BCC NPLs 2021 S.r.l.

Italian Non-Performing Loan/Lease ABS

SCOPE Scope Ratings

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV	Coupon	Final maturity
Class A	BBB_{SF}	284.0	84.4%	21.6%	6m Euribor + 0.35%	Apr 2046
Class B	CCC_{SF}	39.5	11.7%	3.0%	6m Euribor + 8.0%	Apr 2046
Class J	NR	13.0	3.9%	1.0%	10% + Variable return	Apr 2046
Total		336.5				

Scope's quantitative analysis is based on the portfolio provided by the originators. Scope's Structured Finance Ratings constitute an opinion about relative credit risks and reflect the expected loss associated with the payments contractually promised by an instrument on a particular payment date or by its legal maturity. See Scope's website for the SF Rating Definitions.

Transaction details

Transaction type	Static cash securitisation
Asset class	Non-performing loans and leases ('NPLs')
Issue date	29 November 2021
Issuer	BCC NPLs 2021 S.r.l.
Originators and sellers	77 Italian banks[1]
Master servicer	Italfondiario S.p.A. ('Italfondiario')
Special servicer	doValue S.p.A. ('doValue')
Gross-book value ('GBV')	EUR 1,312m
Portfolio cut-off dates	30 June 2021 (for 85.6% of total GBV) 31 July 2021 (for 7.6% of total GBV) 30 September 2021 (for 6.8% of total GBV)
Key portfolio characteristics[2]	The securitised non-performing loan and lease pool is composed of senior secured (51%), unsecured (30.1%), junior secured loans (6.3%) and secured leases (relevant assets yet to be sold) (12.5%). The issuer is entitled to all portfolio collections received since the portfolio cut-off dates. Borrowers in the total portfolio are mainly corporates (80.1%). Secured loans and leases are mainly backed by residential, commercial and industrial real estate assets (respectively 32.8%, 22.8% and 21.6% of first-lien property values), while the remainder of the assets are represented by land and residual type of assets (respectively 15.4% and 7.3%). Properties are concentrated in northern Italy, with 43.4% of property values, and central and southern regions account for 38% and 18.5% respectively.
Payment frequency	Semi-annual (April and October)
Key structural features	The notes have been structured in accordance with requirements of the GACS scheme, updated in 2019. The transaction structure comprises three tranches of sequential, principal-amortising notes, an amortising liquidity reserve equal to 3.0% of the class A outstanding balance, and an interest rate cap spread agreement on the class A notes to hedge interest rate risk.
Hedging providers	Banco Santander S.A. and JP Morgan AG
Other key counterparties	BNP Paribas Securities Services, Milan Branch (agent bank, account bank, cash manager and principal paying agent) Banca Finanziaria Internazionale S.p.A. (back-up master servicer, corporate servicer calculation agent, noteholders' representative) Zenith Service S.p.A (monitoring agent)

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[1] Refer to 'Appendix I' for the full list of originators
[2] Source: transaction data tape, calculations by Scope Ratings

Rating rationale (summary)

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

The ratings also address exposures to the key transaction counterparties. In order to assess the issuer's exposure to credit counterparty risks Scope considered counterparty substitution provisions in the transaction, counterparty ratings from Scope, when available, or public ratings.

Rating drivers and mitigants

Positive rating drivers

Borrowers' granularity. The concentration in the portfolio is below market average considering peer transactions rated by Scope. The 10 largest borrower exposures account for 7.4% of portfolio GBV of both, the NPL and non-performing leases portfolios.

High share of drive-by and recent valuations. Most of the portfolios' collateral appraisals are either full or drive-by valuations (53.5%), which are generally more accurate than desktop or CTU valuations. 86.2% of valuations were conducted between 2020 and 2021, meaning asset values are likely to reflect the liquidity risks and price fluctuations currently present in the real estate market.

Repossessed assets as of the cut-off date. By gross book value, 64.2% of secured leases are backed by already repossessed assets of which 37.4% are repossessed but not regularised. Before being sold in the open market, assets need to be repossessed and regularised; these activities lengthen the expected collection time in comparison with collaterals in more advanced phases.

Diversified geographical distribution of the collateral and multi-originator nature of the transaction. The portfolio collateral is relatively highly diversified by geography. 81.4% of the first-lien portfolio is distributed among Italy's northern and central regions (43.4% and 38%, respectively), which usually benefit from shorter court procedures than southern regions. The multi-originator nature of the transaction helps mitigate concentration risk in terms of the properties' locations and borrowers' exposures.

Negative rating drivers and mitigants

Property type. The residential component of the portfolio (32.8% of total properties' valuation) is relatively low compared to peer transactions rated by Scope. The share of land is high compared to peer transactions (15.4% of first-lien property valuations of NPL and non-performing lease portfolio) which may have high price volatility upon liquidation.

High share of loans in bankruptcy or with no proceedings. We expect a weighted average recovery timing of 7.6 years, which is long compared to peer transactions rated by Scope. The longer timing for recovery proceeds is mainly because a large share of the portfolio's gross book value corresponds to loans either in bankruptcy or with no ongoing proceedings. Compared with non-bankruptcy proceedings, bankruptcies typically result in lower recoveries and take longer to be resolved.

Seasoned unsecured and junior secured portfolio. The weighted average time since default is approximately 4.3 years for the unsecured and junior secured NPL portfolio. Most unsecured recoveries are realised in the first years after a default according to historical data.

Upside rating-change drivers

Rapid economic growth following the pandemic crisis. A scenario of rapid economic recovery would improve liquidity and affordability conditions and would prevent a sharp deterioration of collateral values. This could positively affect the rating, enhancing servicer performance on collection volumes.

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

Prolonged pandemic crisis. Recovery rates are generally highly dependent on the macroeconomic climate. A prolonged pandemic crisis, together with a removal of government financial support, liquidity conditions could deteriorate, reducing servicer performance on collection volumes. This could negatively impact the rating.

Servicer underperformance on recovery timing. Servicer performance below Scope's base case collection timing assumptions could negatively impact the rating.

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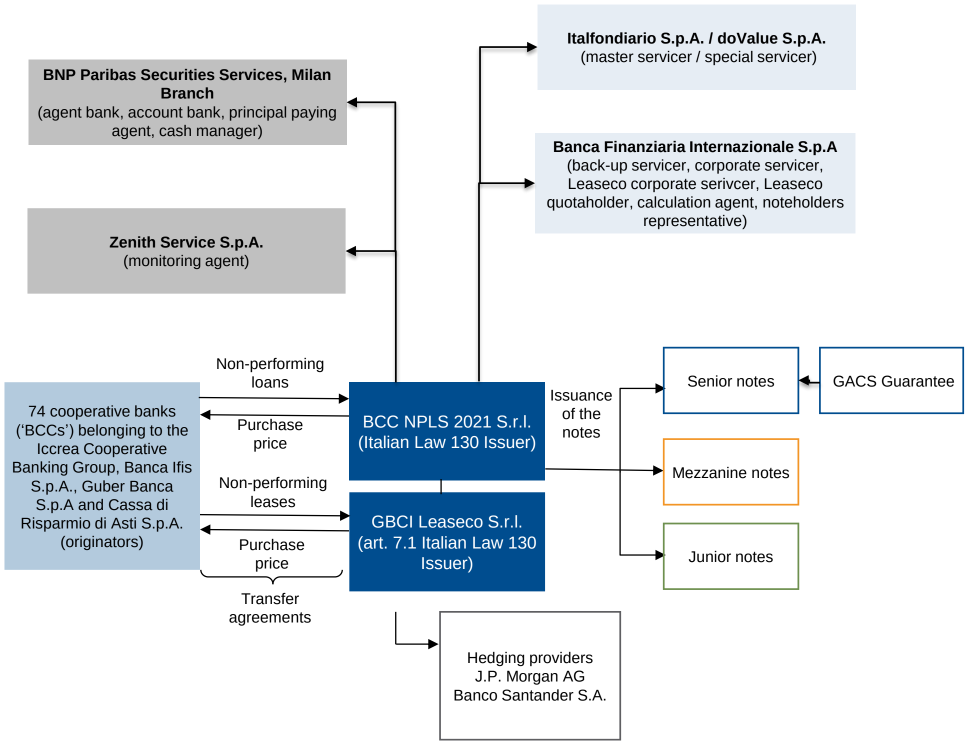
1. Transaction diagram

Figure 1: Transaction diagram



Sources: transaction documents, Scope Ratings.

2. Macroeconomic environment

Robust recovery expected for 2022 could be supportive for NPL recoveries

After a severe 9.0% economic contraction during 2020, Italy's economy has seen robust recovery this year, with an estimated annual growth rate of 6.6% – revised up from our above-consensus estimate of 5.6% for this year in entering 2021, followed by 4.7% in 2022, as advanced vaccination rates ease vulnerability to severe virus waves, while the manufacturing sector proves comparatively resilient to supply chain bottlenecks vis-à-vis performance in peer economies. In addition, job-market support measures during this crisis have proven effective. The unemployment rate stood at 9.2% as of September 2021, under a pre-crisis level of 9.7%, although employment still counts around 400,000 fewer workers compared with before this pandemic crisis. We expect an average unemployment rate of 9.6% this year, easing further to 8.5% in 2022.

