Marathon SPV S.r.l.

Italian Non-Performing Loan ABS

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV[1]	Coupon	Final maturity
Class A	BBB+$_{SF}$	286.5	85.0%	5.7%	1.8%	Oct-34
Class B	BB $_{SF}$	33.7	10.0%	0.7%	8.0%	Oct-34
Class J	NR	16.9	5.0%	0.3%	15% + variable return[2]	Oct-34
Rated notes		320.2	95.0%	6.4%		

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.
[1] Gross book value (GBV) of the securitised portfolio at closing (EUR 5,027m).
[2] Up to the target IRR of 15% calculated on an Actual/360 basis.

Transaction details

Purpose	Capital relief – prudential derecognition
Issuer	Marathon SPV S.r.l.
Originator	Hoist Finance AB (publ)
Original lenders	17 financial institutions as original lenders[1]
Sellers	Marte SPV S.r.l. and Pinzolo SPV S.r.l.
Servicer	Securitisation Services S.p.A. as master servicer, Hoist Italia S.r.l. as special servicer
Portfolio cut-off date	30 September 2019
Portfolio economic effective dates	28 February 2019 and 30 September 2019
Issuance date	5 December 2019
Payment frequency	Quarterly (January, April, July and October)
Arrangers	Deutsche Bank AG, London Branch and UBS Europe SE

The transaction represents the first static cash securitisation of a fully unsecured Italian non-performing loan (NPL) portfolio; peer transactions have always been composed of both secured and unsecured exposures.

The transaction is related to an Italian NPL portfolio worth around EUR 5,027m by gross book value (GBV). The portfolio was originally acquired by Hoist Finance AB (publ) (the "Group") from 17 financial institutions (the "original lenders"). Transaction's sellers are two special purpose vehicles (Marte SPV S.r.l. and Pinzolo SPV S.r.l.).

The pool is fully unsecured and is composed of three major type of receivables: consumer loans (30.8%), loans guaranteed by promissory notes[2] (19.6%) and unsecured banking loans (49.6%).

The loans were both granted to individuals (57.4%) and to small and medium-sized enterprises (SMEs, 42.6%). Borrowers are concentrated in the north of Italy (53.4%), whilst the remainder are fairly evenly distributed across the centre (17.9%), the south (17.2%) and the islands (11.5%). The issuer acquired the portfolio as of 22 November 2019.

The structure contains an equity leakage feature, which allows for a pre-amortisation of class B using up to 10% of the issuer's remaining funds after the payments of class A and B interests, if the transaction is performing above 95% of the business plan. The structure allows for the subordination of the mezzanine interest to class A principal repayment, in the case of performance below 80% of the business plan. Class J principal and interest are subordinated to the repayment of the senior and mezzanine notes.

[1] Please refer to Appendix I for a full list containing the names of the original lenders.
[2] Promissory notes or 'cambiali' are in the form of physical notes and represent legal titles.

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Related Research

Non-Performing Loan ABS Rating Methodology, September 2019

General Structured Finance Rating Methodology, December 2018

Methodology for Counterparty Risk in Structured Finance, July 2019

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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. Our recovery amounts and timing assumptions are based on the portfolio's characteristics, Scope's economic outlook for Italy and our assessment of the special servicer's capabilities. The ratings also consider the liquidity protection provided by the cash reserve.

The ratings address exposures to the key transaction counterparties: i) Marte SPV S.r.l. and Pinzolo SPV S.r.l. as the sellers, regarding representation and warranties; ii) Hoist Finance AB (publ.) as indemnity provider and limited recourse loan provider; iii) Securitisation Services S.p.A. as master servicer, representative of noteholders, calculation agent, monitoring agent and corporate services provider; iv) Hoist Italia S.r.l. as special servicer and quotaholder; v) Centotrenta Servicing S.p.A. as back-up servicer; vi) BNP Paribas Securities Services, Milan Branch, as agent bank, account bank, cash manager and paying agent; and vii) DEPObank-Banca Depositaria Italiana S.p.A. as promissory notes collection account bank.
We considered counterparty replacement triggers and relied on ratings from Scope, when available, as well as publicly available ratings.

We performed a specific analysis for the portfolio's unsecured exposures, based on historical data provided by the servicer and data covering its acquisitions since 2011. The historical dataset comprised loans which are representative of the types of exposure and lenders' share in the portfolio. However, the historical data did not cover the entire life of loans since their default, only since their acquisition by the servicer. We used historical line-by-line market-wide recovery data on unsecured, defaulted loans between 2000 and 2017. Furthermore, we considered the special servicer's capabilities when calibrating lifetime recoveries. We considered that unsecured borrowers were classified as defaulted for a weighted average of 7.5 years (excluding loans with a missing default date) as of the cut-off date of 30 September 2019.

Rating drivers and mitigants

Positive rating drivers

Relatively high share of loans guaranteed by promissory notes are following performing repayment plans. Around 32% of the loans guaranteed by promissory notes are following performing repayment plans, based on the historical data provided by the servicer.

Servicing business continuity. The servicer had already been managing the portfolio prior to the issue date, since its acquisition by Hoist from the original lenders. The servicer has therefore performed the portfolio take-over activities, including the set-up of servicing strategies. This reduces the expected ramp-up period typically observed for peer transactions and during which the servicer may underperform. It also mitigates the likelihood of the servicer raising indemnity requests, since it has already performed due diligence on the portfolio.

High granularity. The pool is highly granular, with an average exposure per loan of EUR 12,179. This mitigates the portfolio's concentration risk.

Diversified types of exposure. The portfolio consists of different types of exposure: unsecured banking loans (49.6%), consumer loans (30.8%) and loans guaranteed by promissory notes (19.6%). Its diversified nature helps to mitigate the recovery and timing risks associated with each specific segment.

Negative rating drivers and mitigants

High share of consumer loans with missing default date. Consumer loans have 6.6 years of seasoning, however, 18% (in terms of GBV) have no default date. Under the assumption that those loans represent exposures maintained on lenders' balance sheets for a long period of time, consumer loans' seasoning significantly increases, resulting in lower expected recoveries.

Below average liquidity protection. The cash reserve is equal to 3% of class A notes, with no floor. We expect the cash reserve to cover 9.3 months of senior costs and interest on the class A notes at closing.

Promissory note account bank has no rating substitution trigger. Proceeds related to promissory notes are collected in the promissory notes collection account (held with DEPObank - Banca Depositaria Italiana S.p.A.). There is no rating substitution trigger to mitigate counterparty risk; however, promissory notes' proceeds are swept on the same day as collections into the investment account.

High share of loans with no default date. Around 7% of the portfolio's GBV is represented by loans with no default date. Considering their potential high seasoning, we have evaluated these exposures based on highly stressed scenarios.

Upside rating-change drivers

Lower than expected legal expenses. A decrease in legal expenses could positively affect the ratings. We have factored in legal expenses for collections in alignment with the servicer's business plan (9% of gross collections).

Outperformance of loans with missing default date. Higher recoveries on loans that have no default date could positively impact the ratings.

Downside rating-change drivers

Servicer underperformance. The role of the servicer is key for the performance of the transaction. Consistent servicer underperformance could negatively impact the ratings.

Fragile economic growth. Recovery rates are generally highly dependent on a country's macroeconomic climate. If Italian GDP medium-term growth falls below 0.7%, the level forecasted in Scope's current outlook, the ratings could be negatively impacted.

