

CRR ASSESSMENT

Darrowby No.6 plc



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

15 October 2024

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15 October 2024

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PRIME COLLATERALISED SECURITIES (PCS) CRR Assessment

Individual(s) undertaking the assessment	Mark Lewis
Date of Verification	15 October 2024
The transaction to be verified (the "Transaction")	Darrowby No.6 plc
Issuer	Darrowby No.6 plc
Originator (for STS purposes) / Risk retention counterparty	Skipton Building Society
Lead Manager(s)	HSBC and SANTANDER CORPORATE & INVESTMENT BANKING
Transaction Legal Counsel	Dentons UK & Middle East LLP
Rating Agencies	Fitch and Moody's
Stock Exchange	London Stock Exchange
Closing Date	15 October 2024

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	<u>CRR Criteria</u> (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.	<u>Meets Criteria?</u> YES
	<u>PCS Comments</u> See Representations and Warranties: (e) no Loan sold by the Seller had, at the time of such sale, a Current Balance of more than £1,000,000. See THE PORTFOLIO, Other characteristics As at the Closing Date, and at any point thereafter, the Issuer's economic exposure to any single Borrower will not exceed 2 per cent. of the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio from time to time as required by Article 243(2)(a) of the UK CRR. The combination of the two requirements documented above means that the 2% requirement is met. The requirement is met.	
1b	<u>CRR Criteria</u> 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);	<u>Meets Criteria?</u> YES
	<u>PCS Comments</u> Not applicable in this transaction.	

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>2 (b) (i) should apply. See section Mortgage Sale Agreement, Representations and Warranties (w) and Further Advance Warranties which states:</p> <p>“As at the Closing Date or on the date when any new Loans and their Related Security are included in the Portfolio, as applicable, the Portfolio (including any new Loans and their Related Security) has standardised risk weight equal to or smaller than 40 per cent. on an exposure value weighted average basis for the Portfolio as such terms are described in Article 243 of the UK CRR.”</p> <p>(iv) in respect of Further Advances, the representations and warranties set out at paragraphs (b) to (w) (inclusive), (y), (z), (bb), (dd), (ee), (ff), (gg), (pp), (qq), (rr), (ss), (vv), (ww), (xx), (yy), (zz), (aaa), (bbb), (ccc) and (fff)] are given on the last calendar day of each month during which an Advance Date has occurred (the "Further Advance Warranties")</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>See section Mortgage Sale Agreement: Representations and Warranties (ee);</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). In particular, pursuant to the amendments to Article 123, under Regulation (EU) 2019/876. 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).

“each Mortgage constitutes a valid and subsisting first ranking charge by way of legal mortgage (in relation to the English Loans) or first priority standard security (in relation to the Scottish Loans) over the relevant Mortgaged Property.”

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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

See STATISTICAL INFORMATION ON THE PORTFOLIO, table 2, Current LTV (indexed), maximum current indexed LTV is 94.93% in the provisional pool.

See also, section Mortgage Sale Agreement, Additional Loan conditions (xiii) "no Additional Loan has an indexed LTV of more than 95 per cent. as at the Additional Cut-Off Date;"