We expect GDP growth to decrease to 4.7% in 2022 after the 6.6% in 2021

Downside risk to the economic outlook has heightened over recent weeks, driven by resurgence of virus in Italy and main trade partners. In addition, the inflation outlook poses risk to the recovery, with very high Harmonised Index of Consumer Prices (HICP) inflation of 4.1% for the euro area and 3.2% in Italy as of October.

After 2022, we expect the Italian recovery to moderate in direction of our more modest estimate of medium-run growth potential of 0.8%, constrained by challenges of tepid productivity gains and adverse demographic change, but supported nevertheless by the government investment programme, as well as by continued accommodative borrowing conditions anchored via policies of the European Central Bank. The government headed by Prime Minister Mario Draghi enjoys a robust parliamentary majority, underpinning expectation of continued reform, which, together with increasing public investment expenditure anchored via EUR 192bn of Next Generation EU funding, support the medium-run growth outlook. A strong economic recovery has been also reflected in improvements in government finances, with a deficit for this year expected to fall significantly under initial estimates, although remaining elevated at around 7.5% of gross domestic product (GDP), before further moderation to 5.4% in 2022. Public debt will temporarily revert to a moderately declining trajectory, towards 146% of GDP by 2026 from 156% last year, with however an elevated stock continuing to pose challenges as concerns long-run debt sustainability, especially under a context of normalisation of monetary policies.

3. Special servicer review

3.1. Introduction

Comprehensive assessment of the special servicer

We conducted an operational review on the special servicer, doValue, which will be supported by Iqera Italia in the property management and brokerage activities of the non-performing leases portfolio. In Scope's view the special servicer's capabilities and processes to manage the securitised portfolio are adequate. Our assessment of the special servicer's capabilities addresses, among other aspects, its corporate structure, business processes, collateral appraisal procedures, servicing IT systems, business discontinuity risks and transaction-specific aspects such as portfolio onboarding for those exposures not yet serviced by doValue, asset manager allocation and asset disposal strategies (i.e., business plan). This assessment was considered when deriving our recovery rate and recovery timing assumptions for both unsecured and secured positions. In addition, we conducted a virtual property tour on a small sample of properties from the securitised portfolio. This is part of our assessment of portfolio collateral valuations and secured recovery expectations, captured through our haircuts based on property and appraisal types.

3.2. Corporate overview

doValue is the largest special servicer in Italy by GBV under management

doValue is a leading European player in the credit servicing sector, managing around EUR 160bn GBV of assets under management ('AUM'). The serviced exposures are mostly represented by secured receivables (73% in terms of AUM) and are related to NPL exposures (80% of AUM), as of July 2021. doValue services also real estate owned assets, unlikely to pay loans, and early-stage loans for 13%, 5% and 2% of the AUM, respectively. The company is the largest special servicer in Italy, with around EUR 78bn GBV of AUM. doValue has grown significantly in recent years through mergers and acquisitions: with Italfondiario in 2016, with Altamira (Spanish servicer) in 2019 and with Eurobank FPS (Greek servicer) in June 2020. Listed in the Milan stock exchange, doValue is 27% controlled by funds managed by affiliates of Fortress/SoftBank, 10% by Bain Capital, and around 50% of free float.

3.3. Servicing model

Servicing activities rely on a proprietary credit management system that can interact with the main IT systems adopted by Italian banks for managing non-performing exposures, allowing for a smooth files' on-boarding and data exchange. The servicer has also developed an internal reporting tool that allows the loan manager to regularly monitor collections performance, future projections, loans' legal status, and details of real estate auctions. Loan managers are organised in teams, supervised by a team leader, and segmented primarily by ticket size (small, medium and large). Large tickets are managed with a tailormade approach and are allocated to senior loan managers. Medium tickets are allocated to loan managers specialised by debtor type (corporate / retail), collateral type (secured / unsecured) and geography. Small tickets are managed by a dedicated unit with a standardised approach and with the support of external specialised operators. Servicing activities are also supported by an external network of lawyers. After data acquisition and portfolio allocation, the loan manager defines the most suitable resolution strategy based on specific loan and borrower characteristics. First, the loan manager attempts to reach an out-of-court solution with the borrower. The servicer starts a judicial procedure if an agreement with the borrower is not reached and if economically convenient. However, the loan manager continues to pursue an out-of-court solution during the judicial process. Other recovery strategies adopted by the loan managers comprise credit sales, repayment plans and discounted pay-offs.

4. Portfolio characteristics

4.1. Representations and warranties

The securitised pool comprised Italian secured and unsecured non-performing loans and leases originated by 77 Italian banks (see 'Appendix I' for the complete list of originators).

Representations and warranties cover the whole pool

The representations and warranties on the receivables provided by the originators are in line with the previous BCC transactions, which is positive since the whole pool is covered by the representations and warranties which means that we do not have to consider sensitivities with lower collections due to a part of the pool not being covered by any representations and warranties. Having said that, the representations and warranties in this transaction are weaker than those of historical peer transactions we rate, as they do cover fewer fields in the data tape, and furthermore include the following:

- All loans are denominated in euros and governed by Italian law.
- All receivables are valid for transfer without any limitations.
- Borrowers have been reported by the originator as defaulted by the Credit Bureau of the Bank of Italy as of the transfer date.
- All real estate assets are located in Italy and, to the knowledge of each originator, are existing.
- Borrowers have been reported by the originator as defaulted by the Credit Bureau of the Bank of Italy as of the transfer date.
- 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.
- Borrowers are not employees, managers or directors of the originators.

Additional representation and warranties apply to the immediately transferrable assets. Among them are:

- The assets can be deeded and transferred to the LeaseCo.

- The assets have urbanistic and energy performance certificates; cadastral data comply with the 'status quo' of the assets

The immediately transferrable assets have been transferred with a notary deed; this ensures the assets' compliance with the criteria required by the notary's deed.

4.2. Key portfolio stratifications

Figure 2 provides a high-level view on portfolio characteristics as of the cut-off date.

Figure 2: Portfolio summary

	All	Senior secured	Junior secured	Unsecured	Secured leases
Number of loans	11,270	2,376	470	8,214	210
Number of borrowers	6,784				
Gross book value (EUR m)	1,311.9	669.7	83.3	394.4	164.5
% of gross book value		51.0	6.3	30.1	12.5
Cash in court (% of GBV)	0.2				
Collections since cut-off date (% of GBV)	0.1				
Weighted average seasoning	4.2	3.7	3.9	4.4	5.6
Collateral values (EUR m)		738.4	250.5		85.2
Repossessed and regularised assets (% of GBV)					26.8
Non-repossessed or non-regularised assets (% of GBV)					73.2
o/w non-repossessed					35.7
o/w non-repossessed					37.4

Sources: transaction data tape, calculations by Scope Ratings

We adjusted the pool's gross book value using information on collections and sold properties since the cut-off date. The analysis excluded portfolio's loans, which we assumed to be closed, based on collections already received (EUR 1.8m) and estimated cash-in-court (EUR 2.5m relative to first-lien property value).

These adjustments reduced the portfolio's gross book value from EUR 1,312m to EUR 1,302m. Collections received since the cut-off date will be part of the issuer's available proceeds at the first payment date, while we assumed cash-in-court would be received within three years after the closing date.

Our analysis is performed on a line-by-line 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. Leases are defined as 'secured' if the relevant assets are yet to be sold, whereas unsecured receivables refer to leases for which the relevant assets have been already sold. All leases in the lease portfolio are secured.

Stratification data provided below reflect our aggregation by loans and/or leases and may be based, if applicable, on conservative mapping assumptions applied to address missing data. Stratification data on collateral information is based on first-lien collateral only.

Figure 3: Distribution by borrower type (total portfolio)

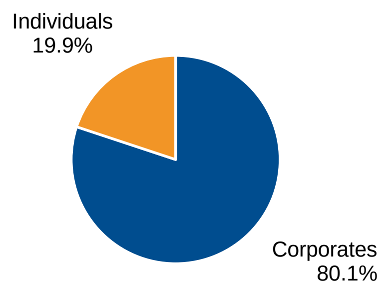


Figure 4: Distribution by loan type (total portfolio)

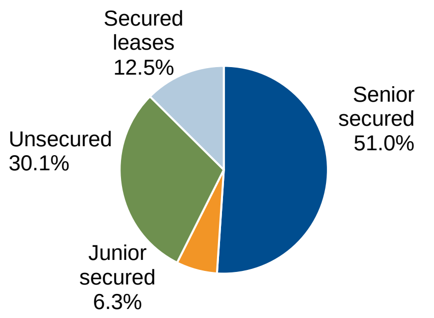


Figure 5: Distribution by recovery procedure (total portfolio)

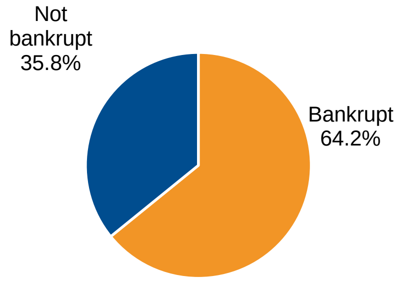


Figure 6a: Distribution by recovery stage (secured loans)

