Buonconsiglio 3 S.r.l.
Italian Non-Performing Loan ABS

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV	Coupon	Final maturity
Class A	BBB_{SF}	154.0	85.8	22.7	6m Euribor + 0.5%	Jan 2041
Class B	NR	21.0	11.7	3.1	6m Euribor + 9.5%	Jan 2041
Class J	NR	4.5	2.6	0.7	6m Euribor + 15%+ variable return	Jan 2041
Total		184.5				

Scope's quantitative analysis is based on the portfolio provided by the originators. 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 SF Rating Definitions.

Transaction details

Transaction type	Static cash securitisation
Asset class	Non-performing loans ('NPLs')
Issue date	14 December 2020
Issuer	Buonconsiglio 3 S.r.l.
Originators and sellers	38 banks (see Appendix I)
Master servicer	Zenith Service S.p.A.
Special servicer	Guber Banca S.p.A. (Guber)
Gross-book value ('GBV')	EUR 679m
Cut-off date	31 July 2020
Transfer date	01 December 2020
Key portfolio characteristics	The securitised pool is composed of senior secured (65.5%), unsecured (30.5%) and junior secured loans (4.0%). Borrowers are mainly corporates (73.5%). Secured loans are backed by residential and non-residential properties (35.5% and 64.5% of the total first-lien property value, respectively) that are concentrated in the north (64.7%) and in the centre of Italy (21.7%). The issuer is entitled to all portfolio collections received since the portfolio cut-off date.
Payment frequency	Semi-annual (January and July)
Key structural features	The notes have been structured in accordance with requirements of the GACS scheme. The transaction structure comprises three tranches of sequentially amortising notes, an amortising liquidity reserve equal to 4.0% of the class A outstanding balance, and an interest rate cap spread agreement on the class A notes.
Arrangers	Intesa Sanpaolo S.p.A. and Centrale Credit Solutions S.r.l.
Hedging provider	Banco Santander S.A.
Other key counterparties	BNP Paribas Securities Services, Milan Branch (agent bank, account bank, cash manager and principal paying agent) Zenith Service S.p.A. (corporate servicer, calculation agent, noteholders' representative and monitoring agent) Guber Banca S.p.A. (master back-up servicer)

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Related Research

Italian NPL ABS: October collections show weaker than expected recovery (December 2020)

68% of Italian NPL securitisations set to underperform by Q1 2021 (December 2020)

New lockdown will trigger a plunge in Italian NPL ABS collections (November 2020)

Italian NPL ABS collections monthly: seasonality effect causes plunge in volumes (October 2020)

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Rating rationale (summary)

The ratings are primarily driven by the expected recovery amounts and timing of collections from the NPL portfolio. The recovery amounts and timing assumptions consider the portfolio's characteristics as well as Scope's economic outlook for Italy and its assessment of the special servicer's capabilities. The ratings are supported by the structural protection provided to the notes, the absence of equity leakage provisions, the liquidity protection, and the interest rate hedging agreement. The ratings also address exposures to the key transaction counterparties.

We performed specific analyses to determine recoveries, using different approaches for secured and unsecured exposures. For senior secured exposures, collections were mainly derived from the most recent property appraisal values, which were stressed to account for: appraisal type, liquidity, and market value risks. Recovery timing assumptions were derived using line-by-line asset information detailing the type of legal proceeding, the respective court responsible for the proceeding, and the legal stage of the proceeding as of the portfolio transfer date. For unsecured and junior secured exposures, we used market-wide historical line-by-line data on defaulted loans between 2000 and 2019, also considering the special servicer's capabilities along with servicer-specific historical data. The analysis also accounted for the current macro-economic environment and our forward-looking view on relevant macro-economic expectations.

Rating drivers and mitigants

Positive rating drivers

Collateral concentrated in northern regions. 64.7% of total properties' value is in the north of Italy, which typically benefits from shorter and more efficient court procedures than southern regions.

Recent appraisals. 89.5% of appraisals were conducted between 2019 and 2020, meaning asset values are likely to reflect liquidity risks and price fluctuations currently present in the Italian real estate market**.**

Large share of drive-by appraisals. Most of the portfolio's collateral appraisals are drive-by appraisals (58.1%), which are generally more accurate than desktop or CTU appraisals.

Negative rating drivers and mitigants

Higher than average share of land and commercial properties. Land represents 17.3% of the portfolio's total property value, which is higher than peer transactions. Sale price volatility for land is higher than most other property types. The share of commercial properties (27.8% of total property value) is also higher compared to peer transactions. In addition, around 68% of these properties (in terms of property value) were appraised before the Covid-19 outbreak, and may be subject to high price volatility, as the appraisal does not inherently capture negative implications due to the pandemic**.**

Material portion of legal proceedings in initial stages. Scope expects a weighted average life of 7.2 years, which is long compared to peer transactions rated by Scope. Around 52.6% of the secured loans are in the initial legal phase or are yet to have proceedings initiated. This results in a longer expected time for collections than for portfolios with loans in more advanced phases.

Hedging structure. A cap spread hedging structure partially mitigates class A notes' interest rate risk. However, the cap spread reference notional balance is lower than Scope's expected class A amortisation profile for around half of the class A notes' expected life.

Upside rating-change drivers

Servicer outperformance on recovery timing. The pandemic led to a slowdown of the courts' activity. An outperformance on recovery timing could occur if courts advance on legal proceedings backlogs faster than expected.

Downside rating-change drivers

Long lasting pandemic crisis. Recovery rates are generally highly dependent on the macroeconomic environment Our baseline scenario foresees a 9.6% gross domestic product contraction in 2020 before rebounding with growth of 5.6% in 2021. If the current crisis will last beyond our baseline scenario, borrowers' affordability and real estate market liquidity conditions could deteriorate, reducing servicer performance on collection volumes. This could negatively impact the rating.

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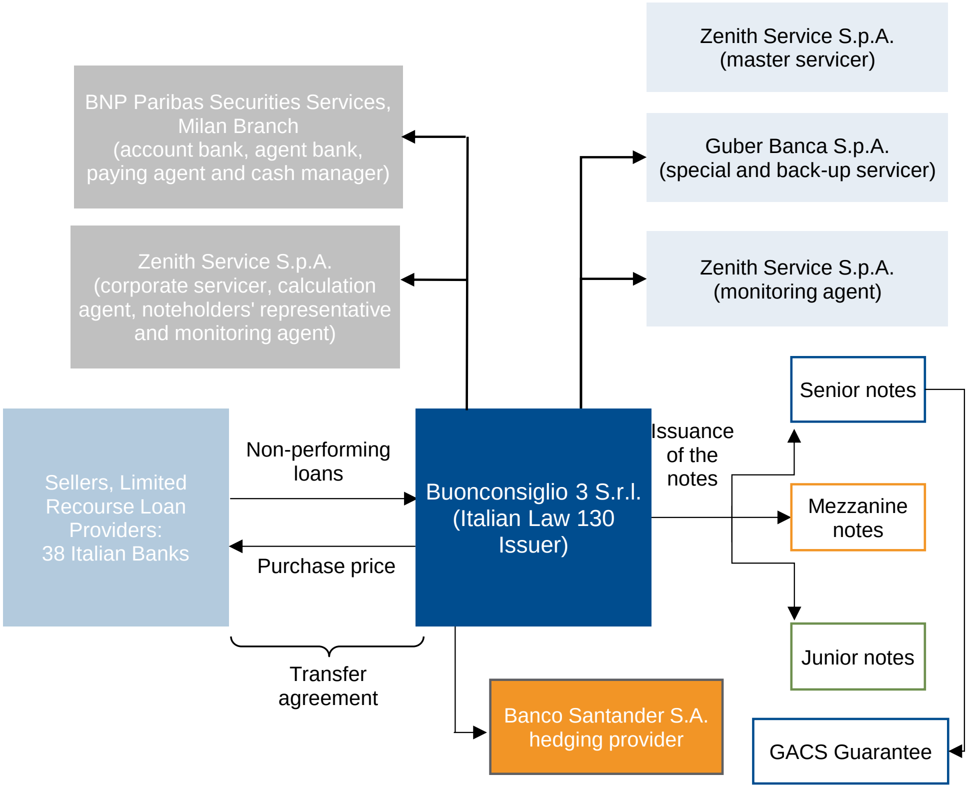
1. Transaction diagram

Figure 1: Transaction diagram



Sources : transaction documents, Scope Ratings.

