;
- (iv) **without delay, template-based inside info**, if relevant, and/or **significant event disclosure**

Private deals: Same as for public, but

- also need a “transaction summary”;
- inside info and significant event disclosure does not require use of a template;
- for ABCP monthly investor/LLD reporting to investors in aggregate form

HOW?

Public deals (with PD prospectus):

via an authorised securitisation repository or, if none is available, via a website that meets certain requirements

Private deals: no prescribed requirements, check national implementing measures (eg UK FCA/PRA notification reqs)

These are presentation slides only. The information within these slides does not constitute definitive advice and should not be used as the basis for giving definitive advice without checking the primary sources.

Allen & Overy means Allen & Overy LLP and/or its affiliated undertakings. The term partner is used to refer to a member of Allen & Overy LLP or an employee or consultant with equivalent standing and qualifications or an individual with equivalent status in one of Allen & Overy LLP's affiliated undertakings.


REGULATORY DEVELOPMENTS AND UK-SPECIFIC SOLUTIONS

DR. CHRISTIAN THUN, EUROPEAN DATAWAREHOUSE

SPECIALISED SERVICES FOR UK ISSUERS

EUROPEAN DATAWAREHOUSE HAS TAKEN STEPS TO SUPPORT UK CUSTOMERS IN UNCERTAIN TIMES

EUROPEAN DATAWAREHOUSE
CONVERTING DATA INTO MARKET TRUST.



With the delays and unknowns surrounding Brexit, customers in the United Kingdom face considerable uncertainty. European DataWarehouse has therefore taken steps to ensure that it can continue to support its British customers through the uncertainty and into a new political era.

These steps include:

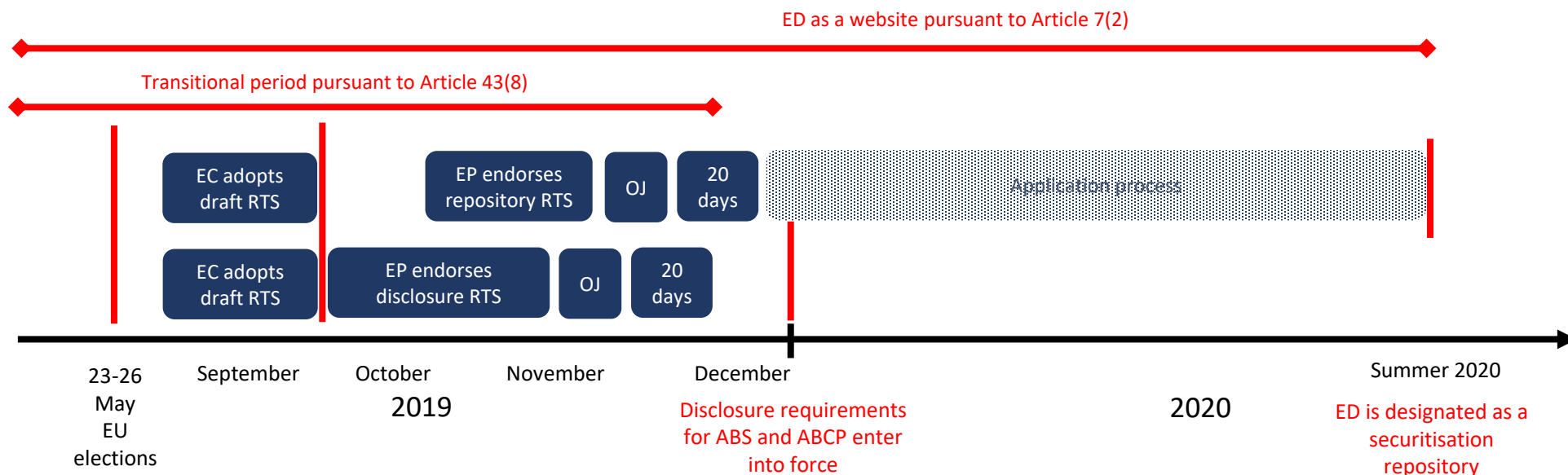
- **Establishing a UK subsidiary and office:** European DataWarehouse established European DataWarehouse Ltd, a UK subsidiary, in November 2018. Once the legal entity was established, our team was swiftly able to open a London office in Canary Wharf in early 2019.
- **Becoming a BOE reporting partner:** Issuers will be able to fulfil their Bank of England (BOE) eligibility requirements through European DataWarehouse by reporting their loan-level data tapes to European DataWarehouse for the Bank of England to assess.
- **Offering a free cash flow model:** In addition to loan-level data reporting, a further requirement for achieving Bank of England eligibility is to provide a cash flow model. European DataWarehouse now offers a free cash flow model for UK issuers to fulfil this requirement.
- **Publishing a BOE/ESMA gap analysis:** Our team has prepared a gap analysis between the Bank of England ABS loan-level data templates and the draft templates proposed by the European Securities and Markets Authority (ESMA). The analysis includes changes implemented across two of the existing Bank of England loan-level data templates for residential mortgage backed securities (RMBS) and auto ABS. The analysis has been carried out on a field-by-field basis.
- **Developing a template converter:** European DataWarehouse has created a

- **Template converter:** European DataWarehouse has created a tool for customers wishing to convert their data from the BOE format into the CRA III/ECB templates. The converter is free for customers of European DataWarehouse.
- **Free Cash Flow Model.** In addition to loan-level data reporting, a further requirement for achieving Bank of England eligibility is to provide a cash flow model. European DataWarehouse now offers a free cash flow model for UK issuers to fulfil this requirement.
- **BOE reporting partner:** Issuers are now able to fulfil their Bank of England (BOE) eligibility requirements through European DataWarehouse by reporting their loan-level data tapes to European DataWarehouse for the Bank of England to assess.

REGULATORY TIMELINE IN 2019 / 2020

Last updated to reflect regulatory announcement from ESMA on 17 July 2019

Repository & disclosure regime



EC: European Commission

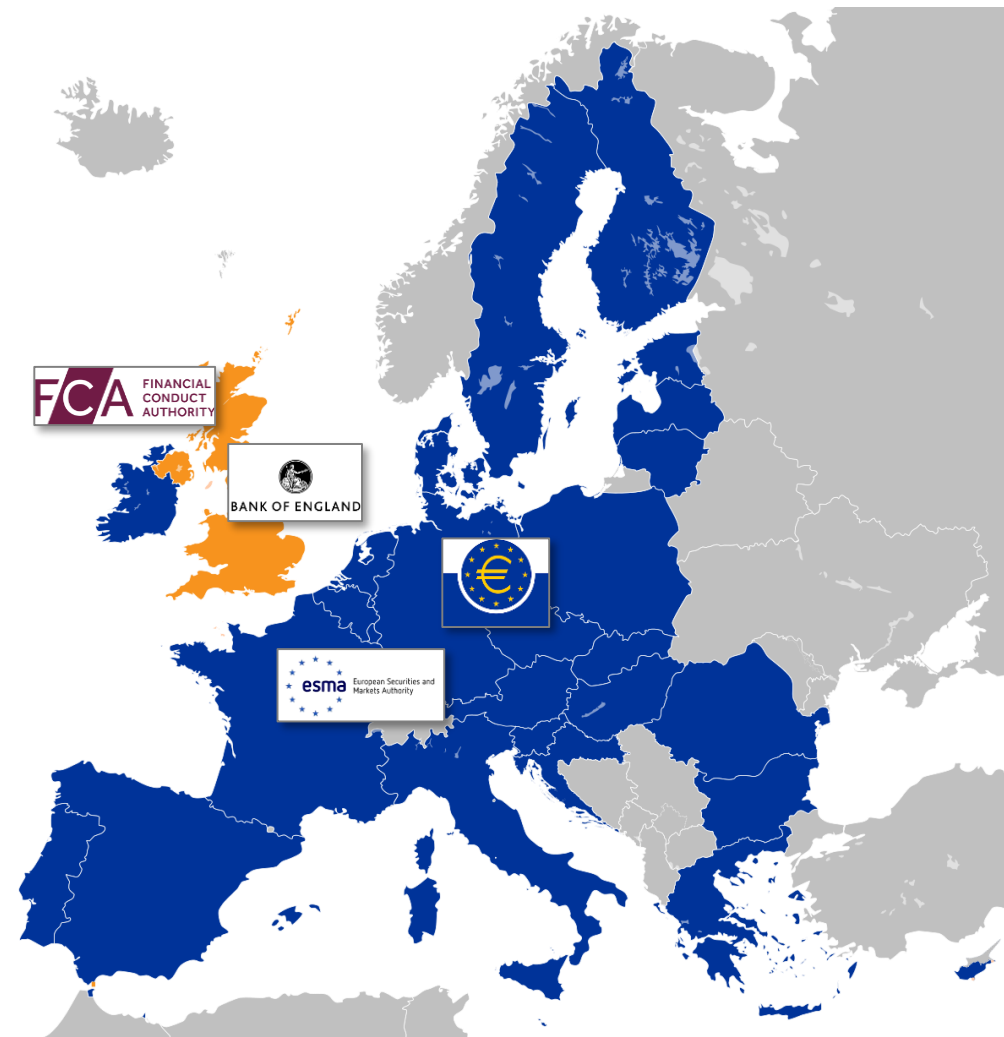
EP: European Parliament

ESMA: European Securities and Markets Authority

OJ: Official Journal of the European Union – potential publication of the Level 2 of the RTS following the translation into the national languages of the European Union

RTS: Regulatory Technical Standards

REPOSITORY SOLUTIONS FOR THE UK AND EUROPE



2019 „SECURITISATION DATA PROVIDER OF THE YEAR“

14 March 2019

EUROPEAN DATAWAREHOUSE

PRESS RELEASE

EUROPEAN DATAWAREHOUSE WINS “SECURITIZATION DATA PROVIDER OF THE YEAR”

FRANKFURT, GERMANY AND LONDON, UK – 14 MARCH 2019 – European DataWarehouse (ED) is pleased to announce it has been named “*Securitization Data Provider of the Year*” at the 1st Annual GlobalCapital European Securitization Awards in London. The award ceremony celebrates industry leaders in the ABS market in Europe. Winners are selected by popular vote from the general public.

