# FCT Capucines 2025

## SME ABS – France

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**Related methodologies**

SME ABS Rating Methodology, May 2025

General Structured Finance Rating Methodology, February 2025

Counterparty Risk Methodology, July 2024

**Table of content**



### Rating

| Note class | Rating | Notional (EURm) | Notional (%) | CE[1] (%) | Coupon (p.a.) | Legal final maturity |
|---|---|---|---|---|---|---|
| **Class A** | $AAA_{SF}$ | 11,200.00 | 80.0% | 20.0% | 0.05% | 25 June 2055 |
| **Class B** | NR | 2,800.00 | 20.0% | 0.0% | 0.00% | 25 June 2055 |
| **Units** | NR | 0.00 | 0.0% | 0.0% | | 25 June 2055 |

[1] Only in the form of subordination

Scope's analysis is based on the portfolio dated 31 May 2025 and information provided by the issuer and its related third parties up to 23 June 2025. Scope's Structured Finance Ratings constitute an opinion about relative credit risks and reflect the expected loss associated with the payments contractually promised by an instrument on a particular payment date or by its legal maturity. See Scope's website for the Scope Ratings Rating Definitions.

| **Transaction details** | |
|---|---|
| Purpose | Liquidity / Funding |
| Issuer | FCT Capucines 2025 |
| Originator, seller, and servicer | BNP Paribas S.A. ('BNPP') |
| Issuer account bank | BNPP acting through its Securities Services business |
| Management company | France Titrisation |
| Closing date | 23 June 2025 |
| Payment frequency | Quarterly (25th of March, June, September, December) |
| First payment date | 25 September 2025 |

The transaction is a true-sale securitisation of an up to 30-month revolving portfolio of loans granted to individual entrepreneurs and private companies located in France, both qualifying as a small, medium enterprises ('SME') and originated by BNP Paribas S.A. in its normal course of business. As of 31 May 2025 (cut-off date), the EUR 14.0bn securitised portfolio consists of 119,836 loans to 80,213 borrowers.

### Rating rationale (summary)

The rating reflects: i) the legal and financial structure of the transaction; ii) the quality of the underlying collateral in the context of the French macroeconomic environment; iii) the ability of BNP Paribas, the originator and servicer; and iv) the counterparty credit risk exposure to BNP Paribas S.A.

The class A notes benefit at closing date from 20% credit enhancement in the form of subordination. Eligibility and portfolio criteria partially restrict the risk of adverse portfolio credit quality migration during the revolving period. Following the revolving period, class A notes benefit from the sequential principal amortisation. Excess spread is available to provision for defaults during the revolving period and accelerates the amortisation of the rated notes thereafter.

The rating accounts for the credit quality of the underlying portfolio and the risk of adverse portfolio migration during the revolving period. We have incorporated the credit performance and servicing track record of the originator with respect to French SME loans and considered the French macroeconomic environment. Counterparty risk does not constrain the class A notes' rating.

## Rating drivers and mitigants

| Positive rating drivers | Negative rating drivers and mitigants |
|---|---|
| • **Very granular portfolio.** The underlying portfolio is highly granular. Portfolio covenants and eligibility criteria ensure that no material obligor concentration can build up during the revolving period.<br>• **Experienced originator.** BNPP is a major player on the French SME financing market with decades of experience. Its business benefits from seasoned processes, adequate governance, experienced staff and a good use of technology to automate, standardise and support credit decisions. (ESG factor)<br>• **Protective selection criteria.** The SME loan receivables must comply with both individual and portfolio eligibility criteria upon their inclusion into the securitised portfolio. These criteria include a limit on individual and weighted-average borrower's annual probability of default based on BNPP's closely monitored internal metrics, and a minimum weighted-average portfolio interest rate, which prevents an excessive reduction of the transaction's available excess spread. | • **Revolving period.** The transaction features an up to 30-month revolving period, during which the portfolio's credit quality could deteriorate. However, such potential adverse portfolio composition change is partially mitigated by asset and portfolio eligibility criteria, and early amortisation triggers.<br>• **Counterparty concentration.** BNPP plays several important roles in the transaction such as originator, servicer, and issuer account bank. This risk is mitigated by BNP Paribas, S.A.'s high credit quality, replacement provisions upon loss of a minimum required rating, early amortisation triggers, and the presence of several reserves.<br>• **Macro-economic environment.** As illustrated by the increasing number of bankruptcies, the French SME sector has been severely impacted by the wind down of the pandemic-era emergency support measures. The transaction's structural features, including subordination, triggers to stop the revolving period, liquidity reserve and available excess spread, protect the rated notes. |

| Rating change drivers |
|---|
| A change to the levels or parameters of the transaction's key analytical assumptions based on observed performance or new data sources, significant changes to the transaction's collateral and structural features, and a change in Scope's credit views regarding the transaction's key rating drivers could impact the ratings.<br>The sensitivity analysis described in section 7 provides an indication of the resilience of the credit rating against deviations in key analytical assumptions. |

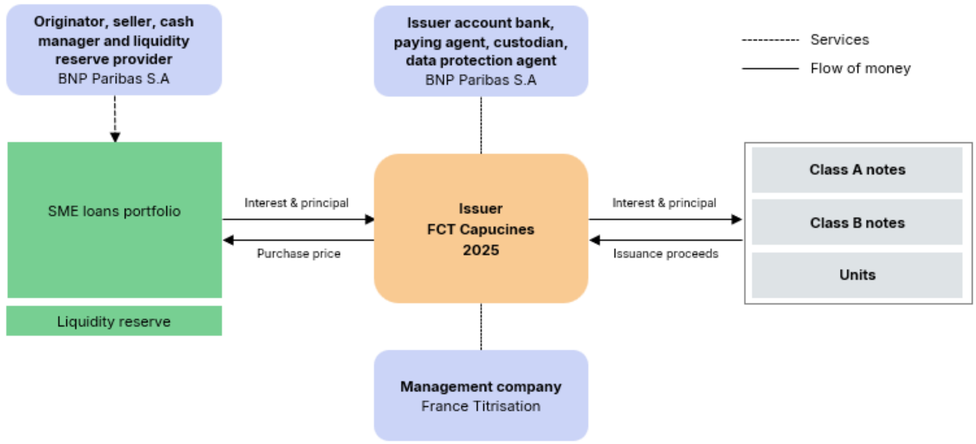
## 1. Transaction summary

The transaction is a highly granular, 30-month revolving securitisation of loan receivables originated by BNPP to individual entrepreneurs and private companies located in France and both qualifying as SMEs. As of the cut-off date of 31 May 2025, the underlying portfolio consists of 119,836 predominantly monthly-paying, French-amortising SME loan receivables contracts granted to 80,213 borrowers in metropolitan France and Corsica. The underlying contracts finance the purchase of new plant and equipment (52%), other expansionary purpose (33%), refurbishment of existing plant, equipment or technology (8%), merger and acquisition (4%) and working capital (3%). The portfolio's weighted-average seasoning and remaining time to maturity are 40 months (3.3 years) and 96.2 months (8.0 years), respectively.

The main structural features are: i) an initial level of credit enhancement from subordination of 20.0% for the class A notes; ii) an excess spread of 1.06%, measured as the difference between the portfolio's assumed yield and the assumed senior costs and class A notes' interest; iii) separate waterfalls during the pre-enforcement period for interest and principal; iv) a principal deficiency cover mechanism; v) principal redirection to cover revenue shortfall; and vi) a liquidity reserve to be funded at closing date by BNPP and covering 0.5% of the rated notes' initial principal balance.

The noteholders are exposed to the following key counterparties: i) BNPP as originator, seller, servicer and cash manager; ii) BNPP acting through its Securities Services business as issuer account bank, paying agent, custodian and data protection agent; and iii) France Titrisation as management company of the issuer.

**Figure 1: Simplified transaction diagram**




Source: Scope Ratings, transaction documents

## 2. Macroeconomic environment

### 2.1 Sovereign outlook

The French economy grew by 1.1% last year, broadly stable from the previous year, displaying some resilience in a context of domestic political uncertainty and sluggish euro-area economic momentum. Positive contributions from net exports and public spending supported the economic momentum, partly mitigating headwinds stemming from still-subdued private demand.

Large and well-diversified economy

Despite uncertainties surrounding global geopolitical risks as well as reform momentum of France after 2024 European and early French parliamentary elections, the economy's resilience remains anchored by a sophisticated and high-income economy, a diversified economic structure driven by high value-added activities, alongside a track record of supply-side reforms of recent years. The latter includes reforms affecting pensions and unemployment-benefit systems. Such reforms have supported the labour market with the unemployment rate expected to stay comparatively low by historical standards despite increasing somewhat on account of a slowing economic momentum - averaging around 7.4% of the active labour force in 2025 and 2026.