2. Macroeconomic environment

Low economic growth poses significant challenges to NPL recovery expectations

The current significant cyclical downturn and low nominal growth expectations pose challenges for secured and unsecured NPL portfolio recoveries, as weak macroeconomic conditions may curtail demand for real estate assets as well as for workout options on unsecured business and personal loans.

Supported by growth-enhancing fiscal stimulus to address the economic and public-health consequences of this crisis, alongside accommodative borrowing and investment conditions anchored by the extraordinary interventions of the ECB, our estimate of the Italian economy's medium-run growth potential is a weak 0.7%, which compares with pre-crisis output growth that averaged 0.2% over 2010-19.

The ECB's monetary policy response and the EU Recovery Fund of EUR 750bn over 2021-26 have anchored Italy's access to capital markets at record-low rates and enabled a significant fiscal response by the Italian government to the current crisis. In 2020, Italian authorities executed meaningful budget stimulus of around 6% of GDP. The government's latest budgetary plans contained in the Documento di Economia e Finanza envisage discretionary measures in 2021 amounting to a fiscal expansion of 1.4% of GDP, including monies for southern Italian regions and support for businesses.

We expect GDP growth to rebound to 5.6% in 2021 after contracting by 9.6% in 2020

Under our baseline scenario, we foresee the Italian economy contracting by 9.6% in 2020 but rebounding with growth of 5.6% in 2021. This scenario assumes a firmer foothold for the recovery by the spring of 2021 after an easing of the anticipated double-dip contraction in Q4 amid a gradual re-opening of the economy. Even so, recovery in 2021 will remain uneven and subject to setbacks in the short term.

There are both upside and downside risks to these baseline projections for 2021. Under a stressed scenario of a full renewed lockdown by Q1 2021, we estimate a further contraction of GDP next year of 0.7%.

In addition, the prolonged crisis and loss of investment may have attenuated Italy's growth potential. Longer-term plans for reform face challenges, moreover, including from policy implementation and structural increases in public debt ratios – which restrict available fiscal space.

Italy's public debt ratio has steadily increased across multiple business cycles, from 104% of GDP at end-2001, to 135% by end-2019 and around 160% in 2020 under our baseline expectations. As we move ahead in this decade, additional shocks with potential adverse impacts on debt trajectory remain likely.

3. Special servicer review

3.1. Introduction

We conducted an operational review of the special servicer, Guber Banca S.p.A.. In Scope's view, the special servicer's capabilities and processes to manage the securitised portfolio are adequate.

Portfolio recovery assumptions factor in our assessment of the special servicer's capabilities

Our assessment of the special servicer's capabilities addresses, among other aspects, its: corporate structure, business processes, collateral valuation procedures, servicing IT systems, business continuity risks and transaction-specific elements, such as portfolio onboarding, asset manager allocation and asset disposal strategies (i.e., business plan). This assessment was considered when deriving our recovery rate and recovery timing assumptions for both unsecured and secured positions.

In addition, we conducted a virtual property tour on a small sample of properties from the securitised portfolio. This contributed to our assessment of collateral appraisals and secured recovery expectations, primarily reflected through our haircuts based on property-type and valuation method.

3.2. Corporate overview

Guber Banca S.p.A. has a long track-record in the debt collection sector, given its +27y of experience

Founded in 1991, Guber is a non-captive independent special servicer operating in Italy, with around EUR 9bn of assets under management (by gross book value) and 180 employees. Since 2017, it has been partially owned by US-based private equity firm Värde Partners, which acquired about 33% stake in the group to develop its Italian credit collection platform.

Guber has expanded its business activity in recent years, notably obtaining a banking license in 2018 from Bank of Italy to operate also as a master servicer.

3.3. Servicing model

Guber is a specialised servicer, managing both proprietary and third-party portfolios, active in both NPLs and unlikely-to-pay loans segments. Additionally, it also offers due diligence and advisory services on NPL portfolios, together with valuation services.

Claims are assigned to a loan manager based on different elements, such as the type of credit, loan manager's expertise, and loan manager/law firm court coverage.

The special servicer has a proprietary real estate department ("Guber Real Estate") which, in the context of this transaction, has also assessed the accuracy of some appraisals included in the securitized portfolio.

4. Portfolio characteristics

4.1. Representations and warranties

The securitised pool is comprised of secured and unsecured Italian NPLs originated by 38 banks, the majority of them belonging to the Cassa Centrale Banca Cooperative Banking Group (see 'Appendix I' for the complete list of originators). The representations and warranties on the receivables provided by the originators are generally aligned with those of peer transactions we rate, and include the following:

- All loans are denominated in euros and governed by Italian law.
- All receivables are valid for transfer without any limitations and free encumbrances and enforceable to the extent of their GBV.
- Borrowers have been reported by the originator as defaulted by the Credit Bureau of the Bank of Italy as of the transfer date.
- The information included in the data tape and subject to the asset pool audit procedure is truthful, complete, and accurate.
- All real estate assets secured by mortgages are existing and are located in Italy.
- Bankruptcy proceedings related to bankrupt debtors are ongoing as of the cut-off date date.
- As of the date on which financings were granted, all individual borrowers were resident in Italy.
- As of the transfer date, all corporate borrowers have their registered offices in Italy.
- As of the cut-off date, borrowers are not employees, managers, or directors of the originators.

4.2. Key portfolio stratifications

Figure 2 provides a high-level view of portfolio characteristics as of the cut-off date. Detailed loan-level portfolio stratifications are provided in Figures 3-12 and in Appendix II.

Figure 2: Portfolio summary

	All	Senior secured	Junior secured	Unsecured
Number of loans	6,520	1,568	213	4,739
Number of borrowers	3,671			
Gross book value (EUR m)	679.0	444.9	27.4	206.7
% of gross book value		65.5	4.0	30.5
Cash in court (% of GBV)	1.3			
Collections since cut-off date (% of GBV)	3.0			
Weighted average seasoning	4.0	3.7	4.4	4.2
Collateral values (EUR m)	685.2	545.2	140.0	

Sources: transaction data tape, Scope Ratings

We adjusted the pool's gross book value using information on collections and sold properties since the cut-off date. The analysis, which excluded loans we assumed to be closed, accounts for estimated cash-in-court amounting to EUR 8.6m relative to first-lien property value.

These adjustments reduced the portfolio's gross book value from EUR 679m to EUR 663m. Collections received since the cut-off date will be part of the issuer's available proceeds at the first payment date. We assumed cash-in-court would be received within three years after the closing date.

Our analysis is performed at the loan-level, considering all information provided to us in the context of the transaction as well as publicly available information. Loans are defined as ‘senior secured’ if they are guaranteed by first-lien mortgages, ‘junior secured’ if they are guaranteed by second- or lower-lien mortgages, and ‘unsecured’. Unless stated otherwise, we treat junior secured loans as unsecured loans.

Stratification data provided below reflect our portfolio aggregation at the loan-level and includes conservative mapping assumptions in cases of missing data.

Figure 3: Distribution by borrower type (% of GBV)

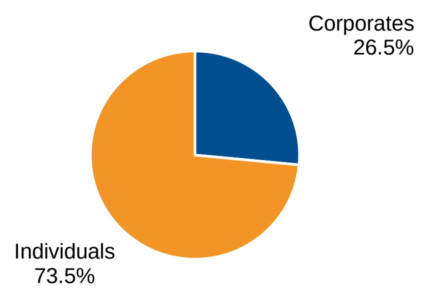


Figure 4: Distribution by loan type (% of GBV)

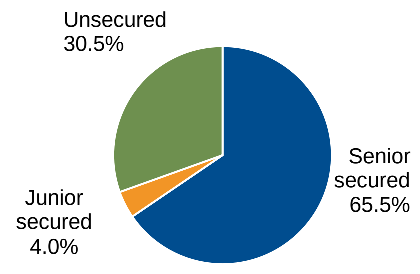


Figure 5: Distribution by recovery procedure (% of GBV)

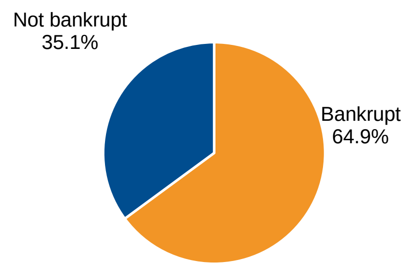


Figure 6: Distribution by recovery stage for secured loans (% of GBV)

