

CRR ASSESSMENT

DUNCAN FUNDING 2022-1 PLC



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

18th August 2022

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18th August 2022

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PRIME COLLATERALISED SECURITIES (PCS) CRR Assessment

Individual(s) undertaking the assessment	Robert Leach
Date of Verification	18 August 2022
The transaction to be verified (the "Transaction")	DUNCAN FUNDING 2022-1 PLC
Issuer	DUNCAN FUNDING 2022-1 PLC
Originator	TSB Bank plc
Lead Manager(s)	
Transaction Legal Counsel	Allen & Overy
Rating Agencies	Moody's, Fitch
Stock Exchange	London Stock Exchange
Closing Date	18 August 2022

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

A summary of the checklist points by article is set out in the table of contents on the next page together with a reference to the respective article contents. To examine a specific article from the list below, please click on the article description to be taken directly to the relevant section of the checklist.

Within the checklist, the relevant legislative text is set out in grey 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

See Prospectus, *CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO*.

Current Balances as at the Reference Date

The aggregate outstanding principal balance of all Loans to a single Borrower does not exceed 0.1 per cent. of the aggregate outstanding principal balance of all Loans as at the Reference Date.

See Prospectus, *SUMMARY OF THE KEY TRANSACTION DOCUMENTS*.

Mortgage Sale Agreement

The Loan Warranties to be given by the Seller will include, inter alia, the following representations and warranties:

Part 2

A. The Loans

(b) Each Loan is of a type described in paragraph 2(g)(i) of Article 13 (Level 2B securitisations) of Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing Regulation (EU) 575/2013 with regard to the liquidity coverage requirement for Credit Institutions and/or in accordance with any official guidance issued in relation thereto.

(f) As at the Closing Date, the relevant Sale Date or Switch Date (as applicable), no Loan has a Current Balance of more than £1,000,000.

Loan warranties in the Mortgage Sale Agreement indicate that each loans is of a type described in Article 13, paragraph 2(g)(i) of Regulation (EU) 2015/61, confirming that the loan is a residential loan secured with a first-ranking mortgage granted to individuals for the acquisition of their main residence. Based on this assumption,

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.

	<i>PCS concludes that the no borrower should have more than one loan in the portfolio (as it is a first-ranking mortgage for the acquisition of their main residence) and thus is prepared to verify this point.</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>	

2	CRR Criteria (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;	Meets Criteria? YES
	PCS Comments See Prospectus, <i>SUMMARY OF THE KEY TRANSACTION DOCUMENTS</i> . Mortgage Sale Agreement The Loan Warranties to be given by the Seller will include, inter alia, the following representations and warranties:	

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).

	<p>Part 2</p> <p>A. The Loans</p> <p>(h) The Loans to be purchased by the Issuer have, as at the Closing Date (in the case of Loans in the Initial Portfolio), or as at the relevant Sale Date (in the case of new Loans), a standardised risk weight equal to or less than 40 per cent. on an exposure value-weighted average basis for the Portfolio or New Portfolio, as applicable, as such terms are described in Article 243 of the UK Capital Requirements Regulation.</p>	
3	<p>CRR Criteria</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>PCS Comments</p> <p>See Prospectus, <i>SUMMARY OF THE KEY TRANSACTION DOCUMENTS</i>.</p> <p>Mortgage Sale Agreement</p> <p>The Loan Warranties to be given by the Seller will include, inter alia, the following representations and warranties:</p> <p>Part 1</p> <p>B. The Mortgages</p> <p>(c) Each Mortgage (including any Further Advances thereunder) constitutes a valid and subsisting first charge by way of legal mortgage (or in Scotland) first ranking standard security over the relevant Property, and subject only in certain appropriate cases to applications for registrations or recordings at the Land Registry of England and Wales or in the Registers of Scotland which, where required, have been made and are pending and in relation to such cases the Seller is not aware of any notice or any other matter that would prevent such registration or recording.</p> <p><i>Not applicable as no loans secured by lower-ranking mortgages.</i></p>	<p>Meets Criteria?</p> <p>YES</p>
4	<p>CRR Criteria</p> <p>(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).</p> <p>PCS Comments</p> <p>See Prospectus, <i>SUMMARY OF THE KEY TRANSACTION DOCUMENTS</i>.</p> <p>Mortgage Sale Agreement</p> <p>The Loan Warranties to be given by the Seller will include, inter alia, the following representations and warranties:</p>	<p>Meets Criteria?</p> <p>YES</p>

Part 2

A. The Loans

(g) As at the Closing Date or the relevant Sale Date (as applicable), no Loan has an Indexed LTV greater than 95 per cent.