

CRR ASSESSMENT

AZURE FINANCE No. 3 PLC



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

20th April 2023

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This is a CRR Assessment.

Any references in this CRR Assessment to EU regulations are as amended and incorporated into United Kingdom law by the Withdrawal Act 2019.

This CRR Assessment must be read together with the PCS Procedures Manual and the PCS Term Evidentiary Standards Manual. This document is based upon the materials received by PCS as at the date of this document. Any references in this document are to the prospectus unless otherwise stated.

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

20th April 2023

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PRIME COLLATERALISED SECURITIES (PCS) CRR Assessment

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Verification	20 April 2023
The transaction to be verified (the "Transaction")	AZURE FINANCE NO.3 PLC
Issuer	AZURE FINANCE NO.3 PLC
Originator	Blue Motor Finance Limited
Lead Manager(s)	Morgan Stanley, Standard Chartered Bank
Transaction Legal Counsel	Slaughter and May LLP
Rating Agencies	Moody's and DBRS
Stock Exchange	Irish Stock Exchange plc
Closing Date	20 April 2023

Please note that this Assessment is in respect of a UK transaction notified as STS to the UK Financial Conduct Authority. As such it cannot be treated as STS within the European Union and therefore, notwithstanding this assessment, is not eligible for inclusion into LCR pools or lower capital requirements under the CRR for financial institutions within the European Union. For more details, we invite you to consult your legal advisers.

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

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

Legislative Text

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:

1a	CRR Criteria (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.	Meets Criteria? YES
	PCS Comments <i>See Prospectus, 3. ELIGIBILITY CRITERIA</i> (ff) To the best of the Seller's knowledge, as at the relevant origination date and as at the Cut-Off Date in respect of the Receivable, the Obligor does not have more than two live HP Agreements with Blue Summary of Provisional Portfolio (as at the Provisional Cut-Off Date) As at the Provisional Cut-Off Date, the Preliminary Portfolio had the following characteristics: Top Borrower (%) 0.02% Breakdown by Current Balance (£) shows that the Current Outstanding Principal Balance (£) for one loan is > £50,000. The remainder of the loans have a Current Balance less than £50,000. <i>The largest aggregate exposure to a single obligor does not exceed 2% of the pool.</i>	
1b	CRR Criteria 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 enforceable commitment to repurchase or refinance the exposure at a pre-determined amount by a third party eligible under Article 201(1);	Meets Criteria? YES
	PCS Comments <i>Not applicable.</i>	

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.

2	<p><u>CRR Criteria</u></p> <p>(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:</p> <p>(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);</p> <p>(ii) 50 % on an individual exposure basis where the exposure is a loan secured by a commercial mortgage;</p> <p>(iii) 75 % on an individual exposure basis where the exposure is a retail exposure ⁽²⁾;</p> <p>for any other exposures, 100 % on an individual exposure basis;</p>	<p><u>Meets Criteria?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p><i>2(b)(iii) applies.</i></p> <p><i>See Prospectus</i></p> <p>See Eligibility Criteria (d)</p> <p>See also section, LEGAL AND REGULATORY CONSIDERATIONS</p> <p>Article 243 of the UK CRR</p> <p>For the purposes of Article 243 of the UK CRR, at the time of inclusion in the Transaction, under the "Standardised Approach" and taking into account any eligible credit risk mitigation, to the best of the Issuer and Blue's knowledge, each Receivable has a risk weight equal to or smaller than 75 per cent. on an individual exposure basis for the Portfolio as determined in accordance with the rules of the UK CRR.</p>	
3	<p><u>CRR Criteria</u></p> <p>(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 securitisation where all loans secured by prior ranking security rights on that asset are also included in the securitisation;</p>	<p><u>Meets Criteria?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>Not applicable.</p>	

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).

4	CRR Criteria (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).	Meets Criteria? YES
	PCS Comments Not applicable.	