**Figure 2: Historical and forecasted main indicators for France**

| Indicator | 2021 | 2022 | 2023 | 2024E | 2025F | 2026F |
|---|---|---|---|---|---|---|
| **Real GDP growth, AVG** | 6.8% | 2.6% | 1.1% | 1.1% | 0.7% | 1.1% |
| **Headline CPI (HICP) inflation, AVG** | 2.1% | 5.9% | 5.7% | 2.3% | 0.8% | 1.5% |
| **Unemployment rate, AVG** | 7.9% | 7.3% | 7.3% | 7.4% | 7.3% | 7.4% |
| **ECB deposit rate, EOP** | -0.5% | 2.0% | 4.0% | 3.0% | 1.75% | 1.75% |

Source: Scope Ratings, Eurostat, Banque de France, ECB

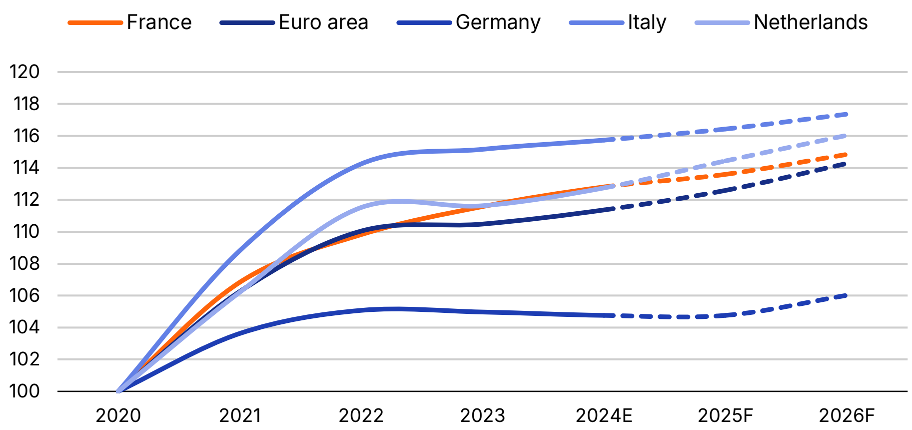
For more insight into our fundamental analysis of the French Republic's economy, see our latest publication.

### 2.2 Key macroeconomic risk

French GDP growth in line with the Euro area's

Real GDP growth is projected at 0.7% in 2025, down from 1.1% in 2024. External demand is penalised by heightened geopolitical tensions and uncertainties on international tariffs. Private consumption and investment are constrained by fiscal consolidation measures and higher political uncertainty after early legislative elections in June 2024, the government collapse in December 2024, and delays in the approval of the 2025 budget. However, lower domestic inflation, more gradual than expected reduction of the fiscal deficit, and Germany's fiscal stimulus could moderately support domestic economic activity. Real GDP growth is projected at 1.1% in 2026.

**Figure 3: Historical GDP growth (Base 100 = 2020)**




Source: Scope Ratings' Macroeconomic Board

Inflation is to drop to 0.8% in 2025 and stabilise around 1.5% in 2026

High inflation can negatively affect SMEs' and private individuals' ability to repay their debt. Like in other euro area countries, France saw inflation peak at 5.9% in 2022 with a decrease to 5.7% in 2023 and to 2.3% in 2024. We expect inflation in France to drop to 0.8% in 2025 and stabilise at 1.5% in 2026. The stabilisation of inflation together with decreased credit costs from decreasing interest rates can remove income pressure on borrowers and improve their ability to refinance.

### 2.3 French SME sector's key indicators

According to Banque de France's monthly French companies' financing report, the outstanding amount of financing to non-financial companies ('NFC') operating in France has increased to EUR 2,079.7bn in March 2025 from EUR 2,024.0bn in December 2022 (+2.75%). The financings are mainly in the form of bank loans (66.2%) with the rest in the form of debt securities.

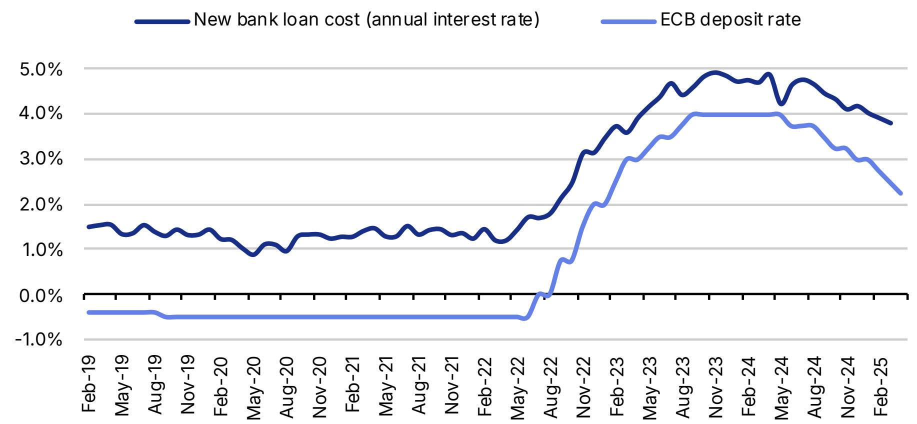
The real estate sector represents 40.5% of bank loans' outstanding amount

Bank loans are tilted towards the "real estate activities" sector which represents 40.5% of the outstanding EUR 1,376.0bn bank loans in March 2025 (up from 38.9% in December 2022). This is explained by the extensive use of the ad hoc legal structure of a non-trading real estate company ('société civile immobilière' or 'SCI') to benefit from advantageous tax conditions. Wholesale and retail trade together with the industrial sector (including manufacturing) are second and third largest at 13.2% and 11.9%, respectively (down from 13.8% and 12.6%, respectively, in December 2022).

The cost of bank loans decreased from its peak of 4.93% in November 2023, but tariffs uncertainty remains

The cost of bank loans to NFC decreased to 3.80% in March 2025 from its peak of 4.93% in November 2023, and still higher than its 3.54% level of December 2022, mirroring the decrease of ECB's deposit rate (Figure 4). While the French SME market has benefited from lower interest rates and the intense competition between credit providers, the recent tariffs imposed by the US may lead to a wait and see mode: stalling banks appetite to lend money together with a lower demand from SMEs for financing.

**Figure 4: Historical new bank loan cost and ECB deposit rate**

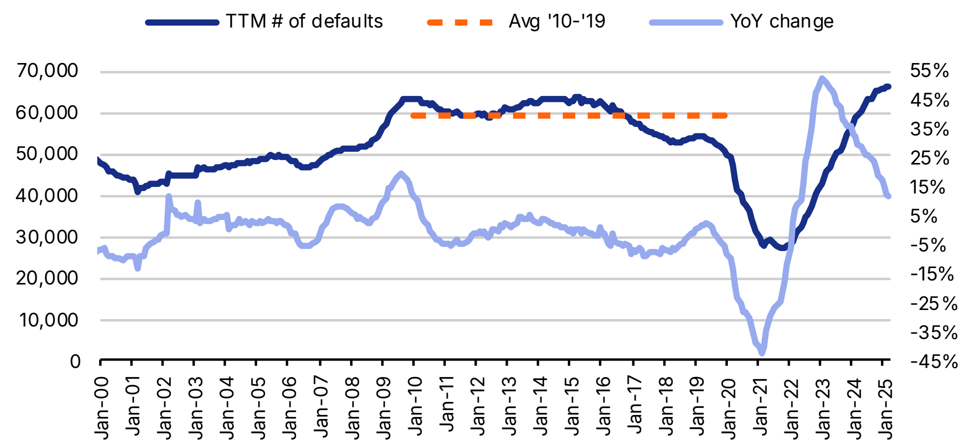



Source: Banque de France, ECB

At the end of March 2025, the total number of NFC bankruptcies over the last 12 months was 66,379, an increase of 11.8% from a year ago. This increase in the number of bankruptcies can be partly explained by a catch-up effect following the sharp slowdown seen during the Covid-19 period (2020-2021). The pace of the increase is nevertheless slowing down following a peak in early 2023 (Figure 5).

NFC bankruptcies remain elevated despite a sharp deceleration in recent months

**Figure 5: Trailing twelve months (TTM) number of NFC bankruptcies and year-on-year change**




Source: Banque de France

## 3. Originator, seller and servicer overview

We conducted an on-site operational review of BNP Paribas in March 2025. We consider BNPP's origination and servicing practices to be consistent with those observed among other French main lenders and based on sound foundations, benefiting from seasoned processes, experienced staff and a granular distribution network.

### 3.1 Business positioning

BNPP is amongst the main banks in France for SME financing

BNPP was officially founded in 2000 through the merger of Banque Nationale de Paris ('BNP') founded in 1966, but with roots dating back as far as 1848, and Banque de Paris et des Pays-Bas (Paribas) founded in 1872. It is one of Europe's largest banks and covers not only traditional commercial and personal banking activities (53.0% of revenues[1]) but also corporate and

[1] As of 2024

investment banking (35.5%), and insurance and wealth management services (11.5%). France is BNPP's domestic and historical market, but the bank operates in more than 65 countries globally. BNPP is currently rated AA- with a stable outlook by Scope Ratings.

BNPP's French commercial bank ('Banque Commerciale en France' or 'BCeF') supports individuals and small professionals qualified as 'retail', together with associations, entrepreneurs, small and medium enterprises, large corporates, and institutions qualified as 'corporate' and high-net worth individual clients ('private banking') across France, leveraging its network of branches and business centres.

The transaction only securitises loans from the retail segment and loans to small and medium enterprises from the corporate segment.

