# BCC NPLs 2018-2 S.r.l.

## Italian Non-Performing Loans ABS

## Ratings

| Tranche | Rating | Size (EUR m) | % of notes | % of GBV[1] | Coupon | Final maturity |
|---|---|---|---|---|---|---|
| Class A | $BBB_{SF}$ | 478.00 | 85.6 | 23.8 | 6m Euribor[2] + 0.3% | July 2042 |
| Class B | $B+_{SF}$ | 60.13 | 10.8 | 3.0 | 6m Euribor + 6.0% | July 2042 |
| Class J | NR | 20.04 | 3.6 | 1.0 | 12% + Variable Return | July 2042 |

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

[1] Gross book value (GBV) of the securitised portfolio at closing (EUR 2,004m)

[2] 6m Euribor for class A is capped at 1.0% starting from July 2020 and until the final maturity date

## Transaction details

| | |
|---|---|
| Purpose | Risk transfer |
| Issuer | BCC NPLs 2018-2 S.r.l. |
| Originators | 73 Italian banks[1] |
| Servicer | Italfondiario S.p.A. |
| Portfolio cut-off date | 31 March 2018 |
| Issuance date | 20 December 2018 |
| Payment frequency | Semi-annual (July and January) |
| Co-arrangers | J.P.Morgan Securities plc and ICCREA Banca S.p.A. |

The transaction is a cash securitisation of a static Italian non-performing loan (NPL) multi-originator portfolio of EUR 2,004m by gross book value.

The portfolio was originated by 73 Italian cooperative banks and will be serviced by Italfondiario S.p.A. as special and master servicer. The pool comprises both secured[2] (58.4%) and unsecured (41.6%) loans. The loans were extended to companies (79.1%) and individuals (20.9%). Secured loans are backed by residential and non-residential properties (36.9% and 63.1% of the total property value respectively) that are concentrated in the centre of Italy (47.5%) and the north of Italy (34.1%). The issuer acquired the portfolio at the transfer date of 7 December 2018 but is entitled to all portfolio collections received since 31 March 2018 (the portfolio cut-off date).

The structure comprises three classes of notes with fully sequential principal amortisation. Class B interest payments rank senior to class A principal. Class B interests will be subordinated to class A principal repayment if the cumulative amount of collections is at least 20% below the level indicated in the servicer's business plan or if the present value cumulative profitability ratio falls below 80%. Class J principal and interest are subordinated to the repayment of the senior and mezzanine notes.

The transaction may involve the participation of a Real Estate Operating Company.


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### Related Research

Non-Performing Loan ABS Rating Methodology

Methodology for Counterparty Risk in Structured Finance


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[1] Please refer to the Summary appendix I for a full list of the originators' legal names.
[2] Secured loans are defined as exposures guaranteed by at least a first lien mortgage.

## Rating rationale (summary)

The ratings are primarily driven by the expected recovery amounts and by the timing of collections from the NPL portfolio. Our recovery amount 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 consider the structural protection provided to the notes, the absence of equity leakage provisions, the liquidity protection provided by the cash reserve, and the interest rate hedging agreements.

The ratings also address the exposure to the key transaction counterparties: i) Italfondiario S.p.A. as master servicer and special servicer; ii) Securitisation Servicers S.p.A. as back-up master servicer, noteholders' representative, calculation agent and corporate servicer; iii) BNP Paribas Securities Services as account bank, paying agent, cash manager and agent bank; iv) Zenith Service S.p.A. as monitoring agent; and v) UniCredit Bank AG and JP Morgan AG as the interest rate caps providers. We considered the counterparty replacement triggers implemented in the transaction and relied on publicly available ratings on JP Morgan AG, and on Scope's rating of BNP Paribas SA (AA-/S-1+), the parent of BNP Paribas Securities Services and of UniCredit Bank AG (A/S-1).

One originator, Banca di Credito Cooperativo di Cittanova - Società Cooperativa, is currently reported as being under extraordinary administration. However, assets from this originator represent a gross book value of only EUR 17.8m and the expected recoveries are therefore limited. Our quantitative analysis has considered the negative impact on the rated instruments of possible claw-back risk for the issuer on this proportion of the portfolio.

A reputable auditing firm performed an audit on a sample of loans from the securitised portfolio. However, due to a standard selection performed on a random basis, the audited sample only includes loans from around three quarters of the sellers. In our view, the pool audit's partial coverage (with reference to the originators) does not have a material impact on the rated instruments.

We performed a specific analysis for the secured and unsecured exposures. For secured exposures, collection assumptions were mostly based on up-to-date property appraisal values, which were stressed to account for liquidity and market value risks. Recovery timing assumptions were derived using line-by-line asset information detailing the type of legal proceeding, the court issuing the proceeding, and the stage of the proceeding at the cut-off date. For unsecured exposures, we used historical, line-by-line recovery data on defaulted loans between 1995 and 2017. We used historical data to calibrate recoveries, considering unsecured borrowers to be classified as defaulted for a weighted average of 2.5 years as of closing. We also analysed the historical data provided by the servicer.

## Rating drivers and mitigants

### Positive rating drivers

**Borrowers' granularity.** The portfolio is relatively granular compared to peer NPL transactions rated by Scope (average debtors' exposure of EUR 194,000). The top 10 debtors' exposure is lower than for comparable NPL transactions, accounting for 3.8% of the portfolio's gross book value.

**Unsecured portfolio seasoning.** The weighted average seasoning of the unsecured portfolio is moderately short (2.5 yrs) in comparison with other peer NPL transactions rated by Scope.

**Diversified geographical distribution of the collateral and multi-originator nature of the transaction**. The portfolio collateral is relatively highly diversified in terms of geographical distribution. Almost 82% of the portfolio is distributed among the northern and central regions of Italy (34.1% and 47.5% 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

**Hedging structure.** The interest risk on the class A notes is mitigated through a hedging structure, which caps the six-month Euribor at 1% over a pre-defined notional balance. The interest rate risk related to the class B notes is mitigated by a six-month Euribor cap increasing from 1% to 5% over a pre-defined notional balance. However, interest rate risk coverage only starts from July 2020 and the notional schedules, especially for the cap covering class B, do not fully match our expected notes amortisation profile.

**Property type.** The residential component of the portfolio (37% of the total properties' valuation) is relatively low compared to peer transactions rated by Scope. The proportion of land property is higher than for other peer transactions (18% of the total properties' valuations). However, most of it includes agricultural land which may have limited price volatility upon liquidation.

**High share of loans in bankruptcy or with no proceedings**. We expect a weighted average recovery timing of 6.9 years, which is long compared to peer transactions rated by Scope. The longer timing for recovery proceeds is mainly because almost 60% 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.

### Upside rating-change drivers

**Legal costs.** We factored in a level of legal expenses for collections in line with average peer transactions. A decrease in legal expenses compared to our initial expectations could positively affect the ratings.

