

LCR ASSESSMENT

Auto ABS French Loans 2024 FCT



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

24 April 2024

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It is important that the reader of this checklist reviews and understands the disclaimer referred to on the following page.

24 April 2024

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PRIME COLLATERALISED SECURITIES (PCS) - LCR Assessment

Individual(s) undertaking the assessment	Daniele Vella
Date of Verification	24 April 2024
The transaction to be verified (the "Transaction")	Auto ABS French Loans 2024
Issuer	Auto ABS French Loans 2024 FCT
Seller	Credipar
Joint Lead Manager(s)	Banco Santander, S.A.; HSBC Continental Europe; ING Bank N.V.
Transaction Legal Counsel	Hogan Lovells (Paris) LLP
Rating Agencies	Fitch and Moody's
Stock Exchange	Regulated market of Euronext in Paris (Euronext Paris)
Closing Date	April 2024

PCS confirms that all checklist points have been verified as detailed in the associated comment box in the checklist below.

Legislative Text and LCR Criteria (Note 1)

Note 1: see Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 and 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 (...).

1a	LCR Criteria 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: (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;	Meets Criteria? YES
	PCS Comments PCS is advised that the transaction Auto ABS French Loans 2024 is expected to be designated STS.	
1b	LCR Criteria 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: (b) the criteria laid down in paragraph 2 and paragraphs 10 to 13 of this Article are met.	Meets Criteria? YES
	PCS Comments PCS has ticked the questions below as "yes". See the disclaimer above for a fuller analysis of the limitations of PCS's LCR assessment	
2a	LCR Criteria 2. The securitisation position and the exposures underlying the position shall meet all the following requirements: (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;	Meets Criteria? YES
	PCS Comments See Prospectus' cover page – "Expected ratings". PCS notes that, as confirmed in the Prospectus, the Class A Notes, on closing, are rated as follows: <ul style="list-style-type: none">• AAAsf by Fitch• Aaa(sf) by Moody's	

2b	<p>LCR Criteria</p> <p>2. The securitisation position and the exposures underlying the position shall meet all the following requirements:</p> <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>PCS Comments</p> <p>PCS confirms that, based on the indications contained in the Prospectus, the Class A Notes meet the required attributes.</p> <p>See the priority of payments set out in Section “SOURCES OF FUNDS TO PAY THE RATED NOTES, CASHFLOWS, CALCULATIONS, DISTRIBUTIONS AND PRIORITY OF PAYMENTS”:</p> <ul style="list-style-type: none"> • Priority of Payments during the Revolving Period and the Amortisation Period; and • Priority of Payments during the Accelerated Amortisation Period, <p>which confirm the status of the Class A Notes as most senior tranche.</p> <p>See also the definition of “Most Senior Class of Notes”:</p> <p><<“Most Senior Class of Notes” means on any Payment Date and after giving effect to all payments in accordance with the applicable Priority of Payments:</p> <p>(a) for so long as the Class A Notes have not been redeemed in full, the Class A Notes; and</p> <p>(b) if no Class A Notes are then outstanding, and for so long as the Class B Notes have not been redeemed in full, the Class B Notes.>></p>	
3	<p>LCR Criteria</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"> – 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; – 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 	<p>Meets Criteria? YES</p>

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 %;

(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

(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

Paragraph (g)(iv) applies.

See §(d) of “) of “SALE AND PURCHASE OF THE AUTO LOAN RECEIVABLES - Reliance on the Receivables Warranties”, confirming the nature of auto loans and the fact that the Borrowers are resident in France:

<<Reliance on the Receivables Warranties

Receivables Warranties

Pursuant to the terms of the Master Purchase Agreement, the Seller shall represent and warrant to the Management Company, in respect of each Auto Loan Receivable which will be assigned by it to the Issuer on any Purchase Date, that:

as at the relevant Selection Date, for the purposes of Article 20(8) of the EU Securitisation Regulation and the Homogeneity RTS, the Purchased Receivables: (...)

(iv) all arise from Auto Loan Contracts that have been entered into with a Borrower that is resident in metropolitan France; (...)>> .