### 3.2 Origination and underwriting

Underwriting standards aligned with market practices and strong input from an independent risk review function

Loans are typically sourced through the branches of the bank. The loan origination process starts with the client's request and the business collecting the necessary documentation for the application. They are reviewed by the commercial department and the risk department, providing a 'four-eye' assessment. The data requested varies whether the client is a prospective client or an existing customer for more than six months. Furthermore, internal and external database assessments are carried out to analyse possible adverse information.

Certain applications, generally from existing customers contemplating loans lower than EUR 50,000, may be assessed solely via a scoring system to accelerate the process. Otherwise, a deeper analysis is carried out by the independent risk review function team before a decision can be reached. The analysis is used to assign a probability of default to the client and this links to a traffic light system for approval. A red light, high credit risk, is generally declined but the process may be escalated leading to the independent risk review function together with the business continuing the review of the lending decision, albeit at a higher level of credit authority.

The risk department also maintains continuous surveillance on the portfolio of loans granted and regularly update its models and scoring strategy. The scoring model was most recently updated in September 2024.

BNPP provided vintage default data from March 2017 until December 2024 relating to approximately EUR 78.8bn of originated loans (EUR 41.8bn of retail loans and EUR 37.0bn of corporate loans). We observed that the origination volume has experienced notable fluctuations during that period. From 2017 to 2019, it remained stable at around EUR 11.5bn per annum, consistent with the favourable economic conditions and supportive monetary policies albeit mitigated by increasing competition from new lenders and digital platforms. In 2020 and 2021, the origination volume decreased to around EUR 9.0bn as lockdowns, reduced business activity and economic uncertainty disrupted the market, while government support measures such as state-guaranteed loans were introduced. The rebound of late 2021, early 2022 (+26% compared to 2021) was short-lived as the sharp rise in interest rates resulted in a decline in new lending. In 2023, origination volume was down -19% from 2022 amid tighter credit conditions. The trend persisted in 2024 with origination volume almost unchanged from 2023.

Robust and strong origination and underwriting processes

We assess BNPP's origination and underwriting processes as robust and strong given the origination's key risks and mitigants, along with i) the seasoned, standard and established nature of the underwriting process, and ii) BNPP's strong track record and experience in securitisations.

### 3.3 Servicing and recovery

We deem BNPP's servicing and recovery process for non-performing borrowers adequate and in line with the high standards of the European banking sector. The servicer is proactive and diligent, relying on a solid process aiming at initiating recovery actions soon after a payment is missed or even earlier if the business believes it requires special attention.

Primary servicing including borrower contact and day-to-day management activity is carried out by the local business centre and cases are typically assigned to a business manager.

Servicing and early recovery processes oriented towards preserving the relationship with the customer

If a borrower's credit risk profile deteriorates (captured by an increasing probability of default), dedicated relationship managers based in the local business centre are assigned. They are more capable of managing worrying or doubtful files than the day-to-day business manager, and, if needed, can ask the support of the special situation team ('AS' or 'affaires spéciales'), a team of financial restructuring and workout specialists, independent from the business lines. AS is not only in charge of assisting and advising the business lines, but also of finding amicable solutions with the customers.

Recovery activities can be outsourced

If the credit risk profile deteriorates further, or if AS was not able to reach a restructuring agreement with the customer, the file is transferred to the recovery department. At this stage, the business lines close the banking relationship, and the various legal and administrative procedures are set in motion. Once in the recovery phase, the file may be outsourced to a third-party collection agent if it does not have a real estate loan or is deemed as a low stake by BNPP. According to BCeF, 66% of the files assisted by AS have been sent back to the business line and the remainder transferred to the recovery unit.

## 4. Portfolio characteristics

### 4.1 Key portfolio characteristics

The portfolio comprises secured and unsecured fixed-rate SME loans predominantly located in the Île-de-France region

The securitised portfolio is highly granular and, at cut-off date, consists of 80,213 borrowers for an outstanding balance of EUR 14.0bn. The borrowers are mainly located in the Ile-de-France region (27% of the current balance), Auvergne-Rhone-Alpes (13%), and Provence-Alpes-Cote d'Azur (9%). All loans pay a fixed rate with predominantly monthly instalments (90%). The portfolio features a weighted-average of 2.22% and has a weighted-average seasoning and remaining maturity of 3.3 years and 8.0 years, respectively.

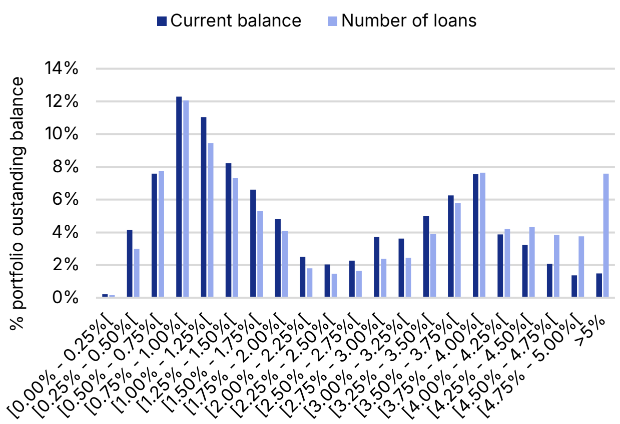
We summarise below the portfolio's main characteristics and stratifications as of the 31 May 2025 cut-off date. See Appendix 1 for more information.

**Figure 6: Portfolio overview as of cut-off date**

| Portfolio characteristics | Value |
|---|---|
| Outstanding balance (EURbn) | 14.0 |
| # loans | 119,836 |
| # borrowers | 80,213 |
| Average balance per borrower (EUR) | 116,826 |
| Weighted-average original term (years) | 11.4 |
| Weighted-average remaining term (years) | 8.0 |
| Weighted-average seasoning (years) | 3.3 |
| Weighted-average interest rate (%) | 2.22% |