Christian Thun, CEO of European DataWarehouse noted “This award recognises European DataWarehouse for its dedication to the market, its passion for data and its commitment to its customers. We’re humbled to have been selected by the industry for such a meaningful award.”

Alexandre Linden, ED Board member and Head of Commercial Real Estate & Regulatory Advocacy for Asset Finance & Securitisation at BNP Paribas attended the awards ceremony and added: “European DataWarehouse is uniquely positioned in the industry and have quickly become a trusted partner of issuers and investors alike. This well-deserved award comes as no surprise given ED’s dedication to market data and transparency.” BNP Paribas was recognised at the awards ceremony for “RMBS of the Year”, “Asset Finance House of the Year”, and “ABS Issuer of the Year”.

European DataWarehouse was established in 2012. Since its inception, ED has collected loan-level data and relevant documentation for more than 1,250 ABS transactions.

About European DataWarehouse GmbH

European DataWarehouse (ED) is the first and the only centralised data repository in Europe for collecting, validating and distributing detailed, standardised and asset class specific loan level data for Asset-Backed Securities (ABS) and private whole loan portfolios. ED stores loan-level data and

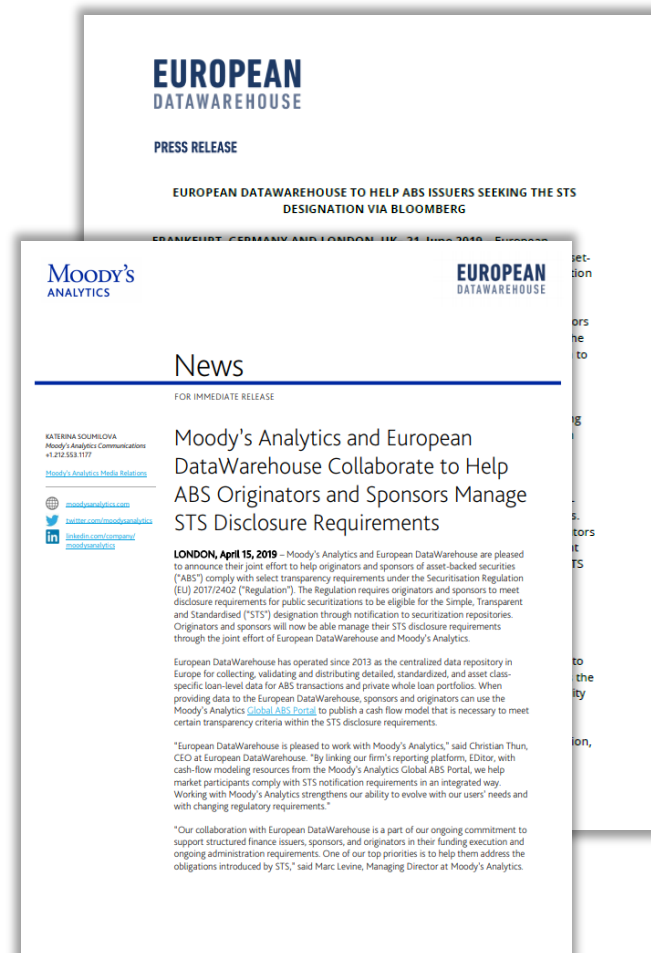


GlobalCapital
European
Securitization Awards

EUROPEAN DATAWAREHOUSE COLLABORATES WITH MOODY'S AND BLOOMBERG TO HELP ABS ORIGINATORS AND SPONSORS MANAGE STS DISCLOSURE REQUIREMENTS

“Our collaboration with European DataWarehouse is a part of our ongoing commitment to support structured finance issuers, sponsors, and originators in their funding execution and ongoing administration requirements. One of our top priorities is to help them address the obligations introduced by STS,”

- Marc Levine, Managing Director at Moody's Analytics.”



EDITOR

JOEL PENN, EUROPEAN DATAWAREHOUSE

ESMA PROVIDES UPDATED Q&AS, XML SCHEMA AND VALIDATION RULES FOR SECURITISATION REPORTING

On 17th July 2019, ESMA published additional resources to assist market participants in the implementation of the disclosure requirements for the Securitisation Regulation

- an updated set of Q&A clarifying different aspects of the draft disclosure technical standards, including how some specific fields in the templates should be completed.
- a set of reporting instructions and XML schema for the templates. As set out in Article 4 of ESMA's draft disclosure implementing technical standard, reporting of data (i.e. information covered under the templates) for all securitisations must be done using XML. These are an important input for the reporting entities as well as for a prospective securitisation repository.
- in addition, to accompany the XML schema, ESMA has also published a set of validation rules, which prohibit the submission of certain combinations of information that are logically incoherent.



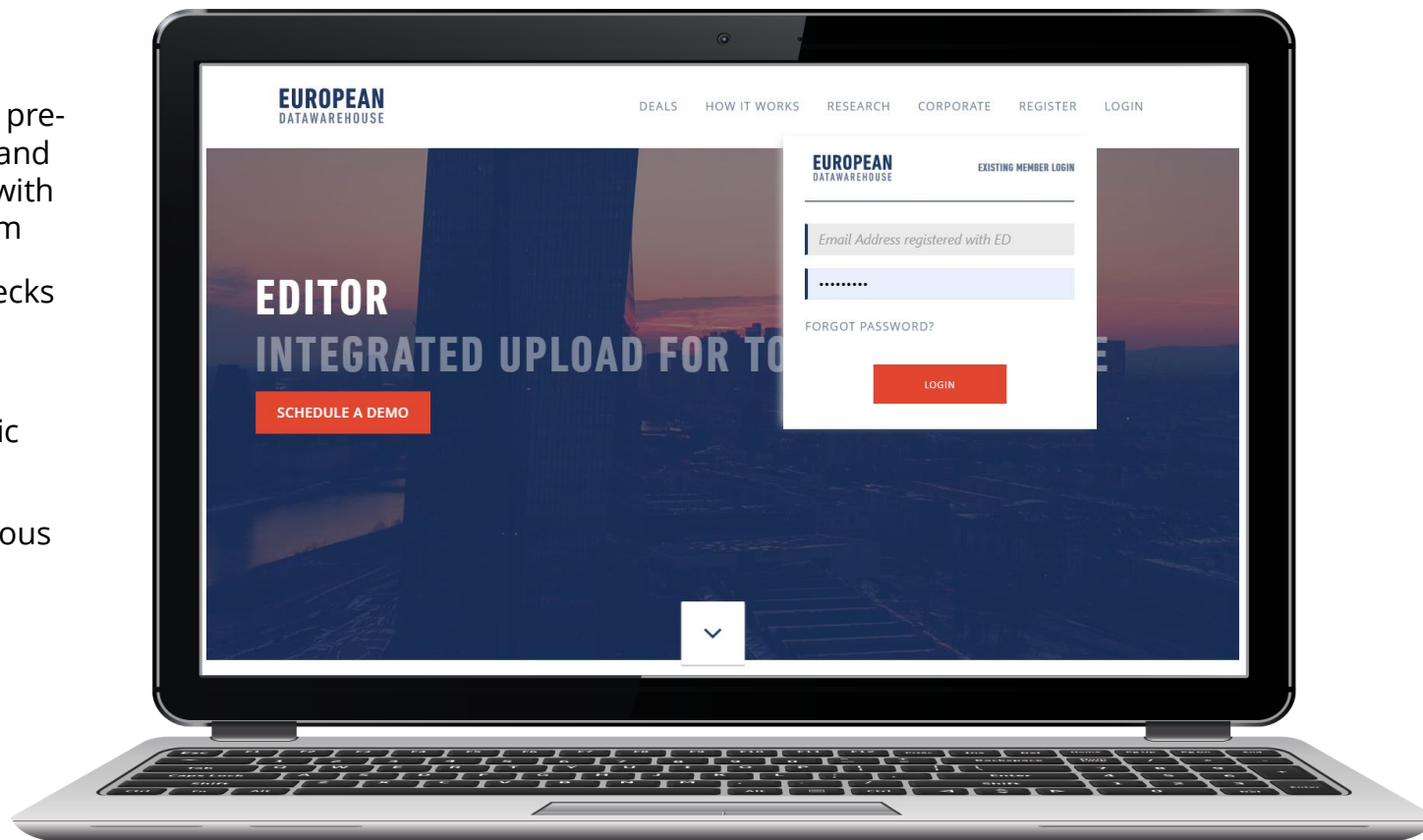
Source: <https://www.esma.europa.eu/press-news/esma-news/esma-provides-updated-qas-xml-schema-and-validation-rules-securitisation>

