STRUCTURED FINANCE RATING CRITERIA

GLOBAL ASSET BACKED COMMERCIAL PAPER (‘ABCP’) RATING CRITERIA

This is an update to the methodology previously published in February 2020.

There are no material changes and as such no rating impact.

February 2021

I. INTRODUCTION

ARC Ratings' ('ARC') Global Asset Backed Commercial Paper ('ABCP') Criteria (the 'Criteria') lay down the fundamental considerations for any ABCP programme - sometimes referred to as a 'conduit' - rated by ARC. There are a number of different types of ABCP programme structures and support mechanisms, which are detailed in this report. ABCP is rated by analysing (i) the conduit and transaction structure; (ii) capabilities of the sponsor and administrator as well as an analysis of the sponsor's investment guidelines; (iii) support mechanisms; and (iv) an analysis of the underlying collateral.

ABCP programmes are accorded a short-term rating, which reflects the short-term exposure to default of the rated entity and its capacity to meet its financial obligations within a period of up to 12-months. ABCP is short term debt, issued on a discount or interest- bearing basis, with a maturity not exceeding 364 days. ABCP ratings accorded by ARC are in respect of full and timely repayment of principal (which, because of the discount mechanism, includes interest). ARC's analysis addresses the main risks to ABCP investors (cash flow timing mismatches, the credit risk of the underlying collateral and seller or servicer risks) and the mitigation of these risks through credit enhancement, liquidity facilities, investment guidelines/portfolio management, issuance tests and triggers. ARC's analysis for fully supported ABCP programmes is focused on the support providers, support mechanisms and programme structure since timely and full repayment of the ABCP is assured by liquidity/credit support that provides full protection against credit losses on the underlying portfolio. For partially supported ABCP programmes, an analysis of the underlying portfolio and transactions, as well as the programme structure and support mechanisms, is carried out to ensure that these and the underlying collateral are commensurate with the rating of the Commercial Paper ('CP') issued.

An ABCP programme is typically structured as a bankruptcy-remote SPV that issues CP. The proceeds of such issuance are used to finance interests in various assets/securities via a traditional asset purchase or a secured loan. ABCP programmes, in general, issue short term liabilities to short term assets but can also be used to fund long term assets with structural mechanics to cover potential repayment shortfalls caused by timing mismatches. Typically, the pools of assets is revolving, with no scheduled amortisation. An ABCP programme typically funds multiple and varied asset types creating a diversified portfolio.

The Criteria apply globally, however, specific transactions may give cause to deviations which will be disclosed in the transaction rating reports.

II. RELATED RESEARCH

Each programme will be accompanied by a transaction specific report that will disclose any additional observations or modifications to the Criteria. This Criteria should be read in conjunction with ARC's published 'Global Structured Finance Criteria and available at www.arcratings.com.

III. TYPES AND PROGRAMMES

ABCP programmes are distinguished along two key lines, namely type of liquidity/credit support provided to the structure and the type of structure.

In respect of support mechanisms, ABCP conduits are typically categorized by the level of Programme-Wide Credit Enhancement ('PWCE') available, which determines whether a conduit is fully or partially supported. There can be a number of different programme structures, for example, multi-seller programmes, single-seller programmes, or securities backed programmes, where in the latter case ABCP is used to fund a pool of securities typically with a liquidity facility in the form of support. Ultimately a programme's structure is typically defined by the assets financed and how they are financed. Below, are the more common structures and programmes found in the ABCP market and a brief note on ARC's approach to rating them.

FULLY-SUPPORTED PROGRAMMES

A programme is fully-supported when ABCP investors are insulated from asset performance and rely exclusively on a third party/support provider (e.g. liquidity provider) that covers all credit risk. In such situations ARC will focus its analysis on the determining contracts between the ABCP programme and the support providers and the ratings of the support providers rather than the underlying assets.

