

CRR ASSESSMENT

SME LION III B.V.



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

17 December 2021

Analyst: Dr Martina Spaeth, contact: T. + 33 1 75 85 01 40 | M: +33 6 26 63 23 40

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17 December 2021

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Prime Collateralised Securities (PCS) CRR Assessment

Individual(s) undertaking the assessment	Dr Martina Spaeth
Date of Assessment /Version	17 Dec. 2021
The transaction to be assessed (the “Transaction”)	SME LION III
Issuer	SME LION III B.V.
Originator	ING Bank N.V.
Seller	ING Bank N.V.
Lead Manager(s)	ING Bank N.V.
Transaction Legal Counsel	Allen & Overy LLP
Rating Agencies	Fitch and Moody's
Stock Exchange	Euronext Amsterdam
Closing Date	17 Dec. 2021

Legislative Text and CRR Criteria	Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
<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>			
<p>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.</p>	<p>See Prospectus, 7.3 Loan Criteria (10) the aggregate Outstanding Principal Amount of the Receivables from a Borrower Group does not exceed 1 per cent. of the Initial Portfolio; See definitions “Borrower Group” means two or more parties that are connected because one of them, directly or indirectly, has legal control over the other(s) where the definition of ‘control’ means the accounting definition of the relationship between a parent undertaking and a subsidiary as set out in Article 4(1)(37) of Regulation (EU) No 575/2013 and as referred to as ‘LOO’ or ‘Legal One Obligor’ within ING Bank N.V.; Portfolio Criteria, (h) (h) the aggregate current Outstanding Principal Amount of the Loans of the top 1 Borrower Group shall not represent more than 1 per cent. of the then current Outstanding Principal Amount</p>	<p><i>PCS notes that the maximum concentration to the largest Borrower Group is not more than 1 per cent.</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></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</p>	<p>Not applicable.</p>		<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

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.

Legislative Text and CRR Criteria		Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
	enforceable commitment to repurchase or refinance the exposure at a pre-determined amount by a third party eligible under Article 201(1);			N/A <input checked="" type="checkbox"/>
2	<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>(iii) 75 % on an individual exposure basis where the exposure is a retail exposure ⁽²⁾;</p> <p>for any other exposures, 100 % on an individual exposure basis;</p>		<p>ING has confirmed to PCS and proven by providing the loan by loan data, that each exposure has a standardised RW of below or equal 100%.</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
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	Not applicable		<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>

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).

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).

Legislative Text and CRR Criteria		Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
	securitisation where all loans secured by prior ranking security rights on that asset are also included in the securitisation;			N/A <input checked="" type="checkbox"/>
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).	Not applicable		Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>