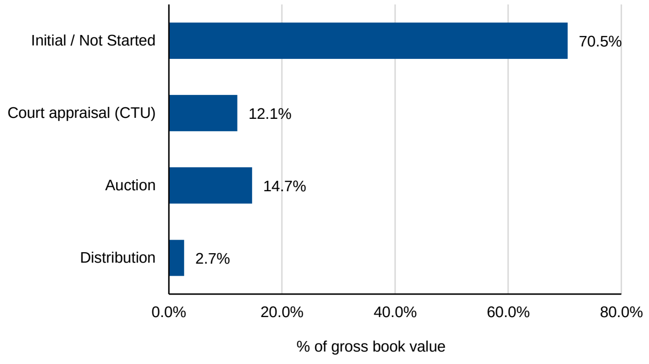


Figure 7b: Distribution by recovery stage (secured leases)

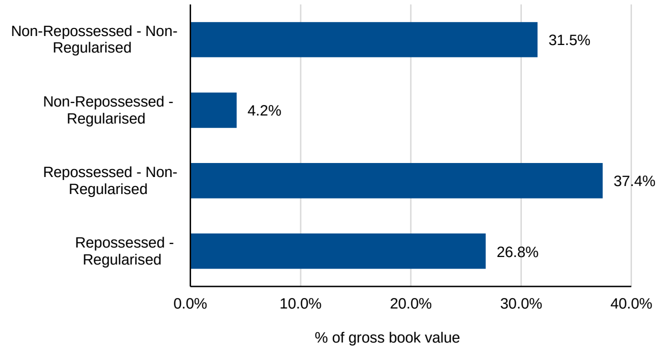


Figure 8: Distribution by court bucket (total portfolio)

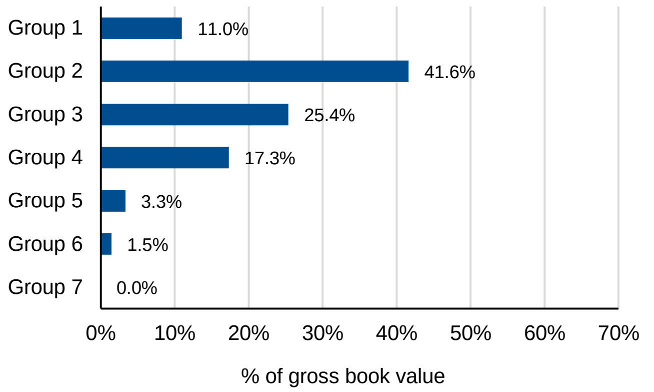


Figure 9: Unsecured and junior secured seasoning (unsecured loans)

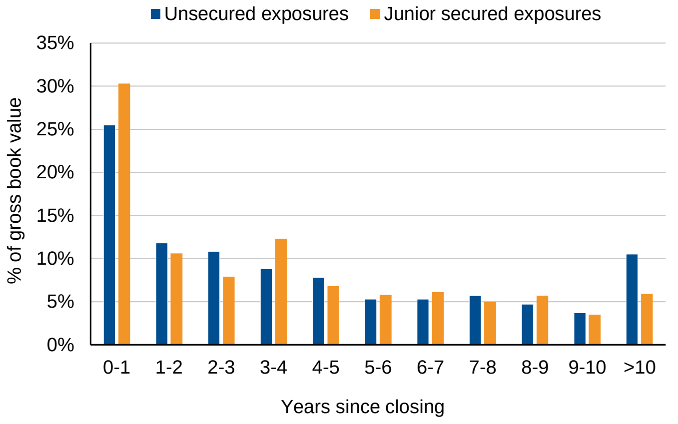


Figure 10: Distribution by collateral type (total portfolio)

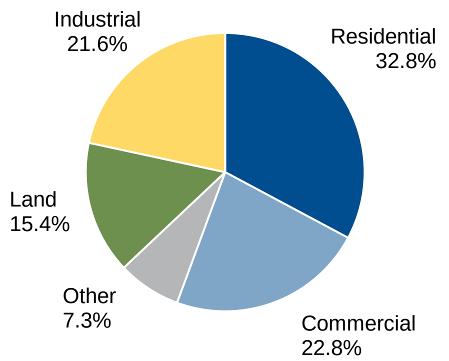


Figure 11: Distribution by valuation type (total portfolio)

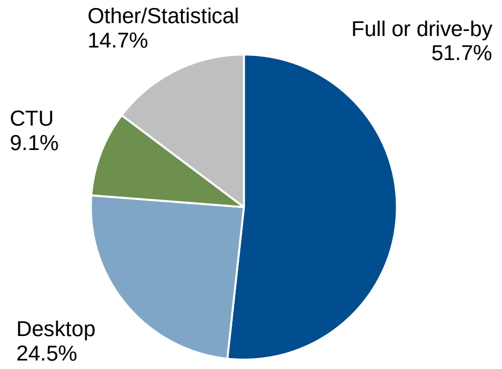


Figure 12: Distribution by collateral location (total portfolio)

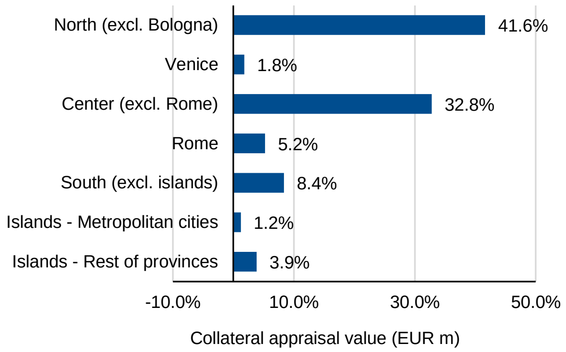
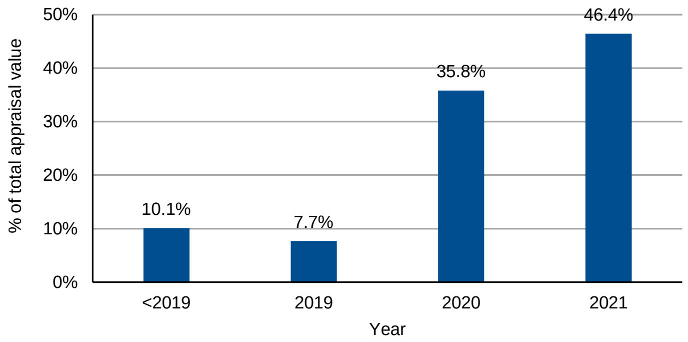


Figure 13: Distribution by valuation date (total portfolio)



Sources: transaction data tape, calculations by Scope Ratings

5. Portfolio analysis

Our NPL methodology validates the resilience of a rated instrument against deterministic, rating-conditional stresses. We apply higher stresses as the instrument's ratings become higher. Figure 5 summarises the stressed recovery rate assumptions applied for the analysis of the class A and class B notes.

Figure 14: Summary of assumptions

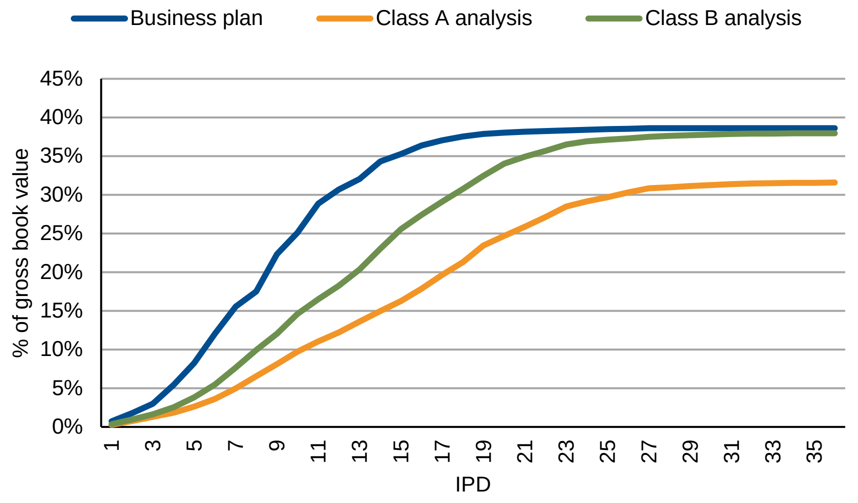
	Class A analysis	Class B analysis
Secured recovery rate (% of secured GBV)	46.2	55.1
Unsecured recovery rate (% of unsecured GBV)	11.0	13.2
Total recovery rate (% of total GBV)	**31.6**	**37.9**
Secured collections weighted average life (years)	7.8	6.7
Unsecured collections weighted average life (years)	5.3	5.3
Total collections weighted average life (WAL)	**7.6**	**6.5**

Source: Scope Ratings

Stressed class A recovery rate assumptions are about 18% below business plan targets

Figure 14 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with the servicer business plan. These assumptions are derived by blending secured and unsecured recovery expectations. Our assumptions on the recovery rate for class A and class B are, respectively, about 18.2% and 1.7% below business plan targets and involve significantly longer periods (a WAL of 7.6 years for the class A analysis vs. a WAL of about 4.6 years from the business plan).