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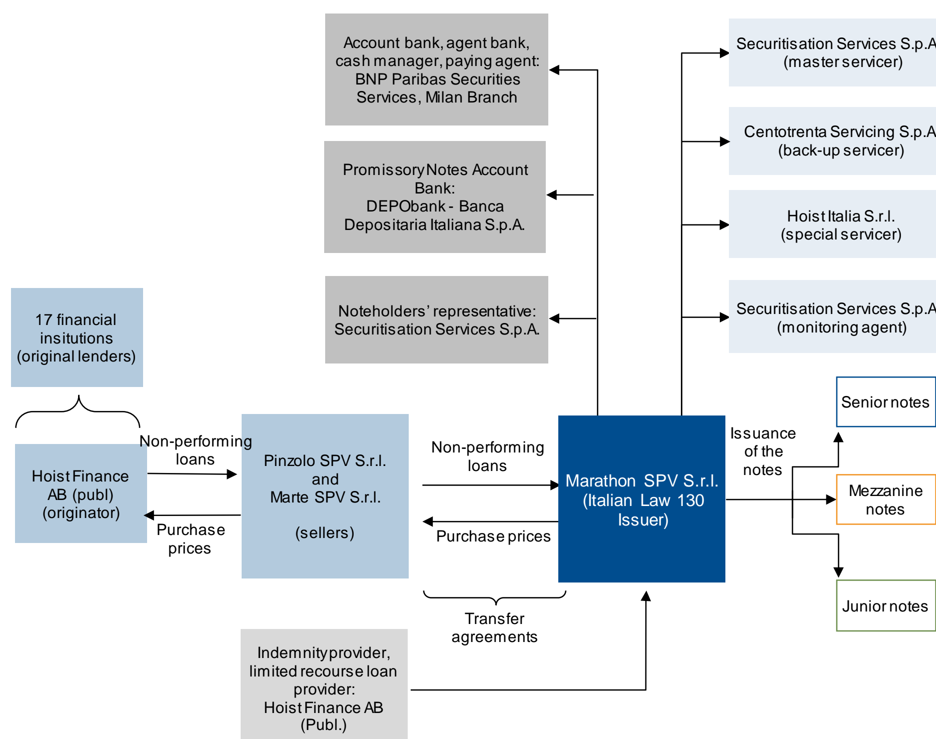
1. Transaction summary

The transaction structure comprises three tranches of notes and an amortising liquidity reserve equal to 3.0% of the total class A outstanding balance, fully funded at closing.

Hoist qualifies[1] as originator of the transaction. Marathon SPV S.r.l. acquired the portfolio from two special purpose vehicles: Pinzolo SPV S.r.l. and Marte SPV S.r.l. (together, the 'sellers'). The sellers acquired the portfolio in the context of two securitisations[2] carried out between 2014 and 2019 and related to exposures originated by 17 distinct financial entities (the 'original lenders').

Figure 1: Transaction diagram:



Sources: Transaction documents and Scope Ratings.

The cut-off date of the pool is 30 September 2019. However, only collections received since the economic effective dates[3] are part of the issuer available funds.

We performed our analysis on a loan-by-loan basis, considering all information provided to us in the context of the transaction and publicly available information. We have considered all loans as 'unsecured' since none of them are guaranteed by any first-lien mortgage.

Figure 2 shows the main characteristics of the preliminary portfolio which we analysed, with the details of the unsecured exposures.

[1] Pursuant to the term defined in Article 2, number (3), limb (b) of the Securitisation Regulation for the purposes of the Securitisation Regulation.
[2] Marte SPV S.r.l. acquired part of the portfolio in the context of a securitisation transaction carried out in 2014 with the issuance of EUR 1,100m Asset Backed Fixed Rate and Variable Return Partly Paid Notes due in 2040. Pinzolo SPV S.r.l. acquired certain exposures from Marte SPV S.r.l , in the context of a securitisation transaction carried out in 2019 with the issuance of EUR 199.1m Class A Asset Backed Fixed Rate Notes due in April 2035 and EUR 10.6m Class J Asset Backed Floating Rate and Variable Return Notes due in April 2035.
The exposures of both securitisations were originated by 17 distinct original lenders, as detailed in Appendix I. In fact, the original lenders of the current transaction coincide with the original lenders of the securitisations of Marte SPV and Pinzolo SPV.
[3] Pursuant to the transfer agreements, the economic effects of the transfer of the receivables start from 30 September 2019 as to the receivables assigned by Pinzolo SPV Srl to the issuer, and from 28 February 2019 as to the receivables assigned by Marte SPV Srl to the issuer. The issuer is therefore the sole owner of the proceeds received from the sellers as of the portfolio economic effective dates, respectively.

Figure 2: Key portfolio stratifications (30 September cut-off date)

	All (unsecured)
Number of loans	412,795
Number of borrowers	324,282
Gross book value (EUR m)	5,027.5
Weighted average seasoning	7.5
Borrower type (% of GBV)	
SMEs	42.6%
Individuals	57.4%
Type of exposure (% of GBV) - Scope classification *	
Consumer loans	30.8%
Promissory notes	19.6%
Unsecured banking loans	49.6%
Type of exposure (% of GBV) - original classification **	
Not guaranteed by promissory notes	*80.4%*
Revolving credit cards	6.1%
Salary assignment (CQS)	0.0%
AutoLeasing	0.1%
Purpose loans	4.2%
AutoPurpose loans	3.6%
Personal loans	14.6%
Unsecured banking loans ***	49.6%
N/A	2.2%
Guaranteed by promissory notes	*19.6%*
Revolving credit cards	2.2%
Salary assignment (CQS)	0.0%
AutoLeasing	0.0%
Purpose loans	4.1%
AutoPurpose loans	1.7%
Personal loans	10.8%
Unsecured banking loans ***	0.5%
N/A	0.2%
Geography (% of GBV)	
North	53.4%
Centre	17.9%
South and islands	28.7%
Exposures' concentration	
Average exposure (EUR)	12,179

* Based on Scope's classification of loans.

** Based on the original classification of loans, as provided in the datatape.

*** Unsecured banking loans refer to the following original type of loan (from the datatape): Prodotti Bancari Ipotecari, Prodotti Bancari NON Ipotecari and Prodotti Bancari Vari Misti/Legali.

2. Macroeconomic environment

Italy's BBB+ ratings restricted by persistently high debt and low growth

Our sovereign rating on Italy stands at BBB+/Stable, with the rating level restricted by the structural issues of high public debt and low economic growth. Italy's BBB+ sovereign rating remains, however, underpinned by the country's euro area membership and the likelihood of multilateral support in severe crisis scenarios, a track record of primary fiscal surpluses, a large and diversified economy (with nominal GDP of an estimated EUR 1.8trn in 2019), and moderate levels of non-financial private sector debt (155% of GDP as of Q2 2019).

The next review of Italy's sovereign ratings is scheduled for the first half of 2020.

After Italy's debt stock was revised up to 138% of GDP (as of Q2 2019), debt sustainability has become an even more salient issue entering 2020. We anticipate a fairly flat debt trajectory in the coming period – with the risk of a materially higher debt ratio in the event of a more significant regional downturn. In 2020, the longevity of the Five Star Movement-Democratic Party government will be tested, although the parties may be incentivised to maintain the coalition, with far-right opposition party Lega still well ahead in opinion polls.

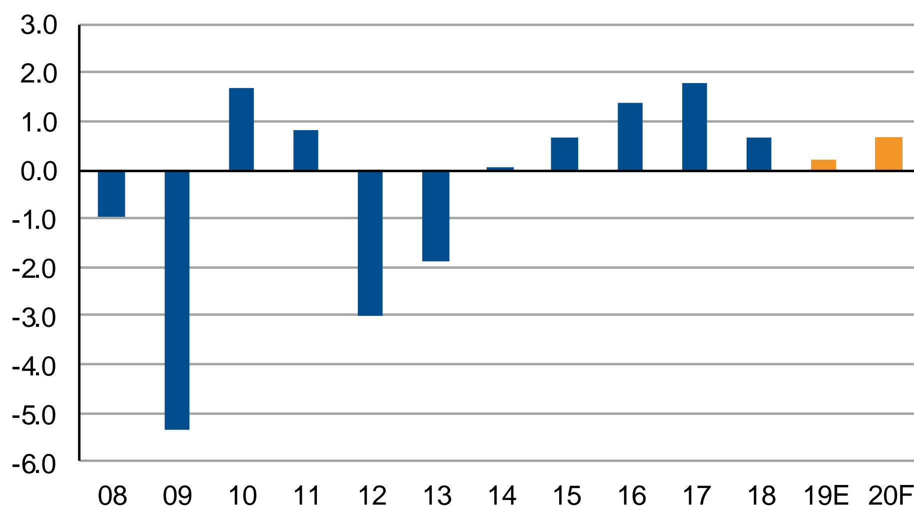
Italy's 2020 budget targets a deficit of 2.2% of GDP, roughly unchanged from the estimated 2019 deficit. This is to be followed by deficits of 1.8% of GDP in 2021 and 1.4% of GDP in 2022, according to government estimates. While we similarly forecast a deficit of around 2.2% of GDP next year, the government's 2021-22 budget expectations appear overly optimistic. In addition, the deficit is set to deteriorate by 0.3 pp in structural terms, compared to the European Commission's recommended adjustment of 0.6% of GDP in 2020. The expected nominal rate of growth of net primary government expenditure in 2019 and 2020 also exceeds the advised adjustment. As such, the EU has noted that Italy's 2020 plans do not comply with the Stability and Growth Pact.