PARTIALLY-SUPPORTED PROGRAMMES

In contrast, partially supported ABCP programmes rely primarily on the cash flow or market value of a pool of assets for repayment of the CP. Investors in partially supported programmes are exposed to losses on the underlying programme assets to the extent that such losses exceed pool-specific reserves and PWCE. ARC's analysis will focus on the quality of the assets, the purpose of the programme, the credit quality or ratings of the support providers and the governing support agreement.

MULTI-SELLER PROGRAMMES

Multi-seller programmes are the most common type of ABCP programme. This structure has the flexibility to purchase multiple assets from many different and varied sellers. The programme sponsor typically uses the programme to provide an alternative financing solution to its clients. It should be noted that for multi-seller conduits, assets are typically not rated on a stand-alone basis but are structured to be commensurate with the rating of the ABCP. ARC's analysis will consider the aforementioned asset quality, the portfolio mix and the support facilities.

ARC will utilise the applicable ABS rating methodology evaluate to the credit quality of the underlying assets and in some cases utilise elements of its CDO criteria and model in other cases.

SINGLE-SELLER PROGRAMMES

Single-seller programmes are established where the sponsor is the sole originator of the financed assets and uses the programme as an alternative source of funding for its business activities. Often these are used to provide warehouse funding prior to securitization ARC's rating approach will be dictated by the asset type and include analysis of key counterparties.

SECURITIES BACKED PROGRAMMES

Securities backed programmes invest in securities such as mortgage-backed securities, other asset-backed securities or corporate loans/securities which are rated. The proceeds of the CP issuance are used for such investment. Securities backed programmes, typically have a liquidity facility available, to provide the required liquidity support. Liquidity support typically doesn't extend to the purchase of defaulted securities. Hence, the analysis will focus on the sufficiency of the PWCE provided to ensure that asset default risk is covered, the portfolio management criteria, to ensure the level of credit risk is commensurate with the PWCE provided or programme rating and the programme structure, to ensure that sufficient mitigants are in place to deal with asset deterioration.

ARC will utilise the applicable ABS rating methodology evaluate to the credit quality of the underlying assets and in some cases utilise elements of its CDO criteria.

HYBRIDPROGRAMMES

Hybrid programmes are very common and are programmes that have the ability to finance both multi-seller type assets and rated securities. These programmes have the maximum flexibility for both the sponsor and for providing financing to their clients. ARC's analysis will focus on the specifics of each structure and then combine these outcomes in formulating the rating.

REPO PROGRAMMES

Repo programmes generally fund a wide range of assets, utilising finance agreements such as repurchase ('Repo') agreements to fund the acquisition on a fully supported basis. These are typically non-bank sponsored. The repo agreements (or other security arrangement) utilised in these conduits are agreements to repurchase the underlying assets on a given repurchase date. The repurchase date is expected to be matched to the maturity of the conduit, in cases where this is not the case, a provision for early termination is expected if the ABCP notes can't be rolled over. Repo programmes typically have one independent sponsor and multiple funding counterparties (i.e. Repo counterparties). Hence, ARC's analysis will focus on the average credit quality of these counterparties, the analysis will also account for correlation.

COLLATERALIZED CP PROGRAMMES

Similar to Repo programmes, collateralized CP programmes generally fund a wide range of assets, utilising finance agreements such as repurchase agreements to fund the acquisition, on a fully supported basis. However, these are typically bank sponsored programmes. A bank in most cases will be the sponsor of these programmes and given the bank will utilize this particular type of conduit for its financing requirements these are typically single counterparty sponsored. Therefore, ARC's analysis will look through to the rating of the sponsor.

IV. SUPPORT MECHANISMS

A key part of the analysis is the support provided to the ABCP programme. As part of its analysis ARC will review the support mechanisms provided as well as the entities providing such support. Support is typically provided to ABCP programmes via credit enhancement and liquidity.