**Servicer outperformance regarding recovery timing.** Consistent servicer outperformance in terms of recovery timing could positively impact the ratings. Portfolio collections will be completed over a weighted average period of 4.8 years according to the servicer's business plan. This is about 25 months faster than the recovery weighted timing vector applied in our analysis.

### Downside rating-change drivers

**Fragile economic growth**. The trajectory of Italy's public debt is of concern given its weak medium-term growth potential of 0.75%, alongside the lack of a coherent reform agenda.

**Servicer underperformance.** Servicer performance below our base case collection amounts and timing assumptions could negatively impact the ratings.

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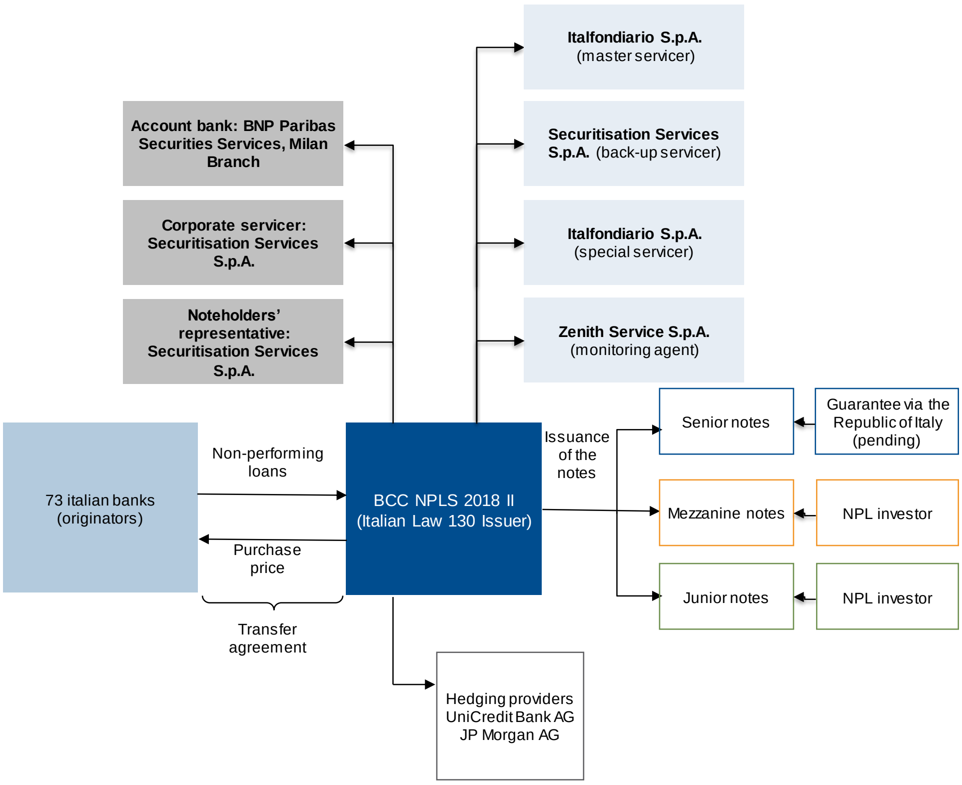
## 1. Transaction summary

The transaction's structure comprises three tranches of sequential, principal-amortising notes, an amortising liquidity reserve equal to 3.0% of the outstanding class A, and two interest rate cap agreements.

**Figure 1: Transaction diagram:**




Sources: Transaction documents and Scope Ratings

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

**Figure 2: Key portfolio stratifications[3]**

| | All | Secured | Unsecured |
|---|---|---|---|
| Number of loans | 22,041 | 4,791 | 17,250 |
| Number of borrowers | 10,089 | | |
| Gross book value (EUR) | 1,954,152,471 | 1,140,792,201 | 813,360,270 |
| % of gross book value | 100% | 58.4% | 41.6% |
| Weighted average seasoning | 1.8 | 1.4 | 2.5 |
| Sum of collateral appraisal values (EUR)* | | 1,508,835,395 | |
| Borrower type (% of GBV) | | | |
| Corporate | 79.1% | 78.9% | 79.4% |
| Individual | 20.9% | 21.1% | 20.6% |
| Primary procedure** | | | |
| Bankrupt borrower | 59.6% | 51.7% | |
| Non-bankrupt borrower | 40.4% | 48.3% | |
| Stage of procedure (secured loans) | | | |
| Initial | | 59.8% | |
| Court-appointed valuation (CTU) | | 14.7% | |
| Auction | | 23.7% | |
| Distribution | | 1.7% | |
| Geography (GBV based on borrower location) | | | |
| North | 34.1% | | |
| Centre | 47.5% | | |
| South and islands | 18.4% | | |
| Borrower concentration | | | |
| Top 10 | 3.8% | | |
| Top 100 | 19.4% | | |
| Property type | | | |
| Residential | | 36.9% | |
| Non-residential | | 63.1% | |

* The sum of the collateral appraisal values refers only to those properties which are linked to first lien mortgages.

** Some loans have more than one type of ongoing procedure. This distribution partly reflects our assumptions regarding the primary type of procedure. The distribution also reflects our classification of those legal procedures, which have not been initiated with reference to the borrowers.

## 2. Macroeconomic environment

**Sovereign rating of Italy at BBB+ with a Stable Outlook**

Scope's sovereign rating on Italy was downgraded to BBB+/Stable from A-/Negative on 7 December 2018, driven by the lack of a coherent reform agenda to address structural weaknesses and debt sustainability concerns. However, Italy's BBB+ sovereign rating remains underpinned by its euro area membership and the likelihood of multilateral support in severe crisis scenarios, a track record of primary surpluses and a favourable debt structure, a large, diversified economy (with nominal GDP of EUR 1.8trn in 2018), and moderate non-financial private debt (of 156% of GDP as of Q2 2018).

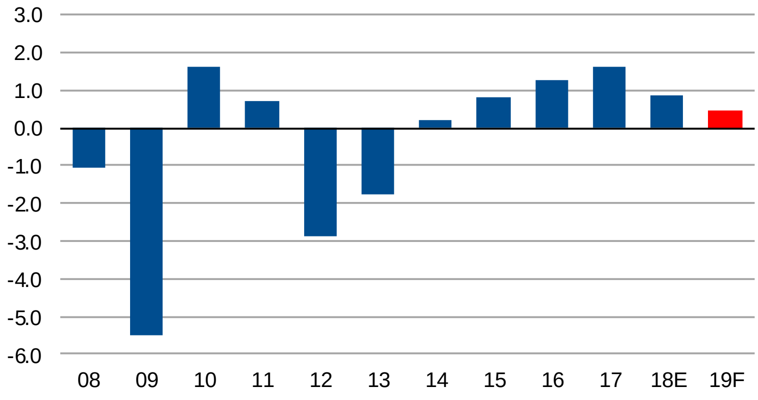
**Risks associated with a slowing economy**

We note the risk associated with the slowing Italian economy, evidenced by real GDP growth softening to -0.1% QoQ in Q3 2018, down from 0.2% in Q2 2018, equivalent to YoY growth of 0.7% – even if temporary factors played a role this Q3. The unemployment rate has edged up recently to 10.6% in October, from lows of 10.1% as of August 2018. Recent data indicates economic risks going forward if the present economic and policy uncertainty is not resolved quickly, with the risk of a technical recession. We project economic growth of just 0.5% in 2019.