Nevertheless, Italy's funding rates are likely to remain accommodative next year (even allowing for 10-year yields that have recently edged up). This is due to: i) the present government's less antagonistic approach to its relations with the EU (compared with that of the previous Five Star Movement-Lega government); ii) Italian budget deficits that are likely to remain under the Maastricht limit of 3% of GDP; and iii) the ECB now firmly in easing mode with a restart of quantitative easing. Low funding rates will support debt sustainability.

Risks associated with weak economy

The Italian economy remains vulnerable. We estimate that the economy will grow by only 0.2% this year, before recovering modestly to 0.6% in 2020 (**Figure 3**). However, the unemployment rate is now at its lowest levels since early 2012, at 9.7% as of October. Recent economic data nonetheless indicates continued economic risks going forward, including those tied to the broader regional and global manufacturing sector slowdown, exacerbated by on-again, off-again international trade tensions and a structural slowdown in China's economy.

Figure 3: Annual real GDP growth, Italy



Sources: ISTAT; calculations by Scope Ratings

Tepid long-term growth outlook

Italy's long-term growth picture is tepid. We estimate medium-run growth potential at 0.7%, amongst the lowest for economies in Scope's rated sovereign universe. Population dynamics are a factor: the working-age population will continue falling by 0.4% per year on average from 2019 to 2024, according to United Nations projections. Our medium-run growth estimate assumes labour force participation growth of close to 0%, rising employment levels over the medium run and labour productivity growth of around 0.5% per annum.

NPLs have been reduced, but action to improve banking sector resilience is required

Italian banks' stock of non-performing loans has been cut to 8.1% of total loans as of Q2 2019, compared with 18.2% during the 2015 peak, supported by national initiatives like the Guarantee on Securitisation of Bank Non-Performing Loans (GACS). The banking sector's regulatory Tier 1 capital ratios stood at 14.4% of risk-weighted assets in Q2 2019, 60 bps higher than levels as of Q2 2018. Significant action is still needed to improve insolvency and debt enforcement procedures, facilitate bank rationalisation and consolidation, and make timely and consistent use of the resolution framework.

3. Portfolio analysis

Rating-conditional recovery assumptions

Figure 4 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with those from the servicer's business plan. We applied rating-conditional recovery rates (i.e. assumed expected recoveries decrease as the instrument's target rating increases).

For the class A notes analysis, we assumed a gross recovery rate of 9.2% over a weighted average life of 3.08 years.

For the class B notes analysis, we assumed a gross recovery rate of 10.4% over a weighted average life of 3.10 years.

Figure 4: Business plan's gross cumulative recoveries vs Scope's assumptions[4]

Sources: Special servicer business plan and Scope Ratings

3.1. Loans analysis

Fully unsecured portfolio

The portfolio consists of fully unsecured exposures not guaranteed by any securities.

Consumer loans, banking loans and loans guaranteed by promissory notes

We classified receivables into three major segments: i) consumer loans; ii) loans guaranteed by promissory notes ('cambiali'); and iii) unsecured banking loans.

Our single B rating scenario recovery amount and timing assumptions were based on loan-by-loan data and were calibrated to reflect the different types of exposure.

Our modelling approach divided the loans into segments because each category had a different historical performance and historical time to recover. We also took into consideration the fact that the servicer's recovery strategy differs for each segment.

Portfolio analysis based on our proprietary statistical data and historical data from the servicer

We based our assumptions (both in terms of timing and recovery amounts) on the historical data provided by the servicer and on our proprietary statistical data for unsecured defaulted exposures. Our assumptions considered the special servicer's capabilities and the nature of the transaction (i.e. we did not implement any on-boarding period because the servicer already performed the portfolio's take-over activities following its original acquisition by the sellers). We also considered that unsecured borrowers were classified as defaulted for a weighted average of 7.5 years (excluding loans with a missing default date) as of the cut-off date of 30 September 2019.

3.1.1. Historical data and Scope's proprietary data analysis

Historical data of around EUR 9bn

The servicer provided historical data covering its acquisitions from 2011 until 2019. The historical dataset comprised loans with a GBV at acquisition of about EUR 9bn and related to 68 different portfolios, originated by 17 financial institutions. Historical data was representative of the exposure types and lenders' share in the portfolio. However, it did not cover the entire life of the loans since their default, only since their acquisition by Hoist Finance AB (publ). We therefore computed the historical recovery curves using a synthetic approach: we simulated the loans' performance prior to their acquisition (i.e. from the default date until the acquisition date by Hoist Finance AB (publ) from the original lenders) and we factorised the actual performance shown by the historical data in single curves.

[4] Scope's base case refers to a single B rating scenario.

For the part of the portfolio composed of banking and consumer loans, we also based our analysis, on the historical line-by-line market-wide recovery data on unsecured defaulted loans between 2000 and 2017.

3.1.2. Promissory notes analysis

Three segments for promissory notes modeling

We divided cambiali into: i) exposures following performing payment plans; (ii) exposures deviating from their payment plans; and iii) exposures not associated with any payment plans; each cluster achieving progressively lower recoveries.

We received promissory notes' payment plans that we considered for our analysis.

We estimate that around 32% of the loans guaranteed by promissory notes are following performing plans (i.e. after the application of the relevant stresses). We estimate the remainder not to follow any payment plan, achieving significantly lower recoveries.

3.1.3. Concentration risk

Low concentration risk

The pool is highly granular, with an average exposure per loan of EUR 12,179. The low concentration is related to the nature of the portfolio, which is mostly composed of loans with an exposure below EUR 200,000, representing around 78% of the portfolio's GBV.

4. Portfolio characteristics

Further details on key portfolio characteristics as of 30 September 2019 are provided below. Percentage figures refer to GBV, unless stated otherwise.

4.1. Eligible loans

Customary eligibility criteria

The representations and warranties on the receivables provided by the sellers are generally aligned with those of peer transactions we rate, and include the following:

- All loans are denominated in euros;
- All loans agreements are governed by Italian law;
- All receivables are free from encumbrances;
- Receivables are valid for transfer;
- Promissory notes connected to the receivables are valid, effective and not contrary to the Royal Decree of 5 December 1933, No. 1669, as amended and supplemented from time to time;
- Payment plans scheduled with regard to the promissory notes connected to the receivables are valid, effective and not contrary to the Royal Decree of 5 December 1933, No. 1669, as amended and supplemented from time to time and the relevant obligations have been duly performed up to the date hereof;
- Promissory notes guaranteeing receivables are freely transferable and fully assignable to the issuer, without any restriction[5];
- Borrowers[6] have been reported defaulted (in sofferenza) to the Italian Credit Bureau (Centrale Rischi) of the Bank of Italy as of the closing date;

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[5] Apart from promissory notes included in the payment plans referred to under the Warranty and Indemnity Agreement, which are not transferable and whose relevant proceeds, once encashed by the original lender, are duly transferred to Marte SPV S.r.l. and subsequently to the servicer.

[6] Other than those listed under the specific schedules attached to the Warranty and Indemnity Agreement signed between the pertaining counterparties.

4.2. Detailed stratifications

4.2.1. Types of exposure

Around 50% of the portfolio comprises unsecured banking loans

The pool is composed of several types of exposure, mostly represented[7] by unsecured banking loans (50.1%, in terms of GBV), personal loans (25.4%), purpose loans (13.7%), revolving credit cards (8.3%) and other residual exposures including auto-leasing and salary assignment ('Cessioni del Quinto', 'CQS') loans.

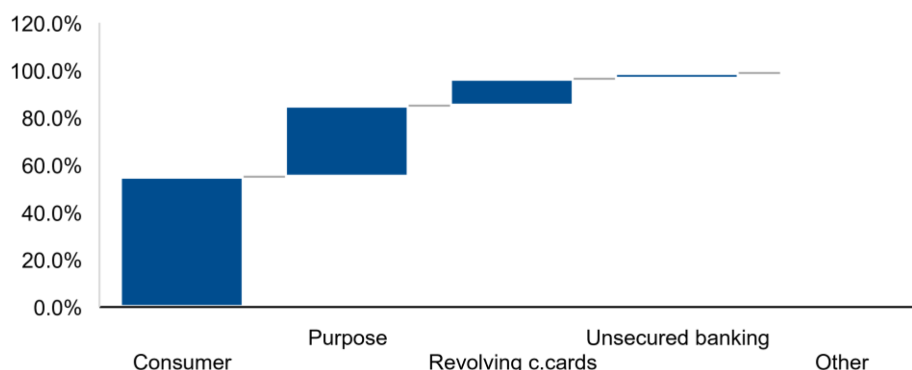
20% of the portfolio is guaranteed by promissory notes

Promissory notes ('cambiali') guarantee about 20% of portfolio's exposures, for a GBV of roughly EUR 986m.

