POP NPLS 2020 S.r.l.

Italian Non-Performing Loans ABS

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV	Coupon	Final maturity
Class A	BBB_{SF}	241.5	87.3	26.3	6M Euribor + 0.3%	Nov 2045
Class B	CC_{SF}	25.0	9.0	2.7	6M Euribor + 12%	Nov 2045
Class J	NR	10	3.6	1.1	6M Euribor + 15% + variable return	Nov 2045
Total		276.5				

Scope's Structured Finance Ratings constitute an opinion about the 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 our SF Rating Definitions.

Transaction details

Transaction type	Static cash securitisation
Asset class	Non-performing-loans ('NPLs')
Issue date	23 December 2020
Issuer	POP NPLS 2020 S.r.l.
Originators and sellers	15 banks (listed in Appendix I)
Master servicer	Credito Fondiario S.p.A. (Credito Fondiario)
Special servicers	Credito Fondiario S.p.A., Fire S.p.A. (Fire)
Gross book value ('GBV')	EUR 920m
Portfolio cut-off date[1]	31 December 2019
Key portfolio characteristics	Most of the pool is composed of senior secured loans (55.9% of gross book value). The portfolio is primarily backed by a mix of residential and commercial or industrial real estate assets (46.6% and 32.2% of property value underlying first-lien claims, respectively), while the remainder is mainly land or residual asset types/assets under development (9.5% and 11.6% of property value underlying first-lien claims, respectively). Properties are concentrated in northern Italy (62.2% of property value underlying first-lien claims). Borrowers are mainly corporates (75% of gross book value)
Payment frequency	Semi-annual
Key structural features	The notes have been structured in accordance with requirements of the GACS scheme[2]. The transaction's structure comprises three tranches of sequential, principal-amortising notes, an amortising liquidity reserve equal to 4.0% of the outstanding class A, and an interest rate cap agreement to hedge interest rate risk on class A notes.
Hedging provider	J.P. Morgan AG (J.P. Morgan)
Other key counterparties	BNP Paribas Securities Services, Milan Branch (cash manager, paying agent, account and agent bank) Banca Finanziaria Internazionale SpA (monitoring agent, calculation agent, noteholders' representative and back-up master servicer)
Arrangers	J.P. Morgan Securities plc, Banca Akros S.p.A.

[1] The issuer is entitled to all portfolio collections received since the portfolio cut-off date
[2] Italian Law Decree No. 18 of 14 February 2016, converted into Law No. 49 of 8 April 2016, subsequently amended and supplemented under the Italian Law Decree No. 22 of 25 March 2019, converted into Italian Law No. 41 of 20 May 2019

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Related research

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Rating rationale (summary)

The rating is primarily driven by the expected recovery amounts and timing of collections from the non-performing loans 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 rating is 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 rating also addresses the issuer's exposure to key counterparties, with the assessment based on counterparty substitution provisions in the transaction and, when available, Scope's ratings or other public ratings on the counterparties.

Scope performed a specific analysis for recoveries, using different approaches for secured and unsecured exposures. For secured loans, collections were mainly based on the most recent property appraisal values, which were stressed for the appraisal type, and liquidity and market value risks. Recovery timing assumptions were derived using line-by-line asset information detailing the type of legal proceedings, the court in which the proceedings are ongoing, and the stage of the proceeding as of the cut-off date. Scope also considered historical data provided by the servicer. For unsecured loans, Scope used historical line-by-line and market-wide recovery data on defaulted loans between 2000 and 2019 and considered the special servicer's capabilities when calibrating lifetime recoveries.

Rating drivers and mitigants

Positive rating drivers

Valuation type. A large share of property appraisals are drive-by valuations (46% of property value underlying first-lien claims), which are usually of higher quality compared to desktop, CTU or other valuation types.

Collateral concentration in Northern Italy. Most collateral assets are concentrated in Italy's northern regions (62.2% of property value underlying first-lien claims), where court procedures are relatively faster than in other regions.

Significant share of low loan-to-value positions. A significant share of loans is below 100% loan-to-value (45.7% of senior secured GBV), this leads to higher security coverage as compared to portfolios with a smaller share of low loan-to-value loans.

Strong interest rate protection. The structure features an interest rate cap, together with a cap on the Class A base rate embedded in the terms and conditions of the notes, ensuring that the maximum payable base rate on Class A notes is capped at 0%. The cap notional is above Scope's Class A amortization profile under the base case scenario.

Negative rating drivers and mitigants

Property type. A large portion of the portfolio is backed by non-residential collateral (53.3% of property value underlying first-lien claims), which may lead to more volatile realised recovery amounts.

Significant portion of legal proceedings in initial stages. Scope expects a weighted average recovery timing of 6.6 years, which is long compared to peer transactions rated by Scope. Around 58% of senior secured loans (by GBV) are in the initial legal phase or yet to be initiated. This results in a longer expected time for collections than for loans in more advanced phases.

Upside rating-change drivers

Servicer outperformance on recovery timing. The pandemic led to a slowdown of the courts' activity. If courts advance on legal proceedings backlogs faster than expected, an outperformance on recovery timing could occur. This could positively impact the rating.

Downside rating-change drivers

Long lasting pandemic-induced crisis. Recovery rates are generally highly dependent on the macroeconomic climate. Scope baseline scenario foresees a 9.6% gross domestic product contraction in 2020 before rebounding with growth of 5.6% in 2021. If current crisis lasts beyond Scope's baseline scenario, liquidity conditions could deteriorate, reducing servicer performance on collection volumes. This could negatively impact the rating.

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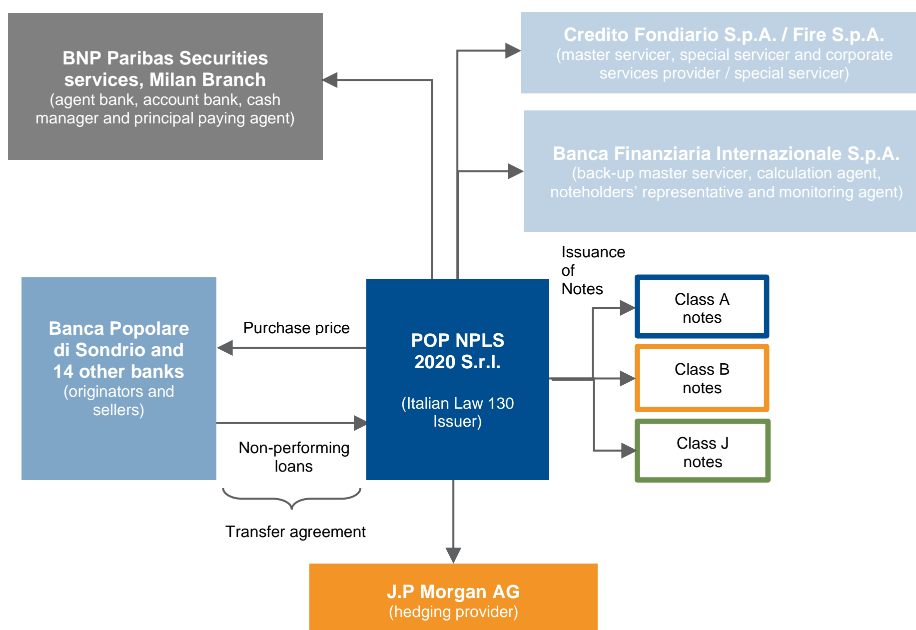
1. Transaction diagram

Figure 1: POP NPLs 2020 Securitisation diagram



Sources: Transaction documents and 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, Scope's 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 this crisis. In 2020, Italian authorities executed meaningful budget stimulus of around 6% of gross domestic product (GDP). The government's latest budgetary plans contained in the Documento di Economia e Finanza (NADEF) envisage discretionary measures in 2021 amounting to a fiscal expansion of 1.4% of GDP, including monies for southern regions and support for businesses.

Scope expects GDP growth to rebound to 5.6% in 2021 after contracting by 9.6% in 2020

Under its baseline scenario, Scope foresees the Italian economy contracting by 9.6% in 2020 but rebounding with growth of 5.6% in 2021. This scenario assumes recovery to gain a firmer foothold by the spring of 2021 after this current anticipated double-dip contraction in Q4 eases amid gradual re-opening, although recovery in 2021 will remain uneven and subject to setbacks short term.

There are both upside and downside risks to Scope's baseline projections for 2021. Under a stressed scenario of a return to full lockdown by Q1 2021 due to virus relapse, Scope estimates a further contraction of GDP next year of 0.7%.