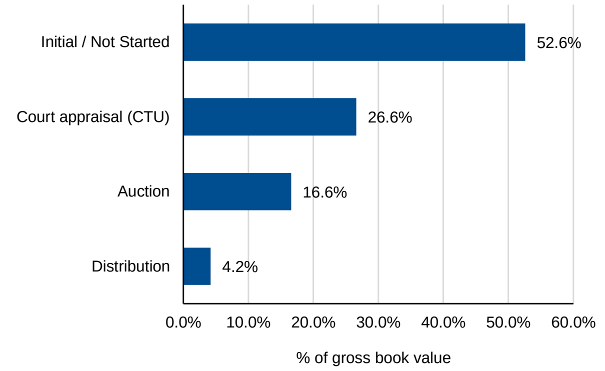


Figure 7: Distribution by court bucket (% of GBV)

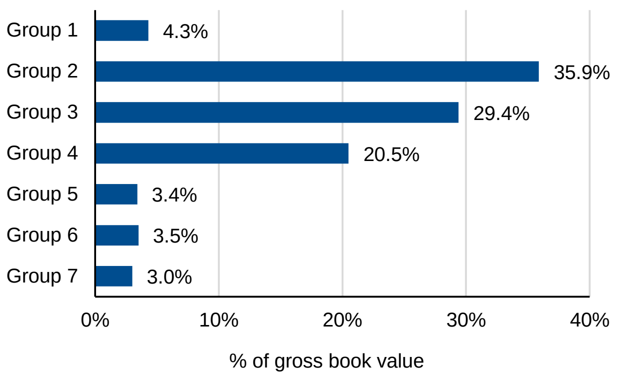


Figure 8: Unsecured and junior secured seasoning (% of GBV)

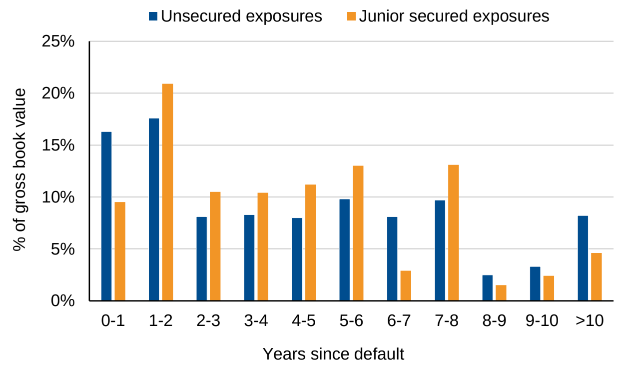


Figure 9: Distribution by collateral type (% of appraisal value)

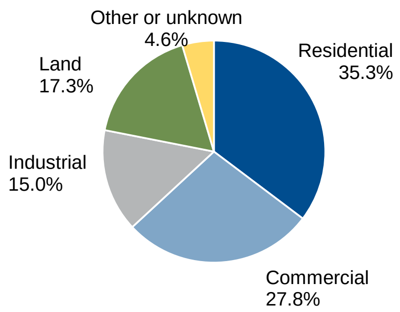


Figure 10: Distribution by valuation type (% of appraisal value)

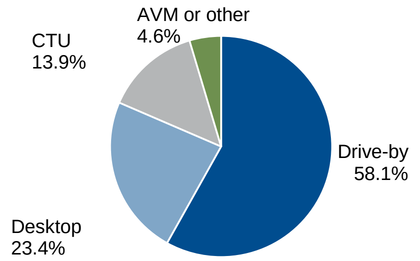


Figure 11: Distribution by collateral location (% of appraisal value)

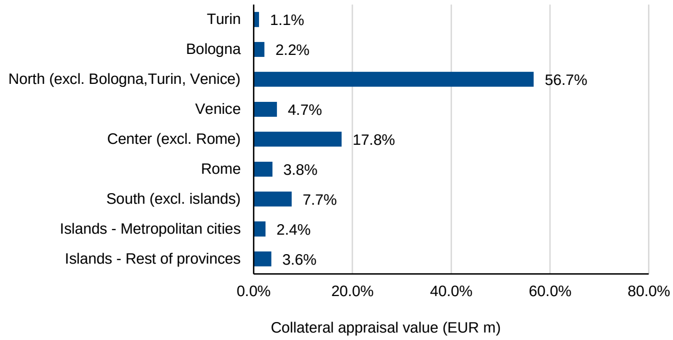
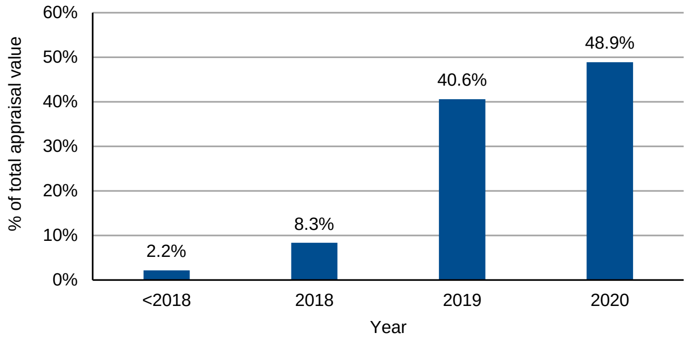


Figure 12: Distribution by valuation date (% of appraisal value)



Sources: transaction data tape, calculations by Scope Ratings

5. Portfolio analysis

Under our NPL ABS rating methodology, we test the resilience of a rated instrument against deterministic, rating-conditional stresses. We apply higher stresses, the higher the instrument's rating. Figure 13 summarises the recovery rate assumptions applied in the analysis of the class A notes.

Figure 13: Summary of assumptions

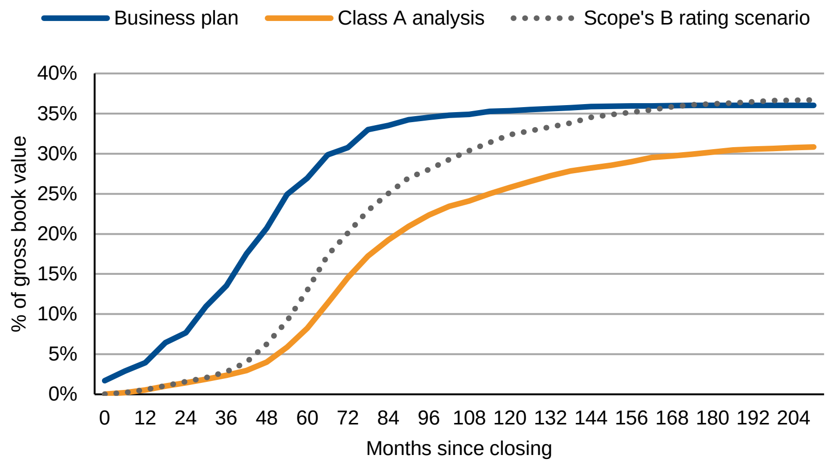
	Class A analysis
Secured recovery rate (% of secured GBV)	43.1
Unsecured recovery rate (% of unsecured GBV)	8.2
Total recovery rate (% of total GBV)	31.1
Secured collections weighted average life (years)	7.4
Unsecured collections weighted average life (years)	4.8
Total collections weighted average life (WAL)	7.2

Sources: transaction data tape, Scope Ratings

Class A recovery rate assumptions are about 16% below business plan target

Figure 14 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with the servicer business plan, for both the class A and our base case scenario (B rating scenario). These assumptions are derived by combining secured and unsecured recovery expectations, together with cash-in-court and ad-interim collections, based on the availability of line-by-line data. Our recovery rate assumption for class A is approximately 16% below the business plan target, with a significantly longer expected life (7.2-year WAL for class A versus 4.5-year WAL in the business plan).