[3] We adjusted the pool's gross book value using information on collections and sold properties since the cut-off date (31 March 2018). Our analysis excluded the loans that we assumed to be closed, based on collections already received and on cash in court to be received. The collateral connected with these positions was also removed.

The adjustments reduced the portfolio from EUR 2.004m to EUR 1.954m by gross book value. Collections received since the cut-off date are assumed to be cash available at closing, while cash-in-court is assumed to be received not earlier than one year after the closing date. All stratifications and figures in this report include these adjustments, unless otherwise specified.

**Figure 3 : Annual real GDP growth, Italy**




Sources: IMF; national statistical accounts; calculations by Scope Ratings

Italian 10-year spreads stand at 270 bps, down from recent peaks but higher than lows of about 115 bps in late April. However, even with elevated spreads, nominal yields are currently still much lower than during debt crisis peaks, at 2.95% on 10-year BTPs. Nonetheless, higher government yields have increased costs for Italian companies, which paid a 3.5% yield on new fixed-rate debt for first-time issuers in Q3, up on 1.8% in Q1 2018, according to the Bank of Italy.

**Tepid long-term growth outlook**

Italy's long-term growth picture is weak. We estimate medium-run growth potential at 0.75%. Population dynamics are one limitation: Italy's working-age population declined by an average of 0.5% per annum from 2010-2017 and United Nations projections foresee a continued annual decline of 0.5% between 2018 and 2023. Our medium-run growth estimate assumes modest contributions from rising labour force participation and higher employment over time (reducing slack in the labour market), but with labour productivity growth at just above 0%.

**Debt sustainability concern**

Consequently, in a scenario with wider budget deficits over 2019-21 of 2.9% of GDP, lower economic growth and holding prevailing market financing rates constant, public debt-to-GDP would increase modestly to 134.9% by 2021 (from 131.2% in 2017). We believe that the likelihood of Italy's debt ratio increasing over a five-year horizon is not remote.

## 3. Portfolio analysis

Our analysis is performed on a loan-by-loan level, considering all of the information provided to us in the context of the transaction and publicly available information. Loans are defined as 'secured' if they are guaranteed by first lien mortgages, otherwise they are classified as 'unsecured'.

**Rating-conditional recovery assumptions**

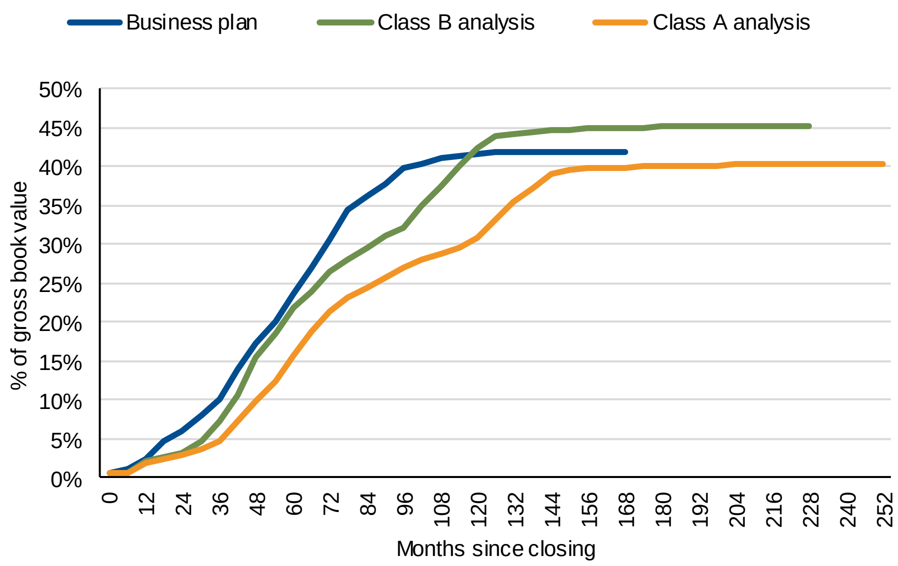
Figure 4 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with those in the servicer's business plan. We applied rating-conditional recovery rates (i.e. assumed expected recoveries decrease as the instrument's target rating increases). These assumptions are derived by blending secured and unsecured recovery expectations. We applied different analytical frameworks to the secured and unsecured segments to derive recoveries.

**Weighted average life for class A reflects recovery timing stresses linked to the significant share of bankruptcy procedures and loans without any ongoing proceedings**

For the class A notes analysis, we assumed a gross recovery rate[4] of 38.8% over a weighted average life of 6.9 years. By segment, we assumed a gross recovery rate of 61.8% for the secured portfolio and of 10.9% for the unsecured portfolio.

For the analysis of the class B notes, we assumed a gross recovery rate of 44.4% over a weighted average life of 5.8 years. By portfolio segment, we assumed a gross recovery rate of 55.6% and 15.3% for the secured and unsecured portfolios, respectively.

**Figure 4: Business plan's gross cumulative recoveries vs Scope's assumptions[5]**




Sources: Special servicer's business plan and Scope Ratings

## 3.1. Analysis of secured portfolio segment

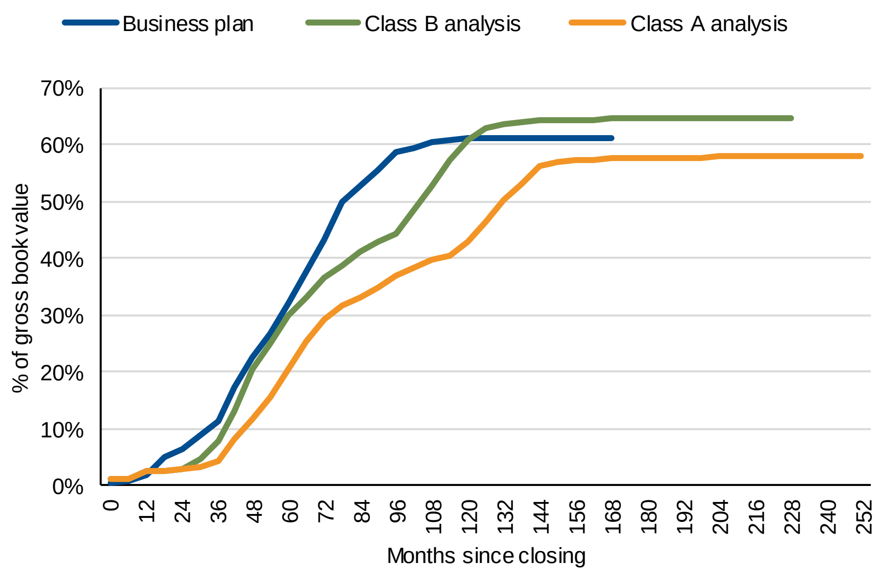
**Valuation haircuts mainly address forward-looking market value and liquidity risks**

Figure 5 shows our lifetime gross collections vectors for the secured[6] portfolio segment compared to those in the servicer's business plan. To facilitate a comparison between our secured gross collections assumptions and those made by the servicer, we extrapolated from the business plan, and reported in the figure below, only the portion of gross recoveries associated with secured borrowers as per our definition (i.e. borrowers with at least one exposure guaranteed by a first lien mortgage). This is because our projected collections vectors are based on a loan-by-loan analysis, while the business plan was prepared at borrower level.