In addition, there are risks that prolonged crisis and loss of investment 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 the end of 2001, to 135% by end-2019, to around 160% in 2020 under Scope baseline expectations. As we move ahead this decade, there remains the likelihood of additional shocks that could impact the debt trajectory adversely.

3. Special servicers review

3.1. Introduction

Scope conducted an operational review with both special servicers. We were generally satisfied with their operational capabilities and processes, with regards to management of the securitized portfolio.

Scope's portfolio recovery assumptions factor in our assessment of the special servicers' capabilities

Our assessment of the special servicers' capabilities addresses, among other things, their corporate structure, business processes and collateral appraisal procedures, servicing IT systems, business discontinuity risks and well as transaction-specific aspects, such as portfolio onboarding procedures, asset manager allocation and asset disposal strategies (i.e. business plan). This assessment is embedded in our recovery rate and recovery timing assumptions, both for unsecured and secured positions.

In addition, Scope conducted a virtual property tour of a small sample of selected properties from the securitization portfolio with both special servicers. The property tour forms an integral part our assessment of the portfolio collateral valuations and secured recovery expectations, which are specifically captured through our property type and appraisal type haircuts (see section 5.1).

3.2. Corporate overview

Both special servicers are among the top 10 largest Italian special servicers

Credito Fondiario and Fire are both among the top 10 Italian special servicers by assets under management, with approximately EUR 17.5bn (as special servicer) and 10.1 bn in NPL volume under management (by GBV) respectively, as of December 2019. Both servicers also have experience as special servicers in other GACS securitisations.

Credito Fondiario acquired Banca Carige S.p.A.'s NPL servicing platform in 2017 and established itself as a major Italian special and master servicer in early 2018, after onboarding EUR 26bn in assets as part of the Siena NPL 2018 S.r.l. securitisation. In December 2018, Credito Fondiario acquired a NPL portfolio from Banco BPM, which resulted in the creation of CF Liberty Servicing S.p.A. as a joint venture between Credito Fondiario and Banco BPM, to manage the portfolio and future flows of new NPLs. In 2020, it was the third largest master servicer in Italy by assets under management.

Fire has grown assets under management from EUR 15.2bn in 2015 to approximately EUR 22bn in December 2020 across all asset classes. As a special servicer, it specialises in the servicing of small-medium sized secured and unsecured NPLs, the latter comprising more than 70% of NPL volume under management (by GBV). It was also a special servicer in POP NPLs 2019 S.r.l. securitisation.

3.3. Servicing model

Both servicers offer services through the credit life cycle

Credito Fondiario is a full-suite servicer, offering master servicing, primary servicing and special servicing solutions. Fire also offers integrated servicing solutions through the

credit life cycle and across asset classes. For both servicers, this is enabled by multiple branches across Italy and a network of external agents supporting collection, appraisal and brokering functions.

Onboarding of portfolios is a largely automated process for both servicers, with Fire relying exclusively on a proprietary tool, while Credito Fondiario uses the industry-standard EPC loan management system as well as a proprietary system for specific portfolios. The loan management systems are mainly used for managing and monitoring legal procedures and documentation, including property auctions, as well as coordination with their network of supporting agents. These systems also feed underlying databases, which inform automated reports for both internal and external agents.

Fire uses a predictive model to cluster borrowers based on expected recovery rates. These models are based on public and aggregate historical data, which includes performance data for more than 2.5 million unsecured positions. Portfolio managers then set strategic objectives for each cluster under their management and are in-charge of day-to-day activities conducted by asset/loan managers. Credito Fondiario classifies portfolios by size, with the largest positions managed by experienced dedicated internal managers. Medium and small sized positions are rotated among asset managers to refresh the approach, if necessary.

4. Portfolio characteristics

The portfolio is composed of both senior secured (56% of GBV) and unsecured loans originated by 15 Italian banks (listed in Appendix I), a majority of which defaulted before or in 2017 (58% of GBV). The secured portfolio is backed mainly by non-residential assets (53% of senior secured collateral value).

4.1. Representations and warranties

The representations and warranties (R&W) on the receivables provided by the originators are generally aligned with those of peer transactions we rate, and include the following:

- 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.
- All the information included in the data tape and subject to the pool audit procedure is truthful, complete and accurate.
- All real estate assets are located in Italy and, to the knowledge of each originator, are existing.
- Bankruptcy proceedings related to bankrupt debtors are ongoing as of the cut-off date.
- Borrowers are not employees, managers or directors of the originators.

The following standard representations and warranties have not been included:

- As of the date on which financings were granted, all individual borrowers were resident in Italy and all the corporates have their registered office in Italy.

4.2. Key portfolio stratifications

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

Figure 2: Portfolio summary

	Total	Senior secured	Junior secured	Unsecured
Number of loans	8,128	1,898	602	5,628
Number of borrowers	3,978	1,532	271	2,175
GBV (EUR m)	919.9	514.0	82.8	323.1
% of gross book value		55.9	9.0	35.1
Cash in court (% of GBV)	0.3			
Collections since cut-off date (% of GBV)	2.9			
Weighted average seasoning (years)	3.4	3.0	3.2	3.9
Collateral value (EUR m)	1,050	718	332	

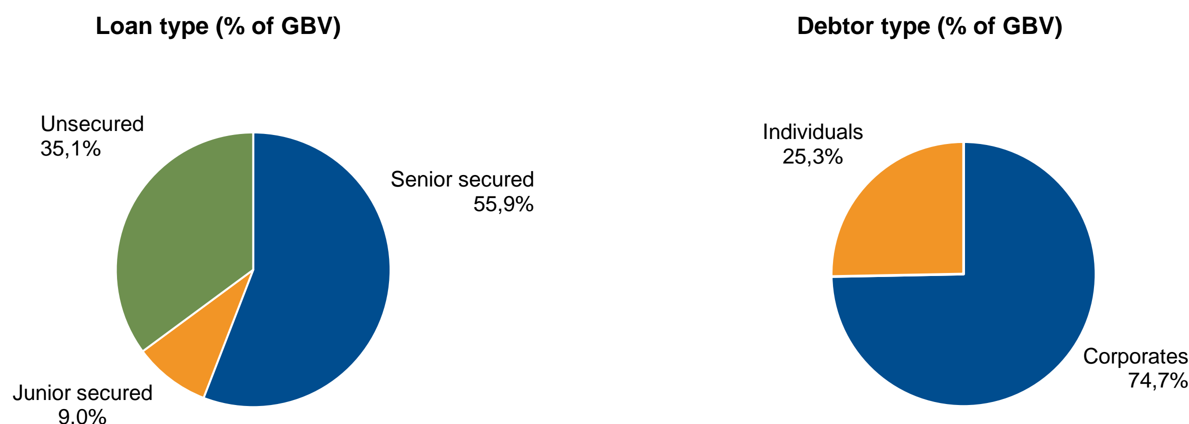
Scope has applied conservative mapping assumptions to missing data

Our analysis is performed on a loan-by-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, 'unsecured' otherwise. Unless otherwise stated, unsecured loans include junior secured loans.

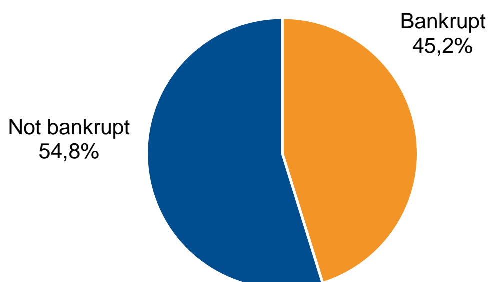
We also adjusted the pool's gross book value using information on collections and sold properties between the cut-off date and the notes' issuance date. The analysis excluded loans that we assumed to be closed, based on the amount of collections already received and cash-in-court amounts to be *received*. Collateral connected with these positions was also removed. Unless stated otherwise, unsecured loans include junior lien secured loans.

Stratification data provided below may be based, if applicable, on conservative mapping assumptions applied to missing entries for certain fields.