Agos Ducato S.p.A. (Agos) is the major original lender for the cambiali segment; around 77% of the promissory notes' GBV was originated by Agos.

Promissory notes mostly guarantee personal loans (55.0%), along with purpose loans (29.9%), revolving credit cards (11.4%) and other exposures for the remaining 3.7%.

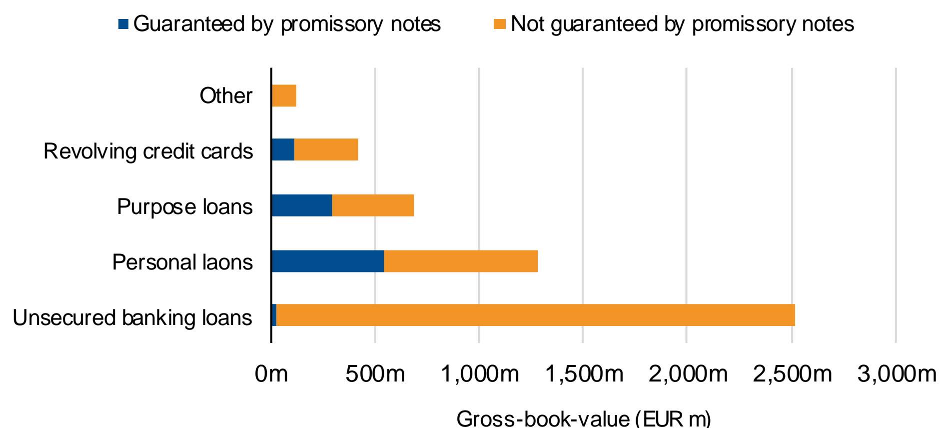
Figure 5: Composition of the sub-portfolio guaranteed by promissory notes (by type of receivable)



Sources: Transaction datatape; calculations by Scope Ratings

Overall, personal loans are the segment with the highest share of loans guaranteed by promissory notes (42.5%), whilst unsecured banking exposures represent the lowest share of loans guaranteed by promissory notes (1.0%).

Figure 6: Loans guaranteed by promissory notes



Sources: Transaction data tape; calculations by Scope Ratings

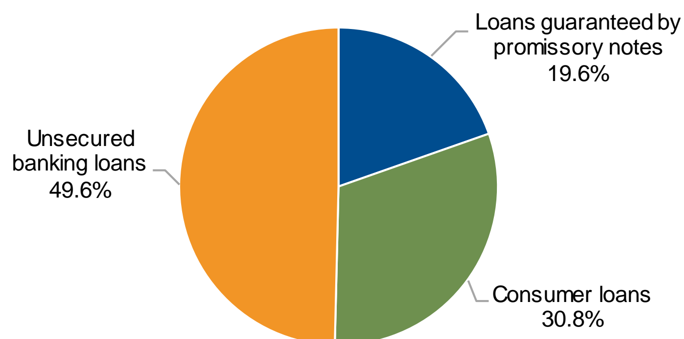
[7] As per our computation from the datatape.

Three exposure categories: consumer loans, unsecured banking loans and loans guaranteed by promissory notes

We classified loans into three major categories: i) unsecured banking loans; ii) consumer loans; and iii) loans guaranteed by promissory notes. Our classification is model-driven, as detailed in section 3.

Following our classification of the portfolio per segment, most of the portfolio's exposures are represented[8] by unsecured banking loans (49.6% in terms of GBV), along with consumer loans (30.8%) and loans guaranteed by promissory notes (19.6%).

Figure 7: Loan type (our classification)



Sources: Transaction datatape; calculations by Scope Ratings

4.2.2. Borrower type

Portfolio is composed by individuals and SMEs borrowers

The pool is composed of individuals (57.4%) and SMEs borrowers[9] (42.6%).

The presence of individual borrowers is credit positive because observed unsecured recoveries tend to be higher for individuals, due to the smaller average tickets.

The portfolio is fully unsecured compared to peer transactions rated by Scope, which typically present both secured and unsecured loans.

Figure 8: Borrower type

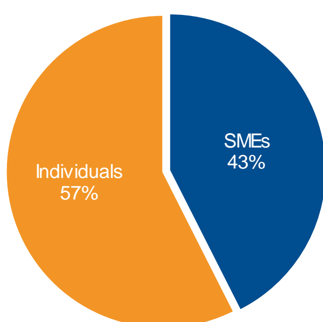
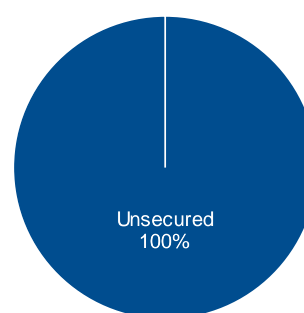


Figure 9: Loan type



Sources: Transaction datatape; calculations by Scope Ratings

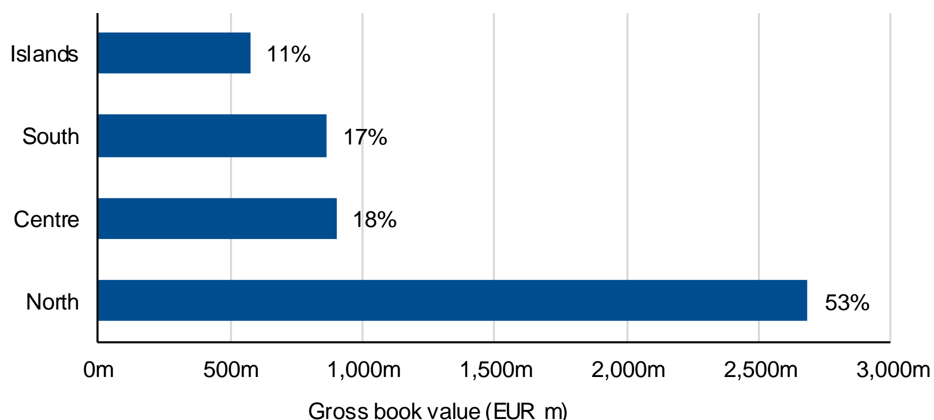
4.2.3. Geographical distribution

Borrowers are mostly distributed across the northern part of Italy (53.4%)

The loans are mostly distributed across the north of Italy (53.4%); they represent a share of 17.9% in the centre, 17.2% in the south and 11.5% on the islands.

[8] Our classification included exposures with a missing product type.
[9] Referred to as 'Persona Giuridica' in the original datatape.

Figure 10: Borrowers' distribution across Italy



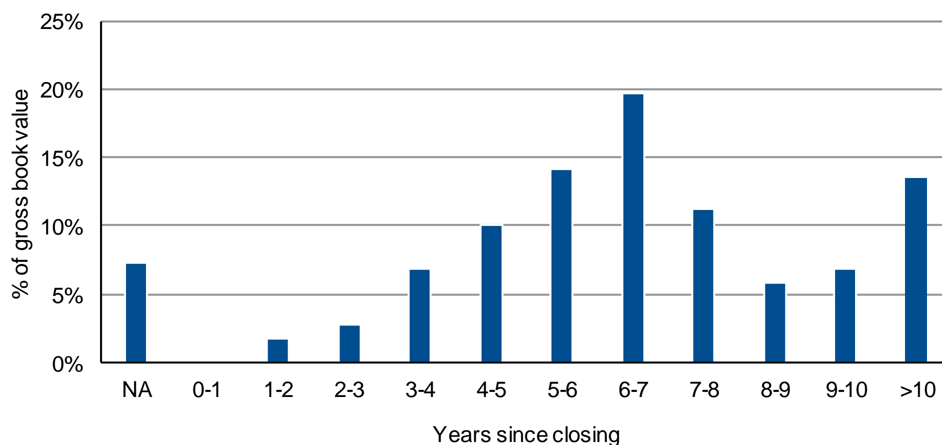
Sources: Transaction datatape; calculations by Scope Ratings

4.2.4. Loan seasoning

7% of loans do not have a default date

The weighted average time between default and the closing date is around 7.5 years (excluding loans with a missing default date, representing 7% of the total portfolio). The pool's ageing reduces the expected recoverable amount of exposures. About 71% of the loans are highly seasoned, having defaulted more than five years before the closing date.