Our analytical approach mainly 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. Our recovery timing assumptions are mainly based on the efficiency of the assigned court based on historical data, on the length of the proceeding, on the type of legal proceeding and on the stage of the proceeding. Our analysis also captures concentration risk, the servicer's business plan, and available workout options.

[4] The reported recovery rate excludes ad interim collections and cash-in-court amounts.
[5] The recovery rate is calculated based on the adjusted gross book value resulting from our analysis and outlined in the 'Transaction summary' section. The recovery rates include ad interim collections and cash-in-court amounts. This is to facilitate a direct comparison between our analysis and the servicer's business plan figures.
[6] We define as secured those loans, which are guaranteed by at least a first lien mortgage, based on a loan-by-loan analysis.

**Figure 5: Business plan's gross cumulative recoveries for secured loans vs Scope's assumptions**[7]



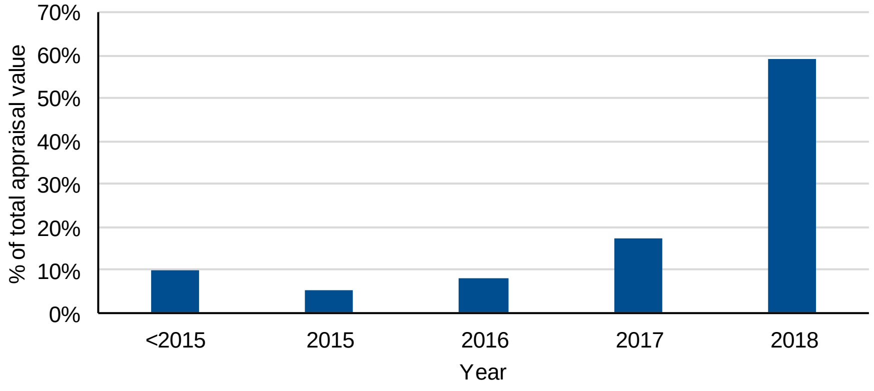

Sources: Special servicer's business plan and Scope Ratings

### 3.1.1. Appraisal analysis

**High share of recent property appraisals is credit positive**

We relied on line-by-line property market value appraisals, reported as having been conducted by the originators through the CTU[8], real estate market operators and qualified third parties. We also used valuations provided on a statistical basis. Most of the valuations are recent, i.e. conducted between 2017 and 2018. We indexed seasoned valuations using a variety of regional price indices. Indexation has a marginal impact on this portfolio because property prices have remained fairly flat since 2015.

**Figure 6: Collateral valuation dates**




Source: Transaction data tape

[7] The recovery rate is calculated based on the adjusted secured gross book value resulting from our analysis (outlined in the 'Transaction summary' section) and includes ad interim collections and cash in court amounts.
[8] Consulente Tecnico d'Ufficio.

**High share of statistical and unknown property appraisals leads to higher valuation haircut assumptions**

The properties' valuation types are quite highly diversified. Drive-by valuations make up 29.2% of the portfolio's collateral appraisals. The remainder is mainly composed of CTU[9] valuations (22.3%), desktop valuations (21.6%), and statistical and third party valuations[10] (26.9%) to which we applied rating-conditional haircuts ranging from 15% to 5%, reflecting our view of their lower levels of quality and accuracy due to the simplified procedures. A higher stress was applied for the statistical valuations, given their moderately high share of the valuations carried out for this portfolio.

**Figure 7: Portfolio appraisal types and our transaction-specific valuation haircut assumptions**

| Valuation type | % of collateral value | Class A analysis haircut | Class B analysis haircut |
|---|---|---|---|
| Drive-by | 29.2 | 0% | 0% |
| Desktop | 21.6 | 5% | 4% |
| CTU | 22.3 | 10% | 9% |
| Other/statistical | 26.9 | 15% | 13% |

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

### 3.1.2. Property market value assumptions

**Moderate market downturn risk**

Figure 8 details our assumptions about property price changes over the transaction's lifetime when applying rating-conditional stresses for the analysis of the class A and class B notes. These assumptions are both transaction-specific and region-specific and they are based on an analysis of historical property price volatility and on fundamental metrics relating to property affordability, property profitability, private sector indebtedness, the credit cycle, population dynamics and long-term macroeconomic performance.

**Figure 8: Collateral location and our 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 | -4.6 | -4.6 | -5.4 | -4.6 | -8.0 | -6.7 | -8.9 | -6.7 | -6.7 | -8.9 | -7.6 | -11.0 | -9.7 | -9.7 |
| Class B analysis | 5.1 | 5.1 | 4.9 | 5.1 | 4.5 | 4.7 | 4.4 | 4.7 | 4.7 | 4.4 | 4.6 | 4.0 | 4.2 | 4.2 |
| Portfolio distribution (%) | 2.4 | 0.7 | 0.0 | 0.8 | 2.0 | 28.2 | 1.7 | 1.6 | 44.2 | 0.0 | 0.0 | 12.2 | 1.6 | 4.6 |

### 3.1.3. Collateral liquidity risk

**High NPL collateral liquidity and obsolescence risk**

At times of severe economic stress during which NPLs typically accumulate, tight financing conditions and/or restricted access to capital markets drive liquidity risk. During recovery and expansionary phases of the cycle, liquidity risk may persist, mainly due to information asymmetries and collateral obsolescence, the latter primarily affecting industrial properties.

Asset liquidity risk is captured through additional fire-sale haircuts applied to collateral valuations.

Figure 9 below shows the rating-conditional haircuts applied for the analysis of the class A and class B notes. These assumptions are based on historical distressed property

[9] Valuations carried out by the 'Consulente tecnico d'ufficio'.
[10] The reported percentage of statistical and third party valuations also includes those cases where information on the type of property valuation was not available.

sales data provided by the servicers and reflect our view that non-residential properties tend to be less liquid, resulting in higher distressed-sale discounts.

**18% land properties, most of which is agricultural land**

Land properties represent 18% of the total properties' valuations, which is a higher portion than in peer transactions. However, most of the land properties are agricultural land which generally has limited price volatility upon liquidation. This element has been incorporated in the analysis by moderately stressing the fire sales discount assumption for land properties. The stress is on the lower-end of the stress range indicated for non residential properties indicated in Figure 9.