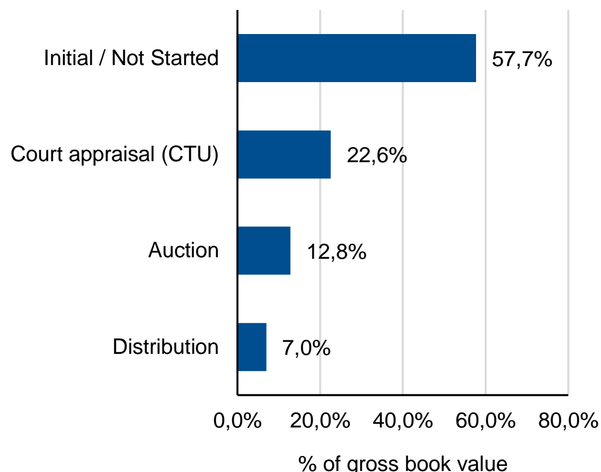
Figure 3: Key portfolio stratifications



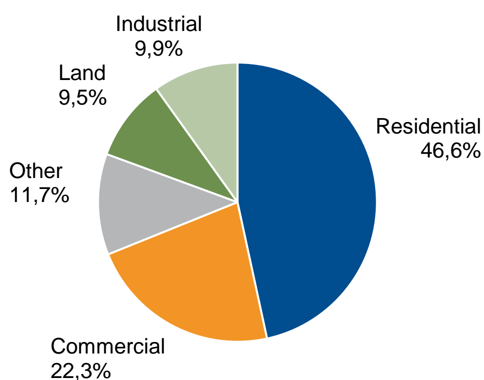
Debtor status (secured loans, % of GBV)



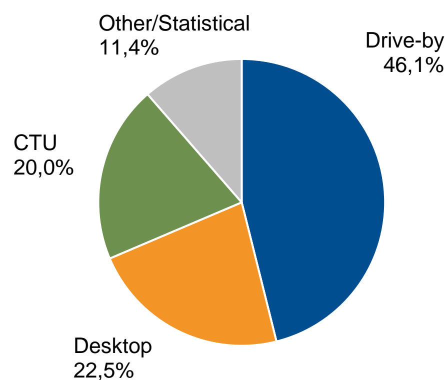
Legal stage (secured loans, % of GBV)



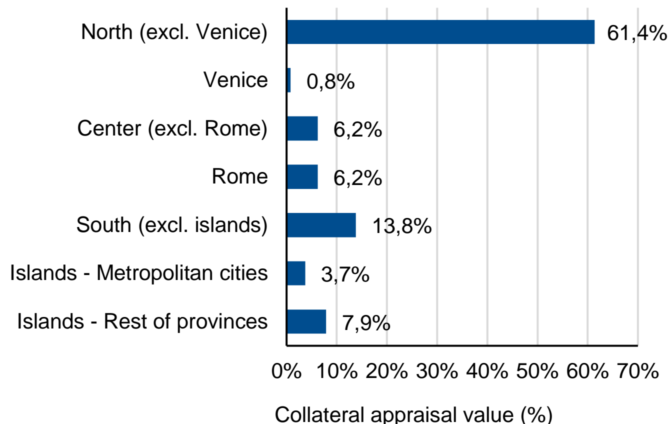
Collateral type (first-lien claims, % of appraisal value)



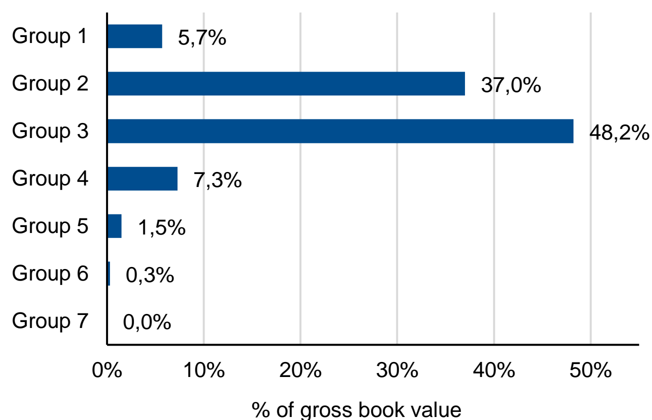
Appraisal types (first-lien claims, % of appraisal value)



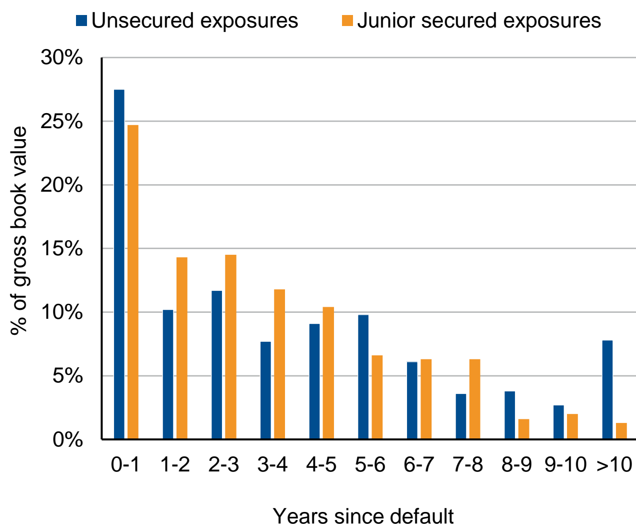
Collateral macro-region (first-lien claims)



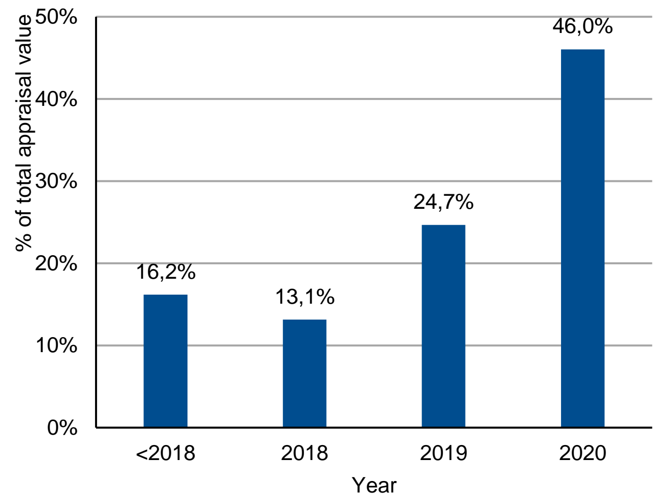
Court group distribution (secured loans)



Years since default



Year of valuation (first-lien claims, % of appraisal value)



Sources: Transaction data tape; calculations by Scope Ratings

5. Portfolio analysis

Scope' NPL methodology tests the resilience of a rated instrument against deterministic, rating-conditional, stresses. We apply higher stresses the higher the instrument's ratings. Figure 4 summarizes the stressed recovery rate assumptions applied for the analysis of the class A and Class B notes. We also account for the current macroeconomic scenario, taking a forward-looking view on macroeconomic developments.

Figure 4: Summary of assumptions

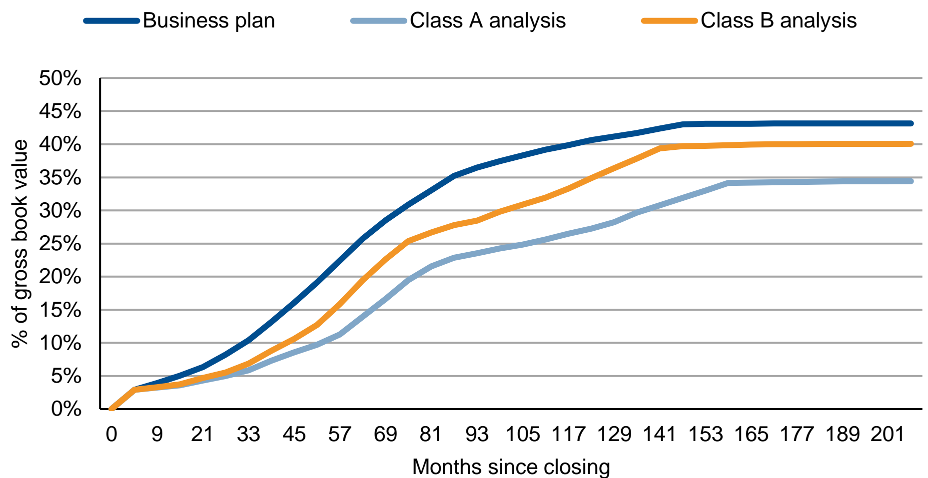
	Class A analysis	Class B analysis
Secured recovery rate (% of secured GBV)	51.4	60.2
Unsecured recovery rate (% of unsecured GBV)	12.9	14.6
Total recovery rate (% of total GBV)	**34.4**	**40.1**
Secured collections weighted average life (years)	7.2	6.5
Unsecured collections weighted average life (years)	3.3	3.4
Total collections weighted average life (WAL)	**6.6**	**6.0**

Sources: Scope Ratings

Scope's Class A recovery rate assumptions are about 20% below business plan targets

Figure 5 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with those in the servicers' business plan. These assumptions are derived by blending secured and unsecured recovery expectations. Our Class A recovery assumptions are about 20% below business plan forecast and take significantly longer to materialise – we assume a WAL of 6.6 years compared to a WAL of about 5.1 years per the business plans.

