

**Provisional**  
**CRR ASSESSMENT**  
**Silverstone Master Issuer PLC**  
**Issue of Series 2022-2 Notes**



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

22<sup>nd</sup> November 2022

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This is a Provisional CRR Assessment (UK Version).

This Provisional CRR 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 page references in this document are to the prospectus unless otherwise stated.

Any references in this CRR Assessment to any EU regulations are meant to refer to such EU regulations as amended and incorporated into United Kingdom law by the Withdrawal Act 2019.

This Provisional CRR Assessment is not the final CRR 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 CRR Assessment that a Final CRR Assessment will be made available at or around closing of the transaction. However, such Final CRR 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 CRR Assessment will be made available on a fully ticked basis.

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Please note that this Assessment is in respect of a UK transaction notified as STS to the UK Financial Conduct Authority. As such it cannot be treated as STS within the European Union and therefore, notwithstanding this assessment, is not eligible for inclusion into LCR pools or lower capital requirements under the CRR for financial institutions within the European Union. For more details, we invite you to consult your legal advisers

**22<sup>nd</sup> November 2022**

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## PRIME COLLATERALISED SECURITIES (PCS) Provisional CRR Assessment

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Verification	22 November 2022
<b>The transaction to be verified (the "Transaction")</b>	<b>Issue of Series 2022 – 2 Class 1A Notes</b>
Issuer	Silverstone Master Issuer PLC
Originator	Nationwide Building Society
Lead Manager(s)	Barclays, BofA Securities, Deutsche Bank, Lloyds Bank Corporate Markets
Transaction Legal Counsel	Allen & Overy LLP
Rating Agencies	Moody's and Fitch
Stock Exchange	London Stock Exchange
Expected Closing Date	[●] 2022

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 (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:</p>		
<b>1a</b>	<p><b>CRR Criteria</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>Meets Criteria?</b>  <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See the Preliminary Final Terms.</p> <p>A Statement in the Preliminary Final Terms under table "Outstanding balances as at the cut-off date" 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>CRR Criteria</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>Meets Criteria?</b>  <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p><i>Not applicable.</i></p>	
<b>2</b>	<p><b>CRR Criteria</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>Meets Criteria?</b>  <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;	
	<p><b>PCS Comments</b></p> <p>2(b)(i) applies.</p> <p>See Base Prospectus</p> <p>Representations and warranties – Loans the last bullet point states” 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.”</p>	
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></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Base Prospectus</p>	

<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:  
 <<Exposures due to loans granted by a credit institution to pensioners or employees with a permanent contract against the unconditional transfer of part of the borrower's pension or salary to that credit institution shall be assigned a risk weight of 35 %, provided that all the following conditions are met:  
 (a) in order to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the credit institution by deducting the monthly payments on the loan from the borrower's monthly pension or salary;  
 (b) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy underwritten by the borrower to the benefit of the credit institution;  
 (c) the monthly payments to be made by the borrower on all loans that meet the conditions set out in points (a) and (b) do not in aggregate exceed 20 % of the borrower's net monthly pension or salary;  
 (d) the maximum original maturity of the loan is equal to or less than ten years.>>.  
 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).

	Representations and warranties – Mortgages 3rd Bullet point.	
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></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Base Prospectus, Representations and warranties – Loans penultimate bullet point states” No loan has an indexed LTV higher than 100% as at the relevant sale date.”</p>	