EDITOR

An integrated web application for the analysis and upload of loan level data (LLD) and documentation

Key Features:

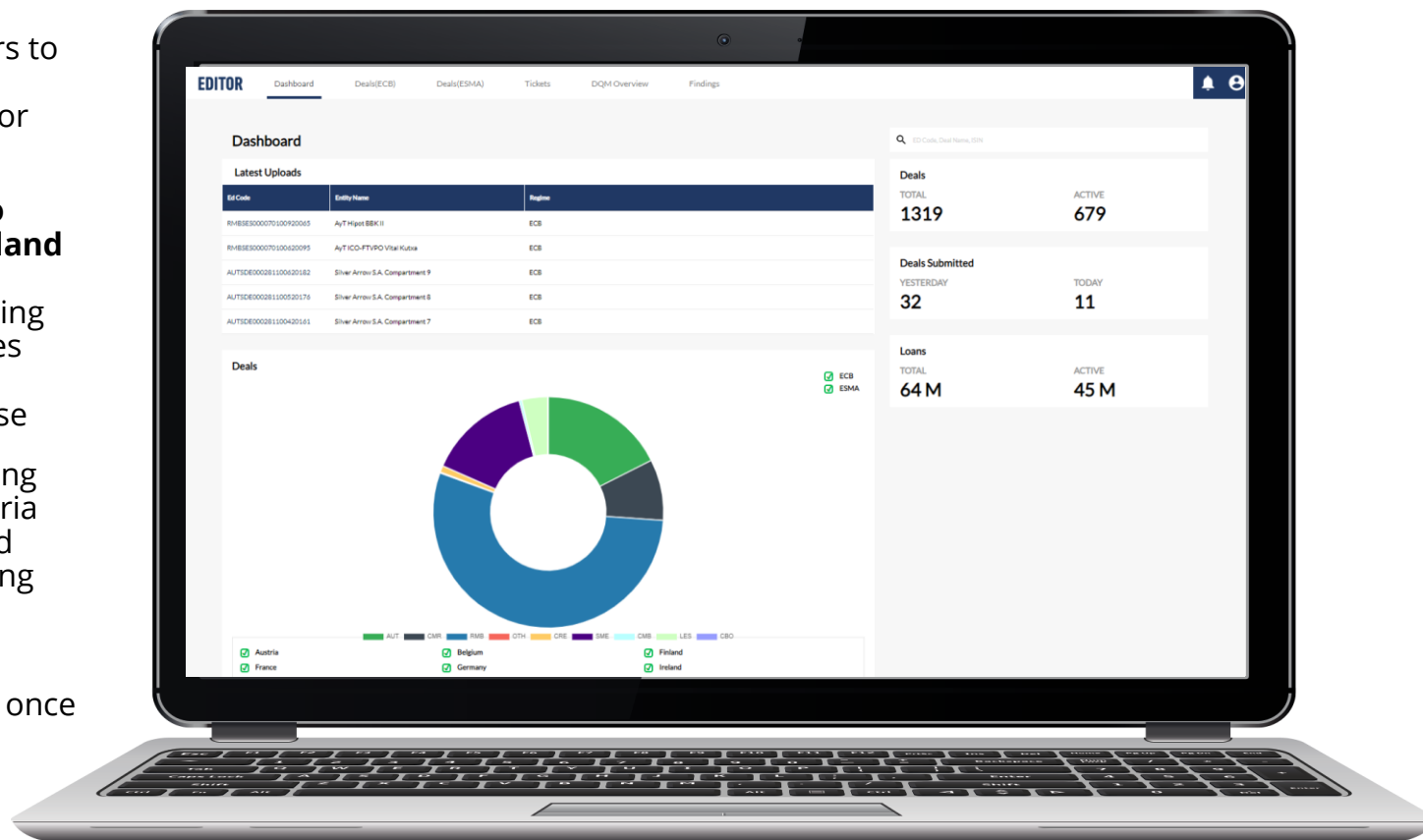
- Allows Data Providers to pre-screen and analyse LLD and upload it in compliance with the ESMA No Data system
- In-depth data quality checks using over 2,500 rules
- Centralised rule repository with automatic updates
- Comparability with previous submissions for stratifications
- Integrated Data Quality Tracking System (DQTS)



REPORTING REGIMES

Fulfil regulatory and eligibility reporting requirements under different regimes

- ECB repository for issuers to fulfil their Eurosystem eligibility requirements for ABS and ACC
- **Issuers are now able to fulfil their Bank of England (BOE) eligibility requirements** by reporting their loan-level data tapes and documentation to European DataWarehouse
- Dedicated website fulfilling the ESMA reporting criteria during the interim period under the CRA III reporting regime
- Plan to be a ESMA securitisation repository once the application process begins
- Intend to become a securitisation repository in the UK under the Financial Conduct Authority



DOCUMENT REPOSITORY

A document repository is now available for all transactions

- Categories of documents displayed include:
 - Prospectus / Offering Circulars
 - Closing transaction documents
 - Transaction Summary
 - Investor Reports
 - **Cash Flow Model**
 - Deal Notifications
 - **BOE Loan-level data**
 - Loan-level data
 - Pre-Sale Report
 - Other
- The documentation section is in compliance with the Bank of England reporting requirements for ABS eligibility criteria
- Ability to upload customised Terms and Conditions for accessing information

All documents can be static or periodically updated by Data Owners and Data Providers. EDITOR supports multiple formats: PDF, Word, .txt and Excel.

FREE SANDBOX ENVIRONMENT

Users can test our regulatory solution

Key Features:

- Upload unlimited test files and create test deals
- Ability to upload structured or unstructured data
- Frequently updated to reflect regulatory developments

Testing Includes:

- Free Access to EDITOR for a limited period
- Data quality support, including access to Data quality rules and processes
- The testing began with Auto and RMBS, with further asset classes due in the coming months



Please send an email to enquiries@eurodw.eu for any requests

EDITOR – ROADMAP

Upcoming Release Details:

A mid-October release will...

- Introduce a common Create / Edit Deal Form covering all reporting requirements (ECB, ESMA)
- Enable both ECB and ESMA data & documentation to be accessed from the deal page
- Allow Uploading data through Secure Machine to Machine File Transfer (SFTP)
- Revise roles & privacy standards
 - New Role – Individual Deal Access – to access specific public deals upon request (e.g. Potential Investor, Arranger, etc.)
 - Ability to easily invite users and manage permissions for all private deals
- Incorporate new templates
 - Independent CSV to ESMA Draft XML converter
 - ESMA Draft XML template support for RMB, AUT asset classes (Sandbox environment)

Future releases (for ED to become an ESMA designated Securitization Repository) will...

- Introduce Integrated Score Computation & Data Quality checks (checks prescribed by ESMA + ED checks)
- Launch an in-built ED CSV to XML converter
- Provide utility to easily sign and encrypt files as per ESMA requirements

GAP ANALYSIS 3.0

A comprehensive comparison between the ESMA draft disclosure templates released in Aug 2018 and Jan 2019

European DataWarehouse GmbH (ED) has performed a comprehensive analysis of the draft European Securities and Markets Authority (ESMA) reporting templates published on 31 January 2019 as an Annex to the Opinion report on the Amendments to ESMA's draft technical standards on disclosure requirements under the Securitisation Regulation (EU) 2017/2402.

A field-by-field analysis can be found in the annexes of this document and are also available as separate Microsoft Excel files. Version 3.0 of the Gap Analysis, as of March 2019, has been performed with the information available on the ESMA website as of 1 February 2019.



DATA QUALITY SCORE UPDATE

EMAIL NOTIFICATION

EUROPEAN DATAWAREHOUSE

IMPORTANT UPDATE

Dear all,

As you may already be aware, European DataWarehouse (ED) has significantly improved the data quality of the files uploaded to our platform in the past several years. This evolution was possible because of valuable input from customers such as yourself, as well as our introduction of 'Data Quality Scores'. This progress has earned our team significant praise from Rating Agencies, National Central Banks, Competent Authorities, investors and other market participants.

After numerous customer conversations and in light of the new regulation with the corresponding ESMA templates, European DataWarehouse has decided to review its data quality process along with its extensive set of data quality checks. As a result, European DataWarehouse has:

- revised existing rules
- removed obsolete rules
- created new rule checks
- introduced a dynamic immateriality threshold
- considered if the related fields are likely to be relevant in the upcoming ESMA templates

Starting 1 August 2019, all deal analysis conducted by our team and consequent Data Quality Scores will be based on this updated and comprehensive rule set. ED has performed an extensive impact analysis with regards to score migration and potential new tickets. While we expect limited impact overall, please email enquiries@eurodw.eu with any questions, or join our [webinar on 22 August](#) for further explanation.

REGISTER NOW

WHY DID EUROPEAN DATAWAREHOUSE UPDATE THE RULESET?

