

**CRR ASSESSMENT**  
**SMALL BUSINESS ORIGINATION LOAN TRUST**  
**2023-1 DAC**



**PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED**

22 June 2023

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**22 June 2023**

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## PRIME COLLATERALISED SECURITIES (PCS) CRR Assessment

Individual(s) undertaking the assessment	Mark Lewis
Date of Verification	22 June 2023
<b>The transaction to be verified (the "Transaction")</b>	<b>SMALL BUSINESS ORIGINATION LOAN TRUST 2023-1 DAC</b>
Issuer	SMALL BUSINESS ORIGINATION LOAN TRUST 2023-1 DAC
Originator (for STS purposes) / Risk retention counterparty	Funding Circle Ltd / Waterfall Eden Master Fund Ltd.
Lead Manager(s)	BNP Paribas and Standard Chartered Bank
Transaction Legal Counsel	Hogan Lovells
Rating Agencies	Fitch and S&P
Stock Exchange	Euronext Dublin
Closing Date	22 June 2023

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.

<b>Legislative Text</b>		
<p>Article 243 <sup>(1)</sup></p> <p>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:</p>		
<b>1a</b>	<p><b><u>CRR Criteria</u></b></p> <p>(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.</p>	<p><b><u>Meets Criteria?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>A Statement in the prospectus – “verification of data” - confirms that no single obligor in pool exceeds 2% of the exposure values of the aggregate outstanding exposure values of the pool of underlying exposures</p>	
<b>1b</b>	<p><b><u>CRR Criteria</u></b></p> <p>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);</p>	<p><b><u>Meets Criteria?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>Not applicable.</p>	
<b>2</b>	<p><b><u>CRR Criteria</u></b></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><b><u>Meets Criteria?</u></b></p> <p><b>YES</b></p>

<sup>1</sup> 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.

(iii) 75 % on an individual exposure basis where the exposure is a retail exposure <sup>(2)</sup>;  
for any other exposures, 100 % on an individual exposure basis;

**PCS Comments**

“other exposures” applies.

See prospectus “verification of data”

“(b) the Purchased Loan Receivables meet the conditions for being assigned a risk weight equal to or smaller than 100% under the Standardised Approach on an individual Loan Receivable basis”

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<sup>2</sup> 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).

3	<p><b>CRR Criteria</b></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><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>Not applicable</p>	
4	<p><b>CRR Criteria</b></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><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>Not applicable</p>	