The type of rating analysis is determined by whether an ABCP programme is partially or fully supported. A programme that has support mechanisms that provide full protection against credit losses on the underlying portfolio are deemed to be fully supported. Where exposure to credit risk remains on the underlying portfolio these are deemed to be partially supported programmes.

For fully supported programmes the analysis focuses solely on the programme structure and support mechanisms. The support providers are considered to be taking the full credit risk on the underlying assets and as such an analysis of the underlying portfolio/transaction is not deemed necessary. For partially supported programmes, an analysis of the underlying portfolio/transaction, as well as the programme's structure and support mechanism, is carried out.

For any type of ABCP programme repayment is ultimately reliant upon the underlying institution providing the support, whether partially or fully supported. Therefore, a rating dependency exists in respect of the institution providing support to the programme and ABCP rating.

LIQUIDITY SUPPORT

Adequate liquidity support is a key driver to ARC's rating analysis as the rating addresses the timely payment of principal and interest and as such, in many cases, an ABCP rating will reflect the credit quality of the liquidity support providers. ABCP programmes rely upon rolling over of CP, i.e. issuing new CP to repay maturing CP, with an element of collection from the underlying assets. Therefore, should there be a market disruption or an issuer event this may impact on the ability to rollover CP. Also, the liquidity facility can be utilised to cover timing delays particularly in respect of timing mismatches between collections on long term assets and short-term payments due on the CP.

Typically, ABCP programmes have a minimum 100% liquidity support from an external source. Liquidity may be provided on a transaction specific or programme wide basis. For multi-seller conduits, liquidity is normally provided to each individual transaction on a transaction-specific basis. For securities backed programmes it is typically provided at a programme wide level. Liquidity should always be available to an ABCP programme on a same day basis, given its purpose to cover timing delays. In partially supported ABCP programmes, the liquidity support does not cover cash shortages caused by credit losses on the underlying portfolio and credit enhancement is relied upon to play this role, however its aim is to cover timing delays and mismatches.

Liquidity support is generally provided by a liquidity loan agreement ('LLA') or a liquidity asset purchase agreement ('LAPA'), either of which should be provided on a committed basis. Often liquidity will cover other risk within the ABCP programme, such as seller/servicer risk, legal risks and market value risk, amongst others.

In some programmes internal liquidity support may be provided which reduces the need for 100% external liquidity support. This is usually achieved by matching the maturities of the assets with the maturities of the ABCP ('Match Funding'). In this circumstance the assets should have maturity dates either on or prior to the maturity dates of the ABCP. It is also possible for liquidity to be provided by total return swaps or repurchase agreements. For a REPO to be considered the repurchase date should be on or before the maturity date of the CP.

However liquidity is provided, it should be an unconditional commitment that is renewable on an annual basis. No CP should be issued after the maturity date of the liquidity facility, or to put it differently, the CP term should be limited so that it matures before the termination of the liquidity facility. This will be considered when analysing the conditions precedent to issuing CP within the documentation.

ARC's analysis will look to when liquidity can be drawn and for what purpose. The liquidity support should not be diverted away from the payment of CP. If the liquidity proceeds are subject to the waterfall ARC will expect anything ranking senior to the CP to also be covered by the liquidity commitment or an additional facility to be in place to cover senior ranking items. ARC will also consider the rating of the liquidity provider. Given the rating dependency, the rating of the ABCP will not be higher than the rating of the liquidity provider and any potential downgrade of the liquidity provider may also trigger a downgrade of the rating of the CP if remedial action is not taken to address the downgrade of the liquidity provider.

Liquidity Borrowing Base

The liquidity borrowing base is key to the rating analysis. The liquidity borrowing base calculates the amount of liquidity that can be drawn. The borrowing base is intended to equate to an amount at least equal to the outstanding CP less defaulted assets. For fully supported conduits the borrowing base should be able to repay CP in full without any deduction for credit losses. Therefore, the definition of default is crucial as the definition results in a deduction from the liquidity borrowing base. Funding outs are typically restricted to bankruptcy or insolvency of the conduit and hence, the importance of establishing the conduit as a bankruptcy-remote entity. This may not always refer to written off assets but may refer to severely delinquent assets. ARC through its analysis will expect as few deductions to liquidity as possible.