**Figure 9: Scope's transaction-specific fire-sale discount assumptions**

| Collateral type | % of collateral value | Class A analysis haircut | Class B analysis haircut |
|---|---|---|---|
| Residential | 37% | 25% | 21% |
| Non-residential | 63% | 30%-35% | 26%-30% |

### 3.1.4. Concentration and seismic risk

**Limited borrower concentration risk**

We addressed borrower concentration risk by applying a 10.0% rating-conditional recovery haircut to the 10 largest borrowers for the analysis of the class A notes. The largest 10 and 100 borrowers account for 3.8% and 19.4% of the portfolio's gross book value respectively, which is lower than the average for peer transactions rated by Scope. We applied a concentration stress for the analysis of the class B notes equal to 1.7%.

**Limited seismic risk**

The portfolio was originated by 73 different banks. As a result, exposures are distributed across several regions of Italy from north to south. The impact of an earthquake event is likely to affect a few specific municipalities, and therefore only a residual portion of the portfolio. The diversified exposure across several municipalities mitigates seismic risk. Also, the relatively high number of originators, with respect to the portfolio's gross book value, helps lower the average borrowers' exposure on top of a limited maximum originator exposure of 8% of the total portfolio's gross book value[11].

### 3.1.5. Residual claims after security enforcement

**We address potential residual claims after security enforcement**

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

**No credit to residual claims from corporate borrowers**

For corporate loans, we gave no credit to potential further recoveries on residual claims after the security has been enforced. This is due to three practical limitations: firstly, unsecured recoveries tend to be binary with a high probability of zero recoveries and a low probability of 100% recoveries. This implies that in a scenario in which secured creditors are not fully satisfied after the enforcement of the security, expected recoveries for unsecured creditors will be close to zero[12]. Secondly, special servicers are generally less incentivised to pursue alternative enforcement actions, given that foreclosure proceedings are more cost-efficient. Lastly, in a bankruptcy proceeding the receiver will decide to close the proceedings after a prudential amount of time, setting a practical limitation on any potential recovery upside.

**Partial credit to residual claims from individuals**

We gave credit to residual claims on 80% of the loans to individuals. This is because if

[11] Please refer to the Summary appendix I for any further details on the originators' exposures in comparison with the overall portfolio.
[12] Conversely, in the unlikely scenario that secured creditors are fully satisfied after the enforcement of the security, expected recoveries for unsecured creditors could be close to 100%.

the borrower is an individual, 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.

### 3.1.6. Tribunal efficiency

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

**Tribunal efficiency benefits from relatively low court concentration in the southern regions**

**Court distribution is skewed towards central and northern regions of Italy**

The total length of the recovery processes is mainly determined by the efficiency of the assigned court and by the type of legal proceeding. To reflect this, we grouped Italian courts into seven categories, based on public data on the average length of bankruptcy and foreclosure proceedings between 2015 and 2017, as shown in Figure 10 below. Most courts are concentrated within groups 3 to 4 which are reasonably well distributed across all Italian regions, with a higher concentration for court group 3 (see Figures 14 and 15 for transaction-specific details).

For the analysis of the class A notes, a rating-conditional stress was applied for both bankruptcy and non-bankruptcy procedures (2 and 1 years were respectively added to the total legal procedures' length). While for the analysis of the class B notes, the rating-conditional stress was reduced to 0.3 and 0.2 years for bankruptcy and non-bankruptcy procedures.

**Figure 10: Total length of the recovery process by court group in years (Scope's assumptions)**

| Court group | Bankruptcy proceedings | Non-bankruptcy proceedings | % of courts* |
|---|---|---|---|
| 1 | 4 | 2 | 0.7% |
| 2 | 6 | 3 | 15.0% |
| 3 | 8 | 4 | 52.9% |
| 4 | 10 | 5 | 20.5% |
| 5 | 12 | 6 | 3.0% |
| 6 | 14 | 7 | 4.8% |
| 7 | 18 | 9 | 3.1% |

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

## 3.2. Analysis of unsecured portfolio segment

**Unsecured portfolio analysis is based on statistical data**

For the analysis of the class A notes, we applied a stressed recovery rate of 15.3%, while for the analysis of the class B notes we applied a stressed recovery rate of 17.7%.

Our base case recovery amount and timing assumptions were based on loan-by-loan data with recoveries for different types of unsecured loans. We also considered data for unsecured loans provided by the servicer together with information obtained during the last servicer reviews.

Our assumptions for unsecured exposures consider the nature of the recovery procedure; bankruptcy proceedings are generally slower and typically result in lower recoveries than non-bankruptcy proceedings.

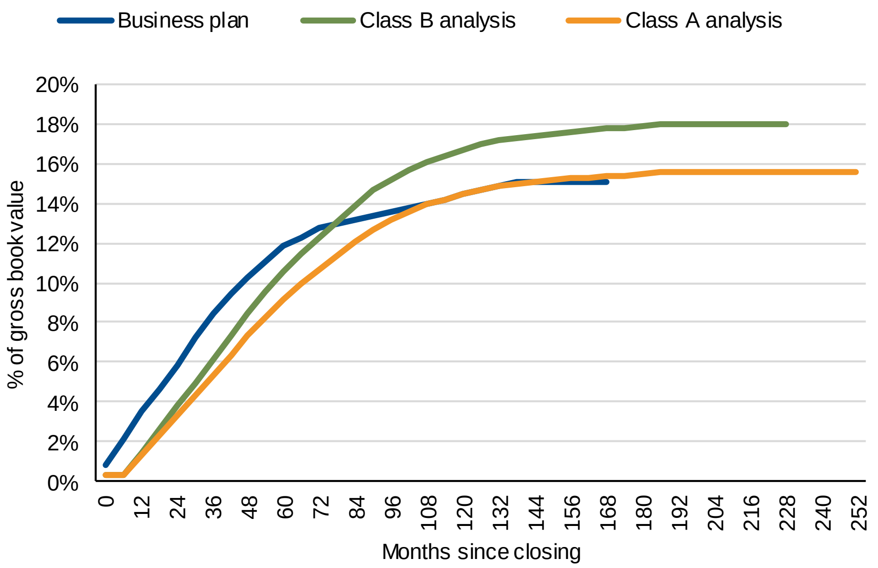
Figure 11 shows our gross collections vectors for the unsecured[13] portfolio segment compared to those in the servicer's business plan. To facilitate a comparison between our

[13] We define as unsecured those loans which are not guaranteed by at least a first lien mortgage, based on a loan-by-loan analysis and as outlined in the 'Transaction summary' section.

unsecured gross collections assumptions and those made by the servicer, we extrapolated from the business plan, and reported in the figure below, only the portion of gross recoveries associated with unsecured loans matching the classification we applied for our analysis (i.e. any loan that is not guaranteed by a first lien mortgage).

The different classification of the exposures for secured and unsecured loans and the different recoveries aggregation level partly explain the differences between our recovery assumptions and the servicer's recovery assumptions. For instance, our unsecured recovery vector includes non-first lien loan recoveries.

**Figure 11: Business plan's unsecured loans gross cumulative recoveries vs our assumptions[14]**




Sources: Special servicer's business plan and Scope Ratings

## 4. Portfolio characteristics

Further detail on key portfolio characteristics as of 31 March 2018 is provided below. Percentage figures refer to gross book value, unless otherwise stated.