1. To factor in industry feedback on different data quality (DQ) issues during the last five years
2. To factor in the impact expected by the introduction of the new ESMA templates
3. To focus on material DQ issues only, excluding those deemed inconsequential
4. To balance the treatment of DQ issues among all asset classes
5. To simplify descriptions of DQ issues for better understanding

PRIVATE AREA SOLUTIONS

PRIVATE DEAL SOLUTIONS

EDITOR offers a dedicated website which allows private transactions to comply with the disclosure requirements under Article 7(1) of the Securitisation Regulation

- Includes features for the controlled transmission of the information to third parties
- Access to the relevant **data is fully managed by the Data Owner (DO)** (sponsor, originator or special securitisation purpose entity (SSPE)). DOs are responsible for authorising access to Data Users (DU). The authorisation can be modified at any time.
- The same upload and download channels that are used in the public area can also be used in the private area

Is the Entity Private? ⓘ

Yes No

ACCESSIBILITY: EASY
AND USER-FRIENDLY
WEB-BASED ACCESS

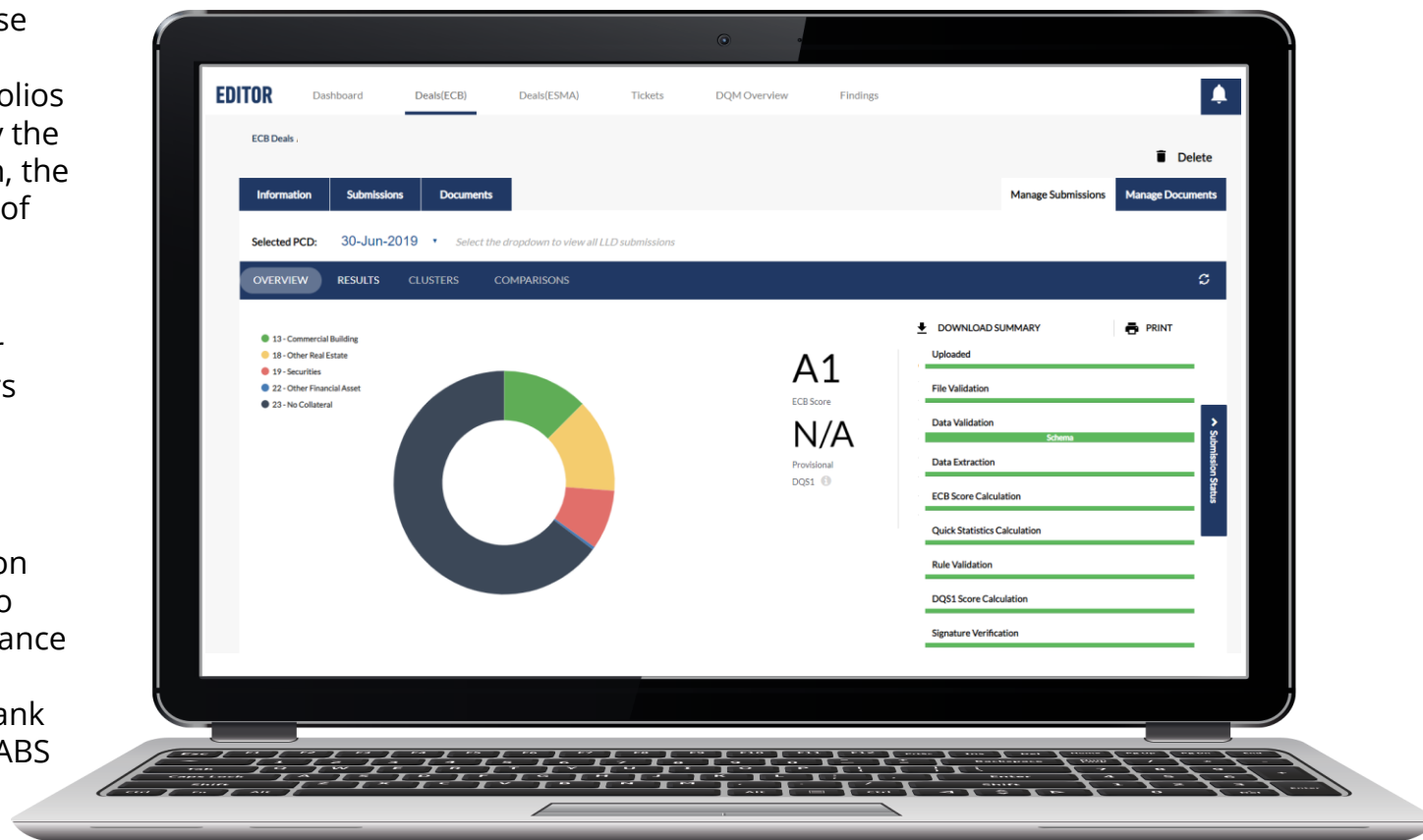
FUNCTIONALITY:
CONTINUOUS SOFTWARE
ENHANCEMENTS AND
DEVELOPMENTS

INTEGRITY: LEGAL
FRAMEWORK FOR
ACCESSING, UPLOADING
AND DOWNLOADING
INFORMATION

RELIABILITY: ROBUST
SOFTWARE WITH
ONGOING SUPPORT

SOLUTIONS FOR DATA CHECKS

- European DataWarehouse offers solutions to store documents and/or portfolios that are not governed by the Securitisation Regulation, the Eurosystem or the Bank of England Collateral frameworks
- The solution is suited for originators and arrangers interested in portfolio acquisitions
- The solution allows the storage of the information first and the possibility to check the data in accordance to certain standardised templates such as the Bank of England and the ECB ABS templates



PRIVATE AREA PRINCIPLES

Storage of Relevant Data

ED regularly collects documentation and data according to the ECB (CRA III) / revised ESMA templates and taxonomies with tailor made solutions upon request. The data is stored in the system for at least five years.

Security and Tracking

Once the deal is created, ED keeps a clear log of the uploads, downloads and a full data back-up for future recovery

Controlled Transmission

Access to the relevant data is fully managed by the authoriser Data Owner who is responsible for granting the access to third parties called Data Users (DU). The authorisation can be changed at any time

- ✓ **Accessibility:** Easy and user-friendly web-based access
- ✓ **Functionality:** Continuous software enhancements and developments
- ✓ **Reliability:** Robust software with ongoing support
- ✓ **Integrity:** Legal framework for accessing, uploading and downloading information

ACCESSING DATA WITH EDVANCE

ANDREA WALBRECHT, EUROPEAN DATAWAREHOUSE

EDVANCE – CONVERT DATA INTO INSIGHT

Dive into the loan level data, make smart and accurate data-driven decisions

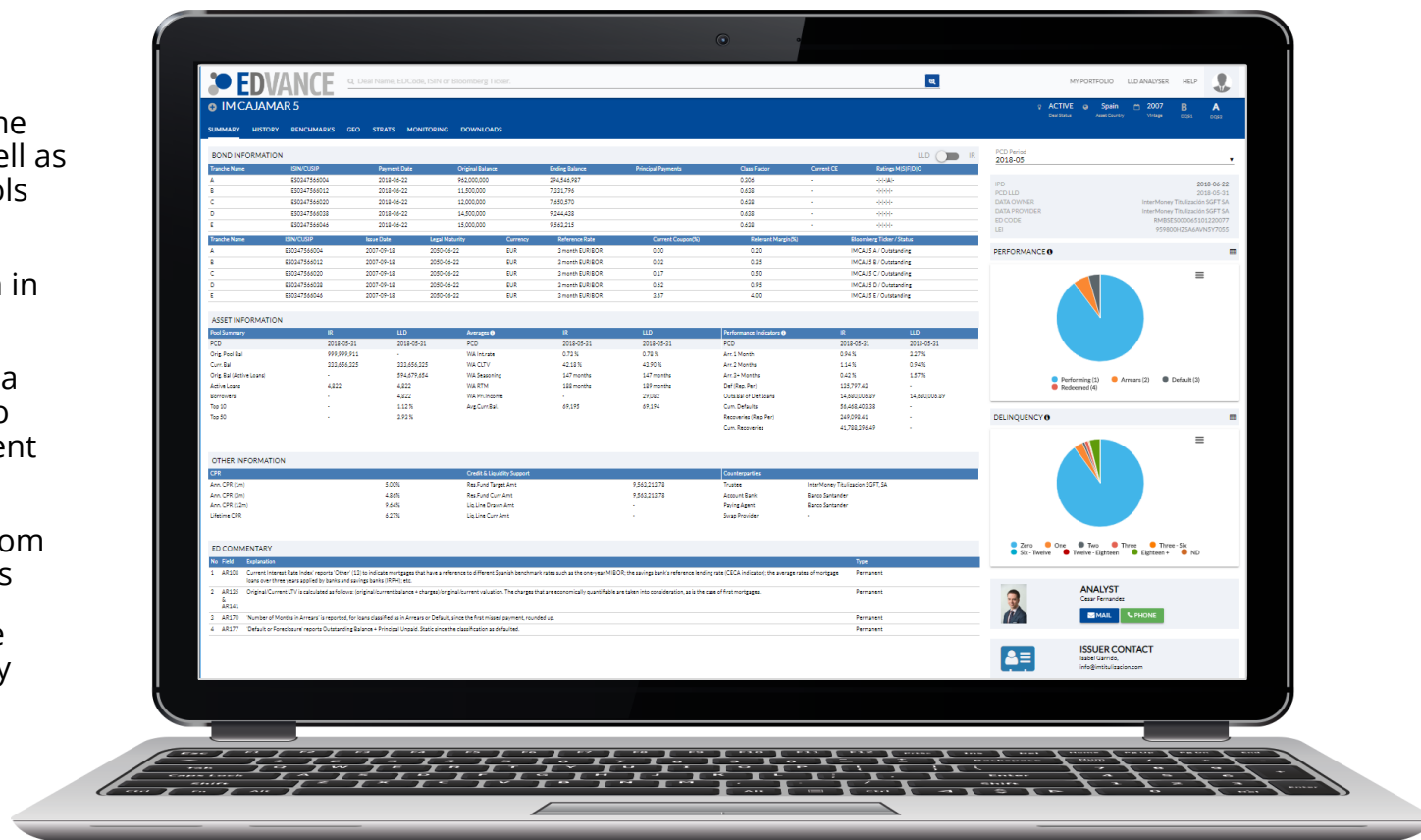
- Gain unparalleled access into the European credit markets
- Analyse loan-level data in an easy and convenient way
- Time series analysis, benchmarking and stratification capabilities on a deal-by-deal basis and across portfolios
- Look up Investor Report Data, deal documentation, and loan-level data across submissions



