

# **Provisional LCR ASSESSMENT GREEN LION 2023-1 B.V.**



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

31<sup>st</sup> August 2023

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This is a Provisional LCR Assessment.

This LCR Assessment covers the LCR rules and guidelines as at the date of this document.

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

This Provisional LCR Assessment is not the final LCR assessment and it based on the draft documents and information provided to PCS by or on behalf of the originator as of the date of this assessment. It is anticipated at the date of this Provisional LCR Assessment that a Final LCR Assessment will be made available at or around closing of the transaction (i.e. when the contractual amendments are executed and the Supplement is published). However, such Final LCR Assessment will be based upon the final materials received by PCS and will only be made available on a fully ticked basis if no material adverse changes have been made to the transaction or the relevant material which, upon becoming known to PCS, would not adversely change our analysis. Therefore, no guarantees can be provided that such Final LCR Assessment will be made available on a fully ticked basis.

It is important that the reader of this checklist reviews and understands the disclaimer referred to on the following page. Note that all comments on the disclaimer relate to both Provisional LCR Assessments and Final LCR Assessments.

**31<sup>st</sup> August 2023**

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## PRIME COLLATERALISED SECURITIES (PCS) LCR Assessment

Individual(s) undertaking the assessment	Dr Martina Spaeth
Date of Verification	31 <sup>st</sup> August 2023
<b>The transaction to be verified (the "Transaction")</b>	<b>GREEN LION 2023-1</b>
Issuer	GREEN LION 2023-1 B.V.
Originator/Seller/STS Originator for STS purposes	ING Bank N.V.
Lead Manager(s)	ING BANK N.V., Banco Santander S.A. and Crédit Agricole CIB
Transaction Legal Counsel	Hogan Lovells
Rating Agencies	Fitch and Moody's
Stock Exchange	Euronext Amsterdam
Target Closing Date	4 <sup>th</sup> Oct. 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 grey introductory boxes with specific criteria for our verification listed underneath.

Legislative Text and LCR Criteria (1)		
1a	<p><b>LCR Criteria</b></p> <p>1. Exposures in the form of asset-backed securities as referred to in Article 12(1)(a) shall qualify as level 2B securitisations where the following conditions are satisfied:</p> <p>(a) the designation ‘STS’ or ‘simple, transparent and standardised’, or a designation that refers directly or indirectly to those terms, is permitted to be used for the securitisation in accordance with Regulation (EU) 2017/2402 of the European Parliament and of the Council and is being so used;</p>	<p><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p><i>PCS is advised that the transaction Green Lion 2023-1 is expected to be designated STS.</i></p>	
1b	<p><b>LCR Criteria</b></p> <p>1. Exposures in the form of asset-backed securities as referred to in Article 12(1)(a) shall qualify as level 2B securitisations where the following conditions are satisfied:</p> <p>(b) the criteria laid down in paragraph 2 and paragraphs 10 to 13 of this Article are met.</p>	<p><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p><i>PCS has ticked the questions below as “yes”. See the disclaimer above for a fuller analysis of the limitations of PCS’s LCR assessment</i></p>	
2a	<p><b>LCR Criteria</b></p> <p>2. The securitisation position and the exposures underlying the position shall meet all the following requirements:</p> <p>(a) the position has been assigned a credit assessment of credit quality step 1 by a nominated ECAI in accordance with Article 264 of Regulation (EU) No 575/2013 or the equivalent credit quality step in the event of a short-term credit assessment;</p>	<p><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p><i>The expected Ratings for all of the Class A Notes on this transaction are AAA (sf) by Fitch and Aaa (sf) by Moody’s</i></p>	
2b	<p><b>LCR Criteria</b></p> <p>2. The securitisation position and the exposures underlying the position shall meet all the following requirements:</p>	<p><b>Meets Criteria?</b> YES</p>