Figure 15: Business plan's gross cumulative recoveries vs. Scope's assumptions



Sources: Servicer business plan, Scope Ratings

5.1. Analysis of secured portfolio segment

Valuation haircuts address forward-looking market value and liquidity risks

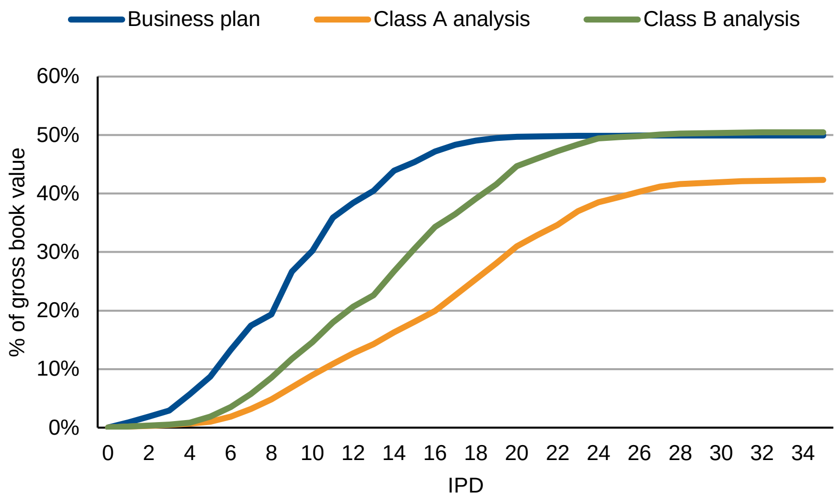
Figures 15a and 15b show our lifetime gross collections vectors for the secured[3] non-performing loan and lease segment respectively, compared to those from the respective servicer's business plan. Our analytical approach consists of estimating the security's current value based on property appraisals and then applying security-value haircuts to capture forward-looking market value and liquidity risks.

Recovery timing assumptions for the non-performing loans are mainly determined by the efficiency of the assigned court (based on historical data on the length of the proceedings), the type and stage of legal proceeding. For the non-performing leases, recovery timing assumptions are mainly determined by the type and efficiency of the repossession strategy, by the court issuing the repossession proceeding, by properties' status (i.e. repossessed, regularised), and by the type of property. Recovery timing assumptions also depend on expected real estate market liquidity conditions and on our assessment of the special servicer's capabilities in selling the assets after repossession.

Our analysis also considers concentration risk, the servicer's business plan and the available workout options.

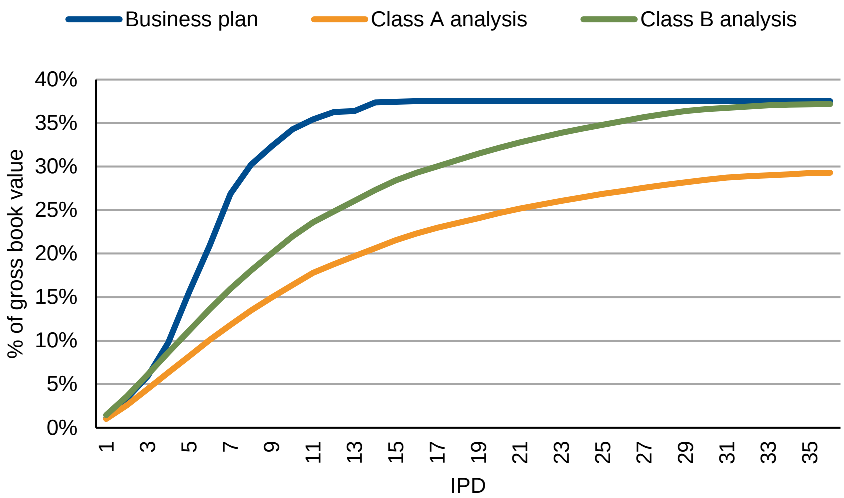
[3] We define secured loans and leases as those guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis. However, to facilitate a direct comparison with the business plan, we provide our recoveries for the senior secured borrowers as per the business plan definition.

Figure 16a: Business plan's gross cumulative recoveries for secured borrowers vs. Scope's assumptions



Sources: Servicer business plan, Scope Ratings

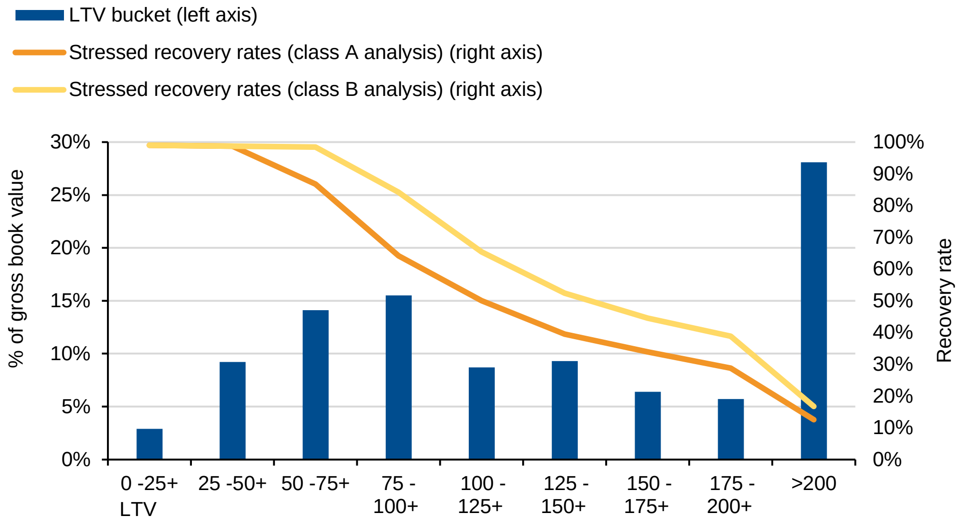
Figure 15b: Business plan's gross cumulative recoveries for secured lessees vs. Scope's assumptions



Sources: Servicer business plan, Scope Ratings

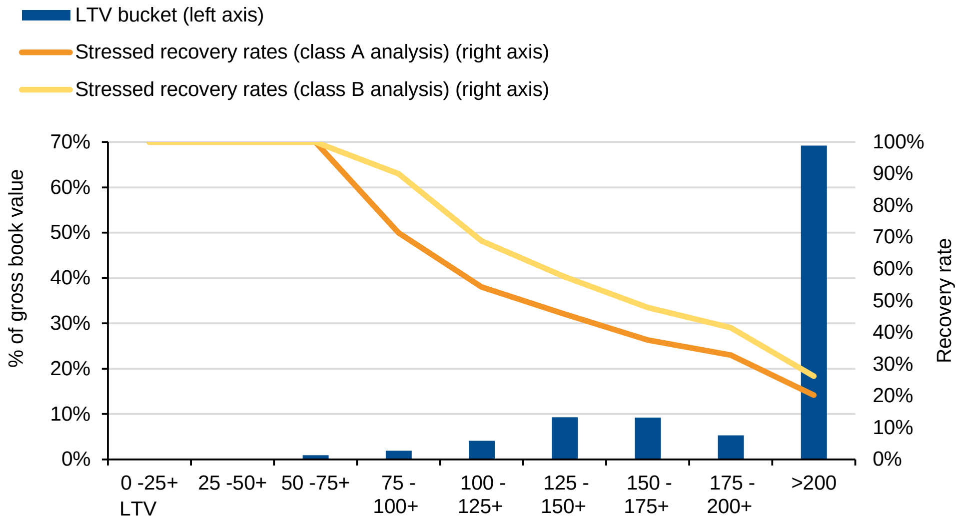
Figures 16a and 16b show the secured loans' and leases' distribution by loan-to-value/lease-to-value (LTV) bucket as well as our recovery rate assumptions for each LTV bucket (under our rating-conditional stresses applied for the class A and class B) for the non-performing loan and lease portfolio respectively.

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



Sources: transaction data tape, calculation by Scope Ratings

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



Sources: transaction data tape, calculation by Scope Ratings

5.1.1. Appraisal analysis

Appraisal type haircuts range between 0% and 20%

We applied rating-conditional haircuts ranging from 0% to 20%, reflecting our view of the level of quality and accuracy of each valuation type: full or drive-by valuations are generally more accurate than desktop or CTU valuations.