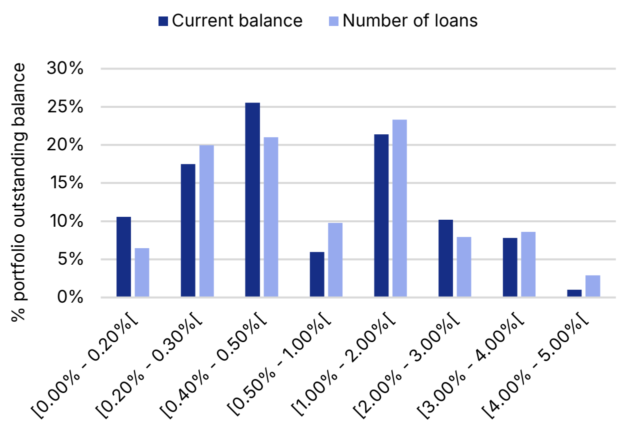
Source: Transaction's data tape

**Figure 7: Interest rate distribution**



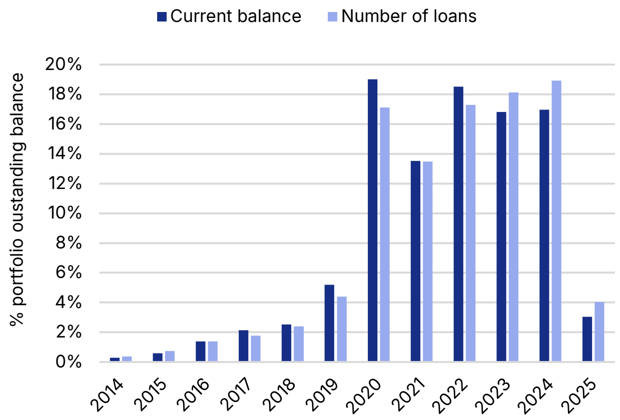

Source: Scope Ratings' data aggregation, transaction's data tape

**Figure 8: Annual probability of default distribution**



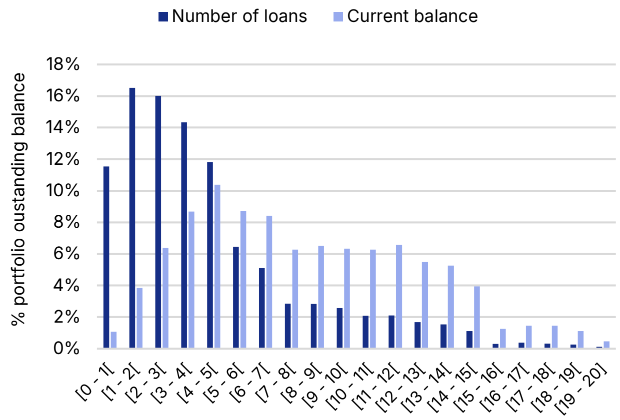

Source: Scope Ratings' data aggregation, transaction's data tape

**Figure 9: Origination period distribution**



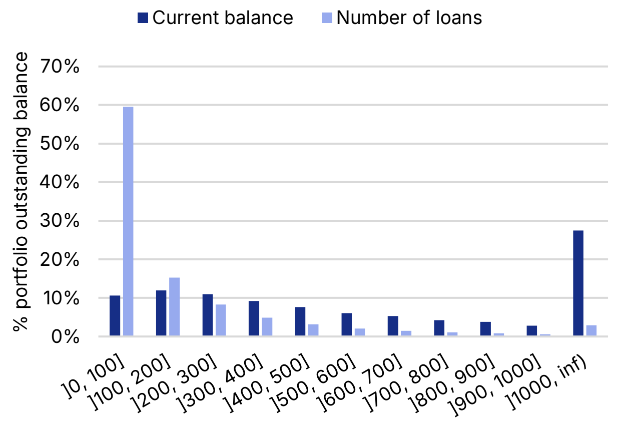

Source: Scope Ratings' data aggregation, transaction's data tape

**Figure 10: Remaining term distribution (in years)**



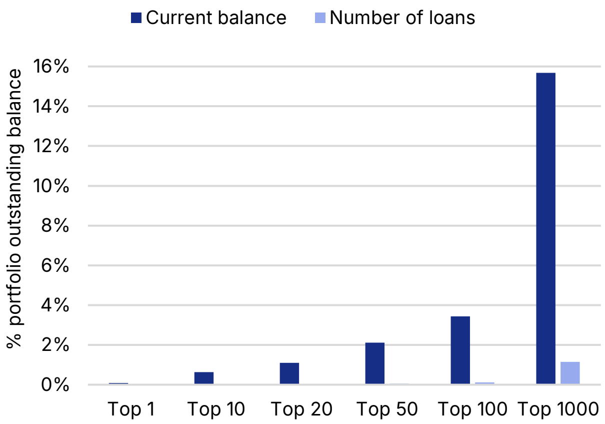

Source: Scope Ratings' data aggregation, transaction's data tape

**Figure 11: Obligor balance distribution (EURk)**



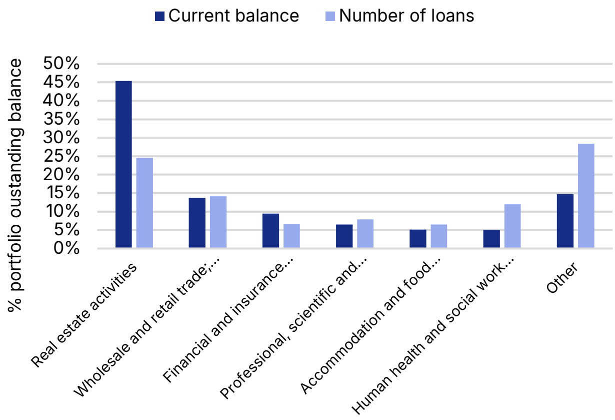

Source: Scope Ratings' data aggregation, transaction's data tape

**Figure 12: Obligor concentration**



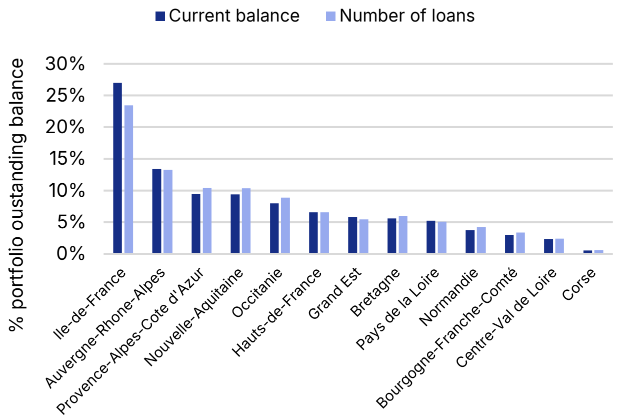

Source: Scope Ratings' data aggregation, transaction's data tape

**Figure 13: Sector breakdown (NACE)**




Source: Scope Ratings' data aggregation, transaction's data tape

**Figure 14: Geographic distribution**




Source: Scope Ratings' data aggregation, transaction's data tape

## 4.2 Eligibility criteria

The initial portfolio complied with the following eligibility criteria. During the revolving period, any further purchased loan has to comply with the same eligibility criteria as of the relevant purchase date.

**Figure 15: Eligibility criteria (simplified)**

| # | Eligibility criteria |
|---|---|
| 1 | Loans regulated by the French Law, not written-off, doubtful, subject to litigation, subject of any acceleration, or frozen |
| 2 | Granted to borrowers that are either a private company or a legal person, incorporated in Metropolitan France and Corsica, |
| 3 | Not granted to an affiliate of BNP Paribas |
| 4 | Annual probability of default of the borrower, as computed by BNP Paribas internal systems, does not exceed 5.0% |
| 5 | Borrower not subject to a judgement for its safeguard, accelerated or financial accelerated safeguard, bankruptcy, liquidation, and to the Seller's knowledge subject to conciliation proceedings or appointment of a receiver |
| 6 | Denominated and payable in euros |
| 7 | Fully disbursed |
| 8 | Fixed-rate loans with interest rate between 0.0% and 10.0% |
| 9 | No instalments in arrears |
| 10 | Residual maturity does not exceed 240 months |
| 11 | At least one instalment of principal has occurred |
| 12 | The loan is neither a securitisation position, a bond not a derivative instrument |
| 13 | Initial balance lower than EUR 10,000,000 |
| 14 | Not a state-guaranteed loan |

Source: Transaction documents

## 4.3 Portfolio criteria

The initial portfolio complied with the following portfolio criteria. During the revolving period, any further loan purchase is conditional to the portfolio criteria being and remaining satisfied on or following the addition.

**Figure 16: Portfolio criteria (simplified)**

| # | Portfolio criteria |
|---|---|
| 1 | Portfolio weighted average interest rate is not less than 1.75% |
| 2 | Portfolio weighted average annual probability of default, as determined by the seller, does not exceed 2.75% |
| 3 | Single borrower concentration does not exceed 0.45% of the total principal outstanding balance |
| 4 | Single borrower group concentration does not exceed 0.45% of the total principal outstanding balance |
| 5 | Top 10 borrower group concentration does not exceed 3.0% of the total principal outstanding balance |
| 6 | Top 25 borrower group concentration does not exceed 6.0% of the total principal outstanding balance |
| 7 | Portfolio weighted average remaining maturity does not exceed 9 years |
| 8 | The proportion of loans with monthly principal and interest instalment is not less than 80% of the outstanding balance |
| 9 | The proportion of loans for a given sector (NACE) does not exceed: 55% for real estate (C), and 20% for any other sector |

Source: Transaction documents

## 5. Portfolio modelling assumptions

**Figure 17: Portfolio modelling inputs for the expected portfolio post revolving period**

| Assumptions | Portfolio | Retail | Corporate |
|---|---|---|---|
| Portfolio weight | 100% | 89.6% | 10.4% |
| Mean lifetime default rate | 12.09% | 13.00% | 4.25% |
| Coefficient of variation | 30.2% | 29.5% | 45.25% |
| Base case recovery rate | 65.2% | 65.0% | 70.0% |
| AAA rating-conditional recovery rate | 39.1% | 39.0% | 42.0% |
| Time to recoveries on defaulted assets | 58% after month 12<br>21% after month 24<br>11% after month 36<br>10% after month 48 | | |
| Base case constant prepayment rate | 2.50% | | |
| Portfolio yield | 1.75% | | |
| Yield compression | 0.15% | 0.16% | 0.07% |
| Senior fees and expenses | 0.5% of non-defaulted pool balance and floored at EUR 200k p.a. | | |

Source: Scope Ratings

### 5.1 Post-revolving period portfolio characteristics

The initial portfolio's amortisation profile allows for the portfolio's characteristics to change significantly over the 30-month revolving period. This is nevertheless partially mitigated by eligibility criteria and concentration limits as detailed in the previous section. We do not expect significant regional or industry concentrations beyond these observed in the initial portfolio.

The revolving period will last 30 months, assuming no early amortisation events occurred. The below figure summarises the main events that can stop the revolving period and start the amortisation phase (either via normal or acceleration redemption). During an accelerated redemption period, the payment date switches from quarterly to monthly.

**Figure 18: Simplified amortisation events**

| Event | Condition |
|---|---|
| Normal redemption | a) Cumulative default rate is greater than 7.0% of the initial portfolio balance; or<br>b) Principal deficiency shortfall, after application of the priority of payments, exceeds 2.5% of the aggregate principal amount of the class A and B notes for two consecutive periods; or<br>c) The revolving period ended; or<br>d) A seller event of default has occurred due to a breach by the seller of its obligations, and the loss of its banking license amongst others; or<br>e) A servicer termination event has occurred due to a breach of the servicer of its obligation and the loss of its banking licence amongst other |
| Accelerated redemption | a) Non-timely payment of class A notes' interest; or<br>b) Fund liquidation event |

Source: Transaction documents

We analysed the transaction, accounting for possible credit risk deterioration and changes to portfolio characteristics during the revolving period, accounting for portfolio-level covenants and the excess spread available to provision for defaults.

We built our expectation of the portfolio following the revolving period by assuming: i) an increase of the retail loans' share to 89.6%; ii) a decrease of the corporate loans' share to 10.4%; and iii) a decrease of the portfolio's weighted average yield to 1.75%. The change in portfolio-segment weights reflects the assumed migration to the segment that we consider riskier following our analysis of default and recovery vintage data, together with prepayment assumptions. The assumed portfolio's interest rate is aligned with the minimum covenanted level.

