

CRR ASSESSMENT

OPHELIA MASTER SME FCT



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

22 July 2024

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22 July 2024

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PRIME COLLATERALISED SECURITIES (PCS) – CRR Assessment

Individual(s) undertaking the assessment	Daniele Vella
Date of Verification	22 July 2024
The transaction to be verified (the “Transaction”)	OPHELIA MASTER SME FCT
Issuer	OPHELIA MASTER SME FCT
Originators	A number of “Banques Populaires” and “Caisses d’Epargne” (see list in Section “ The Sellers ”)
Arranger	BPCE
Transaction Legal Counsel	Orrick Herrington & Sutcliffe (Europe) LLP
Rating Agencies	DBRS, Fitch and Moody’s
Stock Exchange	Regulated market of Euronext in Paris (Euronext Paris)
Closing Date	22 July 2024

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

Legislative Text

Article 243 (NOTE 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:

NOTE 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.

1a

CRR Criteria

(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.

Meets Criteria?
YES

PCS Comments

See Schedule 4 (*GLOBAL PORTFOLIO LIMITS AND SELLER CONCENTRATION LIMIT*) of the Master SME Loans Purchase and Servicing Agreement, where it is required that:

<<It is a condition precedent to the purchase of SME Loans on any Purchase Date that either (i) the SME Loans offered for purchase by all Sellers (taken together, as applicable) to the Issuer in each SME Loans Purchase Offer do not prevent such SME Loans based on the information as of the Selection Date immediately preceding such Purchase Date, together with the portfolio of Purchased SME Loans on the immediately preceding Determination Date, to comply with the following conditions, at the relevant Purchase Date or (ii) save for Global Portfolio Limit (b), if the Global Portfolio Limits are not, complied with taking into account these SME Loans offered to be purchased on that Purchase Date, the Global Portfolio Limits were complied with on the immediately preceding Purchase Date and, at the same time as the selection of the SME Loans on any Selection Date, each Seller shall ensure by coordinating with the other Sellers and the Programme Agent that this condition precedent is complied with on the relevant Purchase Date (...)

(2) Top 1 Borrower Concentration: with respect to any single Borrower, the aggregate Outstanding Principal Balance of the Purchased SME Loans (other than Defaulted SME Loans) and the SME Loans offered to be purchased on that Purchase Date and owed by such Borrower does not exceed 0.50 per cent. of the Outstanding Principal Balance of all Purchased SME Loans (other than Defaulted SME Loans) and the SME Loans offered to be purchased on that Purchase Date; >>.

Based on the above, this requirement is clearly satisfied on closing.

It is noted that the Prospectus contains provisions allowing possible amendments to the Global Portfolio Limits, provided these are without prejudice to compliance with Article 243(2)(a) of the CRR.

1b	CRR Criteria	Meets Criteria? YES
	<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>	
PCS Comments		
Not applicable.		

2	CRR Criteria	Meets Criteria? YES
	<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 (NOTE 2);</p> <p>(iv) for any other exposures, 100 % on an individual exposure basis; (NOTE 3)</p> <p>NOTE 2: For retail exposures, see article 123 on "Retail exposures". It is noted that Article 123 has been amended by Regulation (EU) 2024/1623 of 31 May 2024, and that it contains provisions that are in force as of 9 July 2024 and other provisions that will be in force as of 1 January 2025.</p> <p>In particular, "Retail Exposures" shall satisfy the following additional requirements:</p> <p><<1. Exposures that comply with all of the following criteria shall be considered retail exposures:</p> <p>(a) the exposure is to one or more natural persons or to an SME;</p> <p>(b) the total amount owed to the institution, its parent undertakings and its subsidiaries, by the obligor or group of connected clients, including any exposure in default but excluding exposures secured by residential property, up to the property value shall not, to the knowledge of the institution, which shall take reasonable steps to confirm the situation, exceed EUR 1 million;</p> <p>(c) the exposure represents one of a significant number of exposures with similar characteristics, such that the risks associated with such exposure are substantially reduced;</p> <p>(d) the institution concerned treats the exposure in its risk management framework and manages the exposure internally as a retail exposure consistently over time and in a manner that is similar to the treatment by the institution of other retail exposures.>> NB: this §1(d) shall be in force starting from 1 January 2025.</p> <p><<The present value of retail minimum lease payments shall be eligible for the retail exposure class. (...)</p> <p>(...) 4. Where any of the criteria referred to in paragraph 1 are not met for an exposure to one or more natural persons, the exposure shall be considered a retail exposure and shall be assigned a risk weight of 100 %.>> NB: this §(4) shall be in force starting from 1 January 2025.</p> <p>In addition, specific provisions apply to salary /pension backed exposures and to transactor exposures (as defined in the Regulation (EU) 2024/1623 of 31 May 2024).</p>	

NOTE 3: For SME loans see also Article 501 on “Adjustment of risk-weighted non-defaulted SME exposures for “SME Loans” of the Regulation (EU) No 575/2013, as amended and supplemented, including pursuant to Regulation (EU) 2024/1623 of 31 May 2024.

From January 2025, in Article 501(2), points (a) and (b) are replaced by the following:

(a) the exposure to an SME shall be included either in the retail or in the corporates or secured by mortgages on immovable property exposure classes but excluding ADC exposures;

(b) an SME shall have the meaning laid down in Article 5, point (9);

“land acquisition, development and construction exposures”, or “ADC exposures”, means exposures to corporates or special purpose entities financing any land acquisition for development and construction purposes, or financing the development and construction of any residential property or commercial immovable property;

“non-ADC exposure” means any exposure secured by one or more residential properties or commercial immovable properties that is not an ADC exposure;

Article 126a (1) An ADC exposure shall be assigned a risk weight of 150 %.

IPRE provisions that are in force as of 9 July 2024 and other provisions that will be in force as of 1 January 2025 need to be taken in consideration.

PCS Comments

2(b)(iii) applies to the SME Loans that are qualified as retail exposures and 2(b)(iv) applies to the other SME Loans.

See the following R&W in Prospectus section headed “Other Representations and Warranties of the Sellers relating to the SME Loans”:

<<(g) Risk weighted asset: the SME Loan meets, on the relevant Purchase Date, pursuant to the Article 243(2)(b) of the Capital Requirements Regulations, the conditions for being assigned, under the Standardised Approach (as defined in the Capital Requirements Regulations) and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than: (i) 75% in case of the SME Loan is qualified as “retail exposure”; or (ii) otherwise, 100%, in both cases on an individual exposure basis;>>.

3	CRR Criteria (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;	Meets Criteria? YES
	PCS Comments 2(b)(i) and 2(b)(ii) do not apply. See point 2 above for the representation given by the Sellers as to the risk weight assigned to the assets.	

4	CRR Criteria (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).	Meets Criteria? YES
	PCS Comments Not applicable to SME Loans.	