See “Perfection of the transfer” for confirmation that all Auto Loan Receivables are transferred together with their Ancillary Rights:

<<(…) The delivery by the Seller to the Management Company of the Assignment Document shall result in the transfer of the Ancillary Rights attached to the relevant Auto Loan Receivables, as the case may be, and such transfer shall be enforceable against third parties, without any further formality, in accordance with the provisions of Article L. 214-169 V 3° of the French Monetary and Financial Code. The Seller shall, at its own cost (i) keep the Ancillary Rights free of, or release the Ancillary Rights from, any interference or security rights of third parties and (ii) undertake all steps, formalities and actions necessary to perfect the assignment of the Ancillary Rights to the Issuer and protect the interests of the Issuer in these Ancillary Rights.>>.

It is noted that, according to statements contained in the Prospectus, each Auto Loan benefits from a retention of title, as described in “RISK FACTORS RELATING TO THE PURCHASED RECEIVABLES”:

<<3.3 Cars– repossession timing and exposure to market value of the Cars

The Issuer will acquire from the Seller interests in the Purchased Receivables, including, as the case may be, Ancillary Rights which include, for all Auto Loan Contracts, retention of title (réserve de propriété) over the Cars which results from a retention of title clause which postpones the transfer of the property right in the financed Car to the Borrower until the day on which the corresponding purchase price has been paid and discharged in full. Following a default under an Auto Loan Contract, the repossession of the relevant Cars and the enforcement of any relevant Ancillary Rights may not be immediate, potentially resulting in a significant delay in the recovery of amounts owed under the relevant Purchased Receivable. Action to recover outstanding amounts may not be pursued if to do so would be uneconomic.>>.

See also the following definitions:

<<“**Auto Loan Contract**” means an automobile financing agreement (contrat de financement automobile ou contrat de vente à crédit de véhicule) entered into between the Seller and one or several Borrower(s) in France in respect of a Car for personal use.>>

<<“**Auto Loan Receivables**” means the auto loan receivables due by each Borrower under the relevant Auto Loan Contract.>>.

<<“**Ancillary Rights**” means any security interests or guarantees which secure the payment of the Purchased Receivables, and any other rights which are otherwise accessories (accessoires) to such Purchased Receivables, including (without limitation and to the extent assignable) the following rights:

- (a) any and all present and future claims benefiting to the Seller under any Collective Insurance Contracts relating to an Auto Loan Contract;
- (b) the benefit of a retention of title in the financed Car, resulting from (i) a retention of title clause (clause de réserve de propriété) which postpones the transfer of the property right in the financed Car to the Borrower until the day on which the corresponding purchase price has been paid and discharged in full and (ii) a subrogation of the Seller in the rights of the relevant Original Car Seller; and
- (c) any other security interests and more generally any sureties, guarantees, insurance and other agreements or arrangements of whatever character in favour of the Seller supporting or securing the payment of a Purchased Receivable.>>.

PCS relied solely on statements contained in the Prospectus to assess this requirement.

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LCR Criteria

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.

Meets Criteria?
YES

	<p><u>PCS Comments</u></p> <p>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.</p>	
5	<p><u>LCR Criteria</u></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><u>Meets Criteria?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>The size of the senior tranche is in excess of the minimum threshold required. This requirement is therefore satisfied on closing.</p>	
6	<p><u>LCR Criteria</u></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><u>Meets Criteria?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See Section "ESTIMATED WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES AND ASSUMPTIONS".</p>	
7	<p><u>LCR Criteria</u></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><u>Meets Criteria?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See section "DESCRIPTION OF BANQUE STELLANTIS FRANCE GROUP AND CREDIPAR - CREDIPAR":</p> <p><<CREDIPAR was established in 1979 and is a 100% French subsidiary of Banque Stellantis France since 30 January 2015. <u>CREDIPAR is registered as a credit institution.</u>>>.</p>	
8	<p><u>LCR Criteria</u></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><u>Meets Criteria?</u></p> <p>YES</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.

PCS Comments

Points 1 and 2 are not applicable.