Figure 5: Business plan gross cumulative recoveries vs Scope's assumptions[3]

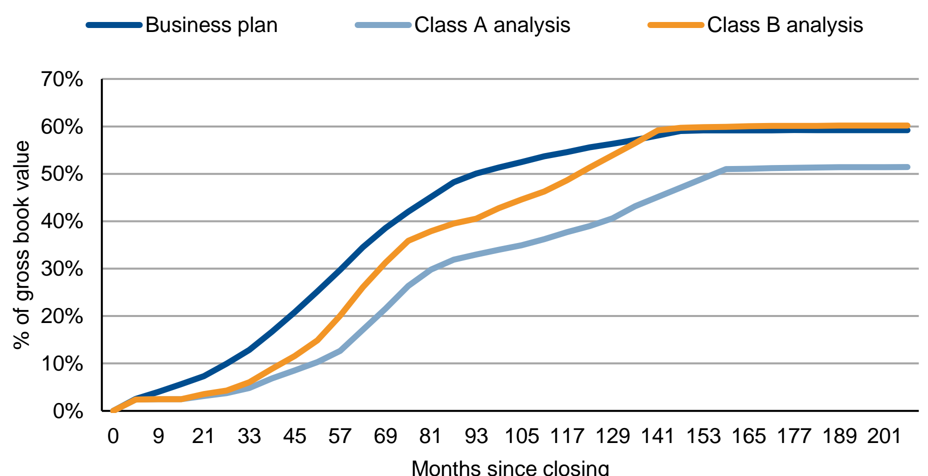


Sources: Special servicers' business plans, Scope Ratings

5.1. Analysis of secured portfolio segment

Figure 6 shows our lifetime gross collections vectors for the secured segment compared to those from the servicer's business plan. Our analytical approach mainly consists of estimating the security's current value based on property appraisals and then applying compounded haircuts to capture market value and liquidity risks. Our recovery timing assumptions are mainly based on the efficiency of the assigned court, with the latter derived using historical data, the length of the proceeding, the type of legal proceeding and the stage of the proceeding. Our analysis also captures borrower concentration risk. Finally, we factor in our qualitative assessment of the servicer's capabilities and the business plan.

Figure 6: Scope's secured recovery rate assumptions[3]

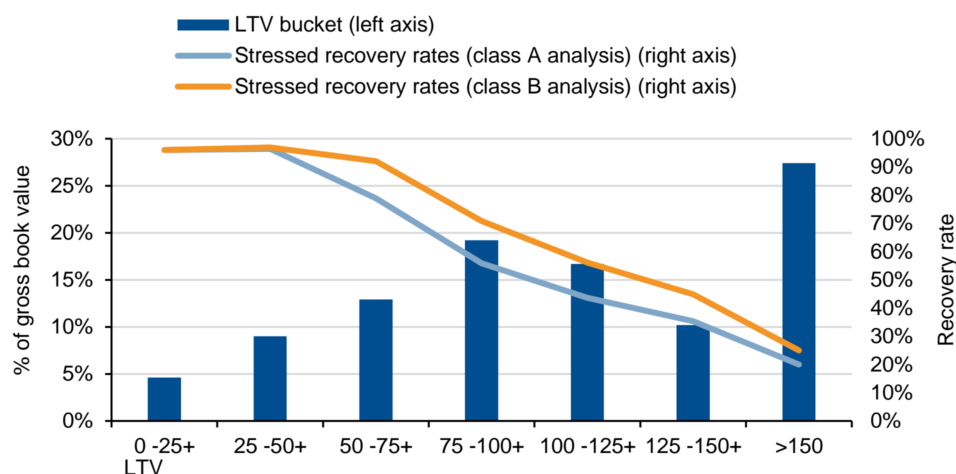


Source: Special servicers' business plans, Scope Ratings

[3] Scope's recoveries correspond to expected collections from senior secured loans, including cash-in-court and ad-interim collections. We classify a loan as senior secured if there is an underlying first-lien claim to a secured asset. Business plan recoveries correspond to the Servicer's expected collections from senior secured borrowers (i.e., borrowers with at least one first-lien mortgage loan).

Figure 7 shows the secured loans' distribution by loan-to-value (LTV) bucket as well as our recovery rate assumptions for each LTV bucket. The portfolio has a higher share of loans with a loan-to-value ratio below 100% (46% of GBV) as compared the average for other transactions rated by Scope, which leads to higher security coverage.

Figure 7: Scope's recovery rate assumptions by loan-to-value (LTV) bucket



Sources: Transaction data tape; calculations by Scope Ratings

5.1.1. Property market value assumptions

Figure 8 details Scope's average assumptions regarding forward-looking regional property prices changes over the transaction's lifetime. These assumptions are based on an analysis of historical property price volatility and on fundamental metrics relating to property affordability, property profitability, private sector indebtedness, the credit cycle, population dynamics and long-term macroeconomic performance.

Figure 8: Scope's transaction-specific price change assumptions

	North						Centre			South			Islands	
Region	Milan	Turin	Genoa	Bologna	Venice	Others	Rome	Florence	Others	Naples	Bari	Others	Metropol-itan cities	Rest of provinces
Class A analysis	-13%	-11%	-11%	-11%	-13%	-13%	-17%	-15%	-15%	-13%	-13%	-15%	-13%	-15%
Class B analysis	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
Portfolio distribution (%)	5.4	1.5	1.7	1.6	0.8	51.2	6.2	0.1	6.1	7.4	0.8	5.6	3.7	7.9

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

5.1.2. Collateral liquidity risk

Property-type haircuts range between 35% and 50%

Asset liquidity risk is captured through additional property type fire-sale haircuts applied to collateral valuations. Figure 9 shows the stresses applied for the analysis of the class A notes. 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 9: Scope's transaction-specific fire-sale discount assumptions

Property type	% of collateral value	Class A analysis haircut	Class B analysis haircut
Residential	46.6	35%	28%
Non-residential	53.4	40-50%[4]	32-40%

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

5.1.3. Appraisal analysis

Appraisal type haircuts range between 0% and 25%

We applied additional valuation type haircuts ranging from 0% to 25%, reflecting our view on the level of quality and/or accuracy of the underlying valuation procedures, as show in Figure 10. Seasoned valuations are also indexed using regional price indices. However, indexation has a marginal impact on this portfolio, as most valuations were conducted in recent and property prices have remained fairly flat in recent years.

Figure 10: Portfolio appraisal types and stressed valuation haircut assumptions

Valuation type	% of collateral value	Class A analysis haircut	Class B analysis haircut
Drive-by	46.1	0%	0%
Desktop	22.5	5%	4%
CTU[5]	20.0	10%	8%
Other[6]	11.4	10-25%	8-20%

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

5.1.4. Concentration risk

Top 10 borrowers represent 9% of gross book value

We addressed borrower concentration risk by applying a 10% rating-conditional recovery haircut to the 10 largest borrowers for the analysis of the class A notes. The largest 10 and 100 borrowers account for 9.1% and 35.3% of the portfolio's gross book value, respectively. These levels are in-line with peer transactions rated by Scope.

5.1.5. Residual claims after security enforcement

We address potential residual claims after security enforcement

A secured creditor may initiate enforcement actions against a debtor despite the closure 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).

No credit to residual claims from corporate borrowers
Partial credit to residual claims from individuals

Based on market-wide 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. For corporate loans, we gave no credit to potential further recoveries on residual claims after the security has been enforced.

[4] A haircut of 50% was applied to assets in development.
[5] "CTU" is an acronym for Consulente Tecnico d'Ufficio.
[6] Includes latest auction reserve price, when available.

5.1.6. Tribunal efficiency

Court distribution is skewed towards northern regions of Italy which show below average court timings

The total length of the recovery processes is mainly determined by the efficiency of the assigned court and by 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 11: Total length of the recovery process by court group in years

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	% of senior secured gross book value*
1	4	2	5.7
2	6	3	37.0
3	8	4	48.2
4	10	5	7.3
5	12	6	1.5
6	14	7	0.3
7	18	9	0.0

* Percentages incorporate our assumptions with reference to courts not included in available information
Source: Transaction data tape; calculations and/or assumptions by Scope Ratings

For the analysis of the class A notes, we applied line-by-line stressed legal recovery timing assumptions considering the court in charge, as reflected in figure 11. We also considered the current stage of the legal proceedings (see figure 3).