Liquidity 'Outs', i.e. instances where liquidity cannot be drawn, should be very limited. These should include:

- Insolvency of the SPV;
- Illegality i.e. it becomes illegal to provide such a facility;
- Funded amounts in excess of the commitment level;
- Default of credit enhancement provider; and
- Downgrade of a security below a predefined rating level.

Liquidity Facilities: Analysis

Counterparties providing liquidity can do so in a number of forms: letters of credit, REPO agreements, swap agreements, etc. In certain cases, a liquidity counterparty will provide a facility for an entire conduit and in others there will be a facility for each asset in a conduit. Regardless, the timely payment requirement is dependent on the counterparty paying when funds are due under the respective agreement.

In order to assess the sufficiency of liquidity facilities/agreements, ARC will examine the following and determine if the facilities characteristics are consistent with the targeted rating:

1. Credit quality of the liquidity counterparty – The rating of an ABCP is highly dependent on the rating of the liquidity provider, in most cases liquidity providers ratings are commensurate or higher than the rating of the ABCP. Should a liquidity counterparties rating change this may most likely impact the rating of the ABCP. In cases where the liquidity facility does not provide credit support, risk should be limited to losses in excess of CE levels provided by the underlying assets. Resultantly the rating of the programme

will be commensurate with rating achievable given the asset specific criteria stresses applied.

2. Funding – A facility should be appropriately sized, to cover all outstanding ABCP, with access to funds on a same day basis. In mitigation of potential risk here, typically programme documentation will include tests to ensure that the liquidity reserve is adequately sized (see: 'Issuance Tests'. In respect of timing of payments, agreements signed with counterparties should detail the mechanism of drawing, and the relative counterparties. ARC will assess the counterparties ability to manage and deliver funds timeously.

3. Sizing of draws: Typically, funding and drawings will be limited to performing assets in a conduit. ARC's focus here will be on the funding/drawing mechanics documented (e.g. borrowing base), focusing on: requirements for asset funding, the assets' credit quality in relation to the documentation (asset default definition and portfolio criteria) and ARC's assessment thereof, as well as the sources of asset credit enhancement.

4. Liquidity 'outs': A liquidity provider should not be able to reduce its obligation through e.g. set-off. Should the agreements contain provisions which allow for a scenario where the liquidity facility cannot be drawn upon (e.g. bankruptcy), ARC will account for these in its rating. In circumstances where the liquidity provider has an 'out' due to bankruptcy, ARC's rating, as stated above, will look through to the credit quality of all counterparties and the securities funded.

Other considerations in respect of risks covered by liquidity facilities:

- In addition to credit risk, particularly where a liquidity facility does not cover defaulted/non-performing assets, ARC expects the following risks to be covered should they not be covered by the liquidity facility.

- Interest rate risk (or similarly currency risk), the risk of a mismatch in the interest being received on the underlying assets and that payable on the CP – typically this is covered by a liquidity facility, however, should this not be the case, ARC expects to see an appropriate mechanism implemented e.g. an interest rate hedge. ARC's analysis will take cognisance of the sufficiency of the hedge and the credit quality of the hedge counterparties.

- Seller/servicer risk: Typically, liquidity facilities cover or take account of risks such as commingling risk, and or administrative/clerical issues. In scenarios where ARC finds that a transaction's structure gives rise to one of the aforementioned and it is not covered in the liquidity facility agreement, ARC would expect to see structural mitigants in place or it would adjust the rating to reflect the credit quality of the counterparty to which there is an exposure.