Figure 17: Scope's transaction-specific valuation haircuts

Valuation type	% of collateral value	Class A analysis haircut	Class B analysis haircut
Drive-by	51.7%	-	-
Desktop	24.5%	5%	4%
CTU	9.1%	10%	8%
Other/Statistical	14.7%	20%	16%

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

5.1.2. Property market value assumptions

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

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

	North						Centre			South			Islands	
Region	Milan	Turin	Genoa	Bologna	Venice	Others	Rome	Florence	Others	Naples	Bari	Others	Metropolitan cities	Rest of provinces
Class A analysis	-10%	-10%	-10%	-8%	-10%	-11%	-16%	-13%	-14%	-12%	-11%	-14%	-12%	-14%
Class B analysis	5%	0%	-1%	4%	5%	4%	3%	4%	2%	0%	3%	1%	0%	1%
Portfolio distribution (%)	4.8	2.8	0.1	1.1	1.8	32.8	5.2	2.9	29.9	0.1	0.5	12.8	1.2	3.9

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

5.1.3. Collateral liquidity risk

Property type haircuts for the non-performing loans range between 30% and 40% for the class A analysis

Asset liquidity risk is captured through additional fire-sale haircuts applied to collateral valuations. Figure 19a shows the rating-conditional haircuts applied for the class A and class B analysis. 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 19a: Scope's transaction-specific fire-sale discount assumptions (non-performing loans)

Collateral type	% of collateral value	Class A analysis haircut	Class B analysis haircut
Residential	36.5%	30%	24%
Non-residential	43.5%	35% - 40%	28% - 32%

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

Property type haircuts for the non-performing leases range between 18% and 32% for the class A analysis

Compared with mortgage collateral, leased assets generally have lower discounts upon disposal (as they are mostly sold on the open market than through judicial auctions) and are better maintained. Moreover, upon repossession, most leased assets are put under the custody of third parties, with the servicer managing their maintenance, capex and opex (if applicable). Figure 19b shows the rating-conditional haircuts applied for the class A and class B analysis.

Figure 20b: Scope's transaction-specific fire-sale discount assumptions (non-performing-leases)

Collateral type	% of collateral value	Class A analysis haircut	Class B analysis haircut
Residential	0.7%	18%	14.4%
Non-residential	99.3%	24% - 32%	19.2% - 25.6%

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

5.1.4. Concentration risk

We addressed borrower concentration risk by applying a 10% rating-conditional recovery haircut to the 10 largest borrowers on the non-performing loan and lease portfolio respectively for the class A notes analysis. The largest 10 and 100 borrowers account for 7.4% and 30.5% of the aggregate portfolio's gross book value, respectively.

5.1.5. Tribunal efficiency (non-performing loans)

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

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

The total length of the recovery processes is mainly determined by the efficiency of the assigned court and the type of legal proceeding. To reflect this, we grouped Italian courts into seven categories, based on public data on the average length of bankruptcy and foreclosure proceedings between 2015 and 2019 (Figure 20). We applied a rating-conditional timing stress for both bankruptcy and non-bankruptcy procedures: 2.7 years and 1.4 years were respectively added to the total legal procedures' length for the class A analysis and 1 year and 0.5 years were respectively added to the legal procedures' length for the class B analysis.

Figure 21: Total length of the recovery process by court group in years (non-performing loans)

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	Percentage of courts*
1	4	2	12.4%
2	6	3	36.3%
3	8	4	28.2%
4	10	5	18.6%
5	12	6	3.7%
6	14	7	0.8%
7	18	9	0%

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

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

5.1.6. Repossession and sale timing assumptions (non-performing leases)

Our recovery timing assumptions consider three phases: i) repossession; ii) regularisation; and iii) asset disposal. Though the three phases may overlap, we assumed them to be sequential.

The repossession phase takes place with the resolution of lease contracts. If the lessee does not return the asset to the lessor by the deadline stipulated in the resolution contract, the lessor can initiate asset repossession via judicial or bankruptcy proceedings against the lessee, or through extra-judicial routes. Once the asset is repossessed and placed under third-party custody, the regularisation phase begins, during which cadastral, urbanisation and environmental activities are performed as required by the asset's deed. The regularisation phase typically involves a technical asset due diligence, with an onsite inspection and the gathering of all necessary documentation requested by the notary.

The asset can be sold only after the repossession and regularisation phases, but the servicer usually starts marketing the asset during the regularisation phase to accelerate the disposal process.

We applied line-by-line repossession timing assumptions, considering the court in charge of the repossession's proceeding, the type of legal proceeding (i.e. bankruptcy or non-bankruptcy), and the current stage of the proceeding. We differentiated our repossession timing assumptions based on the asset type, incorporating an operational timing stress (i.e. the time to remove movable assets may differ based on the type).

We applied line-by-line regularisation timing assumptions, based on the asset type and the servicer's historical experience.

Our disposal timing assumptions were based on the analysis of the servicer's historical data, on Scope's proprietary data, and on public market data. These assumptions also depended on the size of the asset.

Compared to non-performing loans, the time to recover for non-performing leases depend less on court efficiency, as courts are involved only until the repossession phase, while asset sales occur on the open market. We applied a rating-conditional timing stress to our total timing assumptions, based on the type of repossession proceeding (i.e. bankruptcy vs non-bankruptcy).

Figure 21: Total length of the recovery process (non-performing leases)

Type of proceeding	Length* (years)
Bankruptcy	4.8 – 7.6
Non-bankruptcy	4.7 – 7.0

* Timing assumptions are shown for Scope's base case (B rating) and are derived from line-by-line timing assumptions, based on the proceeding type, most frequent court and asset type

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

Figure 22: Total length of the recovery process in years (non-performing leases)

Phase	Percentage of total recovery timing*	Bankruptcy	Non-bankruptcy
Repossession	45%-65%	49%-65%	45%-61%
Regularisation	4%-8%	4%-7%	4%-8%
Disposal	34%-55%	34%-51%	38%-55%

* Timing assumptions are shown for Scope's base case (B rating) and are derived from line-by-line timing assumptions, based on the types of proceeding, asset, and most frequent court.

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

5.2. Analysis of unsecured portfolio segment and residual claims

Unsecured portfolio analysis is based on statistical data

The analysis of unsecured receivables focuses only on the non-performing loans part of the portfolio. Unsecured lease receivables refer to lease exposures for which the relevant assets have been sold, which is not the case for the lease portfolio analysed.

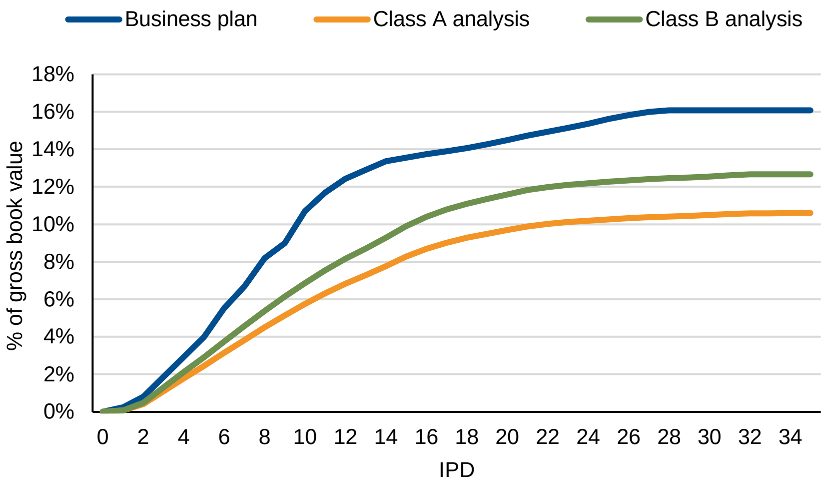
Our unsecured recovery assumptions are primarily based on market-wide historical data on unsecured recovery rates. We also factor in servicer-specific historical recovery data, as well as our view on the quality of the servicer's recovery procedures.

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

Ageing of the unsecured portfolio drives recoveries

Finally, transaction-specific assumptions are re-calibrated to reflect the ageing of the unsecured portfolio segment, as we consider aged unsecured NPLs to have a lower likelihood of recovery. The unsecured loans in the portfolio (including also junior secured loans) are classified as defaulted for a weighted average of 4.3 years, which is average to transaction peer levels.

Figure 23: Business plan's gross cumulative recoveries for unsecured borrowers[4] vs. Scope's assumptions



Sources: Servicer's business plan, Scope Ratings

5.2.1. Residual claims after security enforcement

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

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

Based on servicers' historical data, we gave credit to residual claims on 10% of the loans to individuals and 10% of the leases to individuals and corporates. 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 individual borrowers, as the elapsed time after a default may have a positive impact. An individual may, for example, find new sources of income over time and become solvent again. Also, when is cost-efficient, servicer's interest is to maximise the amount of recoveries, even after the security has been enforced. For corporate loans, we gave no credit to potential further recoveries on residual claims after the security has been enforced. For corporate leases we gave benefit since the elapsed time after a default may have a positive impact as third-party guarantors may at that stage own assets that can be enforced.

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.

[4] The comparison considers unsecured and junior secured borrowers as per servicer's business plan.

Class A will pay a floating rate indexed to six-month Euribor plus a margin of 0.35%. Class B will pay a floating rate indexed to six-month Euribor plus a margin of 8.0%. In case of no subordination Class B coupon up to 8.0% is paid senior to Class A principal while the six-month Euribor component is paid junior in waterfall irrespectively of any subordination event. The Class B interest (and a portion of the special servicer fees) are subordinated to class A principal payments if certain under-performance events are triggered.