5.2. Analysis of unsecured portfolio segment

We have assumed a recovery rate of 12.9% for unsecured loans, over a weighted average life of 3.3 years for the analysis of the class A notes, as shown in figure 12.

Unsecured portfolio analysis is based on statistical data

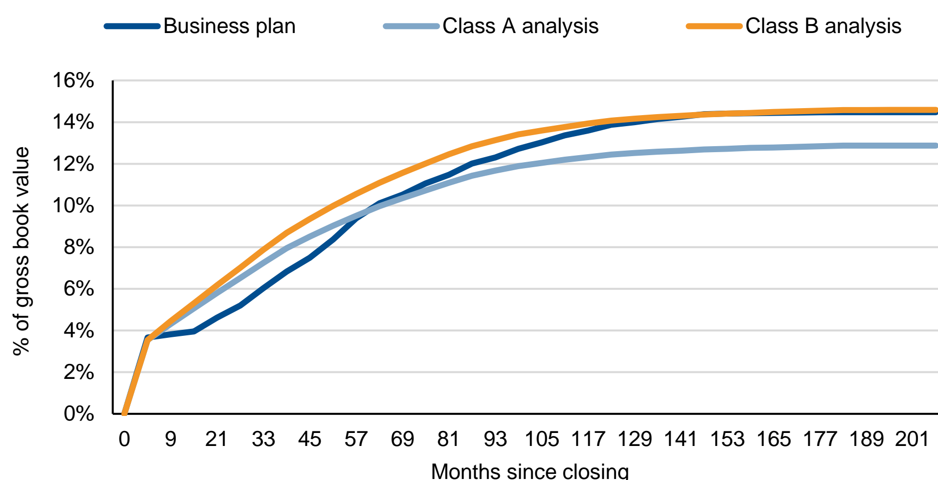
Our unsecured recovery assumptions are primarily based on market wide historical unsecured recovery rate data. We also factor-in servicer-specific historical recovery data, as well as our view on the quality of its recovery procedures.

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.

The ageing of the unsecured portfolio driver of recoveries

Finally, transaction-specific assumptions are re-calibrated to reflect the ageing of the unsecured portfolio segment, as we believe that aged unsecured NPLs exhibit a lower likelihood of recoveries. The unsecured loans in the portfolio are classified as defaulted for a weighted average of 3.8 years.

Figure 12: Scope's unsecured recovery rate assumptions[3]



Source: Special servicers' business plans, Scope Ratings

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 0.30%, Class B will pay a floating rate indexed to six-month Euribor, plus a margin of 12%. Class A Euribor component is structurally capped at the upper bound outlined in the cap schedule in figure 17. If six-month Euribor is above 0%, class B Euribor component shall be subordinated to the repayment of the class A notes. The Class B spread (and a portion of the special servicer fees) will be subordinated to class A principal payments if certain under-performance events are triggered, but rank senior otherwise.

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.

6.1. Combined priority of payments

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

Figure 13: Simplified priority of payments

Pre-enforcement priority of payments
1) Senior fees and expenses (including master servicer and special servicer fees)
2) Expenses account replenishment until the retention amount
3) Limited recourse loan interest
4) GACS Costs
5) Recovery expenses reserve amount
6) Class A interest
7) Subordinated GACS guarantee amounts if any
8) Cash Reserve replenishment up to the Target Cash Reserve Amount
9) Limited recourse loan principal
10) Class B interest (in case of no interest subordination event) capped at Class B margin
11) Class A principal
12) Class B interest (in case of interest subordination event) and class B Euribor component, if positive
13) Class B principal and servicer mezzanine performance fees (if any)
14) Indemnities (if any)
15) Interest on class J
16) Servicer junior performance fees (if any) and Class J principal
17) Variable return on class J

6.2. Interest subordination events

The occurrence of an interest subordination event results in class B spread being paid under item 10 of the waterfall above. An interest subordination event occurs (i) if the cumulative net collection ratio (CCR)[7] falls below 90% of the servicer's business plan targets, or (ii) if present value cumulative profitability ratio (NPVPR)[8] falls below 90%, or iii) there are any unpaid class A interest amounts.

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

1) If on a subsequent payment date, the CCR increases to between 90% and 100%, class B interests accruing on that payment date will be payable senior to class A principal repayment. However, if above 0%, the Class B Euribor component is paid junior to Class A principal. These mechanisms are aligned with the requirements of the GACS Scheme.

2) If on a subsequent payment date, the CCR returns above 100%, due and unpaid class B interests are paid senior to class A principal.

[7] '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.

[8] 'Net PV 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 closed borrowers; and ii) the sum of the target price (based on the servicers' initial business plan) of all receivables relating to closed borrowers.

6.3. Servicing fee structure

The servicing fee structure is designed to mitigate potential conflicts of interest between the servicer and the noteholders, both through a performance-based servicing fee component and through a servicing fee deferral mechanism, subject to pre-defined underperformance events.

6.3.1. Servicer fees

The special servicers shall be entitled to both an annual base fee and a performance fee. The performance fee ranges between 3.4% and 11.3% of realised collections net of legal expenses for Credito Fondiario and between 2% and 12% for Fire.

The precise level of performance fees is subject to the type and size of the exposure. Considering the portfolio composition, we assumed an average performance fee of 4.3% and 7.6% for secured and unsecured exposures serviced by Credito Fondiario, respectively. For Fire, we have assumed an average performance fee of 5.3% and 9.3% for secured and unsecured exposures, respectively (plus taxes for loans originated by a subset of originators).

The issuer has been consolidated in the servicer's banking group, establishing a VAT group, and as a result VAT would not be applicable on the servicing fees. However, the VAT waiver is subject to interpretations of relevant EU provisions, as outlined in the legal memo we received.

6.3.2. Servicer fees subordination events

The servicing performance fee structures reasonably aligns the interests of the servicer and the noteholders

The occurrence of a subordination event results in 5% - 20% of the servicer performance fees being subordinated to class A principal payments. This portion is then paid under items 13 and 16 of the above simplified priority of payments, as mezzanine or junior performance fees, respectively. A servicer fees subordination event occurs if occurs either if the CCR or the NPVPR falls below a given threshold, as shown in figure 14.

Figure 14: Servicing fee subordination mechanism

CCR <=90% or NPVPR <90%	- 15.0% as servicer mezzanine performance fee - 5.0% as servicer junior performance fee
NPVPR >= 90% and <95%	- 5.0% as servicer mezzanine performance fee - 5.0% as servicer junior performance fee
NPVPR >=95% and <100%	- 5.0% as servicer mezzanine performance fee - 0% as servicer junior performance fee

Source: Transaction documents.

The servicer performance fee subordination event is curable if on any subsequent payment date, both the cumulative net collection ratio and the NPVPR return above 100%. Fee accrued in such a period shall then be payable senior to Class A interest. However, all mezzanine and junior fees accrued and subordinated in previous periods shall remain subordinated.

6.3.3. Servicer monitoring

Monitoring agent protects noteholders' interests

An overview of the servicers' activities and calculations, prepared by Banca Finanziaria Internationale S.p.A. as monitoring agent, mitigates operational risks and moral hazard 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 on a random sample of debt positions.

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 servicer upon a servicer termination event, subject to the approval of the noteholders' representative. The monitoring agent can also authorise the sale of the receivables, the closure of debt positions, and the payment of additional costs and expenses related to recovery activities.

6.3.4. Servicer termination events

Master back-up servicing arrangements mitigate servicing disruption risk

A servicer termination event includes i) insolvency; ii) an unremedied breach of obligations; iii) failure to pay any amounts to the issuer within 2 business days; iv) an unremedied breach of representation and warranties; v) loss of legal eligibility to perform obligations under the servicing agreement; vi) after 24 months since closing, the occurrence of two consecutive underperformance events; and vii) following the enforcement of the GACS guarantee, if the cumulative net collection ratio is lower than 100% for two consecutive collection dates.

Upon a master servicer termination event, Banca Finanziaria Internazionale S.p.A. would step in as master servicer. As the monitoring agent, it would also appoint a suitable replacement for the special servicer upon a special servicer termination event.

6.4. Liquidity protection

Cash reserve protects liquidity of senior noteholders

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

The cash reserve will be 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 protection

Interest rate risk on class A notes is mitigated through an interest rate cap and a cap embedded in the terms of the notes

The interest rate risk on the class A notes is hedged via a) the subordination of the class B base rate in accordance with the priority of payments, b) a structural cap on the base rate payable on the class A notes ranging from 0.20% at the issue date to 1.6% on the note's maturity date, and c) an interest rate cap spread agreement with J.P. Morgan.