Figure 14: Business plan's gross cumulative recoveries vs. Scope's assumptions[1]



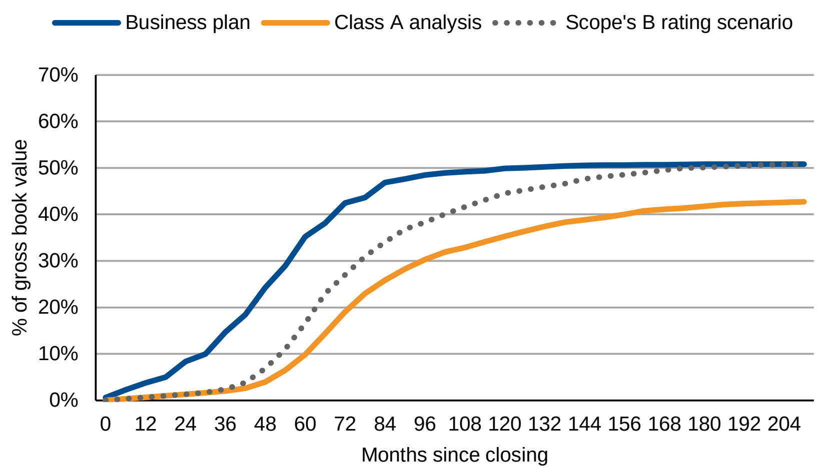
Sources: Servicer business plan, Scope Ratings

5.1. Analysis of secured portfolio segment

Valuation haircuts address forward-looking market value and liquidity risks

Figure 15 shows our lifetime gross collections vectors for the secured segment compared to those from the servicer's business plan. Our analytical approach consists of estimating the security's current value based on property appraisals and then applying security-value haircuts to capture forward-looking market value and liquidity risks. Recovery timing assumptions are mainly determined by the efficiency of the assigned court (based on historical data on the length of the proceedings), the type and stage of legal proceeding. Our analysis also considers concentration risk, the servicer's business plan and the available workout options.

Figure 15: Business plan's gross cumulative recoveries for secured loans vs. Scope's assumptions[2]

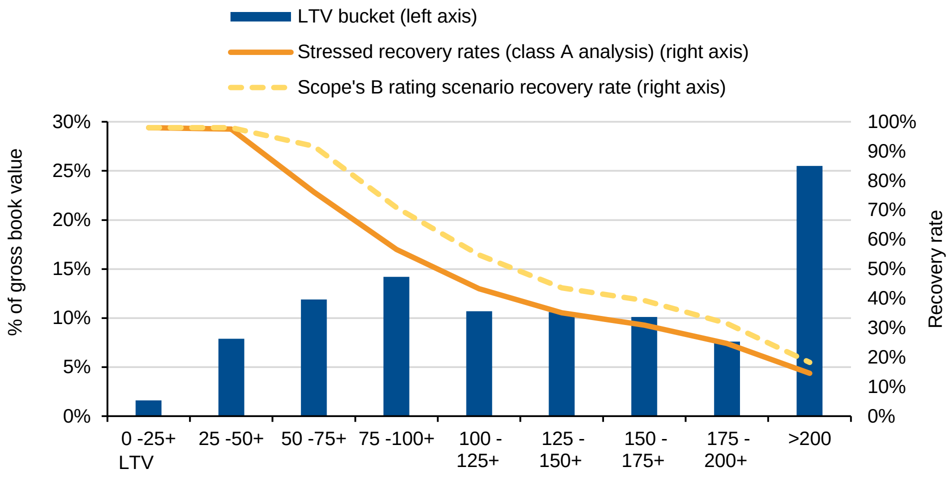


Sources: Servicer business plan, Scope Ratings

[1] Scope's and servicer's recovery rates are reported on a gross level and they include both cash-in-court and ad-interim collection amounts.
[2] We define secured loans as those guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis. Business plan secured recoveries are those related to senior secured borrowers as per the business plan definition.

Figure 16 shows the secured loans' distribution by loan-to-value (LTV) bucket as well as our recovery rate assumptions for each LTV bucket (under our rating-conditional stresses applied for the class A and our base case scenario (B rating scenario).

Figure 16: Secured loans' distribution by LTV and Scope's expected secured recoveries



Sources: transaction data tape, calculation by Scope Ratings

5.1.1. Appraisals analysis

Appraisal type haircuts range between 0% and 20%

We applied rating-conditional haircuts ranging from 0% to 20%, reflecting our view of the level of quality and accuracy of the underlying appraisals. Seasoned appraisals were indexed using regional price indices. However, indexation has a marginal impact on this portfolio, as most appraisals were conducted in recent and property prices have remained fairly flat in recent years.

Figure 17: Scope's transaction-specific valuation haircuts

Valuation type	% of collateral value	Class A analysis haircut
Drive-by	58.1%	0%
Desktop	23.4%	5%
CTU	13.9%	10%
Other (statistical or AVM)	4.6%	20%

Sources: Transaction data tape; calculations and assumptions by Scope Ratings

5.1.2. Property market value assumptions

Figure 18 details our assumptions about property price changes over the transaction's life commensurate with class A rating. These assumptions are i) specific to the transaction and to the geographical area; ii) based on an analysis of historical property price volatility; and iii) based on fundamental metrics relating to property affordability, property profitability, private sector indebtedness, the credit cycle, population dynamics and long-term macroeconomic performance.

Figure 18: Scope's transaction-specific price change assumptions

	North						Centre			South			Islands	
Region	Milan	Turin	Genoa	Bologna	Venice	Others	Rome	Florence	Others	Naples	Bari	Others	Metropolitan cities	Rest of provinces
Class A analysis	-13%	-11%	-11%	-11%	-13%	-13%	-17%	-15%	-15%	-13%	-13%	-15%	-13%	-15%
Portfolio distribution (%)	0.2	1.1	0.2	2.2	4.7	56.3	3.8	0.0	17.8	0.3	0.1	7.3	2.4	3.6

Sources: Transaction data tape; calculations and/or assumptions by Scope Ratings

5.1.3. Collateral liquidity risk

Property type haircuts range between 35% and 50%

Asset liquidity risk is captured through additional fire-sale haircuts applied to collateral appraisals. Figure 19 shows the rating-conditional haircuts applied for the class A. These assumptions are based on historical distressed property sales data (including those provided by the servicer) and reflect our view that non-residential properties tend to be less liquid, resulting in higher distressed-sale discounts.

Figure 19: Scope's transaction-specific fire-sale discount assumptions

Collateral type	% of collateral value	Class A analysis haircut
Residential	35.3%	35%
Non-residential	64.7%	40% - 50%

Sources: Transaction data tape; calculations and/or assumptions by Scope Ratings

5.1.4. Concentration risk

We addressed borrower concentration risk by applying a 10% rating-conditional recovery haircut to the 10 largest borrowers for the class A notes analysis. The largest 10 and 100 borrowers account for 8.7% and 38.4% of the portfolio's gross book value, respectively.

5.1.5. Residual claims after security enforcement

A secured creditor may initiate enforcement actions against a debtor despite the termination of an enforcement action concerning the mortgaged property. Secured creditors generally rank equally with unsecured creditors for amounts that have not been satisfied with the security's enforcement. The creditor's right to recover its claim, whether secured or unsecured, arises with an enforceable title (i.e., a judgment or an agreement signed before a public notary).

Partial credit to residual claims after security enforcement for loans to individuals

Based on servicers' historical data, we gave credit to residual claims on 10% of the loans to individuals. Recovery strategies are typically not highly focused on collecting residual claims, as the relevant costs may be higher than the potential proceeds. On the other hand, residual claims can be enforced in a profitable way for some individual borrowers, as the elapsed time after a default may have a positive impact. An individual may, for example, find new sources of income over time and become solvent again. Also, when is cost-efficient, servicer's interest is to maximise the amount of recoveries, even after the security has been enforced. For corporate loans, we gave no credit to potential further recoveries on residual claims after the security has been enforced.

5.1.6. Tribunal efficiency

We applied line-by-line time-to-recovery assumptions considering the court in charge of the proceedings, the type of legal proceeding (i.e., bankruptcy or non-bankruptcy), and the current stage of the proceeding.

Courts mostly concentrated within group 2, 3 and 4, with below average court timing

The total length of the recovery processes is mainly determined by the efficiency of the assigned court and the type of legal proceeding. To reflect this, we grouped Italian courts into seven categories, based on public data on the average length of bankruptcy and foreclosure proceedings between 2015 and 2019 (Figure 20). We applied a rating-conditional timing stress for both bankruptcy and non-bankruptcy procedures: 3.3 years and 1.6 year were respectively added to the total legal procedures' length for the class A analysis.