### 4.1. Eligible loans

**Customary eligibility criteria**

We are satisfied with the representations and warranties on receivables provided by the originators as they are generally aligned with those of peer transactions rated by Scope. The criteria for inclusion in the securitisation portfolio include the following:

- All loans are denominated in euros;
- All loans agreements are governed by Italian law;
- All receivables are valid for transfer without any limitations;
- All receivables are free from encumbrances;
- Bankruptcy proceedings relating to bankrupt debtors were ongoing as of the portfolio cut-off date;
- Borrowers have been reported by the originator as defaulted (in sofferenza) to the Italian Credit Bureau (Centrale Rischi) of the Bank of Italy as of the closing date;

[14] The recovery rate is calculated based on the adjusted secured gross book value resulting from our analysis and outlined in the 'Transaction summary' section, including ad interim collections amounts.

- As of the cut-off date, borrowers are: i) individuals residing or domiciled in Italy; and ii) entities incorporated under Italian law with a registered office in Italy;
- Loans secured by mortgages are backed by real estate assets located in Italy;
- Borrowers are not employees, managers or directors of the originators;

## 4.2. Detailed stratifications

### 4.2.1. Borrower type

**Relatively high share of secured exposures**

Corporates and individuals represent 79.1% and 20.9% of the pool, respectively.

The portfolio comprises a large amount of first-lien secured loans (58.4%). We assumed that recovery proceeds from junior-lien secured loans will be the same as for unsecured claims.

**Figure 12: Borrower type**

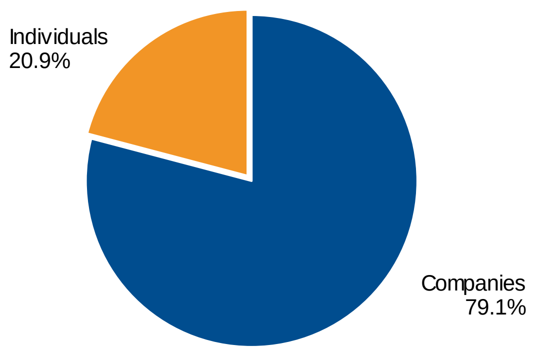
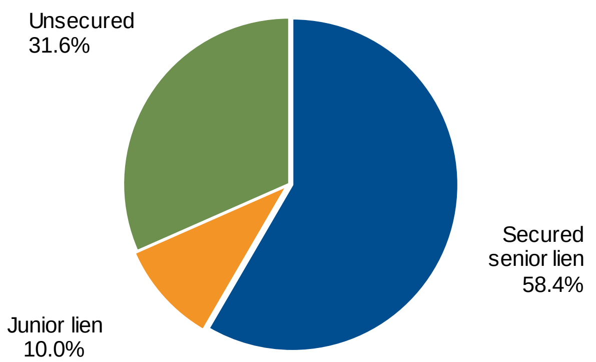



**Figure 13: Loan type**




Sources: Transaction data tape; calculations by Scope Ratings

### 4.2.2. Geographical distribution

**Relatively low geographic concentration in southern Italy is credit positive**

The portfolio is concentrated in the central and northern regions of Italy (considering all the relevant areas, i.e. metropolitan and non-metropolitan) with 81.6% of the properties' appraisal values located in those areas.

Specifically, borrowers' properties are concentrated in non-metropolitan areas located in the centre of Italy (44.2%) and the north (28.2%).

Our analysis factors in the impact that potentially weak economic performance may have on property prices. This element, along with slow court resolution timelines due to the portfolio's bankruptcy share of legal procedures, may affect the realisation of value for the properties securing the loans.

**Multi-originator portfolio nature mitigates seismic risk**

Seismic risk may also influence the realisation of value for the properties securing the loans. A seismic event would result in property depreciation and would compromise an unsecured borrower's ability to make financial repayments. Exposure to seismic risk is mitigated by the geographical distribution of the properties across several regions in Italy, due to the multi-originator nature of the portfolio.

**Figure 14: Collateral location**

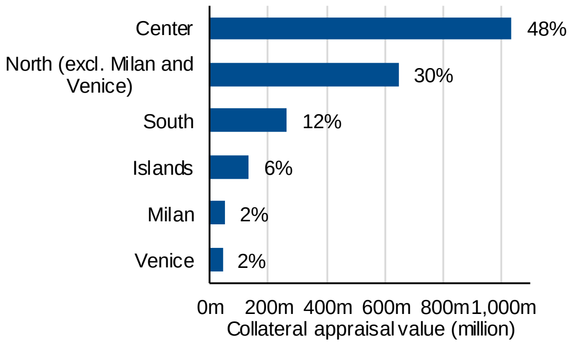
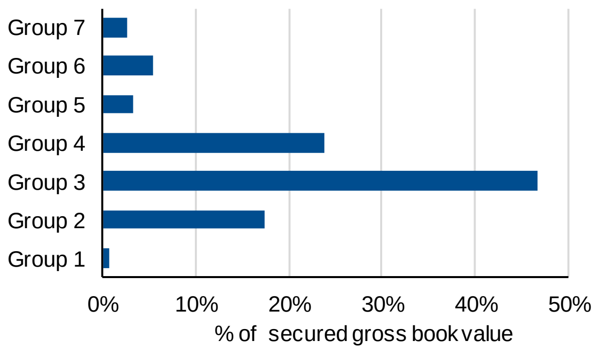



**Figure 15: Court group distribution of secured loans**



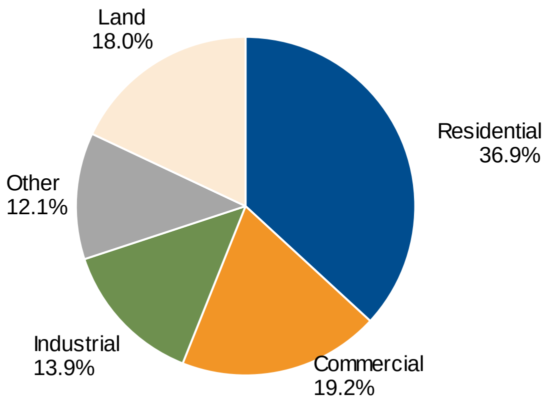

Sources: Transaction data tape; calculations by Scope Ratings

### 4.2.3. Collateral type

**Higher share of non-residential properties than residential**

The portfolio's collateral is composed mainly of non-residential properties which account for 63.2% of the collateral valuation. In particular, the secured exposures are collateralised by the following property types: residential (36.9%), commercial (19.2%), land (18.0%), industrial (13.9%) and other non-residential (12.1%) assets. The portfolio has a higher share of land properties than peer transactions rated by Scope. However, only a low portion of the land properties represent industrial land. The remainder is mostly agricultural land for which price volatility upon liquidation is generally limited.