Figure 15 summarises the structure of the cap agreement: The cap counterparty will pay to the issuer the non-negative difference between a) the maximum of 6-months Euribor and the upper strike schedule, and b) the lower strike schedule, on an amortising cap notional schedule. The maximum base rate payable on the class A notes, in accordance with the transaction documentation, is aligned with the upper strike rate.

The cap notional schedule is above Class A amortisation profile in our analysis of Class A notes, which effectively caps the base rate payable on the notes at 0% (see figure 16). A delay in recoveries beyond Scope's class A recovery timing vector would increase interest rate risk exposure, as this could result in gap between the transaction's cap notional amount and the class A notes' outstanding principal.

Figure 15: Cap spread on class A notes

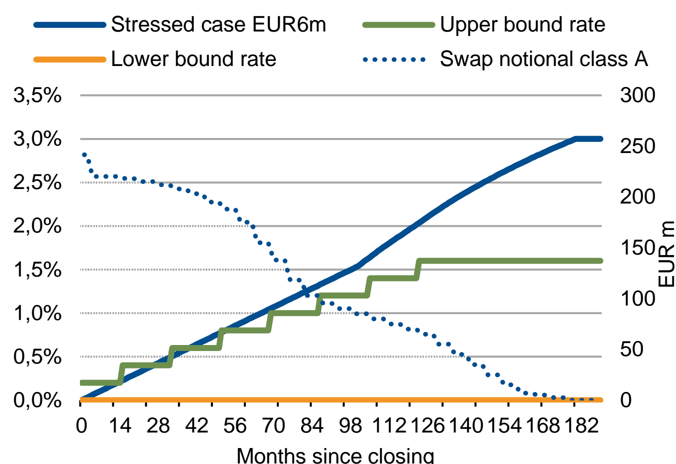
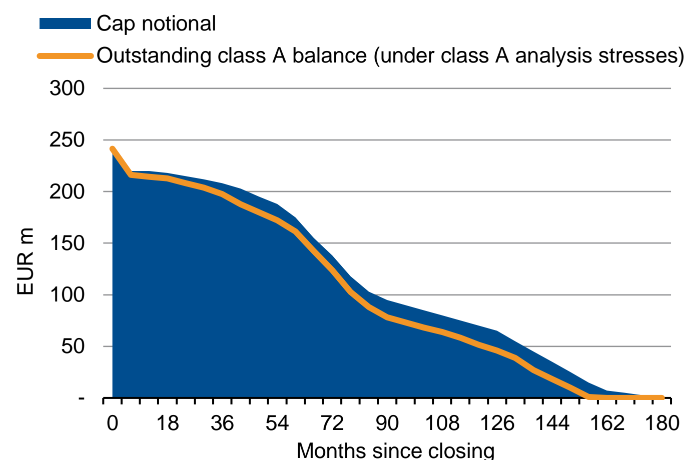


Figure 16: Cap notional vs outstanding class A notes



Sources: Transaction documents, Bloomberg and Scope Ratings

6.6. ReoCo structure

The transaction foresees the option, upon request of the mezzanine and junior noteholders, to activate the involvement of a Real Estate Operating Company ('ReoCo'). The servicers will carry out all the technical and operating support and the strategic advisory required to ensure the full operation of ReoCo.

7. Cash flow analysis and rating stability

Our cash flow analysis considers the structural features of the transaction

We analysed the transaction's specific cash flow characteristics. Asset assumptions are applied using rating-conditional gross recovery vectors. The analysis captures the capital structure, legal costs (assumed to be 9% of our gross recovery assumptions), servicing fees as described in section 7.3, and estimated annual senior costs of about EUR 350,000 (including insurance costs). We took into account the reference rate payable on the notes, considering the cap rate embedded in the class A note, the subordination of the Euribor component paid on class B notes and the cap spread terms described in the previous section.

The rating assigned to the class A notes reflects expected losses over the instrument's weighted average life commensurate with 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 in secured and unsecured recovery rates by 10%, two notches.
- an increase in the recovery lag by one year, zero notches.

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

- a decrease in secured and unsecured recovery rates by 10%, two notches.
- an increase in the recovery lag by one year, zero notches.

8. Sovereign risk

No mechanistic cap linked to sovereign risk

Sovereign risk does not limit 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 we view as highly unlikely, are not material for the notes' rating.

9. Counterparty risk

Counterparty risk does not limit the transaction's rating

In our view, none of the counterparty exposures constrain the ratings 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 and collateral posting provisions included in the cap agreements.

The transaction is mainly exposed to counterparty risk from the following counterparties: i) the originators listed in appendix I, as sellers (regarding representation and warranties and the obligation of transferring the eventual payments that might be made by the borrowers to the issuer), ii) Credito Fondiario as special and master servicer, and corporate services provider; iii) Fire as special servicer; iv) Banca Finaziaria Internationale S.p.A. as noteholders' representative, calculation agent and monitoring agent; v) BNP Paribas Securities Services, Milan Branch, as paying agent, account bank and agent bank and (vi) J.P. Morgan as cap counterparty.

The roles of the account bank, principal paying agent, agent bank and cash manager must be held by an institution with minimum short-term and long-term ratings of S-3 and BB, if rated by Scope. Other replacement triggers on those counterparties are based on public ratings by other agencies.

9.1. Servicer disruption risk

A servicer disruption event may have a negative impact on the transaction's performance. The transaction incorporates servicer-monitoring, a master back-up servicer appointed at closing and servicer replacement arrangements that mitigate operational disruption (see section 6.3.4).

9.2. Commingling risk

Limited commingling risk

Commingling risk is limited, as debtors will be instructed to pay directly into the accounts held in the name of the issuer. In limited cases in which the servicers receive payments from a debtor, they would transfer the amounts within two business days.

9.3. 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 may be obliged to indemnify the issuer for damages.

However, the above-mentioned representations and warranties are only enforceable by the issuer within (i) 18 months from the transfer date for those positions subject to a due diligence, (ii) for the rest of the portfolio, the minimum between 18 months from the end of the corresponding special servicer's onboarding phase and 24 from the transfer date. The total indemnity amount will be capped to a maximum of 25% of the portfolio purchase price. Furthermore, the indemnity amounts will be payable only above a minimum amount threshold of EUR 10,000-40,000 on an aggregate basis (depending on the originator), and EUR 3,000 on a single-loss basis, once the aggregated minimum amount threshold is reached.

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 cap agreement.

The transaction is fully governed by the terms in the documentation and any changes are subject to the risk-takers' consent, with the most senior noteholders at the date of the decision having a superior voting right.

10.2. Use of legal opinions

We 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 performance reports as well as other public information. The rating will be monitored on an ongoing basis.

Scope analysts are available to discuss all the details of 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 we applied Scope's Non-Performing Loan ABS Rating Methodology, and Scope's Methodology for Counterparty Risk in Structured Finance, both available on www.scoperatings.com.

Appendix I: List of originators

Originator	# of loans	% of loans	Unadjusted GBV[9]	% of Unadjusted GBV
BANCA POPOLARE DI SONDRIO	2072	25.5%	371,781,683	40.4%
SOLUTION BANK	736	9.1%	107,074,710	11.6%
CASSA DI RISPARMIO DI ASTI	568	7.0%	91,244,077	9.9%
BANCA DI CREDITO POPOLARE	804	9.9%	71,525,300	7.8%
BANCA AGRICOLA POPOLARE DI RAGUSA	1668	20.5%	70,633,222	7.7%
BANCA POPOLARE DI PUGLIA E BASILICATA	588	7.2%	54,824,208	6.0%
CASSA DI RAVENNA BANCA DI IMOLA	47	0.6%	44,334,441	4.8%
CIVIBANK	422	5.2%	37,551,313	4.1%
BIVER BANCA	286	3.5%	21,937,485	2.4%
BANCA DI PIACENZA	358	4.4%	19,001,719	2.1%
BANCA POPOLARE DEL CASSINATE	191	2.3%	12,638,938	1.4%
BANCA DEL SUD	130	1.6%	8,603,614	0.9%
BANCA POPOLARE DI FONDI	175	2.2%	4,581,521	0.5%
BANCA POPOLARE DI FRUSINATE	83	1.0%	4,169,254	0.5%

[9] Scope adjusts the pool's gross book value using information on collections and sold properties between the cut-off date and the notes' issuance date, as described in section 4. "Unadjusted" gross book value corresponds to the unadjusted amounts, as observed in the pool data tape.