Figure 20: Total length of the recovery process by court group in years

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	Percentage of courts*
1	4	2	4.3%
2	6	3	35.9%
3	8	4	29.4%
4	10	5	20.5%
5	12	6	3.4%
6	14	7	3.5%
7	18	9	3.0%

* Percentages incorporate our assumptions with reference to courts not included in available information.

Sources: Transaction data tape; calculations and/or assumptions by Scope Ratings

5.2. Analysis of unsecured portfolio segment

Unsecured portfolio analysis is based on statistical data

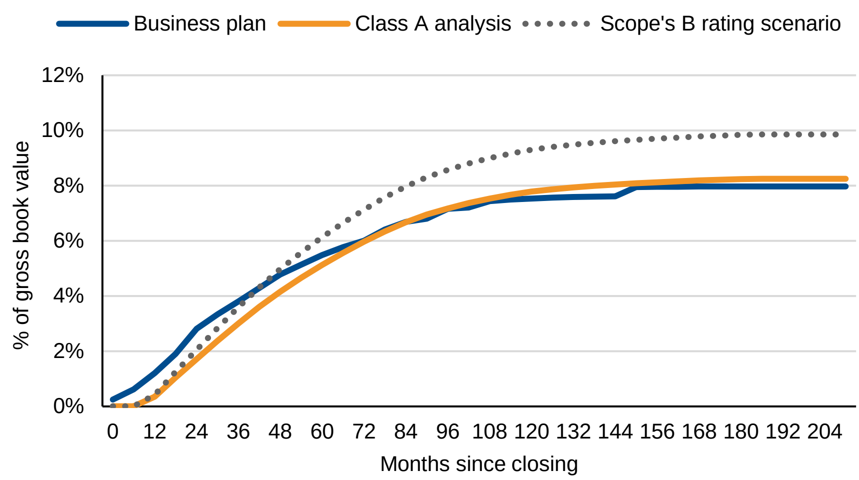
Our unsecured recovery assumptions are primarily based on market-wide historical data on unsecured recovery rates. We also factor in servicer-specific historical recovery data, as well as our view on the quality of the servicer's recovery procedures.

Transaction-specific assumptions also reflect the key characteristics of the unsecured portfolio segment, such as average loan size, debtor types (i.e., individual or corporate) and the type of recovery procedure. For instance, bankruptcy proceedings are generally slower and typically result in lower recoveries than non-bankruptcy proceedings.

Ageing of the unsecured portfolio drives recoveries

Finally, transaction-specific assumptions are re-calibrated to reflect the ageing of the unsecured portfolio segment, as we consider aged unsecured NPLs to have a lower likelihood of recovery. The unsecured loans in the portfolio (including also junior secured loans) are classified as defaulted for a weighted average of 4.4 years, which is average to transaction peer levels.

Figure 21: Business plan's unsecured[3] recoveries vs. Scope's assumptions



Sources: Servicer's business plan, Scope Ratings

[3] We define unsecured loans as those not guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis. Business plan unsecured recoveries are those related to unsecured and junior secured borrowers as per the business plan definition.

6. Key structural features

The structure comprises three classes of notes with fully sequential principal amortisation: senior class A, mezzanine class B, and junior class J.

Class A will pay a floating rate indexed to six-month Euribor plus a margin of 0.5%. Class B will pay a floating rate indexed to six-month Euribor plus a margin of 9.5%. The Class B interest (and a portion of the special servicer fees) are subordinated to class A principal payments if certain under-performance events are triggered.

The GACS guarantee ensures interest and principal are paid by the final maturity of the class A notes. Our rating on the class A notes does not consider the coverage of the GACS guarantee but considers its potential cost (i.e., GACS premium) if the guarantee is added to the structure.

Non-timely payment of class A interest would trigger an accelerated waterfall

Non-timely payment of interest on the senior notes (unless the GACS guarantee is in place), among other events such as the issuer's unlawfulness, would accelerate the repayment of class A through the full subordination of class B payments.

6.1. Combined priority of payments

The issuer's available funds (i.e., collection amounts received from the portfolio, the cash reserve, payments received under the interest rate cap agreement, insurance payments and indemnity payments from the originators) will be used in the following simplified order of priority:

Figure 22: Simplified priority of payments and available funds

Pre-enforcement priority of payments
1) Senior fees (master and special servicer senior fees), other senior expenses
2) Expenses account replenishment
3) Senior expenses
4) Limited-recourse loan interest
5) GACS guarantee premium
6) Recovery expenses reserve account
7) Class A interest
8) Any amount due and payable under GACS scheme
9) Cash reserve replenishment
10) Limited-recourse loan principal
11) Class B interest* (provided that no interest subordination event has occurred)
12) Class A principal
13) Class B interest* (upon occurrence of the interest subordination event)
14) Class B principal and servicer mezzanine fees (provided that a servicer underperformance event has occurred)
15) Payments due under the Subscription agreement
16) Class J interest
17) Class J principal and servicer junior fees (provided that a servicer underperformance event has occurred)
18) Any residual amount as class J variable return

* Euribor component, if positive, is paid under item 13 of the priority of payments.

Source: Transaction documents and Scope Ratings

6.2. Interest subordination events

Class B interest subordination event is aligned with the GACS requirements

The occurrence of an interest subordination event results in class B interest being paid under item 13 of the waterfall above. An interest subordination event occurs if i) the cumulative net collection ratio[4] (CCR) falls below 90% of the servicer's business plan targets; ii) the NPV cumulative profitability ratio[5] (NPVPR) falls below 90%; or iii) any due amount of class A interest is unpaid.

An interest subordination event is curable, according to the following rules:

1. If, on a subsequent payment date, the CCR is between 90% and 100%, class B interest accruing on that payment date will be payable senior to the class A principal repayment.
2. If, on a subsequent payment date, the CCR returns to 100% or above, all due and unpaid class B interest is paid senior to class A principal.

6.3. Servicing fee structure and alignment of interests

6.3.1. Servicing fees

The servicing fee structure links the level of fees paid to the servicer with the portfolio's performance, mitigating potential conflicts of interest between the servicer and noteholders. The special servicer will be entitled to a performance fee. The servicer will not receive any fixed fees.

The exact level of fees is subject to the GBV size and the type of recovery strategy (judicial versus extra-judicial). Extra-judicial strategies and small-sized positions generally bear higher performance fees relative to collection amounts. Considering the portfolio composition, we assumed an average performance fee of 4.2% and 6.4% (plus VAT) for secured and unsecured exposures, respectively.

Servicing fee structure reasonably align the interests of the servicer and the noteholders

The occurrence of a servicer underperformance event results in 5% up to 25% of servicer performance fees being subordinated to class A principal payments. This portion is than paid under items 14 and 17 of the above simplified priority of payments, as mezzanine or junior servicing fees, respectively. A servicer underperformance event occurs either if the CCR or the NPVPR ratios fall below 95%.

An underperformance event is curable if on any subsequent payment date, the CCR returns above 100% (the NPVR above 95%). All mezzanine and junior servicer fees accrued and unpaid in previous periods will be paid under item 1 of the simplified priority of payments.

6.3.2. Special Servicer monitoring

Monitoring function protects noteholders' interests

An overview of the servicer's activities and calculations, conducted by the monitoring agent (Zenith Services S.p.A.), mitigate operational risks that could negatively impact noteholder interests.

The servicer is responsible for the servicing, administration, and collection of receivables as well as the management of legal proceedings. The monitoring agent will verify the calculations of key performance ratios and amounts payable by the issuer, as well as perform controls based on a random sample of loans.

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[4] 'Cumulative net collection ratio' is defined as the ratio between: i) the cumulative net collections; and ii) the net expected cumulative collections. Net collections are calculated as the difference between gross collections and recovery expenses, excluding servicing fees.

[5] 'NPV cumulative profitability ratio' is defined as the ratio between: i) the sum of the present value of the net collections for all receivables relating to exhausted debt relationships; and ii) the sum of the target price (based on the servicer's initial business plan) of all receivables relating to exhausted debt relationships.

The monitoring agent will report to a committee that represents the interests of both junior and mezzanine noteholders. The committee can authorise the revocation and replacement of the special servicer upon a servicer termination event. The monitoring agent can also authorise the sale of the receivables (acting upon instructions of the committee), the closure of debt positions, and the payment of additional costs and expenses related to recovery activities.

6.3.3. Servicer termination events

In the event of a special servicer termination event, the monitoring agent will assist the issuer to find a suitable replacement for the special servicer.