DEAL SUMMARY – KEY INFORMATION AT A GLANCE

Includes:

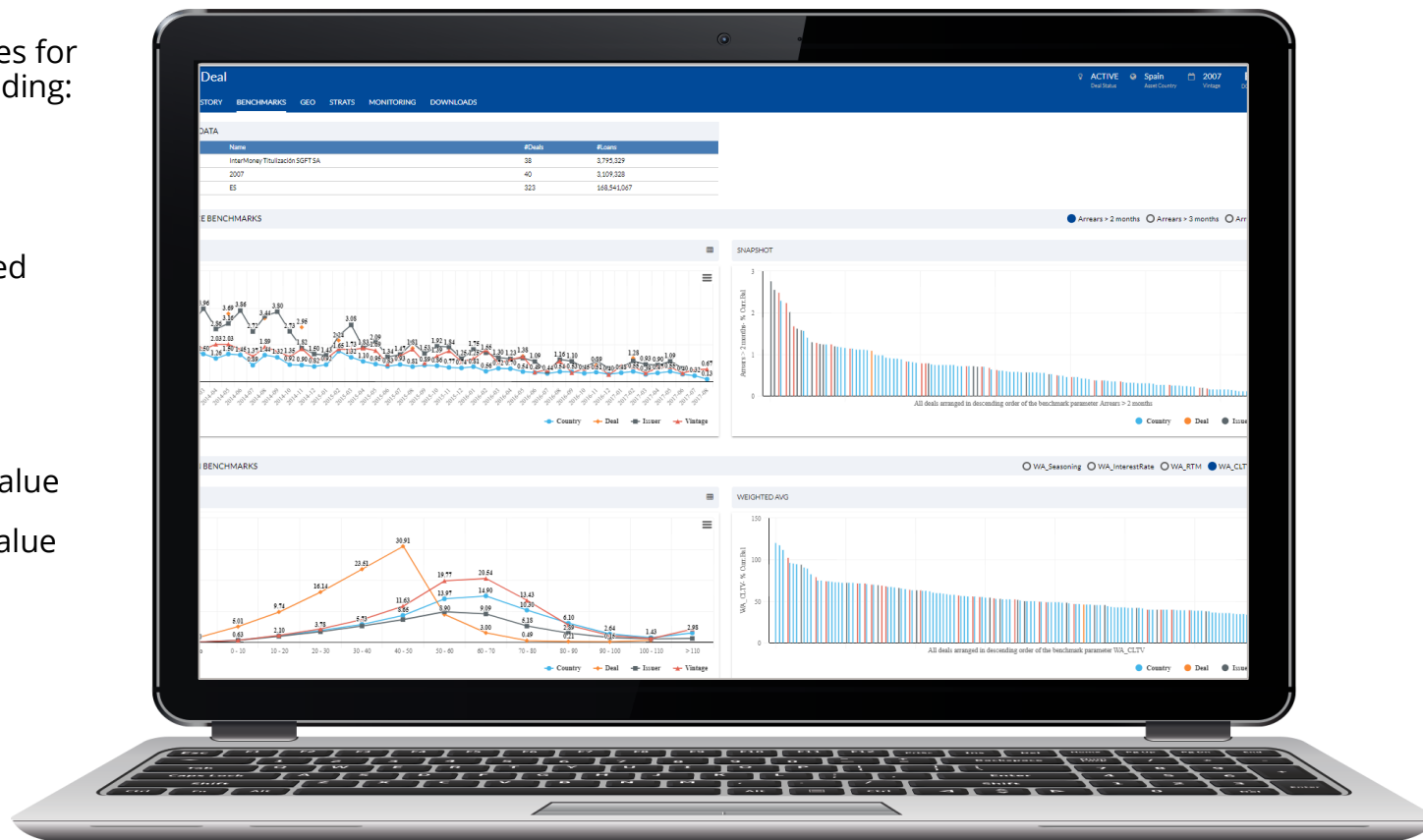
- Key information about the outstanding bonds as well as the underlying asset pools
- Performance and delinquency information in charts and tables
- Pool Cut-Off Periods for a selected deal, allowing to navigate between different submissions
- Summary information from LLD and Investor Reports
- Directly connect with the dedicated analyst for any deals or data specific questions



DEAL BENCHMARKS

Unique opportunity to benchmark any given deals against the same issuer, vintage, country or your own portfolio

- Benchmarking capabilities for several parameters including:
 - Arrears
 - Defaults
- Distribution and Weighted Average for:
 - Seasoning
 - Interest Rate
 - Original Loan to Value
 - Current Loan to Value



MONITORING REPORT

Support Due-diligence Requirements

Highlights:

- Generate monitoring reports to help institutional investors to comply with due-diligence requirements
- Monitor on an ongoing basis the performance of securitisation positions taking into considerations factors such as:
 - Percentage of loans more than 30, 60 and 90 days past due
 - Default rates
 - Prepayment rates
 - Loans in foreclosure
 - Recovery rates
 - Repurchases

EDVANCE IM CAJAMAR 5

Report Date	2019-02-11	Is Active	TRUE	Vintage	2007	ED Code		RMBSES000065101220077
Pool Cutoff Date	2018-11-30	SPV Country	Spain	Data Owner	InterMoney Titulización SGFT SA			
IPD	2018-12-24	Pri. Exchange Listin	Spain	Country of Assets	Spain			

Bond Information

Tranche Name	ISIN/CUSIP	Payment Date	Original Balance	Ending Balance	Principal Payments	Class Factor	Current CE	Ratings M S F D O
A	ES0347566004	2018-12-24	962,000,000	278,082,935		0.29	-	- - - A -
B	ES0347566012	2018-12-24	11,500,000	6,921,977		0.60	-	- - - - -
C	ES0347566020	2018-12-24	12,000,000	7,222,933		0.60	-	- - - - -
D	ES0347566038	2018-12-24	14,500,000	8,727,710		0.60	-	- - - - -
E	ES0347566046	2018-12-24	15,000,000	9,028,668		0.60	-	- - - - -

Asset Information

Tranche Name	ISIN/CUSIP	Issue Date	Legal Maturity	Currency	Reference Rate	Current Coupon(%)	Relevant Margin(%)	Bloomberg Ticker / Status
A	ES0347566004	2007-09-18	2050-06-22	EUR	3 month EURIBOR	0.20	0.20	IMCAJ 5 A / Outstanding
B	ES0347566012	2007-09-18	2050-06-22	EUR	3 month EURIBOR	0.03	0.35	IMCAJ 5 B / Outstanding
C	ES0347566020	2007-09-18	2050-06-22	EUR	3 month EURIBOR	0.18	0.50	IMCAJ 5 C / Outstanding
D	ES0347566038	2007-09-18	2050-06-22	EUR	3 month EURIBOR	0.63	0.95	IMCAJ 5 D / Outstanding
E	ES0347566046	2007-09-18	2050-06-22	EUR	3 month EURIBOR	3.68	4	IMCAJ 5 E / Outstanding

Pool Summary

Pool Summary	IR	LLD	Averages	IR	LLD	Performance Indic	IR	LLD
PCD	2018-11-30	2018-11-30	PCD	2018-11-30	2018-11-30	PCD	2018-11-30	2018-11-30
Orig. Pool Bal	999,999,911	-	WA Int.rate	0.71 %	0.76 %	Arr. 1 Month	1.23 %	3.55 %
Curr. Bal	313,777,573	313,777,572	WA CLTV	41.08 %	42.72 %	Arr. 2 Months	1.09 %	1.23 %
Orig. Bal (Active Lo	-	577,063,539	WA Seasoning	153 months	153 months	Arr. 3+ Months	0.36 %	1.45 %
Active Loans	4,666	4,666	WA RTM	184 months	184 months	Def (Rep. Per)	478,223	-
Borrowers	-	4,666	WA Pri.Income	-	29,053	Outs.Bal of Def.Lo	12,606,022	12,606,022
Top 10	-	1.16 %	Avg.Curr.Bal.	67,248	67,247	Cum. Defaults	57,227,930	-
Top 50	-	4.05 %				Recoveries (Rep. P)	172,179	-

THIRD PARTY VERIFICATION OF STS TRANSACTIONS

JAN-PETER HÜLBERT, SVI



THE STS VERIFICATION PROCESS – THE STRUCTURED PATH TO YOUR GOALS .