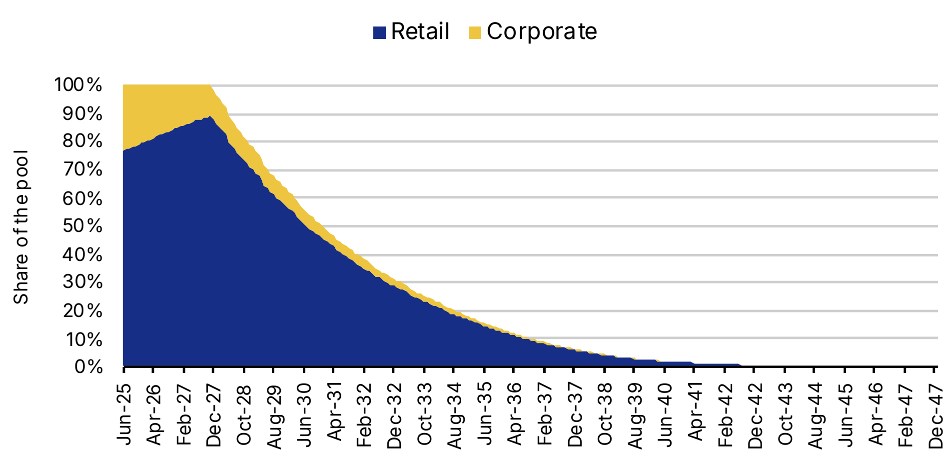
**Figure 19: Current and post-revolving period portfolio-segment weights**

| Segment | Portfolio at cut-off | Stress change | Post-revolving period portfolio |
|---|---|---|---|
| Retail | 76.8% | Increased to | 89.6% |
| Corporate | 23.2% | Reduced to | 10.4% |
| Total | 100.0% | | 100.0% |

Source: Scope Ratings, transaction's data tape

The below figure shows our assumption of portfolio-segment amortisation and the potential effect of the expected replenishments on segment concentrations.

**Figure 20: Portfolio breakdown evolution during and after the revolving period**




Source: Scope Ratings, transaction's data tape

### 5.2 Lifetime default rate distribution

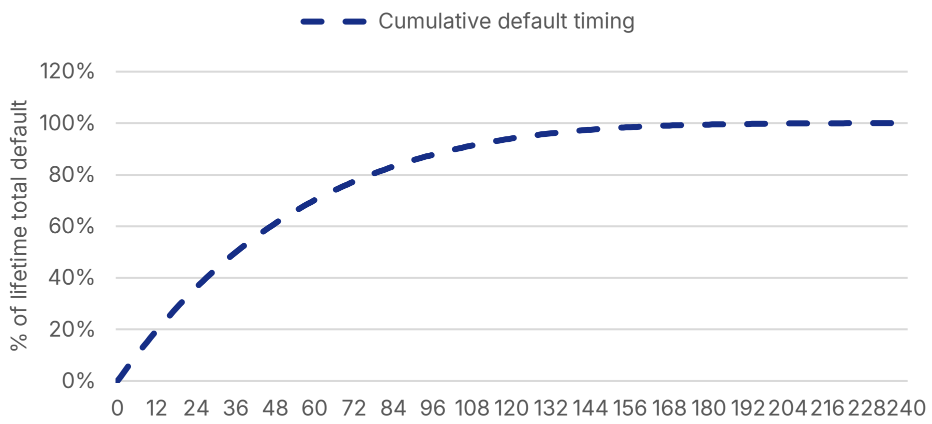
We considered the default vintage data provided by BNPP covering the period March 2017 to December 2024 - see Appendix 2 for further details. We also analysed the historical performance of comparable French SME ABS securitisations (including FCT Lafayette, FCT Bpifrance SME 2019-1 and FCT Bpifrance SME 2020-1).

We expect a mean lifetime default rate of 12.09%

We assumed that the portfolio's lifetime '90 days past due' default rate follows an inverse gaussian distribution with a mean rate of 12.09% and a coefficient of variation of 30.2%. This default rate considers the expected concentrations and individual default distributions of the two segments in the post-revolving portfolio. The potentially longer life of the post-revolving portfolio is also captured in our default rate assumptions for each segment, which reflect a risk horizon of nine years and no seasoning.

We have defined as base case a default timing scenario with a constant marginal default rate applied to the outstanding balance at each period, hence following the portfolio's scheduled amortisation.

**Figure 21: Normalised default timing**




Source: Scope Ratings

### 5.3 Recovery rate

BNPP provided recovery vintage data recovery covering the period June 2017 to December 2023 relating to approximately EUR 1.8bn of originated loans subject to foreclosure proceedings (EUR 1.4bn of retail loans and EUR 0.4bn of corporate loans). See Appendix 2 for further details.

We have analysed the recovery vintage data and derived recovery rate assumptions for the portfolio considering the data for each portfolio segment as well as performance of peer transactions. We have stressed our recovery assumptions by applying rating-conditional recovery haircuts.

**Figure 22: Rating-conditional recovery haircuts and portfolio recovery rates**

| Rating category | B | BBB | AAA |
|---|---|---|---|
| **Recovery haircut** | 0% | 16% | 40% |
| **Rating-conditional recovery rate** | 65.2% | 54.8% | 39.1% |

Source: Scope Ratings

We derived our recovery timing assumptions based on: i) the analysis we conducted on the vintage recovery data; and ii) our assessment of the servicer's capabilities. The table below summarises our assumptions.

**Figure 23: Recovery timing assumption**

| Year | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| Cumulative timing of recoveries | 58% | 21% | 11% | 10% |

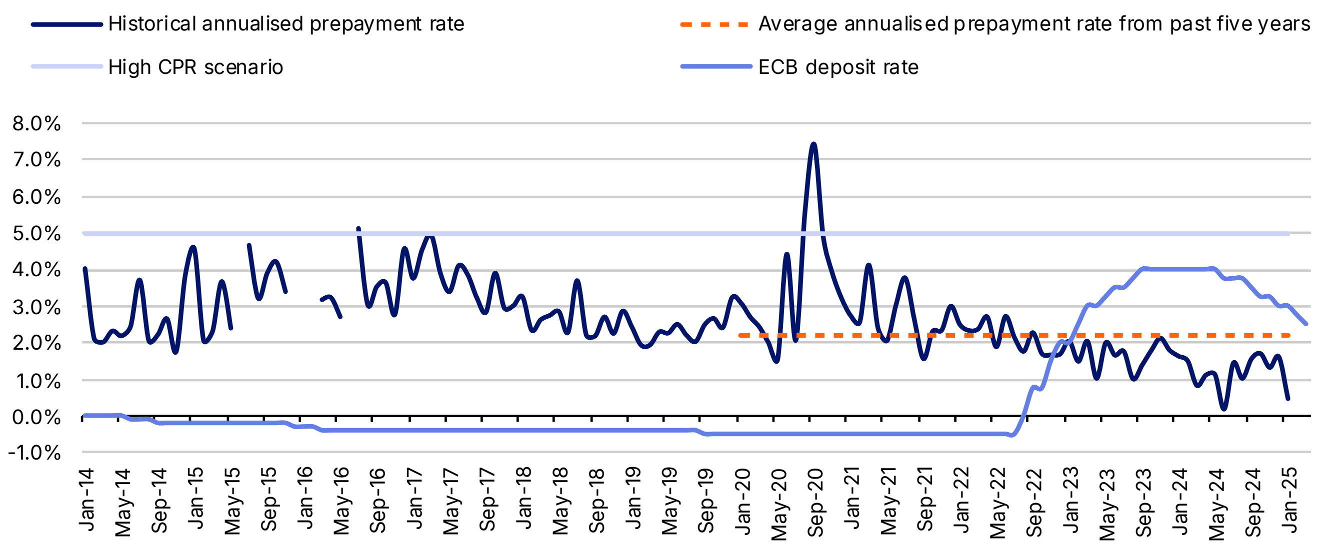
Source: Scope Ratings

### 5.4 Constant prepayment rate (CPR)

Prepayments are mostly driven by loan refinancing or equipment sale. We assumed a base case constant prepayment rate for the full duration of the transaction of 2.5%. We derived it from the analysis of the originator's historical prepayment data for the period January 2014 to January 2025, complemented with a peer analysis. We also tested the structure under two further CPR assumptions: 0% for the low prepayment scenario, and 5.0% for the high prepayment scenario.

We assumed a CPR of 2.5% based on originator's historical data and peer analysis

**Figure 24: Historical prepayment rates**




Source: BNP Paribas's dynamic prepayment data and Scope Ratings' data aggregation

### 5.5 Portfolio yield

Portfolio criteria require to maintain a minimum weighted-average interest rate of 1.75%. Our modelling of the transaction considers the minimum asset yield combined with a gradual yield compression of 15bps to capture prepayment or default of the highest yielding receivables.

## 6. Key structural features

### 6.1 Capital structure

The transaction features the rated class A notes, class B notes and residual units.

Proceeds from the class A and B notes were used to purchase the receivables. On a quarterly basis, class A notes pay a fixed rate of 0.05%, while class B notes are zero coupon and the residual units receive a variable return.

The notes will start to amortise when the revolving period ends. The principal amortisation is strictly sequential: the class B notes will not amortise until the class A notes are fully redeemed. All interests proceeds that are not needed to pay senior costs, class A notes' interest, top-up the liquidity reserve or cure any principal deficiency will be used to repay the class A notes' principal as the class B notes do not pay any interest.

### 6.2 Priority of payments

The structure features a split interest and principal priority of payments. Principal collections from assets can be used to pay timely senior costs, class A notes' interest and liquidity reserve minimum required amount. The interest priority of payments traps excess spread to cover principal losses due to defaults.