Scope's ratings do not address the GACS guarantee

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

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

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

6.1. Combined priority of payments

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

Figure 24: Simplified priority of payments and available funds

Pre-enforcement priority of payments
1) Servicer expenses and senior servicer fees, ReoCo expenses to ensure it's corporate existence (if any)
2) Limited-recourse loan interest
3) GACS guarantee premium
4) Class A interest
5) Cash reserve replenishment
6) Limited-recourse loan principal
7) Class B interest up to 8% (provided that no interest subordination event has occurred)
8) Class A principal
9) Class B interest (upon occurrence of the interest subordination event) and Class B six-month Euribor component (provided that no interest subordination event has occurred)
10) Class B principal and servicer mezzanine fees (provided that a servicer underperformance event has occurred)
11) ReoCo amounts necessary to pay interest and repay principal on any ReoCo financing (if any)
12) Class J interest
13) Class J principal and servicer junior fees (provided that a servicer underperformance event has occurred)
14) Any residual amount as class J variable return

Sources: Transaction documents and Scope Ratings

6.2. Interest subordination event

Class B interest subordination event is aligned with the updated requirements of the 2019 GACS Scheme

The occurrence of an interest subordination event results in class B interest being paid under item 9 of the waterfall above. An interest subordination event occurs if i) the cumulative net collection ratio[5] (CCR) falls below 90% of the servicer's business plan targets; ii) the NPV cumulative profitability ratio[6] (NPVPR) falls below 90%; or iii) any amount of class A interest is unpaid.

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

1. If, on a subsequent payment date, the CCR is between 90% and 100%, class B interest accruing on that payment date will be payable senior to the class A principal repayment. These mechanisms are aligned with the requirements of the 2019 updated GACS Scheme[7].
2. If, on a subsequent payment date, the CCR returns to 100% or above, due and unpaid class B interest is paid senior to class A principal.

6.3. Servicing fee structure and alignment of interests

6.3.1. Servicing fees and servicer underperformance event

The servicing fee structure links the level of fees paid to the servicer with the portfolio's performance, mitigating potential conflicts of interest between the servicer and noteholders. The special servicer will be entitled to both an annual base fee and a performance fee.

The exact level of fees applied to the non-performing loans is subject to the GBV size and the type of recovery strategy (judicial vs. extra-judicial). Extra-judicial strategies and lower tickets generally bear higher performance fees relative to collection amounts. Considering the portfolio composition, we assumed an average performance fee of 4.6% and 7.1% (plus VAT) for secured and unsecured exposures, respectively. For the leasing portfolio the exact level of fees applied is subject to the real estate liquidation value and the borrowers' GBV. We assumed an average performance fee of 2.4% (plus VAT) on liquidation values and deficiency claims.

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

The occurrence of a servicer underperformance event results in 5-20% of the servicer performance fees being subordinated to class A principal payments. This portion is then paid under items 10 and 13 of the above simplified priority of payments, as mezzanine or junior servicing fees, respectively. A servicer underperformance event occurs either if the CCR or the NPVPR falls below a given threshold, as shown in Figure 26.

[5] '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.

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

[7] Italian law decree No. 18 of 14 February 2016 converted into law No. 49 of 8 April 2016, s subsequently amended and supplemented under Italian law decree No. 22 of 25 March 2019, converted into Italian law No. 41 of 20 May 2019.

Figure 2622: Servicing fee subordination mechanism

CCR lower than 90% or NPVPR lower than 90%	• 15.0% as servicer mezzanine fee • 5.0% as servicer junior fee
NPVPR greater than 90% and lower than 95%	• 5.0% as servicer mezzanine fee • 5.0% as servicer junior fee
NPVPR greater than 95% and lower than 100%	• 5.0% as servicer mezzanine fee • 0% as servicer junior fee

An underperformance event is curable if on any subsequent payment date, both the CCR and the NPVPR return above 100%. However, all mezzanine and junior servicer fees accrued and subordinated in previous periods shall remain subordinated.

6.3.2. Servicer monitoring

Monitoring function protects noteholders' interests

An overview of the servicer's activities and calculations, prepared by the monitoring agent (Zenith 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, as well as 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 (acting upon instructions of the committee), the closure of debt positions, and the payment of additional costs and expenses related to recovery activities.

6.3.3. Special servicer termination events

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

A special servicer termination event includes i) insolvency; ii) an unremedied breach of obligations; iii) an unremedied breach of representation and warranties; iv) loss of legally eligibility to perform obligations under the servicing agreement; v) after 30 months since closing, the occurrence of two consecutive underperformance event; and vi) following the enforcement of the GACS guarantee, if the cumulative net collection ratio has been lower than 100% for two consecutive collection dates.

6.4. Liquidity protection

Cash reserve provides liquidity protection to class A notes

A cash reserve will be funded at closing through a limited-recourse loan provided by Iccrea Banca S.p.A., Banca Ifis S.p.A., Guber Banca S.p.A. and Cassa di Risparmio di Asti S.p.A. The cash reserve target amount at each payment date will be equal to 3.0% of the total outstanding balance of class A notes.

The cash reserve is available to cover any shortfalls in interest payments on the class A notes as well as any items senior to them in the priority of payments, provided that the GACS guarantee is not implemented. Following the implementation of the GACS guarantee, any liquidity shortfalls will primarily be covered by the guarantor, with the cash reserve mainly mitigating the time it takes between the draw on the guarantee and the actual payment.

6.5. Interest rate hedge

Due to the non-performing nature of the securitised portfolio, the issuer will not receive regular cash flows and the collections will not be linked to any defined interest rate. On the liability side, the issuer will pay a floating coupon on the notes, defined as six-month Euribor plus a 0.35% margin on the class A and an 8% margin on class B. The six-month Euribor on both classes is floored at zero.

Interest rate risk on class A notes is mitigated through a cap spread structure and a cap embedded in the notes

An interest rate cap spread mitigates the risk of increased liabilities on the class A notes due to a rise in Euribor (Figure 27). The base rate on the class A notes will be capped with an upper bound rate ranging from 0.5% in April 2025 to 1.2% until April 2035, while it will be floored with a lower bound rate ranging from 0% at the issue date to 0.40% until April 2035. Under the cap spread agreement, the issuer receives the difference, if positive, between six-month Euribor and the lower bound rate and pays the difference, if positive, between six-month Euribor and the upper bound rate, following a pre-defined notional schedule. In addition, a cap is embedded in the class A Euribor component, aligned with the upper bound rate of the cap spread. The cap applies also once the hedge is not in place anymore, i.e. post April 2035, the class A Euribor component will still be capped at 1.2%.

The notional schedule of the cap spread on class A notes is not aligned with our expected class A amortisation profile (see Figure 28). A delay in recoveries beyond our class A recovery timing vector would increase interest rate risk exposure, as it would widen the gap between the transaction's cap notional amount and the class A notes' outstanding principal.

Figure 27: Cap spread on class A notes

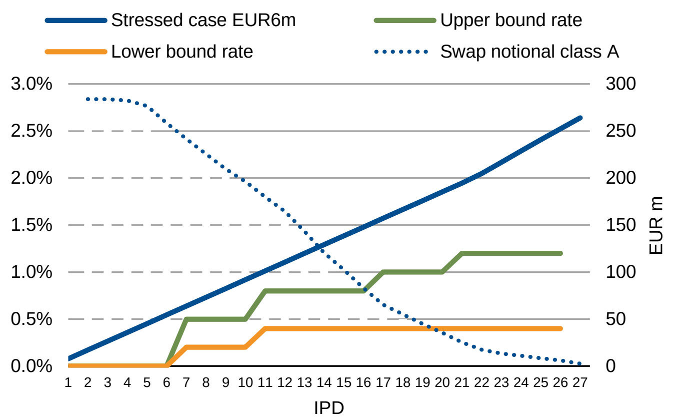
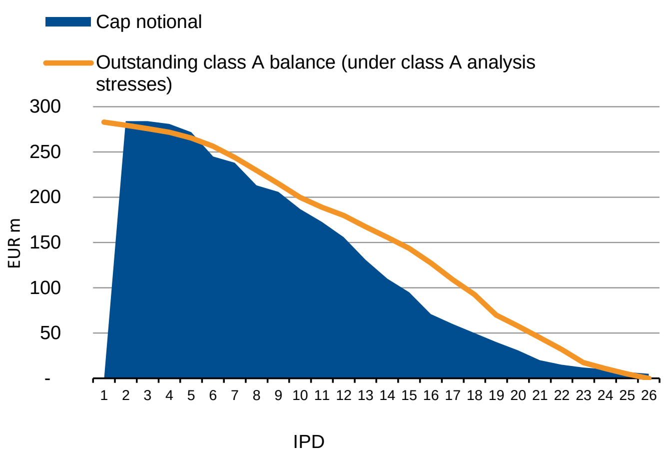


Figure 28: Cap notional vs outstanding class A notes



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[8] ('ReoCo'). The servicer will carry out all the technical and operating support and the strategic advisory required to ensure the full operation of ReoCo.

If activated, the overall amount of either purchases by the ReoCo or assumed debt outstanding against the issuer would be limited to EUR 4m at any time. In addition, no purchases will occur after the October 2028 payment date. Financing for the activity of

[8] Pursuant to article 7.1 paragraph 4 of Law 130 of 1999

the ReoCo will be provided by a ReoCo funding reserve of EUR 400,000, funded at closing with the limited recourse loan. Any funds required to ensure the ReoCo's corporate existence is paid under item 1 of the simplified priority of payments. Any amounts necessary to pay interest and repay principal on any ReoCo financing is paid under item 11 of the simplified priority of payments and therefore junior to repayment of class A and B.