A special servicer termination event includes i) insolvency; ii) failure to pay any amount due to the issuer within two business days from the collections' reconciliation date, iii) an unremedied breach of obligations; iv) an unremedied breach of representation and warranties; v) loss of legally eligibility to perform obligations under the servicing agreement; vi) after 30 months since closing, the occurrence of two consecutive underperformance event; and vii) following the enforcement of the GACS guarantee, if the cumulative net collection ratio is lower than 100% for two consecutive collection dates.

The back-up servicer will step in the event of a master servicer termination event. This mitigates master servicer disruption risk.

A master servicer termination event includes includes i) insolvency; ii) non-fulfilment of any obligation arising from transaction's documents that is not remediated within 25 business days iii) an unremedied breach of representation and warranties; iv) loss of legally eligibility to perform obligations under the servicing agreement.

6.4. Liquidity protection

Cash reserve provides liquidity protection to class A notes

A cash reserve will be funded at closing through a limited-recourse loan provided by the originators. The cash reserve target amount at each payment date will be equal to 4.0% of the total outstanding balance of class A notes.

The cash reserve is available to cover any shortfalls in interest payments on the class A notes as well as any items senior to them in the priority of payments.

6.5. Interest rate hedge

Due to the non-performing nature of the securitised portfolio, the issuer will not receive regular cash flows and the collections will not be linked to any defined interest rate. On the liability side, the issuer will pay a floating coupon on the notes, defined as six-month Euribor plus a 0.5% margin on the class A and a 9.5% margin on the class B notes.

Interest rate risk on class A notes is only partially mitigated through a cap spread structure

An interest rate cap spread mitigates the risk of increased liabilities on the class A notes due to a rise in Euribor (Figure 23). The base rate on the class A notes will be capped with an upper bound rate ranging from 0.6% in January 2021 to 3.75% in July 2033, while it will be floored with a lower bound rate ranging from 0.1% at the issue date to 0.8% in July 2033. Under the cap agreement, the issuer receives the difference, if positive, between six-month Euribor and the lower bound rate and pays the difference, if positive, between six-month Euribor and the upper bound rate, following a pre-defined notional schedule. In addition, a cap is embedded in the class A Euribor component, aligned with the upper bound strike of the cap spread, until notes' maturity.

The notional schedule of the cap spread on class A notes is not aligned with our expected class A amortisation profile (see Figure 24). A delay in recoveries beyond our class A recovery timing vector would increase interest rate risk exposure, as it would widen the gap between the transaction's cap notional amount and the class A notes' outstanding principal.

Figure 23: Cap spread on class A notes

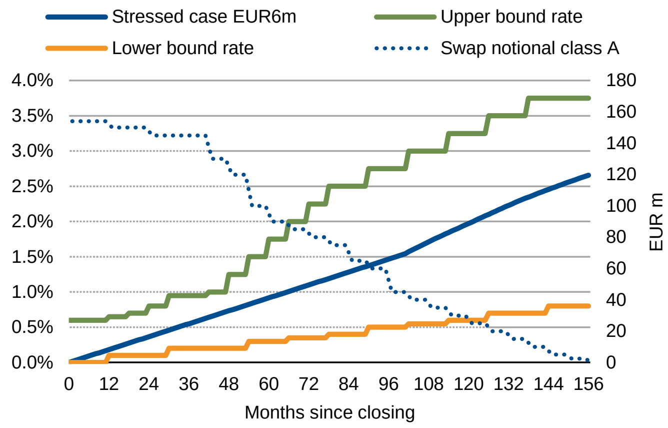
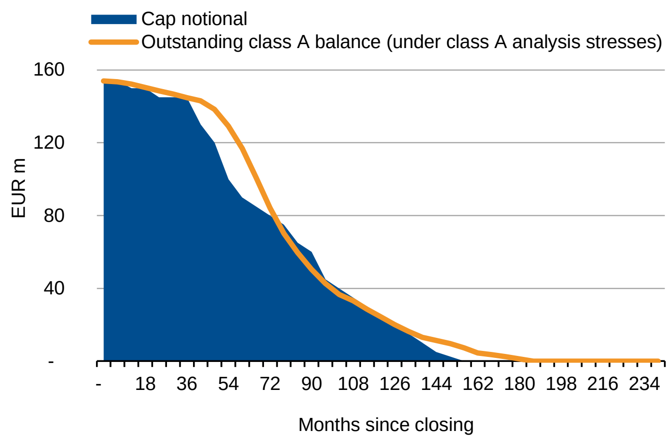


Figure 24: Cap notional vs outstanding class A notes



Sources: Transaction documents, Bloomberg and Scope Ratings

7. Cash flow analysis and rating stability

Our cash flow analysis considers the structural features of the transaction

Scope analysed the transaction's specific cash flow characteristics. Asset assumptions were captured through rating-conditional gross recovery vectors. The analysis considers the capital structure, the coupon payable on the notes and the hedging structure, as well as, the servicing fees structure, the transaction senior fees and legal costs, assumed to be equivalent to 9% of gross collections.

Our rating reflects expected losses over the instrument's weighted average life

The rating assigned to the class A notes reflects the expected losses over the instruments' weighted average life commensurate with the Scope's idealised expected loss table.

We tested the resilience of the rating against deviations from expected recovery rates and recovery timing. This analysis has the sole purpose of illustrating the sensitivity of the ratings to input assumptions and is not indicative of expected or likely scenarios. We tested the sensitivity of the analysis to deviations from the main input assumptions: i) recovery rate level; and ii) recovery timing.

For class A, the following shows how the results change compared to the assigned credit rating in the event of:

- a decrease of the portfolio's recovery rate by 10%, minus two notches.
- an increase in the recovery lag by one year, minus one notch.

8. Sovereign risk

No mechanistic cap linked to sovereign risk

Sovereign risk does not limit any of the ratings. The risks of an institutional framework meltdown, legal insecurity, or currency convertibility problems due to an Italian exit from the euro area, a scenario, which Scope views as highly unlikely, are not material for the note's rating.

9. Counterparty risk

Counterparty risk does not limit the transaction's ratings

In our view, none of the counterparty exposures constrain the rating achievable by this transaction. We considered counterparty substitution provisions in the transaction and, when available, Scope's ratings or other public ratings on the counterparties. We also considered eligible investment criteria in the transaction documents for cash amounts held by the issuer.

The transaction is mainly exposed to counterparty risk from the following counterparties: i) 38 banks as originators, regarding representations and warranties and as limited-recourse loan providers; ii) Zenith Service S.p.A. as master servicer, corporate servicer, calculation agent, noteholders' representative and monitoring agent; iii) Guber Banca S.p.A as special and back-up servicer; iv) BNP Paribas Securities Services, Milan Branch as agent bank, account bank, principal paying agent and cash manager; v) Banco Santander S.A. as cap counterparty.

9.1. Servicer disruption risk

A special servicer or master servicer disruption event may have a negative impact on the transaction's performance. The transaction incorporates servicer-monitoring, a back-up master servicer appointed at closing and servicer replacement arrangements that mitigate operational disruption.

9.2. Commingling risk

Limited commingling risk

Commingling risk is limited, as debtors will be instructed to pay directly into an account held in the name of the issuer. In limited cases, in which the servicer receives payments from a debtor, the servicer will transfer the amounts within two business days from the payment reconciliation. In case the originators receive payments from debtors, they will transfer these amounts into the collection account within ten business days from the payment reconciliation.

9.3. Claw-back risk

Limited claw-back risk

The sellers have provided on the issue date: i) a solvency certificate signed by a representative duly authorised and ii) a certificate from the chamber of commerce confirming that the relevant seller is not subject to any insolvency or similar proceedings. This will mitigate claw-back risk, as the issuer should be able to prove it was unaware of the seller's insolvency as of the transfer date.

Assignments of receivables made under the Italian Securitisation Law are subject to claw-back in the following events:

(i) pursuant to article 67, paragraph 1, of the Italian Bankruptcy Law, if the bankruptcy declaration of the relevant originator is made within six months from the purchase of the relevant portfolio of receivables, provided the receivables' sale price exceeds their value by more than 25% and the issuer cannot prove it was unaware of the originator's insolvency, or

(ii) pursuant to article 67, paragraph 2, of the Italian Bankruptcy Law, if the adjudication of bankruptcy of the relevant originator is made within three months from the purchase of the relevant portfolio of receivables, provided the receivables' sale price does not exceed their value by more than 25% and the originator's insolvency receiver can prove the issuer was aware of the originator's insolvency.