Figure 11: Portfolio seasoning distribution as of closing date

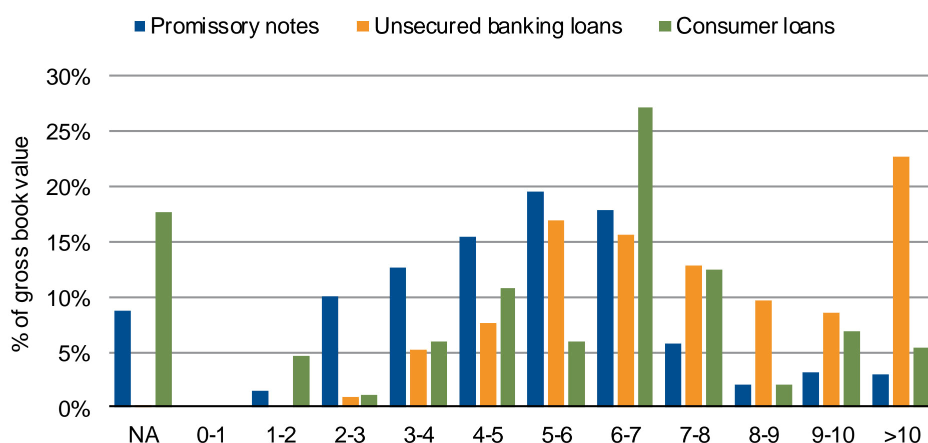


Sources: Transaction datatape; calculations by Scope Ratings

Excluding loans with a missing default date, unsecured banking loans have the highest weighted average seasoning (8.57 years) compared with consumer loans (6.60 years) and loans guaranteed by promissory notes (5.63 years).

Under the assumption that exposures with a missing default date fall into the most seasoned bucket, the pool's seasoning changes from 7.5 years to 9.6 years. By type of receivable, the seasoning increases by 5.5 years for consumer loans, by 2.9 years loans guaranteed by promissory notes, and by 0.04 years for unsecured banking loan.

Figure 12: Portfolio seasoning distribution as of closing date, per segment



Sources: Transaction datatape; calculations by Scope Ratings

5. Key structural features

5.1. Priority of payments

The issuer's available funds (i.e. collection amounts received from the portfolio, the cash reserve) will be used in the following simplified order of priority:

1. Other issuer counterparty fees, taxes and transaction expenses
2. Master servicing fees; performance servicing fees, provided no First Level Subordination Event[10] has occurred, or senior performance servicing fees[11] upon the occurrence of a First Level Subordination Event
3. Replenishment of recovery-expense reserve
4. Interest on class A notes and interest on the limited-recourse loan
5. Cash reserve replenishment
6. Interest on class B notes, provided no Second Level Subordination Event[12] has occurred
7. Class A notes' Amortisation Amount[13] and principal on the limited-recourse loan in full
8. Class B interest upon occurrence of a Second Level Subordination Event
9. Principal on class B notes in full
10. Interest on class J notes and on the equity funding (if any)
11. Principal on class J notes and on the equity funding (if any)
12. Any residual amount as class J variable return, up to the Target IRR Payment Amount[14]
13. Unpaid and due performance servicing fees[15], upon the occurrence of a First Level Subordination Event

[10] A First Level Subordination Event occurs if the Cumulative Collection Ratio is lower than 95%.
The Cumulative Collection Ratio is defined as the ratio between Net Collections and Net Expected Collections.
Net Collections are the difference between gross collections and recovery expenses, whilst Net Expected Collections are the difference between gross expected collections and gross expected recovery expenses as per the initial portfolio base case scenario (i.e. the original business plan as of closing).

[11] Senior performance servicing fees are defined as 30% of the performance servicing fees due for the current interest payment date.

[12] A Second Level Subordination Event occurs if the Cumulative Collection Ratio is lower than 80%.

[13] The Amortisation Amount is defined as:
(i) 90% of the issuer available funds after payments under items (1 to 6), in the case of no First Level Subordination Event and if the Class A principal outstanding amount is greater than 1% of the principal amount outstanding of the notes (Class A, B and J notes) on the issue date, otherwise;
(ii) 100% of the issuer available funds after payments under items (1 to 6).

[14] The Target IRR Payment Amount (being higher than zero) is defined as the amount (of the current payment date) which, if paid, is such that the internal rate of return which discounts all payments made in respect of the class B and J notes to the sum of their principal outstanding amount on the issue date, equals the Target IRR.
Target IRR is defined as 15% calculated on an actual/360E basis.

[15] In the case of a First Level Subordination Event, 70% of the due performance servicing fees are payable under item (13) of the order of priority.

Subordination events

The transaction envisages two types of subordination event: a First Level Subordination Event and a Second Level Subordination Event.

First Level Subordination Event ensures a partial deferral of servicing fees and the amortisation of Class A in full

A First Level Subordination Event occurs if the cumulative collection ratio is lower than 95% and the monitoring agent has sent the relevant notice to the required counterparties (i.e., the issuer, master servicer, special servicer, arrangers, representative of the noteholders and calculation agent).

In the case of a First Level Subordination Event, 70% of the performance servicing fees are deferred and paid under item (13) of the priority of payments. Furthermore, in the case of a First Level Subordination Event, class A principal amortises with 100% of the issuer available funds after item (6) of the priority of payments. Otherwise, class A amortises with 90% of the issuer available funds after item (6) of the priority of payments.

The First Level Subordination Event therefore ensures that, if the transaction is performing below the business plan (<95%), a certain portion of the performance servicing fees is deferred junior to class J variable interests and class A principal is repaid with the full available issuer funds. Only if the transaction is performing 95% above the business plan can part of the issuer available funds be used to repay class B principal[16], even if class A is still outstanding. This mechanism is beneficial for class B amortisation.

Second Level Subordination Event is linked to class B interest deferral

A Second Level Subordination Event occurs if the cumulative collection ratio is lower than 80% and the monitoring agent has sent the relevant notice to the required counterparties (i.e. the issuer, master servicer, special servicer, arrangers, representative of the noteholders and calculation agent).

Once a Second Level Subordination Event is triggered, class B interest payments are fully deferred to class A principal repayment.

Non-timely class A interest payment would trigger accelerated waterfall

Non-timely payment of interest on the senior notes, if not remediated within two business days with the proceeds of an equity funding[17], among other events such as the issuer's breach of obligation, insolvency and unlawfulness, would accelerate the repayment of class A through the full subordination of class B payments.

5.2. Servicing fee structure and alignment of interests

5.2.1. Servicing fees

Alignment of servicer and noteholder interests

The servicing fee structure envisages a partial deferral of the fees received by the servicer based on the portfolio's performance, mitigating potential conflicts of interest between the servicer and the noteholders.

The special servicer is entitled to receive performance fees (no base fees are envisaged for this transaction).

The performance fee amounts to 8% (inclusive of VAT) of the gross collections[18]. Servicer fees are calculated at each payment date.

A First Level Subordination Event drives a partial deferral of the servicing fees

Following the occurrence of a First Level Subordination Event, 70% of servicing performance fees are deferred and paid junior to the variable return of the Class J notes, accordingly to the transaction's priority of payments. The servicer is therefore incentivised to maximise recoveries and comply with the initial business plan.

[16] In peer transactions class B principal is not repaid until the full amortisation of class A.

[17] Equity funding means a limited recourse loan voluntary granted by one or more junior noteholders to the issuer that shall bear interest to its principal amount at a rate of 15% p.a. The equity funding is applicable for not more than two consecutive interest payment dates or, in aggregate, four interest payment dates.

[18] If the servicer becomes part of a VAT group, the performance fee will amount to 8% (VAT excluded).

5.2.2. Servicer monitoring

Monitoring function protects noteholders' interests

An overview of the servicer's activities and calculations, prepared by the monitoring agent (Securitisation Services S.p.A.), 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, and perform controls based on a random sample of loans.

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[19] (acting upon instructions of the committee), the closing of debt positions, and the payment of additional costs and expenses related to recovery activities. The committee and the noteholders' representative can request that the issuer replaces the master servicer or any special servicer upon a servicer termination event.

5.2.3. Servicer termination events

Back-up arrangements mitigate servicing disruption risk

Should a master servicer termination event occur, the back-up servicer (Centotrenta Servicing S.p.A.) would step in, whilst the special servicer, unless previously revoked, would be reconfirmed as appointed special servicer for the transaction.

A successor master servicer[20] can be appointed by the issuer (upon the instructions of the committee) if the back-up servicer is not fully operational within the relevant deadline or if certain events occur, including its insolvency, winding-up or an unremedied breach of representation and warranties.

A successor special servicer[21] can be appointed by the master servicer (following the rules of organisation of the committee) upon the special servicer's revocation or withdrawal.

Two consecutive Second Level Subordination Events lead to revocation of special servicer mandate

A special servicer termination event occurs upon insolvency, an unremedied breach of obligations, an unremedied breach of representation and warranties, the loss of legal eligibility to perform obligations under the servicing agreement, consistent underperformance for two consecutive payment dates (i.e. if a Second Level Subordination Event occurs for two consecutive payment dates, namely if the cumulative collection ratio is lower than 80% for two consecutive collection dates).