7. Cash flow analysis and rating stability

Our cash flow analysis considers the structural features of the transaction

Scope analysed the transaction's specific cash flow characteristics. Asset assumptions were captured through rating-conditional gross recovery vectors. The analysis considers the capital structure, the coupon payable on the notes and the hedging structure, as well as, the servicing fees structure, the transaction senior fees and legal costs, assumed to be equivalent to 10% of gross collections for the non-performing loans and 18% for the non-performing leases.

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

The rating assigned to the class A notes reflects the expected losses over the instruments' weighted average life commensurate with the Scope's idealised expected loss table. The same applies for the rating assigned to the class B notes, with the incorporation of further adjustments accounting for more volatile recoveries, due to the notes' lower seniority as envisaged in the priority of payments.

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) recovery rate level; and ii) recovery timing.

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

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

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

- a decrease of the portfolio's recovery rate by 10%, minus one notch.
- 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 any of the ratings. The risks of an institutional framework meltdown, legal insecurity, or currency convertibility problems due to an Italian exit from the euro area, a scenario, which Scope views as highly unlikely, are not material for the notes' ratings.

9. 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 considered counterparty substitution provisions in the transaction and, when available, Scope's ratings or other public ratings on the counterparties. We also considered eligible investment criteria in the transaction documents for cash amounts held by the issuer.

The transaction is mainly exposed to counterparty risk from the following counterparties: i) 74 cooperative banks ('BCCs') belonging to the Iccrea Cooperative Banking Group, Banca Ifis S.p.A., Guber Banca S.p.A and Cassa di Risparmio di Asti S.p.A. (reported in 'Appendix I') as originators, regarding representations and warranties; ii) Iccrea Banca

S.p.A., Banca Ifis S.p.A., Guber Banca S.p.A. and Cassa di Risparmio di Asti S.p.A. as limited-recourse loan providers; iii) Italfondiario S.p.A. and doValue S.p.A. as, respectively, master and special servicer; iv) BNP Paribas Securities Services, Milan Branch as agent bank, account bank, cash manager and principal paying agent; v) Banca Finanziaria Internazionale S.p.A. as back-up master servicer, corporate servicer, LeaseCo corporate servicer, calculation agent, noteholders' representative; vi) Zenith Services S.p.A. as monitoring agent; and vii) Banco Santander S.A. and J.P. Morgan AG as cap counterparties.

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 back-up master servicer appointed at closing and servicer replacement arrangements that mitigate operational disruption.

9.2. Commingling risk

Limited commingling risk

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

9.3. Claw-back risk

Limited claw-back risk

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

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

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

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

9.4. Enforcement of representations and warranties

Representations and warranties limited by time and amount

The issuer will rely on the representations and warranties, limited by 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 or lease's value, the originators may be obliged to indemnify the issuer for damages within 30 business days following the expiry of the period of opposition or within 30 business days following the reach of an agreement after the arise of a challenge or within 30 business days after court's decision in case of challenge without a subsequent agreement.

However, the above-mentioned representations and warranties are only enforceable by the issuer within 12 months from the transfer date, except for the representations on the receivables from the data room, for which the indemnity period is only three months.

The data room was established to provide the servicer with extra time to refine its review of the documentation and to factor misalignments with the representations and warranties in the relevant individual purchase prices.

The total indemnity amount will be capped to a maximum of 22.5% of the portfolio purchase price for those receivables not present in the data room, and to 7% of the portfolio purchase price for those receivables present in the data room.

Furthermore, the indemnity amounts will be subject to a deductible on a portfolio basis equal to the minimum between (i) 70% of the purchase price, and (ii) the maximum between EUR 250,000 and 4% of the purchase price

If the total indemnity request within the whole indemnity period did not exceed the deductible on a portfolio basis, the originator will pay 20% of the total requested indemnity amount.

10. Legal structure

10.1. Legal framework

Transaction documents governed by Italian and English Law

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

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

10.2. Use of legal opinions

Scope had access to the legal opinions produced for the issuer, which provide comfort on the legally valid, binding and enforceable nature of the contracts. However, no opinion on the assignment of disposable assets and connected legal relationships as well on the de-merger transaction was provided. The assignment and disposal of assets has been done in line with Italian market standards, which brings some comfort, but in any case we have tested the resilience of the class A notes to a reduction in recovery proceeds from the leasing portfolio.

11. Monitoring

Ongoing rating monitoring

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

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

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

12. Applied methodology

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

I. Appendix I – list of originators

ICCREA BANCAIMPRESA S.P.A.

BANCA IFIS S.P.A.

GUBER BANCA S.P.A.

CASSA DI RISPARMIO DI ASTI S.P.A.

CREDITO COOPERATIVO MEDIOCRATI SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI BUCCINO E DEI COMUNI CILENTANI - SOCIETÀ COOPERATIVA

CREDITO COOPERATIVO ROMAGNOLO - BCC DI CESENA E GATTEO - SOCIETÀ COOPERATIVA

EMIL BANCA - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA CENTRO - CREDITO COOPERATIVO TOSCANA - UMBRIA SOCIETÀ COOPERATIVA

BANCA CREMASCA E MANTOVANA - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DELLA MARCA CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI TARANTO - BANCA DI CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DEL CATANZARESE - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI MASSAFRA - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO AGRIGENTINO - SOCIETÀ COOPERATIVA

ICCREA BANCA S.P.A. - ISTITUTO CENTRALE DEL CREDITO COOPERATIVO

VIVAL BANCA - BANCA DI CREDITO COOPERATIVO DI MONTECATINI TERME, BIENTINA E S. PIETRO IN VINCIO SOCIETÀ COOPERATIVA

BANCA DI ANCONA E FALCONARA MARITTIMA CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA 2021 - CREDITO COOPERATIVO DEL CILENTO, VALLO DI DIANO E DELLA LUCANIA - SOCIETÀ COOPERATIVA PER AZIONI

BANCA DI CREDITO COOPERATIVO DELLA VALLE DEL TRIGNO - SOCIETÀ COOPERATIVA

BANCA CENTROPADANA CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO BRIANZA E LAGHI - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI ALTOFONTE E CACCAMO - SOCIETÀ COOPERATIVA

BANCA DI ANGHIARI E STIA - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO PORDENONESE E MONSILE - SOCIETÀ COOPERATIVA

BANCA DI PESCIA E CASCINA - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO CAMPANIA CENTRO - CASSA RURALE ED ARTIGIANA - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI BELLEGRA SOCIETÀ COOPERATIVA

CASSA RURALE ED ARTIGIANA DI BINASCO - CREDITO COOPERATIVO SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI BUSTO GAROLFO E BUGUGGIATE - SOCIETÀ COOPERATIVA

CASSA RURALE ED ARTIGIANA DI CANTÙ BANCA DI CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI CAPACCIO PAESTUM E SERINO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO ABRUZZESE - CAPPELLE SUL TAVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI CARATE BRIANZA - SOCIETÀ COOPERATIVA

CREDITO COOPERATIVO DI CARAVAGGIO ADDA E CREMASCO - CASSA RURALE - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI VENEZIA, PADOVA E ROVIGO - BANCA ANNIA SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI MILANO - SOCIETÀ COOPERATIVA

CREDITO PADANO - BANCA DI CREDITO COOPERATIVO SOCIETÀ COOPERATIVA

CREDITO COOPERATIVO VALDARNO FIORENTINO BANCA DI CASCIA - SOCIETÀ COOPERATIVA

BANCA DEL PICENO CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

CEREABANCA 1897 CREDITO COOPERATIVO SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI CITTANOVA - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI FANO - SOCIETÀ COOPERATIVA

CREDITO COOPERATIVO RAVENNATE, FORLIVESE E IMOLESE SOCIETÀ COOPERATIVA

BANCA DI FILOTTRANO - CREDITO COOPERATIVO DI FILOTTRANO E CAMERANO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI GAUDIANO DI LAVELLO - SOCIETÀ COOPERATIVA

BANCA DI PISA E FORNACETTE CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA PER AZIONI

LA BCC DEL CROTONESE - CREDITO COOPERATIVO SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO VALLE DEL TORTO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI CANOSA LOCONIA - SOCIETÀ COOPERATIVA

CHIANTIBANCA - CREDITO COOPERATIVO SOCIETÀ COOPERATIVA

B.C.C. DEL GARDA - BANCA DI CREDITO COOPERATIVO COLLI MORENICI DEL GARDA - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI PACHINO - SOCIETÀ COOPERATIVA

CREDITO COOPERATIVO CASSA RURALE ED ARTIGIANA DI PALIANO SOCIETÀ COOPERATIVA

BANCA VERSILIA LUNIGIANA E GARFAGNANA - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI PERGOLA E CORINALDO SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI PONTASSIEVE - SOCIETÀ COOPERATIVA

CENTROMARCA BANCA - CREDITO COOPERATIVO DI TREVISO E VENEZIA, SOCIETÀ COOPERATIVA PER AZIONI

BANCA DI CREDITO COOPERATIVO DI RECANATI E COLMURANO - SOCIETÀ COOPERATIVA

BANCA DI RIPATRANSONE E DEL FERMANO - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DELLA PROVINCIA ROMANA SOCIETÀ COOPERATIVA