<sup>1</sup> Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

	<p>(b) the position is in the most senior tranche or tranches of the securitisation and possesses the highest level of seniority at all times during the ongoing life of the transaction. For these purposes, a tranche shall be deemed to be the most senior where after the delivery of an enforcement notice and where applicable an acceleration notice, the tranche is not subordinated to other tranches of the same securitisation transaction or scheme in respect of receiving principal and interest payments, without taking into account amounts due under interest rate or currency derivative contracts, fees or other similar payments in accordance with Article 242(6) of Regulation (EU) No 575/2013;</p>	
	<p><b>PCS Comments</b></p> <p>See Prospectus, 5.2 PRIORITY OF PAYMENTS, Post-Enforcement Priority of Payments</p> <p>(c) <i>third</i>, to the extent not paid from amounts standing to the credit of any Swap Collateral Account, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;</p> <p>(d) <i>fourth</i>, on a pari passu and pro rata basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class A Notes;</p> <p>(e) <i>fifth</i>, on a pari passu and pro rata basis according to the amounts payable, all principal then due and payable on the Class B Notes;</p> <p><b>PCS notes that the Class A Notes are the most senior tranches have the highest seniority in the transaction, and rank pari passu within each other and are redeemed pro rata amongst themselves in a post-enforcement scenario. In a pre-enforcement scenario the class A notes also rank senior to the other notes.</b></p>	
3	<p><b>LCR Criteria</b></p> <p>(g) the securitisation position is backed by a pool of underlying exposures and those underlying exposures either all belong to only one of the following subcategories or else they consist of a combination of residential loans referred to in point (i) and residential loans referred to in point (ii):</p> <p>(i) residential loans secured with a first-ranking mortgage granted to individuals for the acquisition of their main residence, provided that one of the two following conditions is met:</p> <ul style="list-style-type: none"> <li>– the loans in the pool meet on average the loan-to-value requirement laid down in point (i) of Article 129(1)(d) of Regulation (EU) No 575/2013 ( );</li> <li>– the national law of the Member State where the loans were originated provides for a loan-to-income limit on the amount that an obligor may borrow in a residential loan, and that Member State has notified this law to the Commission and EBA. The loan-to-income limit is calculated on the gross annual income of the obligor, taking into account the tax obligations and other commitments of the obligor and the risk of changes in the interest rates over the term of the loan. For each residential loan in the pool, the percentage of the obligor's gross income that may be spent to service the loan, including interest, principal and fee payments, does not exceed 45 %;</li> </ul> <p>(ii) fully guaranteed residential loans referred to in Article 129(1)(e) of Regulation (EU) No 575/2013, provided that the loans meet the collateralisation requirements laid down in that paragraph and the average loan-to-value requirement laid down in point (i) of Article 129(1)(d) of Regulation (EU) No 575/2013</p>	<p><b>Meets Criteria?</b> <b>YES</b></p>

(iii) commercial loans, leases and credit facilities to undertakings established in a Member State to finance capital expenditures or business operations other than the acquisition or development of commercial real estate, provided that at least 80 % of the borrowers in the pool in terms of portfolio balance are small and medium- sized enterprises at the time of issuance of the securitisation, and none of the borrowers is an institution as defined in Article 4(1)(3) of Regulation (EU) No 575/2013; ( )

(iv) auto loans and leases to borrowers or lessees established or resident in a Member State. For these purposes, auto loans and leases shall include loans or leases for the financing of motor vehicles or trailers as defined in points (11) and (12) of Article 3 of Directive 2007/46/EC of the European Parliament and of the Council, agricultural or forestry tractors as referred to in Regulation (EU) No 167/2013 of the European Parliament and of the Council, two-wheel motorcycles or powered tricycles as referred to in Regulation (EU) No 168/2013 of the European Parliament and of the Council or tracked vehicles as referred to in point (c) of Article 2(2) of Directive 2007/46/EC. ( ) Such loans or leases may include ancillary insurance and service products or additional vehicle parts, and in the case of leases, the residual value of leased vehicles. All loans and leases in the pool shall be secured with a first-ranking charge or security over the vehicle or an appropriate guarantee in favour of the SSPE, such as a retention of title provision;

(v) loans and credit facilities to individuals resident in a Member State for personal, family or household consumption purposes.

#### **PCS Comments**

(g) (i) applies.

See Prospectus, 7.3. ELIGIBILITY CRITERIA

(3) It is secured by a Mortgaged Asset located in The Netherlands which, as at origination of the relevant Mortgage Loan, was intended primarily for use as the primary residence of the relevant Borrower, and (i) pursuant to the applicable Mortgage Conditions without consent of the Seller, such Mortgaged Asset may not be the subject of any residential letting and (ii) no consent for residential letting of the Mortgaged Asset has been given by the Seller.

(14) The Mortgage Loan from which it results does not have a Indexed Current Loan to Value Ratio higher than 100 per cent. (or, if a different percentage is required or sufficient from time to time for the Notes to comply with Article 243(2) of the CRR Amendment Regulation and the Seller wishes to apply such different percentage, then such different percentage).