A master servicer termination event occurs upon insolvency, an unremedied breach of obligations, an unremedied breach of representation and warranties, and the loss of legal eligibility to perform obligations under the servicing agreement.

5.3. Liquidity protection

Cash reserve, protecting liquidity of the senior noteholders, is below average

A cash reserve will be funded at closing through a limited-recourse loan provided by Hoist Finance AB (publ.).

The cash reserve will amortise with no floor until the class A notes are redeemed or the transaction reaches legal maturity. The target cash reserve amount at each payment date will be equal to 3.0% of the total outstanding balance of the class A notes.

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[19] The monitoring agent can authorise any sale of further receivables, if the special servicer has already sold receivables with a GBV (in aggregate terms) of at least EUR 1m.

[20] A successor master servicer shall have proven experience (of at least three years) and robust software capabilities. It can be a bank or a company registered in the single register of financial intermediaries kept by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act.

[21] A successor special servicer shall have proven experience (of at least three years) and robust software capabilities. It must be in possession of the public policy licence (licenza di pubblica sicurezza) required pursuant to article 115 of Royal Decree No 773 of 18 June 1931 (Testo unico della legge di pubblica sicurezza (T.U.L.P.S.)) or any other license or authorisation from time to time required by law to carry out special servicer activities.

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.

At closing, it covers 9.3 months of senior costs and interest on the class A notes. Compared with peer transactions rated by Scope, it is below average.

Class B will not benefit from liquidity protection.

5.4. Interest rate hedge

On the liability side, the issuer will pay a fixed coupon on the class A and B notes, eliminating interest rate risk.

6. 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 were captured through rating-conditional gross recovery vectors. Our analysis captured the capital structure, an estimate of legal costs equivalent to 9% of gross collections, servicing fees as described in section 5.2, and issuer senior fees.

The 9% estimated legal costs are aligned with the servicer's estimated level of legal expenses as per the original business plan.

Our ratings reflect expected losses over the instrument's weighted average life

The BBB+ rating assigned to the class A notes and the BB rating assigned to the class B notes reflect the expected losses over the instruments' weighted average life, commensurate with the idealised expected loss table in our General Structured Finance Ratings Methodology.

We tested the resilience of the ratings 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) the 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 unsecured recovery rates by 10%, minus two notches
- an increase in the recovery lag by one year, no impact

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

- a decrease in unsecured recovery rates by 10%, minus two notches
- an increase in the recovery lag by one year, minus four notches

7. Sovereign risk

No mechanistic cap

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 we have consistently viewed as highly unlikely, are not material for the notes' ratings.

For more insight into our fundamental analysis on the Italian economy, please refer to the **2020 Sovereign Outlook**, dated 2 December 2019.

8. Counterparty risk

Counterparty risk does not limit the transaction's ratings

In our view, none of the counterparty exposures constrain the ratings achievable by this transaction.

We factored in counterparty replacement triggers implemented in the transaction; however, the promissory notes collection account bank does not have a rating substitution trigger (please refer to section 8.2 for further details).

We relied on publicly available ratings and our ratings, when available, of the counterparties involved. 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) Marte SPV S.r.l. and Pinzolo SPV S.r.l. as the sellers, regarding representation and warranties; ii) Hoist Finance AB (publ.) as indemnity provider and limited recourse loan provider; iii) Securitisation Services S.p.A. as master servicer, representative of noteholders, calculation agent, monitoring agent and corporate services provider; iv) Hoist Italia S.r.l. as special servicer and quotaholder; v) Centotrenta Servicing S.p.A. as back-up servicer; vi) BNP Paribas Securities Services, Milan Branch, as agent bank, account bank, cash manager and paying agent; vii) DEPObank-Banca Depositaria Italiana S.p.A. as promissory notes collection account bank.

According to the transaction documents, the account bank must have a minimum short-term and long-term rating of S-3 and BB, if rated by Scope.

8.1. Servicer disruption risk

A servicer disruption event may have a negative impact on the transaction's performance. Operational disruption is mitigated by the presence of a back-up servicer and by the servicer replacement arrangements (see section 5.2).

8.2. Commingling risk

Three account banks ensure a more efficient structure in terms of costs and operations

Debtors are instructed to pay directly into the three accounts held in the name of the issuer. In limited cases where the servicer has received payments from a debtor, the servicer would transfer the amounts within two business days from the payment reconciliation.

The role of account bank is performed by three different entities, based on the types of exposure in the portfolio[22]: i) the promissory notes collection account bank (DEPObank – Banca Depositaria Italiana S.p.A.); ii) the collection account bank (BNP Paribas Securities Services, Milan Branch); and iii) the check collection account bank (Banca Nazionale del Lavoro S.p.A.).

Each account bank receives collections from: i) loans guaranteed by promissory notes; ii) loans repaid via check payments; and iii) all the other types of loan.

This set-up ensures a more efficient cost structure and a more efficient operational management of collection transfers. For example, regarding the promissory notes, not all banks offer the service of storing the physical notes associated with them.

Promissory notes' collections (as well as the others) are transferred from the promissory notes collection account (or respectively, collection account or cheque collection account) to the investment account, held at BNP Paribas Securities Services, by the close of business on the day of the relevant receipt.

[22] Different account banks are required accordingly to the portfolio's types of exposure. In fact, loans are repaid with different frequencies and types of installment (from an operational perspective) based on their type. For example, in the case of loans following performing promissory notes' payment plans, a regular payment is made by the debtor via periodical installments and following a plan schedule. In the case of loans following non-performing promissory notes' payment plans, payments are less predictable and more irregular, both in terms of amount and frequency. In both cases however, the relevant promissory notes account bank has to store the physical cambiali document. In the case of exposures not guaranteed by promissory notes (i.e. unsecured banking loans and consumer loans) debtors are more likely to make one-off payments, especially for the more granular loans. No additional services are required for the relevant account bank, market standard requirements do apply. The transaction also envisages that payments can be made be cheque; this justifies the presence of a cheque collection account bank.

Commingling risk for the promissory notes' collections

The collection and cheque collection account banks are subject to rating replacement triggers[23], whilst the promissory notes collection account bank does not have any rating replacement trigger. We therefore performed a sensitivity analysis to evaluate commingling risk following the occurrence of certain events[24] related to the promissory notes account bank.

Our sensitivity analysis on commingling risk indicates a non-significant impact

There is the risk that a certain loss is incurred on collections, following the insolvency of the promissory notes account bank. We estimated the potential impact to be non-significant.

The sensitivity is based on the collections we expected to fall within the Replacement Period[25] and on the probability of default of the promissory notes collection account bank. In fact, a certain amount of collections are expected to fall within the Replacement Period, since certain loans make regular payments (i.e. loans which follow performing promissory notes' payment plans) rather than irregular ones[26].

8.3. Claw-back risk

Limited claw-back risk

On the issue date the sellers provided: i) a solvency certificate signed by a representative duly authorised; and ii) a certificate of good standing issued by the competent 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 sellers' 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.

8.4. Call options

A call option up to 1% of the portfolio can be exercised by the original lenders

Marte SPV Srl (the seller) has the right to purchase or to cause another entity to purchase from the issuer certain receivables, in relation to which the original lenders[27] exercised the call option, under the original transfer agreements.

The call options exercisable by Marte SPV Srl are subject to the terms and conditions of the transfer agreement signed in the context of this transaction. In particular, they can be exercised (at a certain repurchase price) for up to 1% of pool's GBV, and only to avoid or limit any reputation prejudice or damage.

[23] In case the institution is rated by Scope, the substitution trigger is at least "S3" by Scope as a short term deposit rating and at least "BB" by Scope as long term deposit rating.
[24] I.e., the promissory notes account bank's insolvency.
[25] Estimated to be about three months.
[26] Promissory notes associated with payment plans which historically paid regularly, are more likely to pay regularly than unsecured consumer or banking exposures. From this perspective, even if a fraction of these promissory notes stop following their plan (as per Scope's estimated default rate), the remaining share of loans would still contribute regular flows of payments, falling in the Replacement Period.
[27] Please refer to the Appendix for a list of the original lenders in relation to Marte SPV S.r.l. and Pinzolo SPV S.r.l. securitisations.

The option's cap mitigates the risk that the portfolio's composition worsens following a massive exercise of call options, ultimately affecting the rating of the notes.