THIRD PARTY VERIFICATION OF STS TRANSACTIONS

Jan-Peter Hülbert

STS Verification International GmbH ("SVI")

European DataWarehouse London Workshop, 3rd September 2019





AGENDA

1. Regulatory Overview
2. Introduction to SVI and Corporate Governance
3. STS Verification Methodology and Process
4. STS Verification in Practice

1. Regulatory Overview

THE NEW SECURITISATION REGULATION - LEGAL DOCUMENTS

Securitisation Regulation

level	manner	Document / Topic	date	Valid from
1	ordinance	Securitisation Regulation (EU) 2017/2402	28.12.2017	01.01.2019
2 (ESMA)	RTS / ITS	STS Notification, Final Report	16.07.2018	[Open]
2 (EBA)	RTS	Homogeneity, Final Report	28.05.2019	[Open]
2 (EBA)	RTS	Risk Retention, Final Draft	31.07.2018	[Open]
2 (ESMA)	RTS	STS Verification Services, Final Report	16.07.2018	[Open]
2 (ESMA)	RTS / ITS	Disclosure, Final Draft (Annex 5.3 of Opinion)	31.01.2019	[Open]
2 (ESMA)	RTS / ITS	Data Repository, Final Report	12.11.2018	[Open]
3 (EBA)	guidelines	Non-ABCP STS criteria	12.12.2018	15.05.2019
3 (EBA)	guidelines	ABCP STS Criteria	12.12.2018	15.05.2019

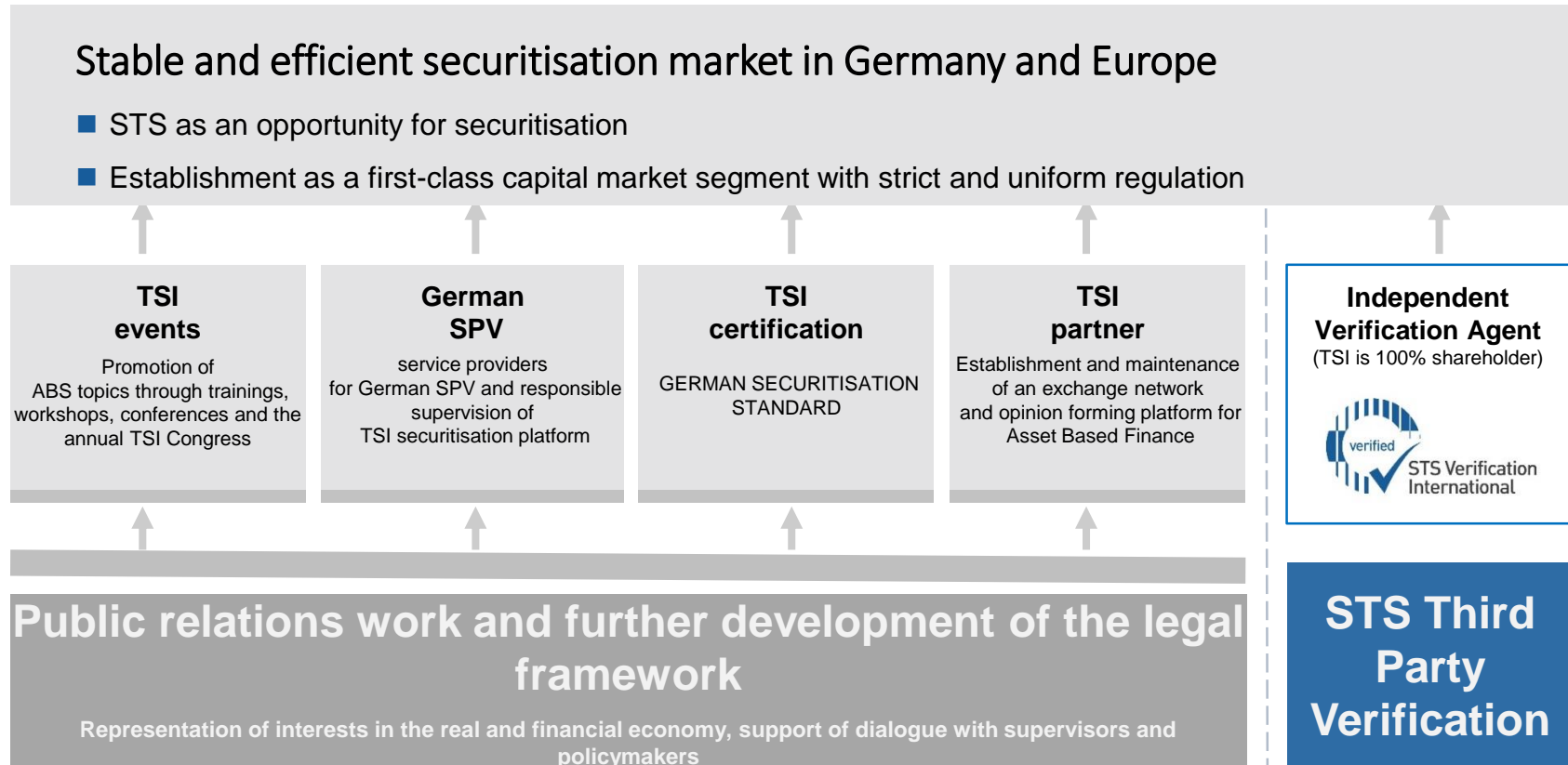
Capital market regulation with reference to securitisation regulation

level	manner	Document / Topic	date	Valid from
1	ordinance	CRR Supplement (EU) 2017/2401	12.12.2017	01.01.2019
1	ordinance	LCR Supplement (EU) (EU) 2018/1620	13.07.2018	30.04.2020
1	ordinance	Solv II Supplement (EU) C(2018) 3302	01.06.2018	01.01.2019
1	ordinance	MMF Regulation (EU) 2017/1131	14.06.2017	20.07.2017/ 21.07.2018
1	ordinance	MMF Supplement (EU) 2018/990	10.04.2018	21.07.2018/ 01.01.2019

As of: 25.01.2019

2. Introduction to SVI and Corporate Governance

SVI AS INDEPENDENT PART OF TSI GROUP



2. Introduction to SVI and Corporate Governance

OVERVIEW OF SVI

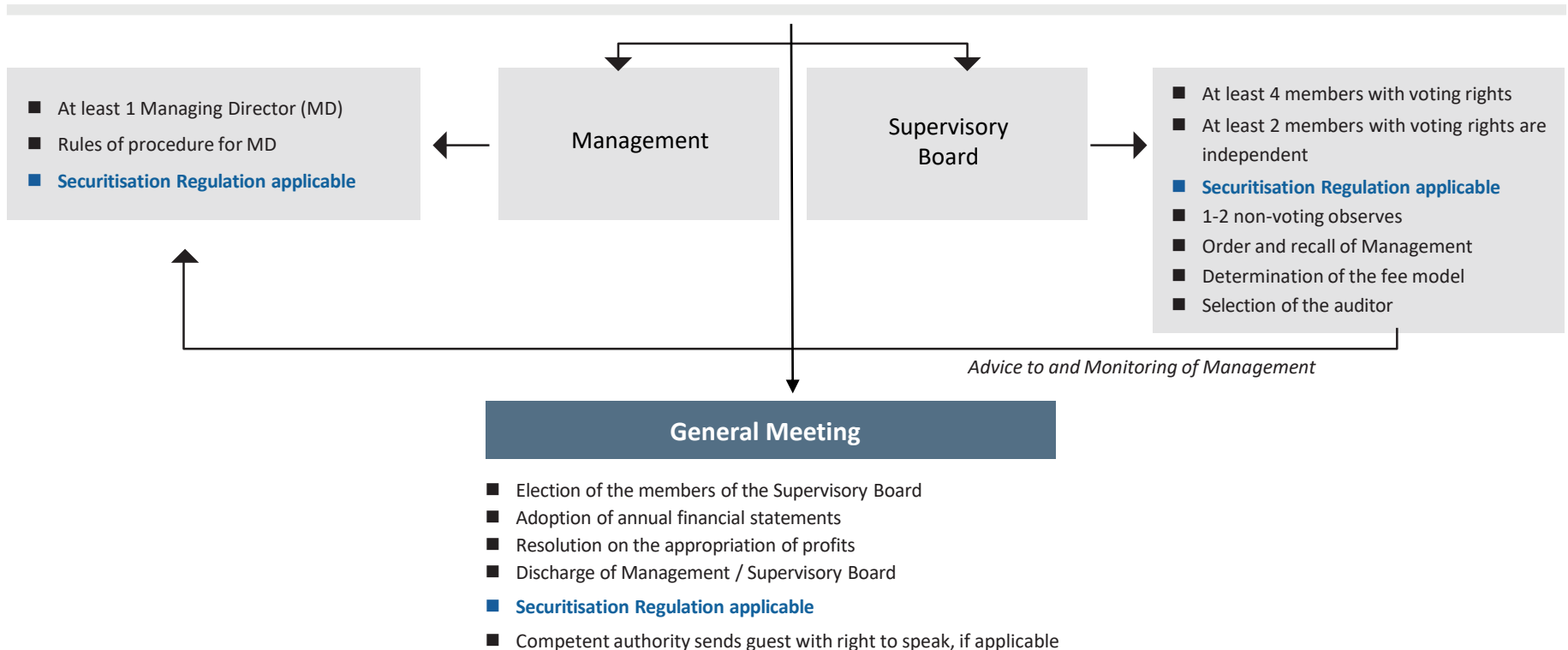
- **Mission:** As part of TSI Group, the mission of SVI is to contribute to a well developed, high quality and sustainable securitisation market in Europe and is dedicated to provide neutral and objective verification of STS criteria for ABS transactions
- **Application:** SVI has been authorized by the competent authority pursuant to Art. 28 of the Securitisation Regulation (BaFin) to act as third party verification agent
- **Asset Classes:** SVI covers Term ABS and ABCP transactions involving all asset classes that are potentially eligible for STS
- **Geographies:** All countries of the EU
- **Know-how:** Legal and economic know-how and long standing expertise of SVI staff and its outsourcing partners assure an accurate, efficient and transparent verification process
- **Supervision:** SVI and its activities regarding third party verification (including terms, conditions and fee schedules) are supervised by BaFin as competent national authority

