CRR ASSESSMENT

Brignole CQ 2022 S.r.l.

PRIME COLLATERALISED SECURITIES (PCS) EU SAS

24 March 2022

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24 March 2022

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Prime Collateralised Securities (PCS)

CRR Assessment

Individual(s) undertaking the assessment	Daniele Vella
Date of Assessment /Version	24 March 2022
The transaction to be assessed (the “Transaction”)	Brignole CQ 2022

Issuer	Brignole CQ 2022 S.r.l.
Originator	Creditis Servizi Finanziari S.p.A.
Lead Manager(s)	BofA Securities Europe SA Citigroup Global Markets Limited
Transaction Legal Counsel	Allen & Overy; Jones Day
Rating Agencies	DBRS and Moody’s
Stock Exchange	ExtraMOT PRO - Borsa Italiana
Closing Date	24 March 2022

Legislative Text and CRR Criteria		Identifying Document and Checking Page Reference	Checking Comments	Criteria Fulfilled Yes / No
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:				
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.	See section headed "DESCRIPTION OF THE TRANSACTION DOCUMENTS - 2. WARRANTY AND INDEMNITY AGREEMENT - 2.5 Compliance with certain EU STS Requirements" sub §(i) where it is represented that: *<<(i) For the purposes of compliance with article 243(2)(a) of the CRR, the Outstanding Balance of the Receivables owed by the same Borrower does not exceed 2 per cent. of the aggregate Outstanding Balance of all Receivables comprised in the Aggregate Portfolio.>>*.		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);	Not applicable to consumer loans.		Yes ☐ No ☐ N/A ☒

[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.

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 loans secured by residential mortgages or fully guaranteed residential loans, as referred to in point (e) of Article 129(1); (ii) 50 % on an individual exposure basis where the exposure is a loan secured by a commercial mortgage; (iii) 75 % on an individual exposure basis where the exposure is a retail exposure ([2]); for any other exposures, 100 % on an individual exposure basis;	2(b)(iii) does apply, provided that the specific provisions set out in the amendments to Article 123 of CRR, pursuant to Regulation (EU) 2019/876, shall also apply. See Prospectus: "THE AGGREGATE PORTFOLIO - The Receivables", where it is confirmed that: <<*The Receivables comprised in the Aggregate Portfolio arise out (and will arise out) of* <u>*consumer loans and personal credit facilities*</u> *granted by Creditis to the relevant debtor, on the basis of a loan agreement. (…)* *Each Receivable included in each Portfolio purchased or to be purchased from the Originator arises out of loans granted by Creditis to the relevant debtor, on the basis of a loan agreement, and to be reimbursed through:* *(i)* <u>*a payment delegation of up to one-fifth of the salary*</u> *pursuant to Royal Decree 180 and implementing regulation or article 1269 and 1723 second paragraph of the Italian Civil Code, issued by the Debtor to his/her Employer in favour of Creditis, with reference to the*	PCS received confirmation from Creditis that 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 that for the Receivables backed by salary/pension assignment is equal to 35% and for the Receivables backed by salary/pension payment delegation is equal to 75%. Considering the mentioned Purchase Condition, the Portfolio will be made for no more than 3% of the Outstanding Principal of Receivables backed by a delegation (as opposed to an assignment) of a portion	Yes ☒ No ☐

[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). In particular, pursuant to the amendments to Article 123, under Regulation (EU) 2019/876:
<<*Exposures due to loans granted by a credit institution to pensioners or employees with a permanent contract against* <u>*the unconditional transfer of part of the borrower's pension or salary*</u> *to that credit institution* <u>*shall be assigned a risk weight of 35 %, provided that all the following conditions are met*</u>*:*
(a) in order to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the credit institution by deducting the monthly payments on the loan from the borrower's monthly pension or salary;
(b) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy underwritten by the borrower to the benefit of the credit institution;
(c) the monthly payments to be made by the borrower on all loans that meet the conditions set out in points (a) and (b) do not in aggregate exceed 20 % of the borrower's net monthly pension or salary;
(d) the maximum original maturity of the loan is equal to or less than ten years.>>.
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).

		payments due by such Debtor under the relevant Loan Agreement; and/or *(ii) <u>the assignment of up to one-fifth of the salary and/or pension</u> pursuant to Royal Decree 180 and implementing regulation, made by the Debtor in favour of Creditis, with reference to the payments due by such Debtor under the relevant Loan Agreement.>>* Therefore, the Portfolio is composed of consumer loans backed by salary/pension payment delegation or salary/pension assignment. See also the Common Criteria, for confirmation of the features required by Article 123 of CRR (as amended). It is also noted that pursuant to the "Purchase Conditions": *<<the ratio between:* *(a) the Outstanding Principal, as at the Valuation Date of the Additional Portfolio offered for sale on such Offer Date, of the Receivables comprised in the Collateral Portfolio already transferred to the Issuer arising from Loans assisted by Payment Delegation, plus the Outstanding Principal, as at the same Valuation Date, of the Receivables comprised in the relevant Additional Portfolio arising from Loans assisted by Payment Delegation; and* *(b) the Relevant Portfolio Outstanding Principal,* *does not exceed 3%;>>.*	of the salary/pension. Therefore, on an ongoing basis, only up to 3% of the Portfolio (in terms of Outstanding Principal) may have a risk weighting of 75%, whereas at least 97% of the Portfolio will have a risk weighting of 35%.	

		See also the table headed "*Breakdown by Loan Type*" for details on the composition of the Initial Portfolio as of the relevant Valuation Date.		
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 securitisation;	Not applicable to consumer loans.		Yes ☐ No ☐ N/A ☒
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 to consumer loans.		Yes ☐ No ☐ N/A ☒