CRR ASSESSMENT

PERMANENT MASTER ISSUER PLC

Issue of Series 2019-1

PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

10th October 2019

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10th October 2019

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Prime Collateralised Securities (PCS) CRR Assessment

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Assessment /Version	10th October 2019
The transaction to be assessed (the "Transaction")	Issue of Series 2019 –1, Permanent Master Issuer PLC

Issuer	PERMANENT MASTER ISSUER PLC
Seller/Originator	Bank of Scotland plc
Lead Manager(s)	Joint Lead Managers (with respect to the class A1 notes) Lloyds Bank Corporate Markets, Lloyds Securities Inc, Citibank Europe plc, UK Branch. Co-Lead Manager (with respect to the class A1 notes) ING Bank NV. Joint Lead Manager (with respect to the class A2 notes) Lloyds Bank Corporate Markets, Lloyds Securities Inc Joint Lead Manager (with respect to the class A3 and A4 notes) Lloyds Bank Corporate Markets
Transaction Legal Counsel	Allen & Overy LLP
Rating Agencies	S&P, Moody's, and Fitch
Stock Exchange	London Stock Exchange
Closing Date	10th October 2019

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled Yes / No
Article 243 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:				

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled Yes / No
(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.	1. (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.	See base prospectus, Form of Final Terms and Drawdown Prospectus – Outstanding balances as at the cut-off date.		Yes ☒ No☐
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	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	Not applicable.		Yes ☐ No ☐ N/A ☒

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled Yes / No
third party eligible under Article 201(1);	third party eligible under Article 201(1);			
(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;	2. (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;	2 (b) (i) should apply. See section, "Sale of the loans and their related security". Representations and warranties: 14. each loan has a standardised risk weight equal to or smaller than 40% on an exposure value-weighted average basis for the portfolio as at the relevant sale date, as such terms are described in Article 243 of the Capital Requirements Regulation;		Yes ☒ No ☐

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled Yes / No
(iii) 75 % on an individual exposure basis where the exposure is a retail exposure; (iv) for any other exposures, 100 % on an individual exposure basis;	(iii) 75 % on an individual exposure basis where the exposure is a retail exposure; (iv) for any other exposures, 100 % on an individual exposure basis;			
(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;	3. (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;	Representations and Warranties : 16. each mortgage constitutes a valid and subsisting first charge by way of legal mortgage or (in Scotland) standard security over the relevant property, and subject only in certain appropriate cases to applications for registrations at the Land Registry or 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		Yes ☒ No ☐

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled Yes / No
		that would prevent such registration;		
(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).	4. (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).	See section, Representations and Warranties 13. no loan has an indexed LTV higher than 100%;	The Loan-to-value is determined by using the indexed market value. It is the investors responsibility to confirm with the National Competent Authority in its relevant jurisdiction whether this method of calculation is acceptable.	Yes ☒ No ☐