2. Introduction to SVI and Corporate Governance

CORPORATE STRUCTURE OF SVI AND CORPORATE GOVERNANCE



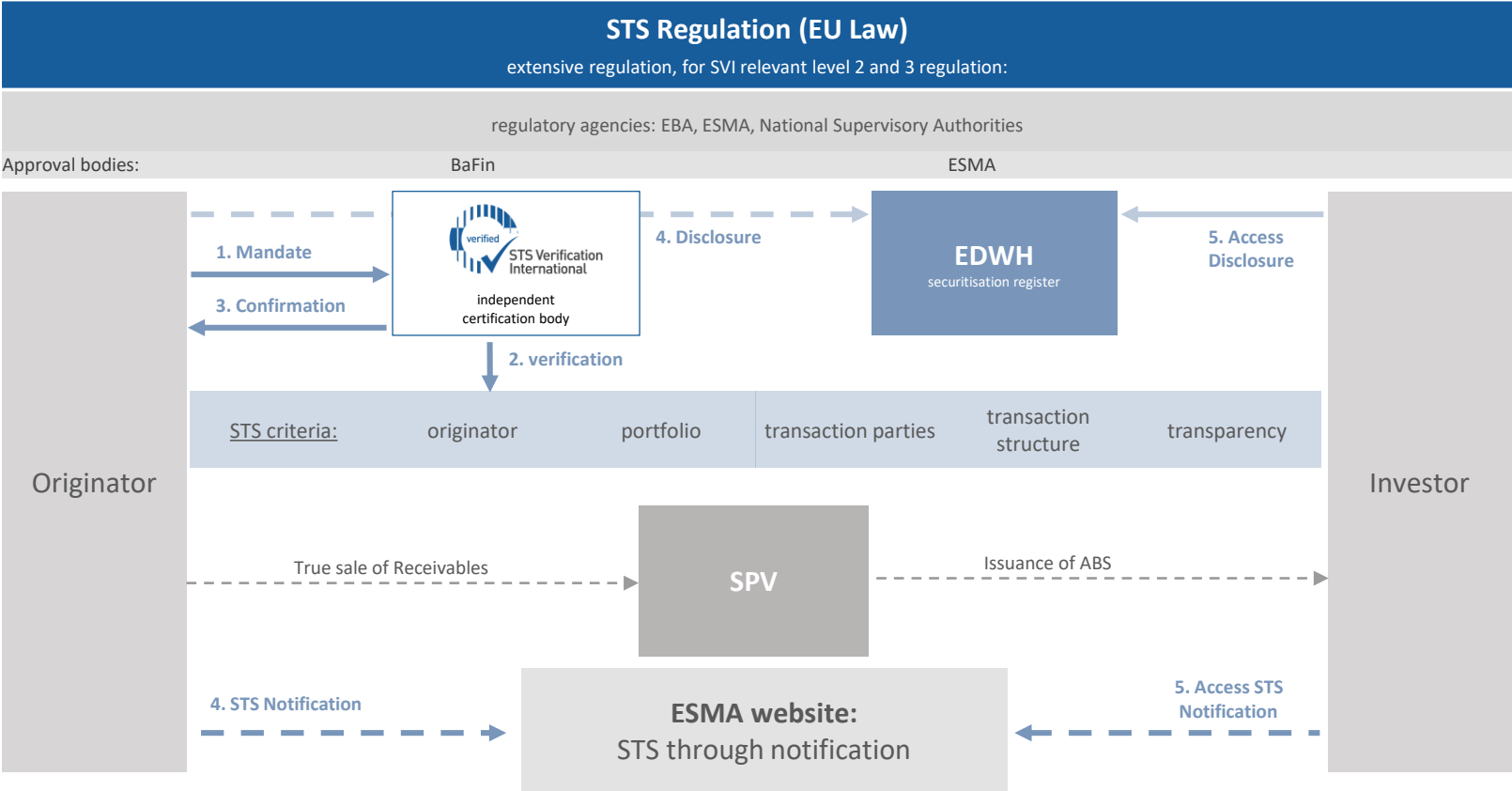
Statutes
Securitisation Regulation applicable



3. STS Verification Methodology and Process



STS VERIFICATION AS PART OF THE ABS PROCESS



Source: SVI

3. STS Verification Methodology and Process

VERIFICATION METHODS AND THEIR APPLICATION FOR THE TRANSACTION

Verification methods: How are individual criteria checked?

- a) **Regulatory:** Presence of regulations with recognised supervisory mechanisms (in particular banking supervisory aspects)
- b) **Legal:** Existence of contractual obligations according to transaction documentation
- c) **Due Diligence:** Written evidence based on data and tables, internal manuals and work instructions, written documents of due diligence presentations or oral evidence by management or responsible specialist departments in the context of due diligence presentations by the originator. or expert interviews
- d) **Data:** Verification on the basis of complete surveys (relevant population), verification on the basis of samples

Obligation



Compliance with
Obligation

Scope of verification for a specific transaction: Transaction Verification Catalogue

- Basis: Transaction information (term sheet) received from originator or arranger
- Experience from previous transactions from same originator or similar transactions (structure, jurisdiction, asset class) from other originators
- Complexity of proposed transaction