**Figure 16: Distribution by type of collateral**




Sources: Transaction data tape; calculations by Scope Ratings

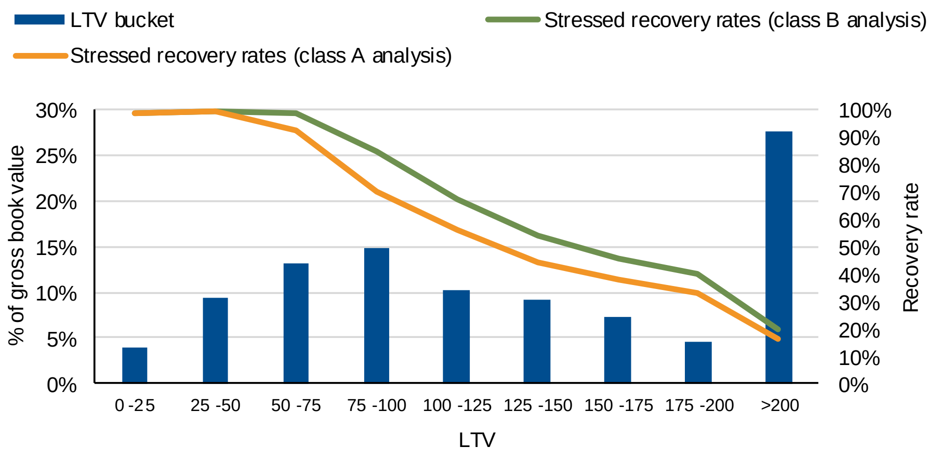
### 4.2.4. Collateral valuations and our specific recovery rate assumptions

**Recovery rate assumptions reflect portfolio's LTV distribution**

Figure 17 shows the secured loans' distribution by loan-to-value (LTV) bucket as well as our recovery rate assumptions for each LTV bucket (under our rating-conditional stresses applied for the analysis of the class A and class B notes). This results in a weighted average recovery rate for the secured loans of: i) 54.3% under the class A rating-conditional stress; and ii) 61.2%% under the class B rating-conditional stress.

All else being equal (e.g. for two portfolios with equivalent LTV ratios on an aggregated basis), collateral is less beneficial if its value is skewed towards low loan exposures. This is because, on a loan-by-loan basis, recovery proceeds are capped by the minimum of the loan's gross book value and mortgage value. This explains why recovery rates flatten for low LTV buckets.

**Figure 17: Secured loans' distribution by LTV and our transaction-specific secured recovery rate assumptions per class A and class B analysis**



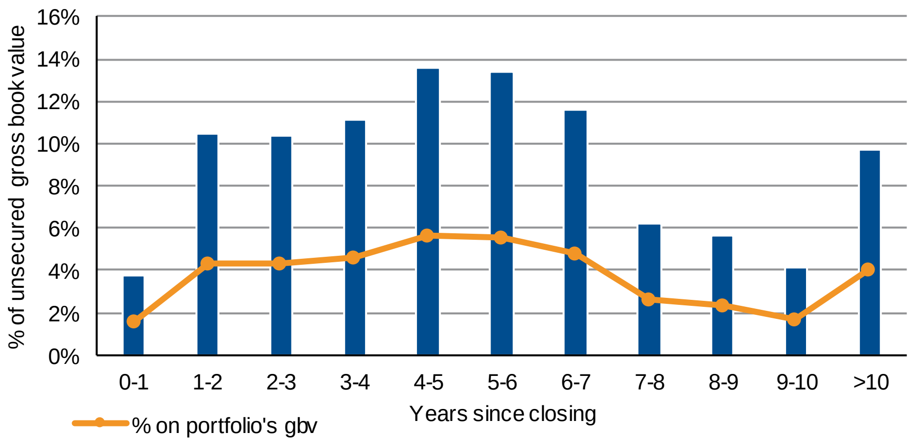

Sources: Transaction data tape; calculations by Scope Ratings

### 4.2.5. Loan seasoning

**Unsecured portfolio's weighted seasoning is lower than for peer transactions rated by Scope**

The weighted average time between default and the closing date is around 2.5 years for unsecured exposures. As shown in Figure 18, the proportion of low seasoned unsecured exposures contributes an average seasoning below that of peer transactions.

**Figure 18: Unsecured portfolio seasoning distribution as of cut-off date**




Sources: Transaction data tape; calculations by Scope Ratings

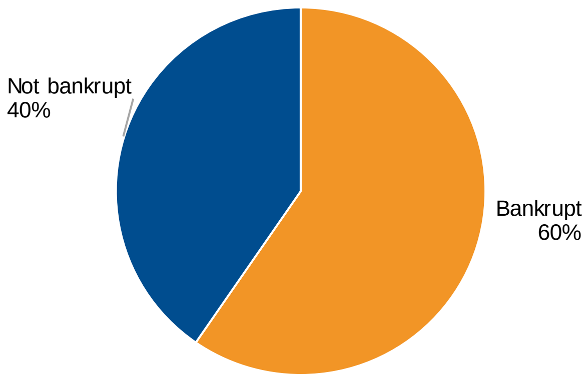
### 4.2.6. Borrower status

Figure 19 below shows our assumptions regarding the main legal proceedings for each borrower (one borrower can have several), based on the transaction's data tape. The share of bankruptcy proceedings is higher than in other transactions rated by Scope. This is also reflected in backloaded recoveries and results in a relatively high weighted average recovery timing compared to peer transactions rated by Scope.

**Bankruptcies result in lower recoveries than non-bankruptcy proceedings**

Bankruptcies are generally more complex, lengthy and costly than non-bankruptcy processes. Bankruptcies also result in lower expected recoveries for unsecured exposures, given the focus on liquidating assets in lieu of getting borrowers to start remitting payments.

**Figure 19: Borrower status assumptions**



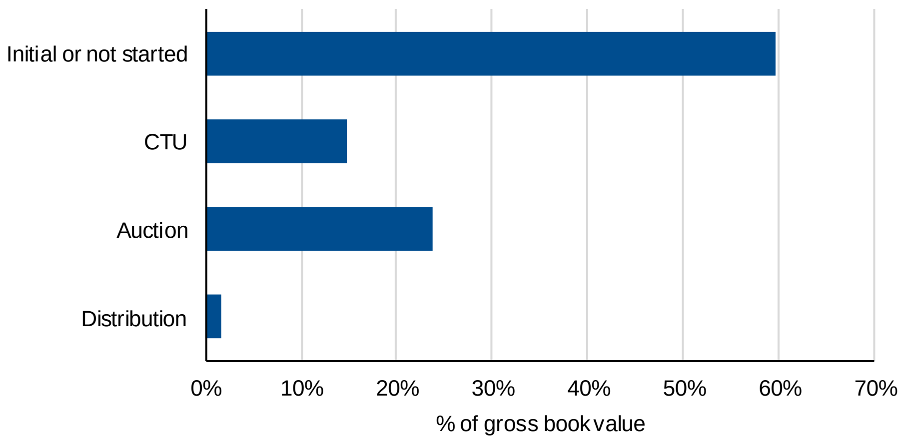

Sources: Transaction data tape; calculations by Scope Ratings

#### 4.2.7. Recovery stage of secured exposures

**Proceedings in initial stages drive relatively long recovery timing assumptions**

A large portion of the secured loans is in the initial stages (i.e. not yet started, in an initial phase or envisaging CTU participation), which partly explains the relatively long expected weighted average life of portfolio collections. Figure 20 below shows the stage of legal proceedings in relation to secured loans.