Appendix II: Deal comparison

Transaction	POP NPLS 2020	Yoda SPV	BCC NPLS 2020	Spring SPV	Diana SPV	POP NPLS 2019	Futura	Iseo SPV	BCC NPLS 2019	Marathon	Prisma	Juno 2	Leviticus SPV	Belvedere SPV	BCC NPLs 2018-II	Riviera NPL	POP NPLS 18	Aqui	IBLA (Ragusa)	Maior SPV	Maggese	Juno 1	BCC NPLS 2018	2Worlds	4Mori Sardegna
Closing	Dec-20	Dec-20	Nov-20	Jun-20	Jun-20	Dec-19	Dec-19	Dec-19	Dec-19	Dec-19	Oct-19	Feb-19	Feb-19	Dec-18	Dec-18	Dec-18	Nov-18	Nov-18	Sep-18	Aug-18	Jul-18	Jul-18	Jul-18	Jun-18	Jun-18
Originators	15 banks	Intesa Sanpaolo	90 Banks	BPER Banca	BPS	12 Banks	53 Banks	UBI Banca	68 Banks	17 Fin. Inst.	Unicredit	BNL	BPM	multiple	73 Banks	Carige & Lucca	17 Banks	BPER	Banca di Ragusa	UBI Banca	C.R. Asti, Biver	BNL	ICCREA	BPS, BDB	Banco di Sardegna
Master servicer	Credito Fondiario	Intrum	Italfondiario	Prelios	Prelios	Prelios	Guber Banca	Italfondiario	Italfondiario	Securitisation Services	Italfondiario	Prelios	Prelios	Prelios	Italfondiario	Credito Fondiario	Cerved	Prelios	Italfondiario	Prelios	Prelios	Prelios	Prelios	Cerved	Prelios
Special servicer	Credito Fondiario & Fire	Intrum	doValue	Prelios	Prelios	Prelios, Fire	Guber Banca	doValue	doValue	Hoist Italia	doValue	Prelios	Prelios	Prelios, BVI	Italfondiario	Credito Fondiario, Italfondiario	Cerved	Prelios	Italfondiario	Prelios	Prelios	Prelios	Prelios	Cerved	Prelios
General portfolio attributes																									
Gross book value (EUR m)	919.9	6.033	2347.1	1377.3	999.7	826.7	1,256	857	1,324	5,027	6,057	968	7,385	2,541	1,954	964	1,510	2,082	330	2,496	697	880	1,009	968	900
Number of borrowers	3,978	22,282	9,580	2,544	2,981	6,633	9,639	6,401	8,596	324,282	52,419	1,120	19,747	13,678	10,089	3,606	6,578	6,255	1,598	11,061	1,313	731	2,518	3,956	11,412
Number of loans	8,128	74,312	17,246	11,669	4,813	16,718	16,152	8,373	15,944	412,795	137,813	3,609	49,404	31,266	22,041	9,776	17,093	21,279	4,805	22,580	5,313	2,787	5,359	13,234	20,098
WA seasoning (years)	3.4	5.5	3.8	4.6	4.0	6.1	5.5	3.5	3.4	7.5	5.3*	3.5*	3.8*	6.7*	1.8*	2.0*	2.9*	3.9	2.2*	4.2*	3.1*	3.0*	2.6*	2.7*	4.8*
WA seasoning (years) - unsecured portfolio	3.8	5.9	4.5	4.9	4.4	7.7	6.2	4.6	4.2	7.5	6.8*	3.9*	4.4*	6.7*	2.5*	2.5*	3.5*	4.5	2.7*	4.6*	3.9*	3.1*	2.9*	3.2*	6.4*
WA LTV buckets (% or secured portfolio)																									
bucket [0-25]	4.6	3.9	3.3	5.2	2	4.3	2.3	1.4	3.4	N/A	3	1.8	3.5	2	4	3.8	5.5	3	2.8	10.3	2.1	3.5	4.3	2.8	5.7
bucket [25-50]	9	8.9	7.7	13.4	7.4	10.3	5.5	5.4	9.9	N/A	8	8	9.2	4.9	9.4	11.7	11.4	11.4	7.4	19.2	6.3	7.6	6.8	13	14.6
bucket [50-75]	12.9	15.6	13.1	18.2	11.4	12.4	8	10.4	11.9	N/A	13.2	15.4	12.6	5.4	13.2	12.9	17.5	17.8	12.5	21.2	11.6	14.3	12.5	17.9	21.8
bucket [75-100]	19.2	13.8	13.5	15	19	17.4	7.2	15.8	14.6	N/A	15	15.6	14.8	8.5	14.8	10.7	14.9	17.9	16.3	14.9	13.9	16	15.1	15.8	20.4
bucket [100-125]	16.7	13.9	11.7	12.8	10.2	11.7	10.1	17.7	13.6	N/A	12.7	11.2	9.5	6.8	10.3	12	13.8	12.2	15.9	10	20.8	14.7	11.8	14.5	12.8
bucket [125-150]	10.2	6.9	9.5	6.2	7.5	8.6	9.5	15.7	8.5	N/A	10.6	10.9	6.9	8.6	9.1	8	10.1	8.5	12.1	5	8.4	6.3	7.7	7.5	4.0
bucket [150-175]	27.4	6.5	4.9	3.9	8.6	6.2	6.4	10.3	8.8	N/A	8.5	3.7	6.9	4.8	7.2	8.3	5.6	4.8	7.3	4.4	7.7	5.3	6.4	4.9	1.8
bucket [175-200]		3.3	5.4	3.9	3.7	3.7	3.8	7.2	6.7	N/A	6.3	7.8	4.7	5.2	4.5	3.3	7.4	4.1	6.6	2	6.8	5	6.1	6.6	4.4
bucket > 200		27.1	31	21.1	30.2	25.5	47.2	16.1	22.6	N/A	22.8	25.5	31.9	53.9	27.6	29.5	13.8	20.4	19.2	12.9	22.2	27.3	29.3	17.1	14.5
Cash in court (% of total GBV)	0.3	0.9	0.4	3.0	3.3		1.1	1.6	1.1	N/A	1.8	5.9	2.0	2.7	0.8	1.2	1.3	3.1	2.2	4	2.7	7.2	24	8.5	18.3
Loan types (% of total GBV)																									
Secured first-lien	55.9	41.2	59.8	52.5	64.7	46.9	45.7	92.2	65.9	0	64	57.7	50.5	41.0	58.4	39.4	53.9	57	67.2	39.9	43.1	30.4	70	53.1	56.1
Secured junior-lien	9.0	3.7	7.5	42.4	3.4	5.3	6.1	3.3	7.9	0	0.4	3	5.6	8.2	10.0	9.0	8.8	2.5	2.1	6.7	9.6	2.4	0.9	0	0.6
Unsecured	35.1	55.1	32.7	5.1	31.9	47.7	48.2	4.5	26.2	100	35.7	39.3	43.9	50.8	31.6	51.6	37.3	40.5	30.8	53.4	47.3	67.2	29.1	46.9	43.3
Syndicated loans	1.1	1.3	6.4	14.0	0.0	1.4	2.4	0	5.2	0	0	7.5		0	3.6	0	3	2.2	0.5	1.1	1		6.1	3.8	3.3
Debtors (% of total GBV)																									
Individuals	25.3	10.6	16.6	11.1	21.5	27.8	22	100	20.7	57.4	100	7.7	14.7	12.0	20.9	13.2	22.9	16.4	25.6	17	18.9	3.4	14.3	26.4	24.4
Corporates or SMEs	74.7	89.4	83.4	88.9	78.5	72.2	78	0	79.3	42.6	0	92.3	85.3	88.0	79.1	86.8	77.1	83.6	74.4	83	81.1	96.6	85.7	73.6	75.6
Procedure type (% of total GBV)																									
Bankrupt	55.1	49.8	59.1	52.8	22	51.5	64.2	0.9	60.5	N/A	0.7	69.9	71.7	82.2	59.6	72.7	56.6	44	13.2	49.5**	53.4	71.5	62.7**	29.3	39.1
Non-bankrupt	44.9	50.2	40.9	47.2	78	48.5	35.8	99.1	39.5	N/A	99.3	30.1	28.3	17.8	40.4	27.3	43.4	56	86.8	50.5	46.6	28.5	37.3	70.7	60.9
Borrower concentration (% of GBV)																									
Top 10	9.1	5.2	6.1	11.5	8.7	5.6	4.8	1.7	5.3	0	0.4	19	5.4	9.1	3.8	22.6	7.3	8	6.5	1.9	8.6	8.6	6.7	3.6	8
Top 100	35.3	19.6	25.1	39.7	34.7	26.6	21.5	7.4	26	0	1.7	56.2	20.3	24.2	19.4	45.5	26.4	26.5	26.9	10.4	31	34.4	29	18.1	27.7