CREDIT ENHANCEMENT

ABCP programmes are structured with credit enhancement either at the transaction level, programme level or a combination of both. Credit enhancement protects against losses on the programme's underlying asset portfolio, or in a fully supported programme, it can be utilised at the programme level to provide full support.

Transaction-Specific Credit Enhancement

Transaction-specific credit enhancement protects against losses for a specific transaction and is not fungible across multiple transactions. Where both transaction-specific and PWCE exist, transaction specific credit enhancement acts as the first loss protection with the PWCE acting as the second loss protection.

Transaction-specific credit enhancement is sized to address the credit risks of the underlying asset to which it applies. It will typically be provided as over-collateralization, a reserve or guarantee. For partially supported ABCP conduits transaction-specific credit enhancement is a key driver to the rating analysis. ARC will review the credit enhancement provided to ensure it is sufficient to support the underlying assets and therefore ensure the asset is deemed to be commensurate with the rating of the ABCP to be issued.

Programme-Wide Credit Enhancement

PWCE typically provides a second layer of loss protection where losses on a transaction exceed the transaction specific credit enhancement. It provides further protection against asset default and potential third party liquidity defaults. PWCE is typically provided by letters of credit, subordinated debt, irrevocable loan facilities or guarantees. For a multi seller programme the size of the PWCE will be a fixed amount ranging between 5% - 15% of the commitment amount or the amount of outstanding ABCP. For securities backed programmes, PWCE will be dynamic and fluctuate in size based upon the underlying portfolio composition. ARC will use a matrix approach, as detailed below, to determine the PWCE considered appropriate for securities-backed programmes within its analysis. For securities backed programmes investing in highly rated securities PWCE may not be necessary as it is inherent within the rating of the underlying security.

Rating of the Lowest Rated Security (excluding securities rated below BBB-(sf))	Securities Coverage	Floor % Applied to the Portfolio
AA-(sf) or above	0	0%
A+(sf)	Cover 100% of the value of the largest A+(sf) security	1%
A(sf) to BBB+(sf)	Cover 100% of the value of the three largest A+(sf) or lower rated securities	3%
BBB(sf) to BBB-(sf)	Cover 100% of the value of the four largest A+(sf) or lower rated securities	4%
Where securities are rated below BBB-(sf), PWE is expected to cover 100% of the value of the securities.		

V. ASSET ANALYSIS

For partially supported programmes ARC will analyse each individual transaction to ensure its credit quality is commensurate with the rating of the CP to be issued. ARC will apply the appropriate asset criteria in analysing the transactions. Risks that are covered by the liquidity facility will be excluded from the analysis. ARC will determine if the transaction-specific credit enhancement and structural mechanisms are sufficient to reduce credit risk associated with the transaction. ARC will also consider the short-term nature of the risk and support provided as well as review the legal documentation.

Ultimately asset analysis is intended to assess what risks each specific funded asset poses to the conduit and that this level of risk is commensurate with the rating accorded to the programme. In other words, a pool of ABS securities funded by an ABCP issuance carrying an 'A1(sf)' rating are expected to be able to withstand stresses commensurate with at least an 'A(sf)' scenario. Should the underlying assets be publicly rated ARC's rating committee will consider if the ratings are in line with ARC's short term to long term mapping (see Appendix C).

VI. SPONSOR AND ADMINISTRATOR REVIEW

As part of the rating process, ARC analysts will visit the sponsor and administrator to meet with key personnel and management involved in the programme. Normally, the sponsor is also the administrator of the programme. ARC expects the sponsor/administrator to provide a presentation that addresses, at a minimum, the aspects listed in Appendix A. ARC may also carry out an on-site review of originators of partially supported transactions, as it would for a term transaction. For existing transactions, a review is expected to be carried out on an annual basis to assess changes to policies and procedures. In addition to the originator/servicer review, an independent audit opinion on the underlying collateral/portfolio is required for each transaction, except in cases where the collateral is fully insured by an external insurance counterparty. ARC may request an additional audit opinion where it is felt the auditor has a conflict of interest or is not a highly recognised audit firm. In instances where an audit opinion is not provided, ARC will do a file review on a random selection of files relating to the underlying collateral.