**Figure 25: Simplified available funds and priority of payments**

| | During revolving period and the normal redemption period | During the accelerated redemption period |
|---|---|---|
| | **Available funds:** interest proceed collections from the portfolio, liquidity reserve | **Available funds:** interest and principal proceeds including funds from liquidation of assets and liquidity reserve |
| 1 | On each monthly payment date, payment of servicer fees | On each IPD, payment of servicer fees |
| 2 | On each IPD, payment of fund operating expenses | On each IPD, payment of fund operating expenses |
| 3 | On each IPD, payment of the class A notes interest amounts | On each IPD, payment of the class A notes interest amounts |
| 4 | On each IPD, credit if required the liquidity reserve account up to the minimum required amount | On each IPD, redeem in full the class A notes |
| 5 | On each IPD, credit the principal account with the principal deficiency amount and principal deficiency shortfall (if any) | On each IPD, payment of the class B notes interest amounts |
| 6 | On each IPD, payment of the class B notes interest amounts | On each IPD, redeem in full the class B notes |
| 7 | On each monthly payment date, payment of any reasonable and duly documented fees and costs in connections with the operation of the fund | On each monthly payment date, payment of any reasonable and duly documented fees and costs in connections with the operation of the fund |
| 8 | On each IPD, payment of the liquidity reserve account excess amount to the seller | On each IPD, repayment of the liquidity reserve deposit amount to the seller |
| 9 | On each IPD, payment of any balance remaining to the class A notes, as additional class A notes principal amortization, until the class A notes have been redeemed in full | On the fund liquidation date, payment to the unitholders of the fund liquidation surplus |
| 10 | On each IPD, payment of any remaining balance remaining to the unitholders | |
| | **Available funds:** principal proceed collections from the portfolio and amounts to cover any principal deficiency | |
| 1 | On each IPD, if not paid in full payment on a sequential basis of items 1, 2, 3 and 4 of the interests priority of payments | |
| 2 | On each IPD during the revolving period, payment of the purchase price of the additional SME loan receivables | |
| 3 | i) On each IPD during the revolving period following the occurrence of an optional partial (or a mandatory) redemption event, amongst other events, payment on a pari passu basis of the optional (or mandatory) partial redemption amount to the class A noteholders<br>ii) On each IPD during the normal redemption period, payment of the normal class A principal payment until it has been redeemed in full | |
| 4 | On each IPD during the normal redemption period, payment of the class B principal payment until it has been redeemed in full | |

Source: Transaction documents

### 6.3 Liquidity reserve

A dedicated reserve provides adequate liquidity support for the rated notes

The issuer liquidity reserve was fully funded at closing date by BNPP. The initial reserve amount is EUR 56.0m corresponding to 0.5% of class A notes' initial principal balance. During the revolving and normal redemption periods, the liquidity reserve amount shall be at the higher of i) 0.5% of the class A notes' outstanding principal balance and ii) 0.3% of class A notes' initial principal balance. The liquidity reserve is therefore floored at EUR 33.6m.

The reserve provides liquidity for the timely payment of senior expenses and class A notes' interest during the revolving and normal redemption periods. Upon a servicer disruption event, we deem the reserve to provide adequate liquidity support for the class A notes.

The liquidity reserve provides credit enhancement to the notes, as during the accelerated redemption period, its balance is transferred to the available funds to be allocated pursuant to the accelerated redemption priority of payments.

### 6.4 Interest rate risk

The transaction is not exposed to interest rate risk at closing

The transaction is not exposed to interest rate risk at closing: the SME loan receivables and notes pay a fixed interest rate.

During the revolving period, available cash may be invested in short dated French Treasury bonds or debt securities which may be floating interest rate and that are not hedged. The maturity of these investments is limited to a month or shorter.

### 6.5 Default and delinquent definitions

Prudent receivable default and delinquency definitions

The transaction establishes prudent definitions of default and delinquency, which allow to make efficient use of available excess spread. The definitions match the originator's practices and allow the timely management of asset credit events.

The transaction defines defaults as contracts that are terminated, because the delinquent period exceeds 90 days or earlier in case the borrower has become subject to any judgement (safeguard, bankruptcies or liquidation, amongst other). Delinquent assets are non-defaulted assets for which an amount of at least one instalment is overdue for more than 30 calendar days.

### 6.6 Revolving and amortisation periods

The transaction features an initial revolving period that could last up to two and a half years. During the revolving period, no principal is distributed to the noteholders. Instead, available principal funds are used to acquire new assets, up to the target replenishment amount.

Collateral underperformance will trigger a transaction deleveraging

The structure defines several performance triggers that would stop the revolving period if they are met. Furthermore, the transaction may deleverage (following the normal redemption's priority of payments) if the share of securitised assets which are not in the form of SME loan receivables exceeds certain thresholds. Figure 22 summarises the main events that can stop the revolving period or trigger a partial redemption of the notes.

Two months before the scheduled end of the revolving period, the issuer can request an extension of up to 2.5 years of the revolving period. The request's approval is subject to certain conditions, including noteholders' and unitholders' consent.

**Figure 26: Simplified redemption events**

| Event | Condition |
|---|---|
| Normal redemption | a) Cumulative default rate is greater than 6.0% of the initial portfolio balance; or<br>b) Principal deficiency shortfall, after application of the priority of payments, exceeds 2.5% of the aggregate principal amount of the class A and B notes for two consecutive periods; or<br>c) The revolving period ended; or<br>d) A seller event of default has occurred due to a breach by the seller of its obligations, and the loss of its banking license amongst others; or<br>e) A servicer termination event has occurred due to a breach of the servicer of its obligation and the loss of its banking licence amongst other |
| Accelerated redemption | a) Non-timely payment of class A notes' interest; or<br>b) Fund liquidation event |
| Optional partial redemption | The ratio of the performing SME loans and the notes' principal amount outstanding is less than 97.5% but greater than 80% |
| Mandatory partial redemption | The ratio of the performing SME loan and the notes' principal amount outstanding is less than 80%, or is less than 85% for more than four quarters |

Source: Transaction documents

### 6.7 Issuer accounts

The issuer holds all its accounts with BNP Paribas S.A. acting through its Securities Services business. The issuer accounts include: i) the general account, ii) the principal account, iii) the interest account, iv) the liquidity reserve account, v) the commingling reserve account, and v) the set-off reserve account.

## 7. Rating sensitivity

The rated notes show limited sensitivity to changes in the default and recovery assumptions

We have tested for deviations in the main input parameters: i) the mean default rate; and ii) the base case recovery rate. This analysis has the sole purpose of illustrating the sensitivity of the rating to input assumptions and is not indicative of expected or likely scenarios. For class A notes, the following shows how the results change compared to the assigned credit rating in the event of:

- 50% increase in the mean lifetime default rate: minus one notch; and
- 50% decrease in the recovery rate: zero notches

## 8. Sovereign risk

Sovereign risk does not limit class A notes' rating

Sovereign risk does not limit the class A notes' rating. The risks of an institutional framework meltdown or legal insecurity are immaterial for the rating.
For more insight into our fundamental analysis of French economy, see our press release dated 4 April 2025 ('Scope has completed a monitoring review for the French Republic').

## 9. Counterparty risk

Counterparty risk does not constrain class A notes' rating.

The transaction's counterparty risk does not constrain the class A notes' rating. While BNP Paribas is the dominant counterparty, its high credit quality, combined with the downgrade and replacement mechanisms support the class A notes' rating. The counterparty roles performed by the servicer and the issuer account bank are considered material before assessing the available mitigants. The transaction's downgrade and replacement language together with the current high credit quality of BNPP do not constrain the rating. BNP Paribas is currently rated AA- by Scope, see our press release dated 13 December 2024 (Scope affirms and publishes BNP Paribas' AA- issuer rating with Stable outlook).

### 9.1 Commingling risk

Commingling risk is effectively mitigated

The transaction benefits from the following commingling risk mitigants: i) the servicer's credit quality; ii) monthly sweeps from the general account into the principal or interest accounts; iii) a commingling deposit reserve available to the issuer upon a downgrade of the servicer below BBB.

As soon as possible and upon a servicer termination event, an authorised substitute servicer has to be appointed, and the borrowers shall be notified of the assignment, sale, and transfer of the receivables within three weeks from date of the notification by the servicer of the occurrence of a servicer termination event. Such notification also includes the instruction to transfer payments directly to the issuer's general account.

A commingling reserve will be available to the issuer following the downgrade of BNPP below the minimum rating of BBB, to provide protection in respect of the risk of commingling and loss of collections should an insolvency event occur in respect of BNP Paribas. The reserve will be equal to 4.5% of the principal amount outstanding of the class A and class B notes. If any interest or principal collection received by the servicer is not transferred into the issuer's general account following a servicer's insolvency event, France Titrisation is then entitled to set-off the issuer's claim towards the servicer under the commingling reserve against such amount.

### 9.2 Set-off risk from originator

Set-off risk is mitigated by a set-off risk deposit reserve

Borrowers may have multiple exposures to BNPP beyond the SME loan receivables which are subject of the securitisation, including deposits. Therefore, in case of BNPP's default, debtors could be released from honouring the creditor's claim up to the amount of the crossclaim. The originator commits, pursuant to the warranty and indemnity agreement, to indemnify the issuer for any loss relating to the exercise of the set-off right by borrowers. This provision, however, does not fully mitigate the set-off risk.