If certain loans have been erroneously identified[28] and if this has resulted in their incorrect inclusion in or exclusion from the transaction's perimeter, the sellers shall purchase them (at a repurchase price calculated analogously to the call option repurchase price) or the issuer shall purchase them (at an adjusted purchase price, agreed in good faith between the seller and the issuer, and aligned with the price that shall be paid for other receivables with similar features).

8.5. Enforcement of representations and warranties

Representations and warranties limited by time and amount

The issuer will rely on the representations and warranties, limited by time and amount, provided by the sellers in the relevant warranty and indemnity agreement. If a breach of a representation and warranty materially and adversely affects a loan's value, the sellers may be obliged to indemnify the issuer for damages within 30 business days following the expiry of the period of opposition.

However, the above-mentioned representations and warranties are only enforceable by the issuer within 24 months of the issue date. The total indemnity amount will be capped to a maximum of 30% of the portfolio purchase price. Furthermore, the indemnity amounts will be payable only above a minimum amount threshold of EUR 50,000 on an aggregate basis, and EUR 500 on a single-loss basis.

Deductibility thresholds are aligned with market standards.

9. Legal structure

9.1. Legal framework

Transaction documents governed by Italian law

The transaction documents are governed by Italian law.

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

9.2. Use of legal opinions

We had access to the legal opinion produced for the issuer, which provides comfort on the legally valid, binding and enforceable nature of the contracts.

9.3. Legal documents

We had access to all transaction documents.

[28] Certain receivables can be erroneously identified if: i) they did not meet the transaction's criteria on the economic effective dates but have been transferred to the issuer or ii) they met transaction's criteria on the economic effective dates but have not been included in the transaction's perimeter. The transaction's criteria are pursuant to articles 1 and 4 of the Securitisation Law and article 58 of the Consolidated Banking Act.

10. Monitoring

Continuous rating monitoring

We will monitor this transaction on the basis of the performance reports, updated loan-by-loan reports, and other public information. The ratings will be monitored on an ongoing basis.

Scope analysts are available to discuss all the details surrounding 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.

11. Applied methodology

For the analysis of the transaction we applied our Non-Performing Loan ABS Rating Methodology (dated September 2019) and our Methodology for Counterparty Risk in Structured Finance (dated July 2019), both available on www.scoperatings.com.

I. Appendix – originators of Marathon securitisation[29]

Originators of Marathon securitisation	GBV (%)	GBV (abs) in EUR
Banco Popolare	43%	2,152,557,563
Agos Ducato SpA	31%	1,572,320,498
UBI Banca	5%	266,368,707
Credit Agricole Cariparma - Friuladria - Carispezia	4%	218,535,745
Barclays	3%	129,274,014
Findomestic	3%	128,412,004
B@anca 24.7	2%	108,507,574
Consum.IT	2%	99,099,442
Santander Consumer Bank AG	2%	82,022,081
Deutsche Bank S.p.A.	1%	74,336,691
Iccrea Banca Impresa Spa	1%	63,064,916
Fiditalia	1%	58,836,939
BMW Bank GmbH	1%	37,737,215
Ford Bank	0%	25,019,252
Cofidis	0%	4,699,001
Consel S.p.A.	0%	3,842,773
Mercedes-Benz financement	0%	2,876,995

[29] As per datatape and grouped by parent company.

Marathon SPV S.r.l.