VII. LEGAL CONSIDERATIONS

ARC expects the transaction documentation to contain as a minimum: the specific duties of the various support parties, the type of assets to be funded and language around the support facilities needed to maintain the desired rating. Just as bankruptcy remoteness, and the isolation of the assets from the bankruptcy of other parties involved in the transaction are important, so too is it important that that liquidity and support facility providers pay when needed. Therefore, ARC expects to receive all final transaction documents as well as a full set of programme documents in order to ensure the programme and subsequent transactions are structured as presented.

ARC also expects to receive a legal opinion which addresses:

- That a true-sale of assets has occurred.
- Bankruptcy remoteness of the SPV.
- The activities of the SPV comply with all the requirements of the relevant legislation.
- The transaction structure and documentation are legal, valid, binding and enforceable.

ARC may request independent external counsel to review the legal opinion.

COUNTERPARTY RISK

ARC's ABCP ratings not only take account of the ratings of the likes of the support provider but the other potential agents that the conduit may contract for services such as administration and operations of the programme. If there is a credit linkage/dependency to such a counterparty, ARC will consider the credit risk (or rating) posed by such party to the rating of the ABCP programme. ARC's approach to evaluation of certain of these counterparties, e.g. a hedge counterparty, is detailed in its - Global Structured Finance Rating Methodology and available at www.arcratings.com.

STOP ISSUANCE, WIND DOWN TRIGGERS AND ISSUANCE TESTS

To reduce the risk of portfolio deterioration, ABCP programmes typically include stop-issuance or wind-down triggers. If a trigger is hit it prohibits the programme from issuing further CP at least temporarily and in some cases can trigger a liquidation of the asset portfolio. These triggers may be set at either the transaction or programme level and can assist in mitigating the depletion of credit enhancement.

- Insolvency or bankruptcy of the sponsor/administrator.
- Cross-default of the seller under other debt obligations.
- Material adverse change in the sponsor's ability to perform its duties.
- Deterioration of portfolio assets below predefined performance triggers (includes rating, delinquency, or dilution triggers).
- Erosion of credit enhancement below required levels.
- Default or breach of any covenant, representation, or warranty.

Programmes also generally include performance triggers that give the administrative agent the option to terminate a conduit's ability to purchase new receivables and/or to reinvest principal collections.

Programme-specific triggers include, amongst others:

- Failure to repay maturing CP or liquidity advances when due, unrectified for a certain number of days.
- Programme documents cease to be in full force and effect.
- Downgrade of the CP rating below a specified threshold.
- Draws on PWCE above a predefined amount.
- Default or breach of any covenant, representation, or warranty.

Further to the above, ARC presumes certain conditions precedent to CP issuance in it's analysis (or 'Issuance Tests'). Should certain issuance tests not be present, ARC may not be able to rate the Transaction. ARC would expect the administrator or sponsor to perform the below prior to any issuance:

- No event of default has occurred.
- The minimum PWCE required by the transaction documents is maintained. If the amount of PWCE does not meet that set out by the programme documentation, or the is less than the floor or the level required for the accorded rating, ABCP cannot be issued.
- Liquidity covers the face amount of ABCP.
- Funded assets are not in default or in breach of any performance triggers.
- Non-performing assets should no longer be funded by the issuance of ABCP and liquidity would likely be drawn to pay maturing ABCP.
- The appropriate hedging is in place to mitigate any foreign exchange risk.
- The maturity of the ABCP is within the limits required by the transaction documents.
- The maturity of the ABCP is prior to the expiration of support contracts e.g. liquidity facilities.