9.4. Enforcement of representations and warranties

Representations and warranties limited in time and amount

The issuer will rely on the representations and warranties, limited in time and amount, provided by the originators in the transfer agreement. If a breach of a representation and warranty materially and adversely affects a loan's value, the originators will be obliged to indemnify the issuer for damages within 10 business days following the expiry of the period of opposition or within 10 business days following the reach of an agreement after the arise of a challenge or within 10 business days after court's decision in case of challenge without a subsequent agreement.

However, the above-mentioned representations and warranties are only enforceable by the issuer within 18 months from the issue date. The total indemnity amount, for each originator, is payable only if its aggregate value exceeds 1% of the originator's portfolio purchase price. Additionally, the indemnity amount is capped to a maximum of 25% of each originator's portfolio purchase price. Furthermore, the indemnity amounts will be payable only above a minimum amount threshold of EUR 5,000 on a single-loss basis.

10. Legal structure

10.1. Legal framework

Transaction documents governed by Italian and English Law

The transaction documents are governed by Italian Law, whereas English Law governs the interest cap agreement and the deed of charge.

The transaction is fully governed by the terms in the documentation and any changes are subject to the risk-takers' consent.

10.2. Use of legal opinions

Scope had access to the legal opinions produced for the issuer, which provide comfort on the legally valid, binding and enforceable nature of the contracts.

11. Monitoring

Ongoing rating monitoring

Scope will monitor this transaction based on the performance reports, updated loan by loan reports, as well as on other public information. The ratings will be monitored on an ongoing basis.

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

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

12. Applied methodology

For the analysis of the transaction Scope applied its Non-Performing Loan ABS Rating Methodology and the Methodology for Counterparty Risk in Structured Finance, both available on www.scoperatings.com.

I. Appendix I – list of originators

Originators	GBV	GBV %	n. of loans	n. of loans %
CASSA RURALE DOLOMITI - CREDITO COOPERATIVO ITALIANO	10,505,913	1.5%	43	0.7%
CASSA RURALE ROTALIANA E GIOVO - BANCA DI CREDITO COOPERATIVO - SOC. COOP.	3,914,212	0.6%	26	0.4%
BANCA DI CREDITO COOPERATIVO DI SPELLO E BETTONA SOCIETÀ COOPERATIVA	7,752,672	1.1%	231	3.5%
BANCA DI CREDITO COOPERATIVO DI CHERASCO - SOC. COOP.	20,019,690	2.9%	191	2.9%
BANCANAGNI CREDITO COOPERATIVO SOCIETÀ COOPERATIVA	21,596,251	3.2%	270	4.1%
CASSA RURALE VALSUGANA E TESINO - BANCA DI CREDITO COOPERATIVO SOCIETÀ COOPERATIVA	5,252,083	0.8%	53	0.8%
BANCA ADRIA COLLI EUGANEI - CREDITO COOPERATIVO SOCIETÀ COOPERATIVA	29,127,982	4.3%	253	3.9%
ROMAGNABANCA CREDITO COOPERATIVO ROMAGNA EST E SALA DI CESENATICO - SOCIETÀ COOPERATIVA	17,119,507	2.5%	116	1.8%
LA CASSA RURALE – CREDITO COOPERATIVO ADAMELLO GIUDICARIE VALSABBIA PAGANELLA - SOCIETÀ COOPERATIVA	12,687,116	1.9%	112	1.7%
CREDITO COOPERATIVO - CASSA RURALE ED ARTIGIANA DEL FRIULI VENEZIA GIULIA - SOCIETÀ COOPERATIVA	9,376,418	1.4%	209	3.2%
BANCATER CREDITO COOPERATIVO FVG - SOCIETÀ COOPERATIVA	5,702,949	0.8%	123	1.9%
CASSA RURALE ALTA VALLAGARINA E LIZZANA - BANCA DI CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA	4,077,669	0.6%	21	0.3%
BANCA DI CREDITO COOPERATIVO DI CASTAGNETO CARDUCCI SOCIETÀ COOPERATIVA PER AZIONI	3,429,748	0.5%	29	0.4%
BANCA CENTRO LAZIO CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA	21,291,142	3.1%	329	5.0%
BANCA DI CREDITO COOPERATIVO DELLA ROMAGNA OCCIDENTALE - SOCIETÀ COOPERATIVA	3,525,991	0.5%	16	0.2%
BCC FELSINEA - BANCA DI CREDITO COOPERATIVO DAL 1902 SOCIETÀ COOPERATIVA	11,515,096	1.7%	85	1.3%
BANCA MALATESTIANA - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA	14,349,203	2.1%	216	3.3%
CASSA PADANA BANCA DI CREDITO COOPERATIVO SOCIETÀ COOPERATIVA	17,165,886	2.5%	63	1.0%
BANCA DI CARAGLIO, DEL CUNEESE E DELLA RIVIERA DEI FIORI SCRL - CREDITO COOPERATIVO	10,627,408	1.6%	13	0.2%
BANCA DEL VENETO CENTRALE CREDITO COOPERATIVO SOC. COOP.	48,284,215	7.1%	296	4.5%
BANCA DEL TERRITORIO LOMBARDO - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA	30,574,318	4.5%	169	2.6%
BANCA MONTE PRUNO - CREDITO COOPERATIVO DI FISCIANO, ROSCIGNO E LAURINO - SOC. COOP.	40,206,993	5.9%	702	10.8%
BANCA DI CREDITO COOPERATIVO DI SAN GIOVANNI ROTONDO - SOCIETÀ COOPERATIVA	16,266,995	2.4%	291	4.5%
BANCA PREALPI SAN BIAGIO CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA	28,189,862	4.2%	156	2.4%
BANCA LAZIO NORD CREDITO COOPERATIVO SOC. COOP. PER AZIONI	32,230,468	4.7%	267	4.1%
BANCA DI CREDITO COOPERATIVO LA RISCOSSA DI REGALBUTO - SOCIETÀ COOPERATIVA	8,811,201	1.3%	77	1.2%
CASSA CENTRALE BANCA CREDITO COOPERATIVO ITALIANO S.P.A.	12,888,979	1.9%	18	0.3%
CASSA DI TRENTO, LAVIS, MEZZOCORONA E VALLE DI CEMBRA BANCA DI CREDITO COOPERATIVO - SOCIETÀ COOPE	12,944,567	1.9%	92	1.4%
BANCO MARCHIGIANO CREDITO COOPERATIVO	10,536,868	1.6%	68	1.0%
BANCA SICANA – CREDITO COOPERATIVO DI SOMMATINO, SERRADIFALCO E SAMBUCA DI SICILIA – SOCIETÀ COOPERATIVA	17,760,698	2.6%	403	6.2%
BENE BANCA CREDITO COOPERATIVO DI BENE VAGIENNA (CUNEO) S.C.	17,296,649	2.5%	207	3.2%
CREDITO COOPERATIVO CENTRO CALABRIA SOC. COOP.,	7,311,138	1.1%	76	1.2%
BANCA POPOLARE DI CORTONA SOCIETÀ COOPERATIVA PER AZIONI	4,619,331	0.7%	63	1.0%
BANCA POPOLARE DI LAJATICO SOCIETÀ COOPERATIVA PER AZIONI	4,951,393	0.7%	81	1.2%
MEDIOCREDITO TRENTINO-ALTO ADIGE S.P.A.	23,793,906	3.5%	35	0.5%
BANCA POPOLARE DELL'ALTO ADIGE S.P.A.	52,341,870	7.7%	530	8.1%
BANCA SELLA S.P.A.	53,872,458	7.9%	334	5.1%
CASSA DI RISPARMIO DI CENTO S.P.A.	27,132,117	4.0%	256	3.9%