BANCA DEL VALDARNO - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

TERRE ETRUSCHE DI VALDICHIANA E DI MAREMMA - CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI SPINAZZOLA - SOCIETÀ COOPERATIVA

CREDITO COOPERATIVO DI SAN CALOGERO E MAIERATO - BCC DEL VIBONESE SOCIETÀ COOPERATIVA

CASSA RURALE - BANCA DI CREDITO COOPERATIVO DI TREVIGLIO - SOCIETÀ COOPERATIVA

BANCA ALTA TOSCANA CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DEI COLLI ALBANI - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO 'G. TONIOLO' DI SAN CATALDO - (CALTANISSETTA) - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO MUTUO SOCCORSO DI GANGI - SOCIETÀ COOPERATIVA

BANCA SAN FRANCESCO CREDITO COOPERATIVO - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO 'S. GIUSEPPE' DELLE MADONIE - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO SAN MICHELE DI CALTANISSETTA E PIETRAPERZIA - SOCIETÀ COOPERATIVA PER AZIONI

BANCA DI CREDITO COOPERATIVO TERRA DI LAVORO - S. VINCENZO DE' PAOLI SOCIETÀ COOPERATIVA PER AZIONI

RIVIERABANCA - CREDITO COOPERATIVO DI RIMINI E GRADARA - SOCIETÀ COOPERATIVA

BANCA DI CREDITO COOPERATIVO DI SAN MARCO DEI CAVOTI E DEL SANNIO-CALVI - SOCIETÀ COOPERATIVA

BANCA MEDIOCREDITO DEL FRIULI VENEZIA GIULIA S.P.A.

II. Appendix II – deal comparison

Transaction	BCC NPLs 2021	BCC NPLs 2020	Aporti	Palatino SPV	Aurelia SPV	Ifis NPL 2021-1 SPV	Relais SPV	Iseo SPV	Prisma
Closing	Nov-21	Nov-20	Jun-21	Jun-21	Jun-21	Mar-21	Dec-20	Dec-19	Oct-19
GACS	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes
Originators/Sellers	77 Banks	90 Banks	illimity Bank	6+ Italian Banks	Banco BPM SpA	Ifis NPL Investing	UCG Leasing	UBI Banca	Unicredit
Master servicer	Italfondiario	Italfondiario	Prelios	Credito Fondiario	Credito Fondiario	Ifis Servicing	Italfondiario	Italfondiario	Italfondiario
Special servicer	doValue	doValue	Prelios	Credito Fondiario	Credito Fondiario Liberty	Ifis Servicing	doValue	doValue	doValue
General portfolio attributes									
Gross book value (EUR m)	1.311.9	2347.1	355.9	865.2	1,510	1,323	1,583	857	6,057
Number of borrowers	6784	9580	424	2,188	3,304	47,127	2,335	6,401	52,419
Number of loans	11270	17246	2,043	5,559	10,411	69,384	3,006	8,373	137,813
WA seasoning (years)	4.2	3.8	5.6	7.7	2.2	7.0	5.8	3.5	5.3*
WA seasoning (years) - unsecured	4.30	4.50	6.7	6.5	2.1	4.0	7.0	4.6	6.8*
WA LTV buckets (% or secured portfolio)									
bucket [0-25]	2.3	3.3	2.5	3	2.6	3.4	0.3	1.4	3
bucket [25-50]	7.4	7.7	19.2	6.2	9.6	4.5	2.5	5.4	8
bucket [50-75]	11.5	13.1	11.4	7.9	15.3	7.3	7.9	10.4	13.2
bucket [75-100]	12.8	13.5	8.7	7.3	25.3	7.5	14.4	15.8	15
bucket [100-125]	7.8	11.7	10.3	7.4	14.1	5.1	16.6	17.7	12.7
bucket [125-150]	9.3	9.5	5.5	7.8	8.4	5.2	14.7	15.7	10.6
bucket [150-175]	7	4.9	0.9	6.2	6	5.6	12.1	10.3	8.5
bucket [175-200]	5.6	5.4	3.5	5.5	2.2	4.4	7.4	7.2	6.3
bucket > 200	36.2	31	37.9	48.7	16.4	57	24	16.1	22.8
Cash in court (% of total GBV)	0.1	0.4	1.4	1.4	0.4	1.3	1.5	1.6	1.8
Loan types (% of total GBV)									
Secured first-lien	63.6	59.8	68.5	81	44.3	30.3	86.5	92.2	64
Secured junior-lien	6.3	7.5	4.5	5.8	6	0.4	0.0	3.3	0.4
Unsecured	30.10	32.70	27	13.3	49.7	69.3	13.5	4.5	35.7
Syndicated loans	3.9	6.4	8.4	6.9	0.8	1.5	7.1	0	0
Debtors (% of total GBV)									
Individuals	19.9	16.6	5.6	27.3	14.6	80	0.8	100	100
Corporates or SMEs	80.1	83.4	94.4	72.7	85.4	20	99.2	0	0
Procedure type (% of total GBV)									
Bankrupt	73.4	59.1	47.9	44.5	29.1	15.6	36.0	0.9	0.7
Non-bankrupt	26.6	40.9	52.1	55.5	70.9	84.4	64.0	99.1	99.3
Borrower concentration (% of GBV)									
Top 10	7.4	6.1	35.9	19.8	14.6	5.1	9.3	1.7	0.4
Top 100	30.5	25.1	77.9	54.6	39.8	14.9	36.9	7.4	1.7
Collateral distr. (% of appraisal val.)									
North	43.4	42.8	46.7	56.6	70.5	18.3	49.2	50.7	37.1
Centre	38	40.6	20.6	21.2	21.5	13.3	23.4	21.1	24.2
South	18.5	16.5	32.7	22.2	8.1	68.4	27.4	28.2	38.6
Collateral type (% of appraisal val.)									
Residential	32.80	31.60	32.7	60.5	42.6	60.8	2.6	94.8	90.1
Commercial	22.8	20.9	28.5	16.4	27.8	6.6	56.4	1.6	4.5
Industrial	21.6	21.1	18.1	7.6	14.1	16.7	36.4	2.1	0
Land	15.4	14.2	9.6	10.1	8.5	9.3	1.2	0.7	1
Other or unknown	7.3	12.2	11.1	5.4	7	6.6	3.4	0.7	4.4
Valuation type (% of appraisal val.)									
Full or drive-by	53.5	57.4	0.6	5.6	27.3	31	29.6	0	0
Desktop	24.5	19.4	26.3	37	67.3	51.3	68.1	71.1	0
CTU	9.1	10.3	24.0	10.9	5.4	0	0.0	28.2	29.7
Other	12.9	12.9	49.1	46.5	0	17.7	2.3	0.7	70.3
Secured ptf proc. stage (% of GBV)									
Initial	70.5	51.2	78.9	70.4	77.4	37.5	NA	64.4	50.9
CTU	12.1	18.4	3.1	8.5	5.1	14.2	NA	9.6	22.8
Auction	14.7	18.5	17.5	16.2	13.9	33.7	NA	19.9	22.1
Distribution	2.7	11.9	0.5	4.9	3.7	14.6	NA	6.1	4.3
Summary of assumptions (BBB rating conditional stress)									
Remaining lifetime recovery rate (%)									
Secured (=net LTV after all stresses)	42.9	43.8	39.8	28.2	54.1	20.5	48.6	54.7	46.2
Unsecured	11	11.6	4.4	4.3	13.8	50.6	17.9	16.5	1.4
Total	31.2	30.8	28.6	11.3	31.6	41.5	44.4	52.4	31.8
Weighted average life of collections (yrs)									
Secured	7.7	8.3	7.7	7.3	7	6.3	5.0	5.4	5.6
Unsecured	5.3	5.2	3.1	2.9	4	5.4	12.6	4.8	3.2
Total	7.6	7.7	7.1	3	6.3	5.6	5.4	5.4	5.4
Structural features									
Liquidity reserve (% of class A notes)	3	3	4.5	4.5	4.5	4.5	7.5	4	4
Class A Euribor cap strike	0.5%-1.2%	0.5%-1.2%	0%-1%	0.09%-3.0%	0.0%-3.0%	0.2%-3.0%	0.5%-1.7%	0.3%-1.25%	0.2%-1.25%
Class A									
% of GBV	21.6	22.2	18.2	15.6	22.7	27.6	29.4	39.1	20
Credit enhancement	78.4	77.8	81.0	84.4	77.3	72.4	70.6	60.9	80
Class B									
% of GBV	3	1.7	2.7	2.7	2.7	5.6	5.75	2.9	1.3
Credit enhancement	75.4	76.1	78.4	81.7	74.7	66.8	64.8	58	78.7
Final rating at closing									
Class A	BBB	BBB	BBB	BBB	BBB	A-	BBB	BBB	BBB+
Class B	CCC	CC	NR	NR	NR	B+	NR	NR	B-

[9]

* 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.

[9] The top 100 borrower concentration for BCC NPLs 2021 was added on 5 January 2022. This figure was not included in the initial publication.

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