VIII. PERFORMANCE MONITORING

Upon each reporting period, typically monthly or quarterly, ARC will review the performance information provided and, for public transactions, ARC will publish a surveillance report. In addition, a formal rating review will be held annually at a minimum, or as events warrant.

IX. RATING MODIFIERS

Indicative Rating - evidenced by the suffix (ind) – is a rating assigned by ARC to an issuer or an instrument (most commonly structured or project finance debt issues) when the assignment of a final rating is dependent upon the fulfilment of specific contingencies. Any material deviation in the fulfilment of these contingencies from the assumptions underlying the Indicative Rating can have a material impact on the final rating accorded, which accordingly may be fundamentally different to the initial Indicative Rating. Moreover, ARC reserves the right not to issue a final rating. Potential investors are advised to bear this in mind when considering any indicative rating.

As with all other structured finance ratings, ABCP ratings are required to include the suffix (sf) following the rating assigned.

X. QUALIFICATIONS

Note that ARC is not a legal, tax or financial adviser and will only provide a credit opinion of the rated securities. For example, a rating does not cover a potential change in the applicable laws nor can it be regarded as an audit. Moreover, ARC is not a party to the transaction documents, nor does it provide legal, tax or structuring advice.

APPENDIX A: DATA REQUIREMENTS

ARC expects to receive sufficient data to analyse the transaction. ARC's required information list will include at least the following:

- Financials of sponsor and conduit (minimum 3 years);
- Historical programme performance data;
- Credit policy;
- Acceptance/rejection ratios;
- Investment policy;
- Policies and procedures manuals;
- Asset summaries;
- Sample of monthly/quarterly investor/management/remittance reports;
- Hedging strategy (if applicable);
- Transaction documentation including but not limited to:
  - Term sheet;
  - Liquidity support agreement;

- Receivables purchase agreement;
- Security agreement;
- Administrative agreement;
- Credit and investment policy.

- Legal structure;
- Legal opinion(s).

APPENDIX B: ORIGINATOR/SERVICER REVIEW AGENDA POINTS

SPONSOR OVERVIEW

- History;
- Organisational structure;
- Financial performance and funding profile prospects for the future;
- Recent material developments and competition;
- Market share statistics; and
- Experience and qualifications of senior management.

ADMINISTRATION AND OPERATIONS OVERVIEW

- An overview of the underwriting department and origination channels as well as an overview of the credit department;
- Experience of credit personnel and procedures for granting new credit limits;
- Credit and investment policy;
- Asset approval policy;
- Client selection;
- Due diligence process;
- Reporting and compliance process;
- Operations manual review;
- Investor relations;
- IT systems, disaster recovery and file maintenance;

- Performance monitoring systems; and
- CP funding process.

Administration and Portfolio Overview

- List of current transactions;
- Transactions funded over the past 12 months;
- Transactions terminated over the past 12 months;
- Transaction pipeline;
- Portfolio composition:
    - Industry/seller/obligor concentrations;
    - Obligor/seller jurisdictions;
    - Top 10 obligors;
    - Terms;
    - Asset-backed securities composition.
- Asset surveillance and monitoring.

DISCLAIMERS

ARC Ratings, S.A. is registered as a Credit Rating Agency with the European Securities and Markets Authority (ESMA), within the scope of the Regulation (EC) Nº 1060/2009 of the European Parliament and of the Council, of 16 September, and recognised as External Credit Assessment Institution (ECAI).

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Credit Ratings assigned by ARC Ratings are independent and forward-looking opinions on the capacity and willingness of an entity or the capacity of a transaction to make all required interest and principal payments on a given obligation in a timely manner interest and principal. The meaning of each rating category is explained in www.arcratings.com. ARC's credit ratings are based on ARC's published rating criteria.

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In the rating process, ARC Ratings adopts procedures and methodologies aimed at ensuring transparency, credibility and independence, and also that rating classifications are not influenced by conflicts of interest.

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