

## **Borrower Onboarding Policy**

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### **1. Purpose**

This policy explains how LBL Asset Finance reviews, verifies, and approves new borrowers or partners before any funding or purchase agreement is issued.

Our goal is to ensure every borrower meets our standards for transparency, financial stability, and compliance while maintaining a consistent and responsible approach across all divisions.

### **2. Scope**

This policy applies to all onboarding activity carried out by LBL Asset Finance across its three main areas: Logbook Lending, Asset Finance, and Debt Purchase.

It covers the entire process from first enquiry through to full activation of a funding or portfolio agreement.

### **3. Core Principles**

- **Integrity:** Every borrower is treated fairly and assessed using consistent methods.
- **Responsibility:** Facilities are approved only when repayment capacity and security are clear.
- **Compliance:** All checks follow current UK regulations, AML standards, and data-protection laws.
- **Confidentiality:** Borrower information is stored securely and shared only with authorised staff.
- **Proportionality:** The depth of review reflects the size and complexity of each facility.

### **4. Onboarding Process**

#### **4.1 Initial Review**

- Receive initial enquiry or referral.
- Collect key details: business structure, ownership, and purpose of funding.
- Obtain headline financial information such as recent accounts or management data.
- Complete preliminary AML, sanctions, and credit checks.
- Identify any early risks such as poor credit history or insufficient trading record.

#### **4.2 Borrower Assessment**

##### **Internal Review**

- Confirm registration details and corporate structure.
- Verify director and shareholder identification.
- Review three years of financial accounts (where available) and 12-month management accounts.
- Analyse cash flow forecasts, debt schedules, and HMRC status.
- Assess internal systems, staffing, and operational capacity.
- For asset-based loans, confirm valuations and suitability of proposed security.
- For debt purchase, review portfolio data quality and historical recovery rates.

##### **External Checks**

- Independent background searches on company and directors.
- Confirmation of regulatory or licensing status where applicable.
- Third-party verification of asset ownership or portfolio data.

#### **4.3 Risk Classification**

Each borrower is graded using LBL's internal risk model, which considers:

- Type of facility (Logbook Lending, Asset Finance, Debt Purchase).
- Financial strength and liquidity.
- Experience and capability of management.
- Quality and recoverability of security.
- Historical repayment and compliance behaviour.

A risk summary and recommendation are recorded for Investment Committee review.

#### **4.4 Approval and Sign-off**

- Relationship Manager prepares an Onboarding Summary Report (see Appendix A).
- Compliance confirms all documentation and screening are complete.
- The Investment Committee reviews findings and decides on approval or conditions.
- Decisions and facility terms are logged in the borrower record.

#### **4.5 Completion and Activation**

- Legal Counsel prepares loan or purchase documentation.
- Security and guarantee paperwork are executed.
- Borrower is added to LBL's monitoring and administration systems.
- Funding or transfer proceeds once final sign-off is confirmed.

#### **5. Ongoing Oversight**

- Borrowers provide monthly or quarterly reporting as required.
- Annual reviews update financial and operational information.
- Continuous AML and sanctions checks remain in place.
- Quarterly independent audits confirm data accuracy and compliance.
- Any material issues or breaches are escalated immediately.

#### **6. Record Management**

- All onboarding and assessment records are kept for a minimum of five years.
- Documents are stored securely in LBL's digital archive.
- Access is restricted to authorised compliance, risk, and audit staff.