

CRR ASSESSMENT

LANTERNA MORTGAGE S.r.l.



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

31 July 2020

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31 July 2020

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Prime Collateralised Securities (PCS)

CRR Assessment

Individual(s) undertaking the assessment	Daniele Vella
Date of Verification	31 July 2020
The transaction to be verified (the “ Transaction ”)	Lanterna Mortgage - RMBS 2020-1
Issuer	Lanterna Mortgage S.r.l.
Originators and Sellers	Banca Carige S.p.A. (“ Banca Carige ”) Banca del Monte di Lucca S.p.A. (“ BML ”)
Arranger	Natwest Markets Plc
Transaction Legal Counsel	Clifford Chance (Milan) and Chiomenti
Rating Agencies	DBRS and S&P
Stock Exchange	ExtraMOT PRO of Borsa Italiana
Target Closing Date	31 July 2020

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:				
(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.	The Prospectus does not contain statements on this point, but Banca Carige confirmed to PCS that the borrower concentration is less than 2%.		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled 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 third party eligible under Article 201(1);	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);	Not applicable.		Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
(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	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	2(b)(i) should apply. The Prospectus does not contain statements on this point, but Banca Carige confirmed to PCS that on average, under the Standardised Approach and taking into account any eligible credit risk mitigation, the risk weight is equal to or smaller than 40%.		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled Yes / No
<p>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;</p> <p>(iv) for any other exposures, 100 % on an individual exposure basis;</p>	<p>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;</p> <p>(iv) for any other exposures, 100 % on an individual exposure basis;</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</p>	<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 securitisation where all loans secured by prior ranking security rights on that asset are also included in the</p>	<p>See "THE PORTFOLIO – The Criteria" §(c) requiring the security to be <<(i) a first legal ranking voluntary Mortgage, or (ii) a second legal ranking Mortgage or lower legal ranking Mortgage, in respect to which (A) the lender secured by the Mortgage or by the Mortgages with higher legal ranking is an Originator and also the relevant Loan (disbursed to the same</p>		<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>

Legislative text	CRR criteria	Identifying document and checking page reference	Checking comments	Criteria fulfilled Yes / No
securitisation;	securitisation;	<i>Debtor to whom the Loan secured by a first legal ranking Mortgage) is transferred to the Issuer or (B) the obligations secured by the higher legal ranking Mortgages have been fully satisfied and the relevant lender has formally agreed to the cancellation of the higher legal ranking Mortgages;>>.</i>		
(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 Prospectus		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>