Collateral distr. (% of appraisal val.)																									
North	62.2	36.6	42.8	39.2	83.8	21.2	74.1	50.7	38.1	N/A	37.1	32.8	71.1	48.8	34.1	79.3	20.9	48.5	0.3	57.9	98	43.9	72.4	43.5	1.3
Centre	12.4	24.3	40.6	8.3	9.7	8.7	14.6	21.1	35.6	N/A	24.2	38.9	17.4	23.6	47.5	12.3	36.3	8.1	0	19.2	0.4	34.8	19.5	51.3	11.5
South	25.4	39.1	16.5	52.5	6.5	70.1	11.3	28.2	26.3	N/A	38.6	28.3	11.4	27.6	18.4	8.3	42.9	43.4	99.8	22.9	1.6	21.3	8.1	5.2	87.4
Collateral type (% of appraisal val.)																									
Residential	46.6	38	31.6	32.8	46.6	54.4	47.1	94.8	43.8	N/A	90.1	34.8	41.6	41.9	36.9	40.6	41.7	33.9	57.8	57.3	46.7	29.2	39.3	44.4	51.3
Commercial	22.3	16.7	20.9	22.1	17.9	22.2	10.6	1.6	18.8	N/A	4.5	21.1	9.5	9.6	19.2	7.2	27.4	19.5	18.4	16.2	15.4	19.5	29.5	24.6	23.7
Industrial	9.9	26.3	21.1	12.4	11.5	6.1	21.2	2.1	15.3	N/A	0	16	5.3	7.2	13.9	17.3	16.2	15	9.6	14.8	21.8	32.4	11.2	10.5	11.3
Land	9.5	14.5	14.2	14.7	12.5	6	12.1	0.7	14.2	N/A	1	9	16.2	8.8	18.0	14.7	8.6	10.6	9.3	7.9	10.1	4.8	13.7	6.6	6.2
Other or unknown	11.7	4.5	12.2	18.0	11.6	11.3	9	0.7	7.9	N/A	4.4	19.1	27.5	32.5	12.1	20.2	6.1	21	4.9	3.9	6	14.1	6.3	13.9	7.6
Valuation type (% of appraisal val.)																									
Full or drive-by	46.1	31.1	57.4	74.3	62	25.9	0.9	0	57.7	N/A	0	56.8	32.3	31.4	29.2	21.4	45.5	48.3	60.5	16.9	58.3	10.2	68.4	79.5	38.8
Desktop	22.5	23.4	19.4	11.4	9.8	11	53.2	71.1	19.9	N/A	0	24.8	31.7	36.1	21.6	35.7	13.8	34	33.3	69.2	18.5	3.6	5.4	12	40
CTU	20	23.2	10.3	13.4	19.1	14.3	21.1	28.2	9	N/A	29.7	10.4	5.5	0.0	22.3	7.7	26	11	3.1	10.4	0	13.4	12.1	8.5	20.5
Other	11.4	22.3	12.9	0.9	9.1	48.8	0.8	0.7	13.4	N/A	70.3	8	30.5	32.5	26.9	35.2	14.7	6.7	3.1	3.5	23.2	72.8	14.1		0.6
Secured ptf proc. stage (% of GBV)																									
Initial	57.7	64.2	51.2	67.4	63.5	56.2	43.1	64.4	55.7	N/A	50.9	29.5	65.5	52.4	59.8	68.5	44.6	52.5	49.7	65	60.9	54.9	73.6	75.6	61.2
CTU	22.6	15.5	18.4	4.2	2.5	16.1	15.1	9.6	22.4	N/A	22.8	17	10.0	0.0	14.7	5.7	31.7	13.7	28.8	12.2	10.3	11.8	11	6.3	18.3
Auction	12.8	15.2	18.5	13.7	22.3	16.6	24.3	19.9	17.2	N/A	22.1	35.4	16.6	38.3	23.7	22.9	20.7	28.5	10.9	22.5	27.5	30.8	11.5	16.9	20.5
Distribution	7	5.1	11.9	14.6	11.8	11.1	17.4	6.1	4.8	N/A	4.3	18.1	8.0	9.3	1.7	2.4	3	5.4	10.7	0.3	1.3	2.5	3.8	1.2	0
Summary of assumptions (BBB rating conditional stress)																									
Remaining lifetime recovery rate (%)																									
Secured (=net LTV after all stresses)	48.9	45.4	43.8	53.1	47.7	52	36.7	54.7	54.7	N/A	46.2	61.2	51.8	36.7	55.6	52	61.8	58.8	55.3	63	54.9	52.1	50.3	65.5	66.2
Unsecured	8.7	6.3	11.6	9.5	8.9	9.7	7.6	16.5	16	9.1	1.4	8.6	10.2	7.3	15.3	13.2	10.9	12.8	12.4	11.5	10.1	10.4	13.5	14	9.9
Total	**31.2**	**22.4**	**30.8**	**32.4**	**34**	**29.5**	**20.9**	**52.4**	**41.5**	**9.1**	**31.8**	**38.8**	**31.2**	**19.4**	**38.8**	**28.3**	**38.6**	**39.1**		**35.5**	**33.7**	**24.1**	**39.6**	**41.4**	**41.8**
Weighted average life of collections (yrs)																									
Secured	7.6	7.2	8.3	6.0	3.8	7.2	6.57	5.4	7.1	N/A	5.6	5.7	8	8.2	7.3	7.1	7.2	6.5	7	6.7	6.4	5.4	8.2	6.8	7.2
Unsecured	4.7	3.3	5.2	3.6	4.4	3.5	3.4	4.8	4.5	3.08	3.2	3.6	4.5	5.2	5	4.6	4.7	4	4.8	4.1	4.6	4.2	4.5	4.7	4.2
Total	**7.2**	**6.6**	**7.7**	**5.4**	**5.1**	**6.6**	**5.94**	**5.4**	**6.8**	**3.1**	**5.4**	**5.5**	**7.5**	**6.4**	**6.9**	**6.4**	**6.9**	**6.1**	**6.8**	**6.3**	**6.1**	**5.1**	**7.8**	**6.4**	**6.9**
Structural features																									
Liquidity reserve (% of class A notes)	4	4	3	5	4.5	4.5	4.5	4	3	3	4	4	4	4	3	4	4	5	7.5	4	4	4	5	4.05 (% of A and B)	4.9 (% of A and B)
Class A Euribor cap strike	0.2%-1.6%	0%-0.75%	0.5%-1.2%	0.2%-1.6%	0.6%-3.75%	0	0.2%-3.0%	0.3%-1.25%	0.3% - 2.5%	N/A	0.2%-1.25%	0.4% - 2.5%	0.25% -1.5%	0.5%	0.42%-1%	0.3%	0.5%-2.5%	0.3	0.1%-2.0%	0.5%-2.5%	0.5%-3.0%	0.8%-2.5%	0.5%-2.5%	0.3% -1.25%	0.3% -1.25%
Class A																									
% of GBV	26.3	16.7	22.2	23.2	23.5	20.9	12.6	39.1	26.8	5.7	20	21.1	19.5	12.4	23.8	18.2	27.0	26.16	24.4	22.9	24.5	14.2	27	28.8	22.2
Credit enhancement	73.7	83.3	77.8	76.8	76.5	79.1	87.4	60.9	73.2	94.3	80	78.9	80.5	87.6	76.2	81.8	73.0	73.84	75.6	77.1	75.5	85.8	73	71.2	77.8
Class B																									
% of GBV	2.72	3.5	1.7	1.5	3.5	3	2.9	2.9	4	0.7	1.3	4.9	3	3	3	3.1	3.2	3.02	2.6	2.2	3.5	2.9	3	3	1.2
Credit enhancement	70.98	79.9	76.1	75.3	73	76.1	84.5	58	77.2	93.3	78.7	74	77.5	84.6	73.2	78.7	69.8	70.82	73	75	72	82.9	70	68.2	76.6
Final rating at closing																									
Class A	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB-	BBB	BBB-	BBB	BBB	BBB	BBB+	BBB-	BBB	A-
Class B	CC	NR	CC	NR	NR	CCC	NR	NR	B-	BB	B-	NR	NR	NR	B+	B+	B	NR	B	NR	NR	NR	B+	B	BB-

*the weighted average seasoning includes Scope's qualitative adjustment driven by the special servicer's superior capacity to treat unsecured loans comapared 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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