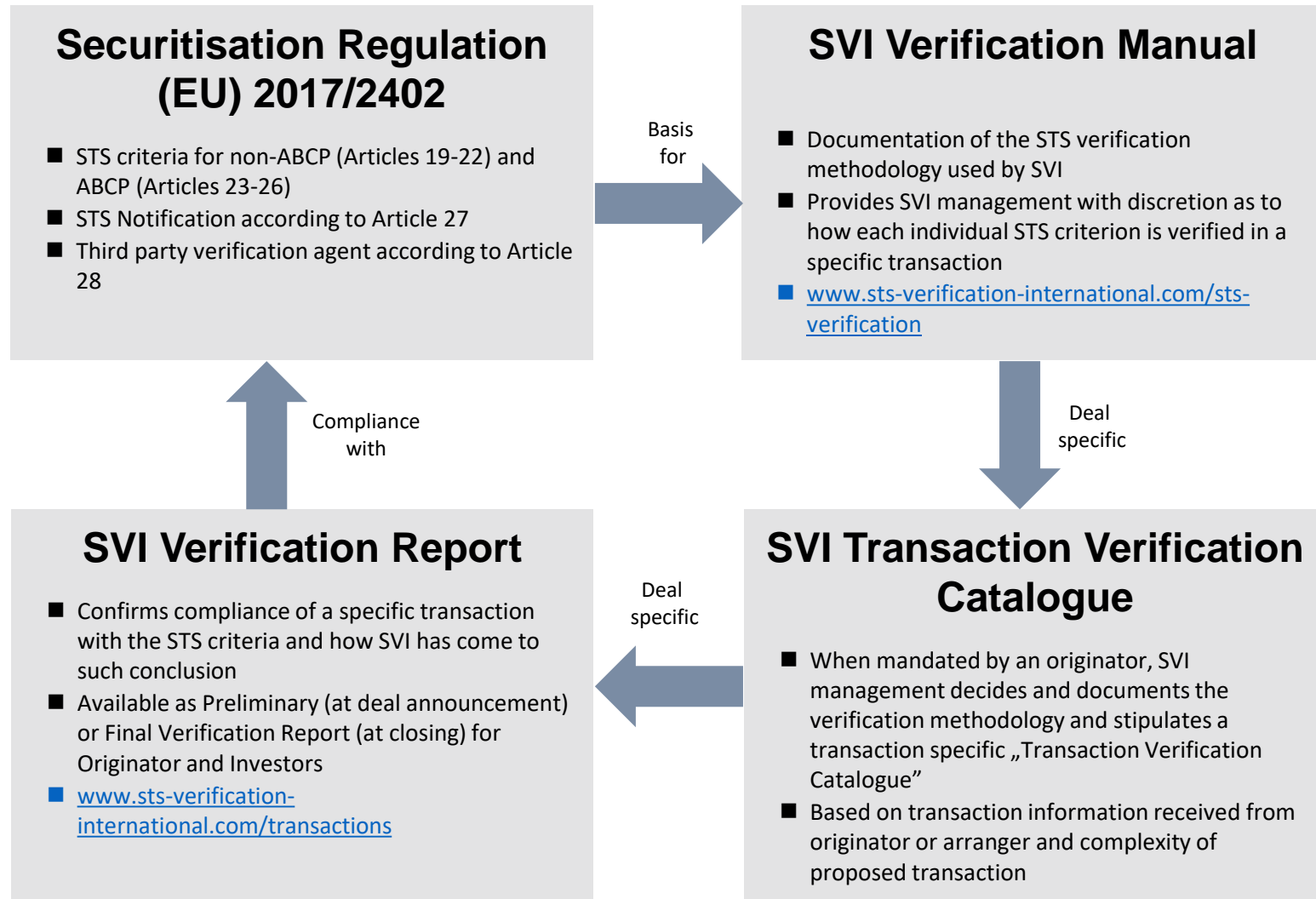
Application
for Verification



Transaction
Verification
Catalogue

3. STS Verification Methodology and Process

FROM SECURITISATION REGULATION TO VERIFICATION REPORT



4. STS Verification in Practice

LAUNCH OF A NEW MARKET SEGMENT

- Since the beginning of 2019, SVI has conducted numerous discussions with various market participants (originators, arrangers, legal counsel, investors, auditors, etc.)
- Announcement and pricing of the first STS-compliant transaction on the market by Volkswagen Leasing has taken place in mid-March 2019 (VCL 28, STS-verification by SVI), followed by various other STS-compliant transactions, primarily in the Auto ABS and RMBS sectors
- SVI is currently working on various mandates for third party verification of publicly and privately placed ABS transactions in different asset classes (Auto loans and leases, Consumer Loans, RMBS) and structures (Term ABS and ABCP)
- Expectation that existing regulatory uncertainties will be reduced by the final implementation of the various pending RTS over the short/medium term

4. STS Verification in Practice

ADDED VALUE OF THE THIRD-PARTY VERIFICATION

Added Value for Originators:

- **Preparation phase:** Third party verifier as first point of contact for questions and coordinated approach to the competent supervisory authorities
- **Implementation phase:** Appropriate interpretation and consistent application of STS criteria (incl. RTS and guidelines)
- **On-going:** These advantages also apply to ongoing transactions (consistent implementation, contact with the competent supervisory authority, reduction of liability risks)

Added Value for Investors:

- Contribution to the uniform interpretation and application of the STS criteria throughout Europe
- Promoting confidence in the legally compliant application of the new Securitisation Regulation in general and the STS criteria in particular
- Facilitates risk analysis and portfolio management

4. STS Verification in Practice

PRACTICAL RECOMMENDATIONS FOR THE TRANSACTION PROCESS

- Early mandating and involvement of the third party verification agent in the transaction process (6 – 8 weeks before transaction announcement)
- Planning of the due diligence by the third party verification agent simultaneously or in parallel with the rating agencies
- Coordination of the scope of work and timing of the AuP (“Agreed-upon Procedures”) together with originator, auditor and third party verification agent
- Timely receipt of relevant transaction documents by the third party verification agent
- Access to the cash flow model

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SMALL BUSINESS LENDING AND THE BRITISH BUSINESS BANK ENABLE GUARANTEE

MICHAEL STREVENS, BRITISH BUSINESS BANK

British Business Bank

Michael Strevens

European DataWarehouse

What we are and what we do



Mission statement:

British Business Bank is a government-owned economic development bank.

Economic
development bank

Arm's length plc

100% owned by
UK Government

Our mission is to help drive economic growth by making finance markets work better for small businesses – wherever they are in the UK and wherever they are on their business journey – enabling them to prosper and grow

Our objectives



Increase the supply of finance
to smaller businesses where markets don't work well



Help to create a more diverse finance market
for smaller businesses, with greater choice of options and providers



Identify and help reduce regional imbalances in access to finance
for smaller businesses across the UK



Encourage and enable SMEs
to seek the best finance suited to their needs



Be the centre of expertise on smaller business finance in the UK
providing advice and support for Government



Achieve the Bank's other objectives whilst managing taxpayers' money efficiently
within a robust risk management framework



Resulting in increased business investment, growth and jobs

Some of our 130+ partners



Our programmes

START UP

Mentoring and funds to
'be your own boss'

Startup loans

SCALE UP

Funds for higher growth
potential businesses

Regional Angels
Programme

Enterprise Capital Funds

Managed Funds
Programme

British Patient Capital

National Security Strategic
Investment Fund

STAY AHEAD

More funding options and
choice of provider

Investment programme

ENABLE programmes

Enterprise Finance
Guarantee

We also deliver debt and equity funding to specific regions through our regional funds: **The Northern Powerhouse, Midlands Engine, and Cornwall & Isles of Scilly Investment Funds**. We encourage and enable SMEs to seek the finance best suited to their needs through our **Business Finance Guide** and online **Finance Hub**.

Resulting in increased business investment, growth and jobs

Our impact

We currently
support more
than

£6.6bn

of finance to SMEs



over

89,000

smaller businesses supported

over

130

partners

now delivering our
programmes

Watch our video here: <https://vimeo.com/121444157>

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It operates under its own trading name through a number of subsidiaries, one of which is authorised and regulated by the FCA. British Business Bank plc and its subsidiary entities are not banking institutions and do not operate as such.

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SECURITISATION REGULATION ROUND TABLE DISCUSSION AND Q&A:

- Moderator: Marco Angheben, European DataWarehouse
- Anna Bak, AFME
- Salim Nathoo, Allen & Overy
- Andrew Mulley, Citi
- Vladimirs Zlotnikovs, Moody's Analytics



Q&A

CLOSING REMARKS//THANK YOU

WELCOME AND INTRODUCTION

EU SECURITISATION REGULATION: TAKING STOCK

- Salim Nathoo, Allen & Overy

REGULATORY DEVELOPMENTS AND UK-SPECIFIC SOLUTIONS

- Dr. Christian Thun, Joel Penn and Andrea Walbrecht, European DataWarehouse

THIRD PARTY VERIFICATION OF STS TRANSACTIONS

- Jan-Peter Hülbert, STS Verification International (SVI)

SMALL BUSINESS LENDING AND THE BRITISH BUSINESS BANK ENABLE GUARANTEE

- Michael Strevens, British Business Bank

SECURITISATION REGULATION ROUND TABLE DISCUSSION AND Q&A

- Moderator: Marco Angheben, European DataWarehouse
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- Andrew Mulley, Citi
- Vladimirs Zlotnikovs, Moody's Analytics

13:00 CLOSING REMARKS

THANK YOU//CONTACT US

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APPENDIX

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET?

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET? (1/3)

1. We have decided to modify rules to reflect valuable feedback we have received regarding standard industry practices for reporting certain fields
 - i.e. Rule flagging Arrears Balance (AA65) equal to zero when the Account Status is in Arrears (AA65/CZ/A/01) now is classified as non-DQS1 as per the industry feedback: these cases arise when loans have fees in arrears and not their instalments.
2. We have focused on rules that maintain relevance in the upcoming ESMA templates, as well as in the ECB ones
 - i.e. we have limited the Inter-Submission rules scope, given that ESMA allows more flexibility and dynamic behavior of reported fields. Inter-Submission checks concerning Interest Rate Type, Valuation Date or Valuation Type have been removed (AR137/IS/A/01, AR107/IS/A/01...).

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET? (2/3)

3. We have introduced the immateriality concept regarding fields that:

- Are not performance-related and
- Fall below a certain failure threshold

ED identified performance-related fields across asset classes, i.e.:

Account Status, Arrears Balance, Default Amount and Cumulative Recoveries among others

Findings Breakdown	Percentage of findings	Comments
Total number of open and pending findings	100%	
Findings under 0.1 % (less than 1 out 1,000 loans impacted)	35%	
Performance-related fields and not DQS1	10%	ED keeps flagging
DQS1 and non- performance fields	10%	ED keeps flagging
DQS1 and performance-related fields	5%	ED keeps flagging
Total number of findings ED suggests to drop due to immateriality	10%	ED drops the finding

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET? (3/3)

4. We have streamlined the rules so that they flag the same DQ issues throughout all asset classes:
 - a. Parallel conditions: Same logic applied throughout the different templates
 - b. Same DQS1 treatment: Same rule is DQS1 or non-DQS1 for all asset classes
 - c. Same priority of flagging: Based on percentage of failures

5. We have updated the technical descriptions to be more user-friendly in order to allow issuers to have a better comprehension of the DQ problem.

i.e. Descriptions have gone from:

“AR143 | Current Valuation Amount | Count Zeros and AR179 = 0 or 'ND%' and AR67 > 0 and (AR122 is null or AR122 = ND%) for active loans”

to

“Current Valuation Amount (AR143) equal to zero when Sale Price Lower Limit (AR179) is not reported, Current Balance (AR67) is higher than zero and there is no Restructuring Arrangement (AR122 <> 'Y').”