#### **See Prospectus, Portfolio Conditions**

In the Mortgage Receivables Purchase Agreement, the Seller gives the following representations and warranties (the "Portfolio Conditions") on the Closing Date in respect of the Initial Portfolio and (ii) the relevant date of completion of the sale and assignment of New Mortgage Receivables during the Revolving Period[, in each case as at the relevant Cut-Off Date]:

(a) the weighted average Loan to Income Ratio of all Mortgage Receivables, including the Mortgage Receivables to be purchased by the Issuer, does not exceed [5.0];

(k) the weighted average current loan to original market value of the Mortgage Loans comprising the Portfolio as at the relevant Cut-Off Date was not greater than [85] per cent.

"Loan to Income Ratio" means the Outstanding Principal Balance of the relevant Mortgage Receivable divided by the sum of the income of the relevant Borrower;

	<p>See Prospectus, 6.5 DUTCH RESIDENTIAL MORTGAGE MARKET</p> <p><i>Underwriting criteria</i></p> <p>Most of the Dutch underwriting standards follow from special underwriting legislation ("<i>Tijdelijke regeling hypothecair krediet</i>"). This law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 100% or 106% when financing energy saving measures. The new government has indicated not to lower the maximum LTV further. LTI limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation "NIBUD" and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal costs of living.</p> <p><b>PCS notes that that the Underwriting Criteria for these mortgages follow the Dutch underwriting legislation and the LTI limits are in accordance with NIBUD.</b></p>	
4	<p><b>LCR Criteria</b></p> <p>10. The underlying exposures shall not have been originated by the credit institution holding the securitisation position in its liquidity buffer, its subsidiary, its parent undertaking, a subsidiary of its parent undertaking or any other undertaking closely linked with that credit institution.</p>	<p><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p><i>The investor should confirm that it is not a group entity of the Originator to meet this point. We have ticked this point positive but ultimately it is the investors responsibility to confirm.</i></p>	
5	<p><b>LCR Criteria</b></p> <p>11. The issue size of the tranche shall be at least EUR 100 million (or the equivalent amount in domestic currency).</p>	<p><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>The Class A Note is expected to a size of above EUR 100 million.</p>	
6	<p><b>LCR Criteria</b></p> <p>12. The remaining weighted average life of the tranche shall be 5 years or less, which shall be calculated using the lower of either the transaction's pricing prepayment assumption or a 20 % constant prepayment rate, for which the credit institution shall assume that the call is exercised on the first permitted call date.</p>	<p><b>Meets Criteria?</b> YES</p>
	<p><b>PCS Comments</b></p> <p>"First Optional Redemption Date" means the Notes Payment Date falling in [July 2028]</p> <p>See also 27. PORTFOLIO INFORMATION</p>	



	<p>27.1 STRATIFICATION TABLES</p> <p>Class A weighted average life (including the first optional redemption date) is 4.88 years.</p> <p><b>PCS notes that for all prepayment assumptions made by the originator, documented in the file called "Cash-Flow Projections", the weighted average life of the class A notes is below five years.</b></p>	
7	<p><b>LCR Criteria</b></p> <p>13. The originator of the exposures underlying the securitisation shall be an institution as defined in Article 4(3) of Regulation (EU) No 575/2013 or an undertaking whose principal activity is to pursue one or more of the activities listed in points 2 to 12 and point 15 of Annex I to Directive 2013/36/EU.</p>	<p><b>Meets Criteria?</b></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p><i>The Originator is a bank and therefore complies with the Regulation on this point (see Section 3.4 (THE SELLER/ORIGINATOR) of the Prospectus).</i></p>	
8	<p><b>LCR Criteria</b></p> <p>Article 37 Transitional provision for securitisations backed by residential loans</p> <p>1. By derogation from Article 13, securitisations issued before 1 October 2015, where the underlying exposures are residential loans as referred to in point (g)(i) of Article 13(2), shall qualify as Level 2B assets if they meet all the requirements set out in Article 13 other than the loan-to-value or loan-to-income requirements set out in that point (g)(i) of Article 13(2).</p> <p>2. By derogation from Article 13, securitisations issued after 1 October 2015, where the underlying exposures are residential loans as referred to in point (g)(i) of Article 13(2) that do not meet the average loan-to-value or the loan-to-income requirements set out in that point, shall qualify as Level 2B assets until 1 October 2025, provided that the underlying exposures include residential loans that were not subject to a national law regulating loan-to-income limits at the time they were granted and such residential loans were granted at any time prior to 1 October 2015.</p>	<p><b>Meets Criteria?</b></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p><i>Points 1 and 2 are not applicable.</i></p>	