Italian Non-Performing Loan ABS

II. Summary appendix – deal comparison

Transaction	Marathon	Prisma	Juno 2	Leviticus SPV	Belvedere SPV	Riviera NPL	POP NPLS 18	Aqui	IBLA (Ragusa)	Maior SPV	Maggese	Juno 1	BCC NPLS 2018	2Worlds	4Mori Sardegna	Aragorn NPL 2018	Red Sea SPV	Siena NPL 2018	Bari NPL 2017	Elrond NPL 2017
Closing	Dec-19	Oct-19	Feb-19	Feb-19	Dec-18	Dec-18	Nov-18	Nov-18	Sep-18	Aug-18	Jul-18	Jul-18	Jul-18	Jun-18	Jun-18	Jun-18	Jun-18	May-18	Dec-17	Jul-17
Originators	17 Fin. Inst.	Unicredit	BNL	BPM	multiple	Lucca	17 Banks	BPER	Ragusa	UBI Banca	C.R. Asti, Biver	BNL	ICCREA	BPS, BDB	Sardegna	Creval	BPM	MPS	BPB, CRO	Creval
Master servicer	Securitisation Services	Italfondiario	Prelios	Prelios	Prelios	Credito Fondiario	Cerved	Prelios		Prelios	Prelios	Prelios	Prelios	Cerved	Prelios	Credito Fondiario	Prelios	Credito Fondiario	Prelios	Cerved
Special servicer	Hoist Italia	doValue	Prelios	Prelios	Prelios, BVI	Credito Fondiario, Italfondiario	Cerved	Prelios	Italfondiario	Prelios	Prelios	Prelios	Prelios	Cerved	Prelios	Cerved, Credito Fondiario	Prelios	J., IF., CF., P. ***	Prelios	Cerved
General portfolio attributes																				
Gross book value (EUR m)	5,027	6,057	968	7,385	2,541	964	1,510	2,082	330	2,496	697	880	1,009	968	900	1,676	5,113	23,939	345	1,422
Number of borrowers	324,282	52,419	1,120	19,747	13,678	3,606	6,578	6,255	1,598	11,061	1,313	731	2,518	3,956	11,412	4,171	12,651	79,669	1,565	3,712
Number of loans	412,795	137,813	3,609	49,404	31,266	9,776	17,093	21,279	4,805	22,580	5,313	2,787	5,359	13,234	20,098	8,289	33,585	545,939	4,569	6,951
WA seasoning (years)	7.5	5.3*	3.5*	3.8*	6.7*	2.0*	2.9*	3.9	2.2*	4.2*	3.1*	3.0*	2.6*	2.7*	4.8*	2.5	3.8	4.4*	4.5	3.7
WA seasoning (years) - unsecured	7.5	6.8*	3.9*	4.4*	6.7*	2.5*	3.5*	4.5	2.7*	4.6*	3.9*	3.1*	2.9*	3.2*	6.4*	3.2	3.5	4.8*	N/A	N/A
WA LTV buckets (% or secured																				
bucket [0-25]	N/A	3	1.8	3.5	2	3.8	5.5	3	2.8	10.3	2.1	3.5	4.3	2.8	5.7	2.0	2.3	5.7	N/A	3.6
bucket [25-50]	N/A	8	8	9.2	4.9	11.7	11.4	11.4	7.4	19.2	6.3	7.6	6.8	13	14.6	4.2	8.1	12.4	N/A	11.1
bucket [50-75]	N/A	13.2	15.4	12.6	5.4	12.9	17.5	17.8	12.5	21.2	11.6	14.3	12.5	17.9	21.8	8.2	14.7	16.8	N/A	13.7
bucket [75-100]	N/A	15	15.6	14.8	8.5	10.7	14.9	17.9	16.3	14.9	13.9	16	15.1	15.8	20.4	13.9	18.1	17.0	N/A	19.6
bucket [100-125]	N/A	12.7	11.2	9.5	6.8	12	13.8	12.2	15.9	10	20.8	14.7	11.8	14.5	12.8	22.3	16.7	13.4	N/A	24.6
bucket [125-150]	N/A	10.6	10.9	6.9	8.6	8	10.1	8.5	12.1	5	8.4	6.3	7.7	7.5	4.0	17.9	12.0	8.3	N/A	8.6
bucket [150-175]	N/A	8.5	3.7	6.9	4.8	8.3	5.6	4.8	7.3	4.4	7.7	5.3	6.4	4.9	1.8	11.9	6.6	5.3	N/A	4.8
bucket [175-200]	N/A	6.3	7.8	4.7	5.2	3.3	7.4	4.1	6.6	2	6.8	5	6.1	6.6	4.4	3.7	4.8	3.9	N/A	1.6
bucket > 200	N/A	22.8	25.5	31.9	53.9	29.5	13.8	20.4	19.2	12.9	22.2	27.3	29.3	17.1	14.5	16.0	16.7	17.1	N/A	12.5
Cash in court (% of total GBV)	N/A	1.8	5.9	2.0	2.7	1.2	1.3	3.1	2.2	4	2.7	7.2	24	8.5	18.3	0.5	3.2	N/A	N/A	2
Loan types (% of total GBV)																				
Secured first-lien	0.0	64	57.7	50.5	41.0	39.4	53.9	57	67.2	39.9	43.1	30.4	70	53.1	56.1	67.3	70.6	41.6	53.6	66.4
Secured junior-lien	0.0	0.4	3	5.6	8.2	9.0	8.8	2.5	2.1	6.7	9.6	2.4	0.9	0	0.6	8.1	1		2.5	7.6
Unsecured	100.0	35.7	39.3	43.9	50.8	51.6	37.3	40.5	30.8	53.4	47.3	67.2	29.1	46.9	43.3	24.6	28.4	58.4	43.9	26.0
Syndicated loans	0.0	0	7.5		0	0	3	2.2	0.5	1.1	1		6.1	3.8	3.3	1.8	1.4	5.7		
Debtors (% of total GBV)																				
Individuals	57.4	100	7.7	14.7	12.0	13.2	22.9	16.4	25.6	17	18.9	3.4	14.3	26.4	24.4	9.9	28.4	19	12	12.7
Corporates or SMEs	42.6	0	92.3	85.3	88.0	86.8	77.1	83.6	74.4	83	81.1	96.6	85.7	73.6	75.6	90.1	71.6	81	88	87.3
Procedure type (% of total GBV)																				
Bankrupt	N/A	0.7	69.9	71.7	82.2	72.7	56.6	44	13.2	49.5**	53.4	71.5	62.7**	29.3	39.1	55.0	49.4	36.6	46.5	57.6
Non-bankrupt	N/A	99.3	30.1	28.3	17.8	27.3	43.4	56	86.8	50.5	46.6	28.5	37.3	70.7	60.9	45.0	50.6	63.4	53.5	42.4
Borrower concentration (% of GBV)																				
Top 10	0.0	0.4	19	5.4	9.1	22.6	7.3	8	6.5	1.9	8.6	8.6	6.7	3.6	8	8.3	1.8	2.1	28.2	13.4
Top 100	0.0	1.7	56.2	20.3	24.2	45.5	26.4	26.5	26.9	10.4	31	34.4	29	18.1	27.7	39.5	9.1	9.5	69	42.4
Collateral distr. (% of appraisal val.)																				
North	N/A	37.1	32.8	71.1	48.8	79.3	20.9	48.5	0.3	57.9	98	43.9	72.4	43.5	1.3	58.5	67.8	35.9	18.3	61.6
Centre	N/A	24.2	38.9	17.4	23.6	12.3	36.3	8.1	0	19.2	0.4	34.8	19.5	51.3	11.5	18.4	20.7	36	14.1	14.6
South	N/A	38.6	28.3	11.4	27.6	8.3	42.9	43.4	99.8	22.9	1.6	21.3	8.1	5.2	87.4	23.1	11.4	28.1	67.6	23.8
Collateral type (% of appraisal val.)																				
Residential	N/A	90.1	34.8	41.6	41.9	40.6	41.7	33.9	57.8	57.3	46.7	29.2	39.3	44.4	51.3	43.4	54.8	28.2	43	32.6
Commercial	N/A	4.5	21.1	9.5	9.6	7.2	27.4	19.5	18.4	16.2	15.4	19.5	29.5	24.6	23.7	22	15.4	71.8	40	32.4
Industrial	N/A	0	16	5.3	7.2	17.3	16.2	15	9.6	14.8	21.8	32.4	11.2	10.5	11.3	15.3	9.4			23.2
Land	N/A	1	9	16.2	8.8	14.7	8.6	10.6	9.3	7.9	10.1	4.8	13.7	6.6	6.2	0.0	8.6		18	8.7
Other or unknown	N/A	4.4	19.1	27.5	32.5	20.2	6.1	21	4.9	3.9	6	14.1	6.3	13.9	7.6	19.3	11.8			3.4
Valuation type (% of appraisal val.)																				
Full or drive-by	N/A	0	56.8	32.3	31.4	21.4	45.5	48.3	60.5	16.9	58.3	10.2	68.4	79.5	38.8	96.1	74	10	96.31	70.8
Desktop	N/A	0	24.8	31.7	36.1	35.7	13.8	34	33.3	69.2	18.5	3.6	5.4	12	40	1.2	14.5	65		4.0
CTU	N/A	29.7	10.4	5.5	0.0	7.7	26	11	3.1	10.4	0	13.4	12.1	8.5	20.5	2.7	11.5	15	3.69	23.6
Other	N/A	70.3	8	30.5	32.5	35.2	14.7	6.7	3.1	3.5	23.2	72.8	14.1		0.6	0	0	10	0	0.5
Secured ptf proc. stage (% of GBV)																				
Initial	N/A	50.9	29.5	65.5	52.4	68.5	44.6	52.5	49.7	65	60.9	54.9	73.6	75.6	61.2	66.6	64.4	52.6	55.5	36.1
CTU	N/A	22.8	17	10.0	0.0	5.7	31.7	13.7	28.8	12.2	10.3	11.8	11	6.3	18.3	23.4	9.1	5.4	14.2	10.7
Auction	N/A	22.1	35.4	16.6	38.3	22.9	20.7	28.5	10.9	22.5	27.5	30.8	11.5	16.9	20.5	4.7	21.3	35.2	26.5	36.4
Distribution	N/A	4.3	18.1	8.0	9.3	2.4	3	5.4	10.7	0.3	1.3	2.5	3.8	1.2	0	5.5	5.2	6.7	3.8	16.8
Summary of assumptions (BBB rating conditional stress)																				
Remaining lifetime recovery rate (%)																				
Secured (=net LTV after all stresses)	N/A	46.2	61.2	51.8	36.7	52	61.8	58.8	55.3	63	54.9	52.1	50.3	65.5	66.2	48.3	62.8	58.6	51.8	61.7
Unsecured	9.1	1.4	8.6	10.2	7.3	13.2	10.9	12.8	12.4	11.5	10.1	10.4	13.5	14	9.9	16.8	12.3	9.2	11.1	13.7
Total	**9.1**	**31.8**	**38.8**	**31.2**	**19.4**	**28.3**	**38.6**	**39.1**		**35.5**	**33.7**	**24.1**	**39.6**	**41.4**	**41.8**	**40.6**	**48.0**	**0**	**33.1**	**47.1**
Weighted average life of collections																				
Secured	N/A	5.6	5.7	8	8.2	7.1	7.2	6.5	7	6.7	6.4	5.4	8.2	6.8	7.2	7.9	6.8	N/A	N/A	4.8
Unsecured	3.1	3.2	3.6	4.5	5.2	4.6	4.7	4	4.8	4.1	4.6	4.2	4.5	4.7	4.2	4.2	4.1	N/A	N/A	3.1
Total	**3.1**	**5.4**	**5.5**	**7.5**	**6.4**	**6.4**	**6.9**	**6.1**	**6.8**	**6.3**	**6.1**	**5.1**	**7.8**	**6.4**	**6.9**	**7.9**	**6.6**	**N/A**	**N/A**	**4.6**
Structural features																				
Liquidity reserve (% of class A notes)	3	4	4	4	4	4	4	5	7.5	4	4	4	5	4.05 (% of A	4.9 (% of A and	5.0	4.375 (% of A	3.5	4.0	4.0
Class A Euribor cap strike	N/A	0.2%-1.25%	0.4% - 2.5%	0.25% -1.5%	0.5%	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%	0%-0.1%	0.5%-2.0%	0.5-3.0%	0.10%	0.50%
Class A																				
% of GBV	5.7	20	21.1	19.5	12.4	18.2	27.0	26.16	24.4	22.9	24.5	14.2	27	28.8	22.2	30.5	32.5	12.1	25.3	33.0
Credit enhancement	94.3	80	78.9	80.5	87.6	81.8	73.0	73.84	75.6	77.1	75.5	85.8	73	71.2	77.8	69.5	67.5	87.9	74.7	67.0
Class B																				
% of GBV	0.7	1.3	4.9	3	3	3.1	3.2	3.02	2.6	2.2	3.5	2.9	3	3	1.2	4.0	3	3.5	3.1	3.0
Credit enhancement	99.3	78.7	74	77.5	84.6	78.7	69.8	70.82	73	75	72	82.9	70	68.2	76.6	65.5	64.5	84.4	71.6	64.0
Final rating																				
Class A	BBB+	BBB+	BBB+	BBB	BBB	BBB-	BBB	BBB-	BBB	BBB	BBB	BBB+	BBB-	BBB	A-	BBB-	BBB	BBB+	BBB	BBB-
Class B	BB	B-	NR	NR	NR	B+	B	NR	B	NR	NR	NR	B+	B	BB-	B	NR	NR	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.

*** Juliet, Credito Fondiario, Italfondiario, Prelios.

Transaction's preliminary data tapes; calculations and assumptions by Scope Ratings. Closing portfolio stratifications may have immaterial deviations.

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