II. Appendix II – deal comparison

Transaction	Buonconsiglio 3	Yoda SPV	BCC NPLS 2020	Spring SPV	Diana SPV	POP NPLS 2019	Futura	BCC NPLS 2019	BCC NPLs 2018-II	POP NPLS 18	BCC NPLS 2018
Closing	Dec-20	Dec-20	Nov-20	Jun-20	Jun-20	Dec-19	Dec-19	Dec-19	Dec-18	Nov-18	Jul-18
Originators	38 Banks	Intesa Sanpaolo	90 Banks	BPER Banca	BPS	12 Banks	53 Banks	68 Banks	73 Banks	17 Banks	ICCREA
Master servicer	Zenith	Intrum	Italfondiario	Prelios	Prelios	Prelios	Guber Banca	Italfondiario	Italfondiario	Cerved	Prelios
Special servicer	Guber Banca	Intrum	doValue	Prelios	Prelios	Prelios, Fire	Guber Banca	doValue	Italfondiario	Cerved	Prelios
General portfolio attributes											
Gross book value (EUR m)	679	6,033	2,347	1,377	1,000	827	1,256	1,324	1,954	1,510	1,009
Number of borrowers	3,671	22,282	9,580	2,544	2,981	6,633	9,639	8,596	10,089	6,578	2,518
Number of loans	6,520	74,312	17,246	11,669	4,813	16,718	16,152	15,944	22,041	17,093	5,359
WA seasoning (years)	3.7	5.5	3.8	4.6	4.0	6.1	5.5	3.4	1.8*	2.9*	2.6*
WA seasoning (years) - unsecured portfolio	4.4	5.9	4.5	4.9	4.4	7.7	6.2	4.2	2.5*	3.5*	2.9*
WA LTV buckets (% or secured portfolio)											
bucket [0-25]	1.6	3.9	3.3	5.2	2	4.3	2.3	3.4	4	5.5	4.3
bucket [25-50]	7.9	8.9	7.7	13.4	7.4	10.3	5.5	9.9	9.4	11.4	6.8
bucket [50-75]	11.9	15.6	13.1	18.2	11.4	12.4	8	11.9	13.2	17.5	12.5
bucket [75-100]	14.2	13.8	13.5	15	19	17.4	7.2	14.6	14.8	14.9	15.1
bucket [100-125]	10.7	13.9	11.7	12.8	10.2	11.7	10.1	13.6	10.3	13.8	11.8
bucket [125-150]	10.6	6.9	9.5	6.2	7.5	8.6	9.5	8.5	9.1	10.1	7.7
bucket [150-175]	10.1	6.5	4.9	3.9	8.6	6.2	6.4	8.8	7.2	5.6	6.4
bucket [175-200]	7.6	3.3	5.4	3.9	3.7	3.7	3.8	6.7	4.5	7.4	6.1
bucket > 200	25.5	27.1	31	21.1	30.2	25.5	47.2	22.6	27.6	13.8	29.3
Cash in court (% of total GBV)	1.3	0.9	0.4	3.0	3.3		1.1	1.1	0.8	1.3	24
Loan types (% of total GBV)											
Secured first-lien	65.5	41.2	59.8	52.5	64.7	46.9	45.7	65.9	58.4	53.9	70
Secured junior-lien	4.0	3.7	7.5	42.4	3.4	5.3	6.1	7.9	10.0	8.8	0.9
Unsecured	30.5	55.1	32.7	5.1	31.9	47.7	48.2	26.2	31.6	37.3	29.1
Syndicated loans	6.2	1.3	6.4	14.0	0.0	1.4	2.4	5.2	3.6	3	6.1
Debtors (% of total GBV)											
Individuals	26.4	10.6	16.6	11.1	21.5	27.8	22	20.7	20.9	22.9	14.3
Corporates or SMEs	73.6	89.4	83.4	88.9	78.5	72.2	78	79.3	79.1	77.1	85.7
Procedure type (% of total GBV)											
Bankrupt	64.9	49.8	59.1	52.8	22	51.5	64.2	60.5	59.6	56.6	62.7**
Non-bankrupt	35.1	50.2	40.9	47.2	78	48.5	35.8	39.5	40.4	43.4	37.3
Borrower concentration (% of GBV)											
Top 10	8.7	5.2	6.1	11.5	8.7	5.6	4.8	5.3	3.8	7.3	6.7
Top 100	38.4	19.6	25.1	39.7	34.7	26.6	21.5	26	19.4	26.4	29
Collateral distr. (% of appraisal val.)											
North	64.7	36.6	42.8	39.2	83.8	21.2	74.1	38.1	34.1	20.9	72.4
Centre	21.7	24.3	40.6	8.3	9.7	8.7	14.6	35.6	47.5	36.3	19.5
South	13.6	39.1	16.5	52.5	6.5	70.1	11.3	26.3	18.4	42.9	8.1
Collateral type (% of appraisal val.)											
Residential	35.3	38	31.6	32.8	46.6	54.4	47.1	43.8	36.9	41.7	39.3
Commercial	27.8	16.7	20.9	22.1	17.9	22.2	10.6	18.8	19.2	27.4	29.5
Industrial	15.0	26.3	21.1	12.4	11.5	6.1	21.2	15.3	13.9	16.2	11.2
Land	17.3	14.5	14.2	14.7	12.5	6	12.1	14.2	18.0	8.6	13.7
Other or unknown	4.7	4.5	12.2	18.0	11.6	11.3	9	7.9	12.1	6.1	6.3
Valuation type (% of appraisal val.)											
Full or drive-by	58.1	31.1	57.4	74.3	62	25.9	0.9	57.7	29.2	45.5	68.4
Desktop	23.4	23.4	19.4	11.4	9.8	11	53.2	19.9	21.6	13.8	5.4
CTU	13.9	23.2	10.3	13.4	19.1	14.3	21.1	9	22.3	26	12.1
Other	4.6	22.3	12.9	0.9	9.1	48.8	0.8	13.4	26.9	14.7	14.1
Secured ptf proc. stage (% of GBV)											
Initial	52.6	64.2	51.2	67.4	63.5	56.2	43.1	55.7	59.8	44.6	73.6
CTU	26.6	15.5	18.4	4.2	2.5	16.1	15.1	22.4	14.7	31.7	11
Auction	16.6	15.2	18.5	13.7	22.3	16.6	24.3	17.2	23.7	20.7	11.5
Distribution	4.2	5.1	11.9	14.6	11.8	11.1	17.4	4.8	1.7	3	3.8
Summary of assumptions (BBB rating conditional stress)											
Remaining lifetime recovery rate (%)											
Secured (=net LTV after all stresses)	43.1	45.4	43.8	53.1	47.7	52	36.7	54.7	55.6	61.8	50.3
Unsecured	8.2	6.3	11.6	9.5	8.9	9.7	7.6	16	15.3	10.9	13.5
Total	**31.1**	**22.4**	**30.8**	**32.4**	**34**	**29.5**	**20.9**	**41.5**	**38.8**	**38.6**	**39.6**
Weighted average life of collections (yrs)											
Secured	7.4	7.2	8.3	6.0	3.8	7.2	6.57	7.1	7.3	7.2	8.2
Unsecured	4.8	3.3	5.2	3.6	4.4	3.5	3.4	4.5	5	4.7	4.5
Total	**5.9**	**6.6**	**7.7**	**5.4**	**5.1**	**6.6**	**5.94**	**6.8**	**6.9**	**6.9**	**7.8**
Structural features											
Liquidity reserve (% of class A notes)	4	4	3	5	4.5	4.5	4.5	3	3	4	5
Class A Euribor cap strike	0.6%-3.75%	0%-0.75%	0.5%-1.2%	0.2%-1.6%	0.6%-3.75%	0	0.2%-3.0%	0.3% - 2.5%	0.42%-1%	0.5%-2.5%	0.5%-2.5%
Class A											
% of GBV	22.7	16.7	22.2	23.2	23.5	20.9	12.6	26.8	23.8	27.0	27
Credit enhancement	77.3	83.3	77.8	76.8	76.5	79.1	87.4	73.2	76.2	73.0	73
Class B											
% of GBV	3.1	3.5	1.7	1.5	3.5	3	2.9	4	3	3.2	3
Credit enhancement	74.2	79.9	76.1	75.3	73	76.1	84.5	77.2	73.2	69.8	70
Final rating at closing											
Class A	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB+	BBB	BBB	BBB-
Class B	NR	NR	CC	NR	NR	CCC	NR	B-	B+	B	B+

* the weighted average seasoning includes Scope's qualitative adjustment driven by the special servicer's superior capacity to treat unsecured loans compared to an originator.
** This includes loans with no ongoing legal proceeding or loans where the nature of the proceeding is unknown.

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