Residual set-off risk is mitigated by a set-off deposit reserve available to the issuer following a downgrade of BNPP below the minimum rating of BBB. The reserve will be equal to the lower of: i) the amount exceeding EUR 100,000 of the deposits made by the borrowers; and ii) the outstanding amount of their receivables. If any right of set-off is exercised by the debtor following the occurrence of a seller event of default, France Titrisation is entitled to set off the claim of the seller for repayment under the set-off reserve deposit against the amount not collected or recovered.

## 10. Legal and tax analysis

### 10.1 Legal framework

The issuer is a bankruptcy-remote entity

The transaction represents a true sale of French SME receivables to a French securitisation fund ('Fonds Commun de Titrisation' or 'FCT') established by the management company (France Titrisation) and incorporated in France. The transaction is governed by a single French law regime. Receivables are originated and transferred to the issuer under French law. The conditions of the notes and of the residual units, the bank account agreement, transfer, servicing and warranty and indemnity agreements, together with the security deed are governed by French law.

Pursuant to article L. 214-175-III of the French Monetary and Financial Code, the provisions of Book VI of the French Commercial Code (which governs insolvency proceedings in France) are not applicable to the issuer. This issuer is therefore a bankruptcy-remote vehicle (the FCT does not have a legal personality). The management company acts in the name of and on behalf of the issuer.

Pursuant to article L. 214-169-V of the French Monetary and Financial Code, the transfer of the receivables and their ancillary rights shall be made by way of a 'master receivables transfer agreement' ('acte de cession') that satisfies the requirements of article L. 214-169-IV and article D.214-227 of the French Monetary and Financial Code. This is a standard process for the sale of the loans.

### 10.2 Use of legal and tax opinions

Issuer ongoing tax costs are considered immaterial and covered under our senior costs assumptions

We reviewed the French legal opinions produced by a reputable law firm with experience in French securitisations. These provide comfort on the issuer's legal structure and support our general legal analytical assumptions.

The issuer has the authority to enter into transaction documents, exercise and perform its obligations, and to issue notes. The issuer's obligations under a French court would be recognised as legal, valid and binding in accordance with the transaction documents. Transaction documents governed by the French law would be recognised by the French courts.

We consider the effect of taxes in the transaction immaterial and captured within our modelling assumption for senior fees and expenses.

## 11. Monitoring

Scope analysts are available to discuss all the details surrounding the rating analysis

We will monitor this transaction based on performance and investor reports, as well as other available information. The ratings will be monitored continuously and reviewed at least once a year, or earlier if warranted by events.

Scope analysts are available to discuss all the details regarding the rating analysis, the risks to which this transaction is exposed and the ongoing monitoring of the transaction.

## 12. Applied methodology and data adequacy

We consider the information and data provided to us complete, sufficient and satisfactory

We analysed this transaction using our SME ABS Rating Methodology dated May 2025, our General Structured Finance Rating Methodology dated February 2025, and our Counterparty Risk Methodology dated July 2024. All are available on our website, scoperatings.com.

BNPP provided us with granular performance data regarding its recovery, default, arrears, prepayment rates, covering period of several years. We also received information on historical renegotiations and a detailed line-by-line portfolio data tape with cut-off date 31 May 2025.

## Appendix 1. Main portfolio characteristics and benchmarking

The below table shows the portfolio characteristics as of the cut-off date of 31 May 2025, together with data of comparable French SME loan securitisations (at their respective closing date).

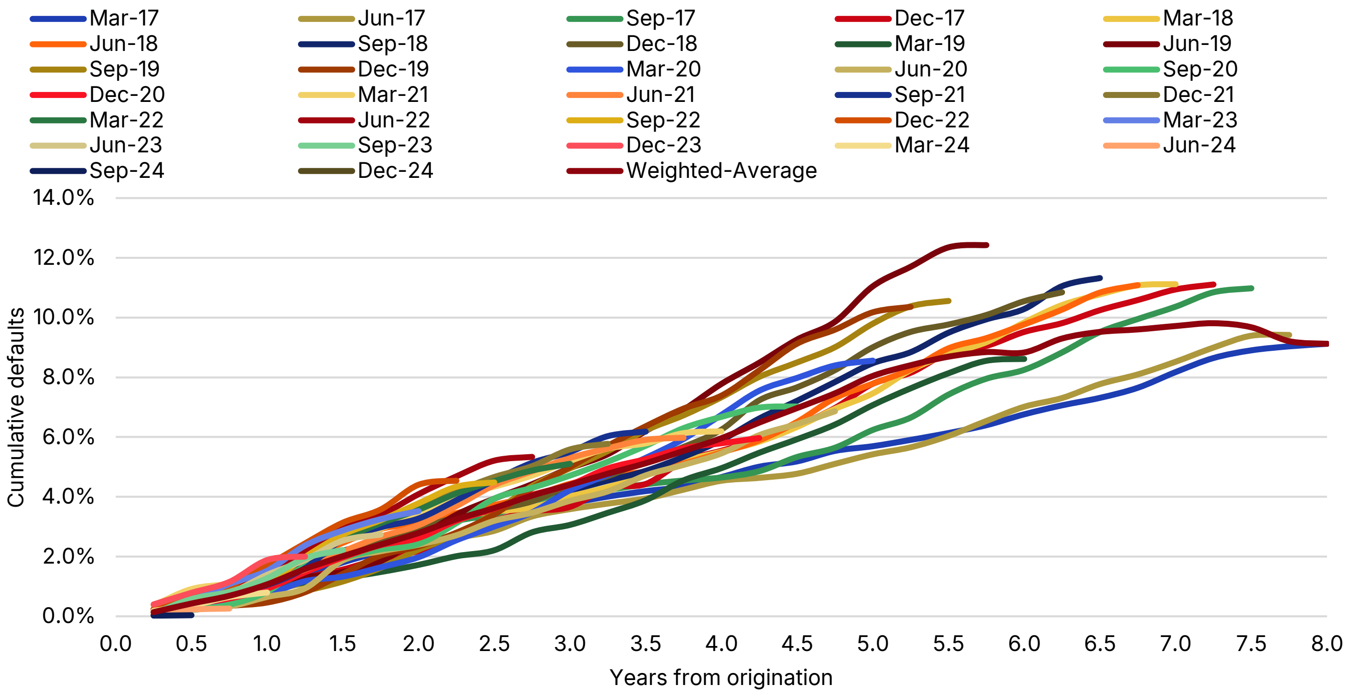
| Key Features | FCT Capucines 2025 | FCT Lafayette 2021 | FCT Bpifrance SME 2020-1 | FCT Bpifrance SME 2019-1 |
|---|---|---|---|---|
| **Number of mortgage loans** | 119,836 | 20,633 | 3,768 | 4,243 |
| **Number of borrowers** | 80,213 | 13,610 | 3,025 | 2,180 |
| **Aggregate outstanding principal (EURm)** | 14,000 | 2,000 | 2,002 | 2,000 |
| **Average outstanding loan principal (EUR)** | 116,826 | 96,933 | 531,395 | 471,661 |
| **Weight-average ('WA') seasoning (y)** | 3.3 | 3.3 | 2.8 | 2.6 |
| **WA residual maturity (y)** | 8.0 | 7.4 | 4.3 | 10.7 |
| **Interest rate type (fixed, floating)** | 100% / - | 100% / - | 100% / - | 97% / 3% |
| **WA spread, floating rate loans** | - | - | - | 1.5% |
| **WA interest rate, fixed rate loans** | 2.2% | 1.5% | 2.1% | 1.9% |
| **Payment frequency (1m/3m/6m/12m)** | 90%/3%/0%/7% | 88%/5%/0%/6% | -/100%/-/- | 38%/62%/-/- |
| **Borrower geographical area (Top 1/5/10)** | 27%/67%/94% | 30%/68%/93% | 26%/58%/77% | 19%/56%/75% |
| **Borrower economic activity (Top1/5/10)** | 45%/80%/96% | 30%/81%/96% | 18%/54%/78% | 27%/72%/88% |

Source: Scope Ratings, transaction's data tape, transactions documents, investor reports

## Appendix 2. Vintage data provided by BNPP

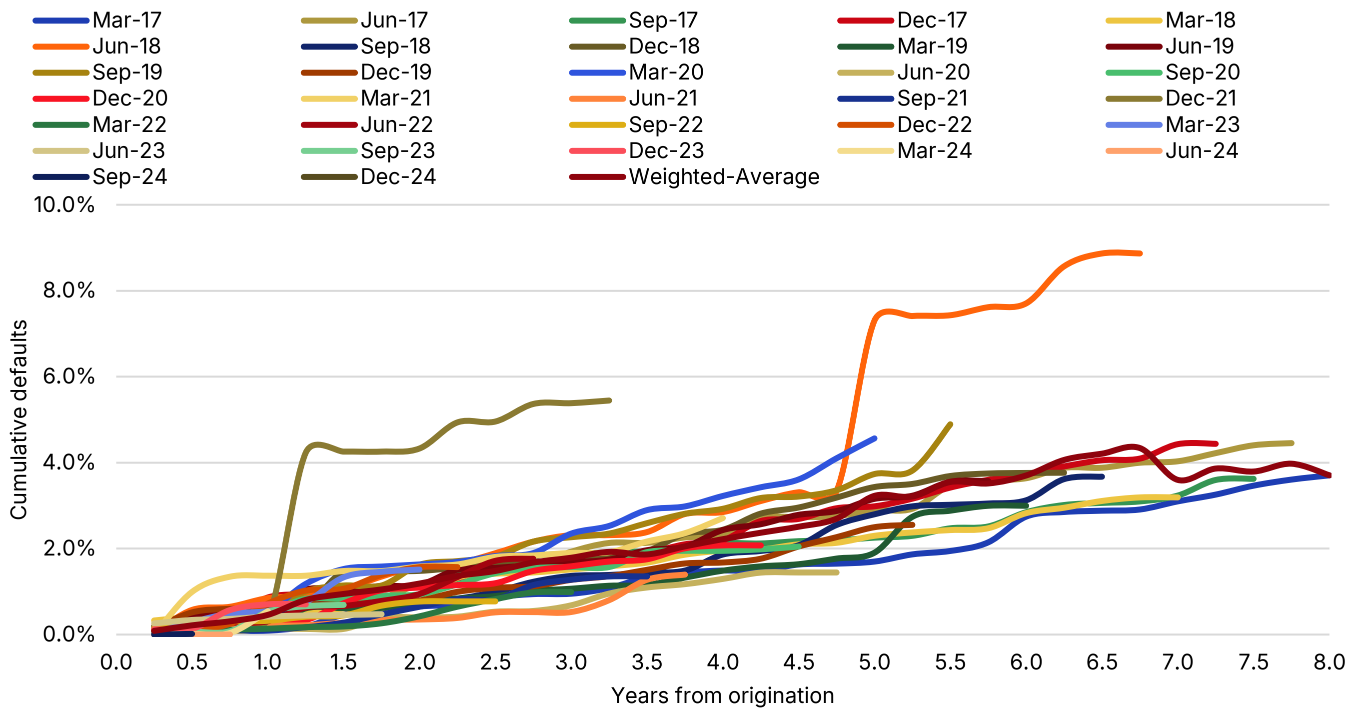
BNPP provided vintage default data for the period March 2017 to December 2024, and vintage recovery data for the period March 2017 to December 2023, which we present below. We deemed the vintage data to be granular and representative of the securitised portfolio.

**Figure 27: Retail segment's default vintage data**



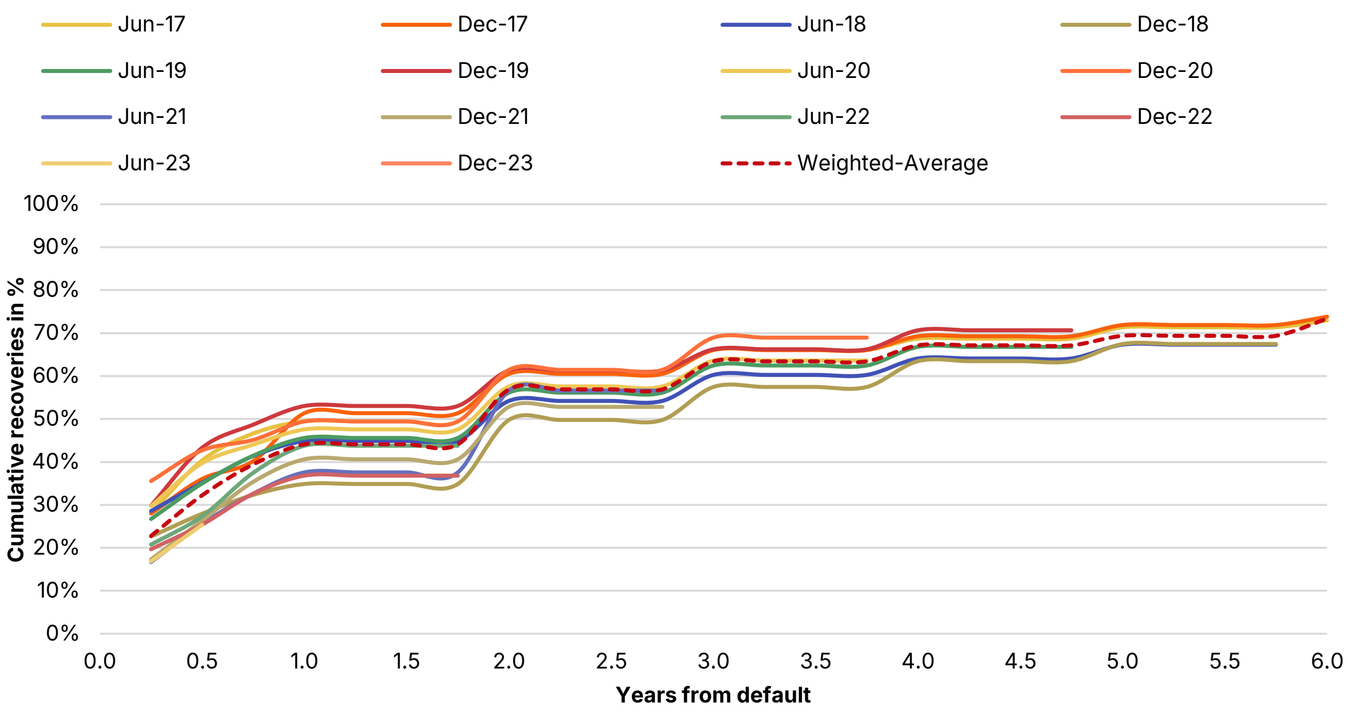

Source: Scope Ratings, BNP Paribas' vintage data

**Figure 28: Corporate segment's default vintage data**



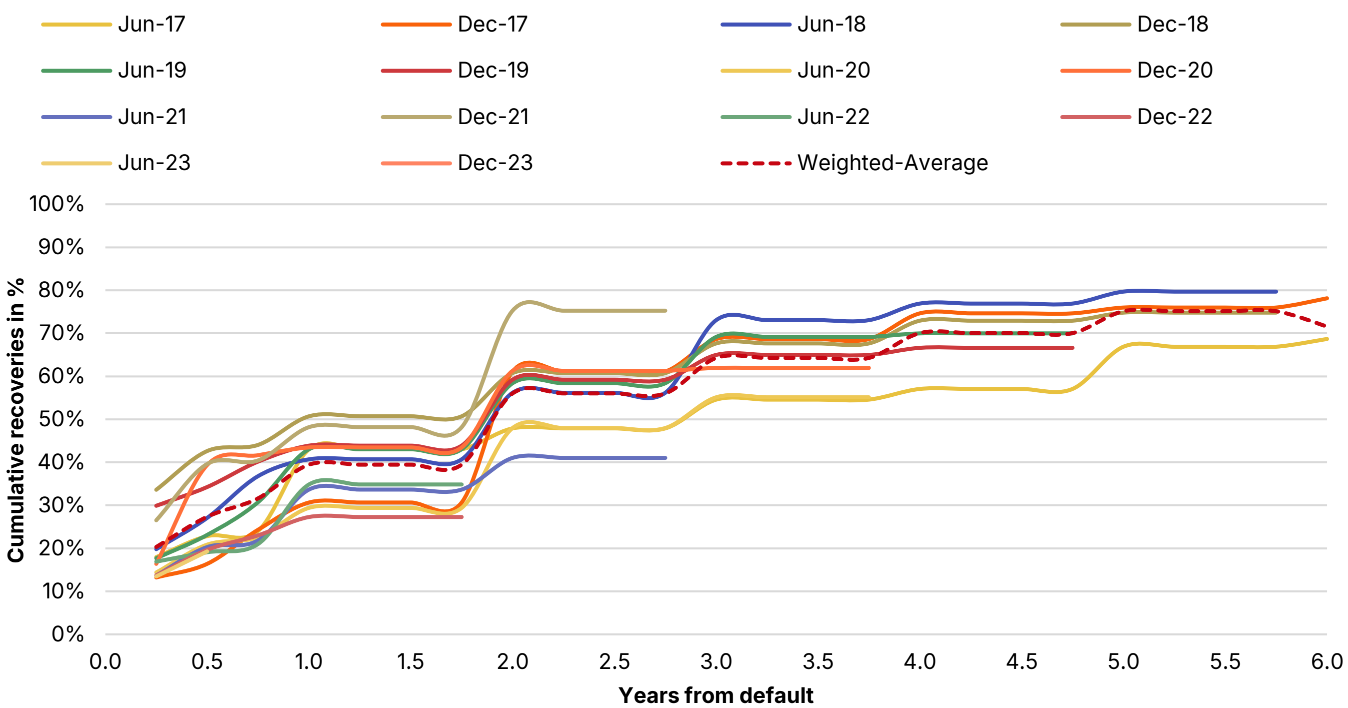
Source: Scope Ratings, BNP Paribas' vintage data

**Figure 29: Retail segment's recovery vintage data**




Source: Scope Ratings, BNP Paribas' vintage data

**Figure 30: Corporate segment's recovery vintage data**




Source: Scope Ratings, BNP Paribas' vintage data

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## Applied methodologies

SME ABS Rating Methodology, May 2025

General Structured Finance Rating Methodology, February 2025

Counterparty Risk Methodology, July 2024


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