**Figure 20: Secured recovery stage by borrower status**




Sources: Transaction data tape; calculations by Scope Ratings

## 5. Key structural features

### 5.1. Combined 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. Servicer fees and other issuer counterparty fees, taxes and transaction expenses
2. Interest on the limited-recourse loan
3. GACS premium, provided the GACS guarantee is in place
4. Replenishment of recovery-expense reserve
5. Interest on class A notes
6. Any other amounts payable under the GACS guarantee
7. Cash reserve replenishment

8. Principal on the limited-recourse loan
9. Interests on class B notes provided no subordination trigger is breached
10. Principal on class A notes
11. Upon a breach of a subordination trigger, the full amount of class B interest
12. Principal on class B and mezzanine deferred servicer performance fees, if any
13. Interests on class J notes
14. Principal on class J notes, junior deferred servicer performance fees, if any
15. Any residual amount as class J variable return

Class B interest payments will be fully deferred if a) the cumulative collection ratio[15] falls below 80% of the servicer's business plan targets, or b) the present value cumulative profitability ratio[16] falls below 80%. These trigger levels are lower than the average level set for peer transactions.

If at any time during the transaction's life the triggers are cured, all class B interest amounts due and unpaid at the preceding payment dates will be paid senior to class A principal.

**Scope's ratings do not address the GACS guarantee**

The GACS guarantee ensures the timely payment of interest and the ultimate payment of principal by the final maturity of the class A notes. Scope's rating on the class A notes does not reflect the credit benefits of a GACS guarantee. It does, however, consider the potential cost i.e. the GACS premium of the guarantee potentially added to the structure post-closing of the transaction.

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

Non-timely payment of interest on the senior notes (implying no GACS guarantee is in place), among other events such as the issuer's unlawfulness, would accelerate the repayment of class A by 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 links the portfolio's performance with the level of fees received by the servicer, which mitigates potential conflicts of interest between the servicer and the noteholders.

The servicer is entitled to: i) an annual base fee calculated on the outstanding portfolio's gross book value; ii) a performance fee[17] on secured exposures, calculated on collections net of legal costs; and iii) a performance fee on unsecured exposures, calculated on collections net of legal costs. Servicer fees are calculated and payable at each payment date.

The precise level of applicable fees is subject to the type of workout process and the size of the exposure. Out-of-court settlements and lower tickets generally bear higher performance fees, relative to collection amounts. In our analysis, we assumed average performance fee levels for secured and unsecured loans, respectively, considering the portfolio distribution by gross book value buckets.

[15] 'Cumulative collection ratio' is defined as the ratio between: i) the cumulative net collections since the cut off date; and ii) the net expected aggregated collections. Net collections are the difference between the gross collections and the recovery expenses.

[16] 'Present value cumulative profitability ratio' is defined as the ratio between: i) the sum of the present value (calculated using an annual rate of 3.5%) of the net collections for all receivables relating to closed positions (relative to an exhausted debt relationship: i.e. either having been collected in full or sold or written off or for any other reason); and ii) the sum of the target price (based on the servicer's initial portfolio base case scenario in the business plan) of all receivables relating to closed positions.

[17] With a potential additional component qualified as a real estate network fee and related to auction facilitation activity (if any), pursuant to the satisfaction of specific conditions in the servicer agreement.

In the case of underperformance, a portion of the fees are paid on a mezzanine and junior position in the priority of payments and a haircut is applied to the fees. The servicer therefore has incentives to maximise recoveries and comply with the initial business plan.

### 5.2.2. Servicer monitoring

**Monitoring function protects noteholders' interests**

An overview of the servicer's activities and calculations, prepared by Zenith Service S.p.A. as monitoring agent, mitigates operational risks and moral hazard that could negatively impact noteholder interests. This risk is further mitigated by a discretionary servicer termination event at the option of the monitoring agent, with the authorisation of the representative of noteholders.

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

### 5.2.3. Servicer termination events

**Back-up arrangements mitigate servicing disruption risk**

Securitisation Services S.p.A. would step in as master servicer in the event of a servicer termination event and, as the monitoring agent, would also appoint a suitable replacement for the special servicer.

A servicer termination event includes: i) insolvency; ii) failure to pay due and available amounts to the issuer within two business days; iii) failure to deliver or late delivery of information to the monitoring agent, in the context of the surveillance activities of the latter; iv) an unremedied breach of obligations; v) an unremedied breach of representation and warranties; vi) the loss of legal eligibility to perform obligations under the servicing agreement. The servicer can also be substituted owing to its consistent underperformance beginning in the fifth collection period.

## 5.3. Liquidity protection

**Cash reserve protects liquidity of the senior noteholders**

A cash reserve will be funded at closing through a limited-recourse loan provided by Iccrea Banca S.p.A.

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 outstanding balance of the class A notes.

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

Class B will not benefit from liquidity protection.

## 5.4. Interest rate hedge

The issuer will not receive regular cash flows and the collections are not linked to any defined interest rate due to the non-performing nature of the securitised portfolio. On the liability side, the issuer pays a floating coupon on the notes, defined as six-month Euribor

**Interest rate risk on class A and class B notes is mitigated through a cap spread and a plain vanilla cap structure which do not give coverage for the first three interest payment dates**

plus a 0.3% fixed margin on the class A notes and six-month Euribor plus an 6.0% fixed margin on the class B notes.

The interest rate risk on the class A and B notes is partially mitigated by two hedging structures. However, coverage is provided only after the first three interest payment dates.

**A cap spread agreement hedges the interest rate risk of class A notes**

An interest rate cap spread agreement covers class A interest risk. The base rate on class A notes will be capped to 1.0% on the payment dates from July 2020 and until January 2032.

**A plain vanilla cap agreement hedges the interest rate risk of class B notes**

A plain vanilla interest rate cap agreement covers class B interest rate risk. The base rate applicable to the class B notes will be capped at an increasing cap rate, ranging from 1.0% to 5.0% on the payment dates from July 2020 to January 2032.

To assess the effectiveness of the cap rate levels, we stressed the Euribor forward curve, as shown in Figures 21 and 23.

The cap notional schedule of the first swap is well aligned with our expected class A amortisation profile (with the exception of the first three interest payment dates), whereas the cap notional schedule of the second swap is not fully aligned with our expected class B amortisation profile (see Figure 22 and Figure 24, respectively).

A delay in recoveries beyond our stressed recovery timing vectors would increase interest rate risk exposure, as it would widen the gap between the relevant cap notional amount and the outstanding principal of the notes.

**Figure 21: Interest rate cap spread class A**

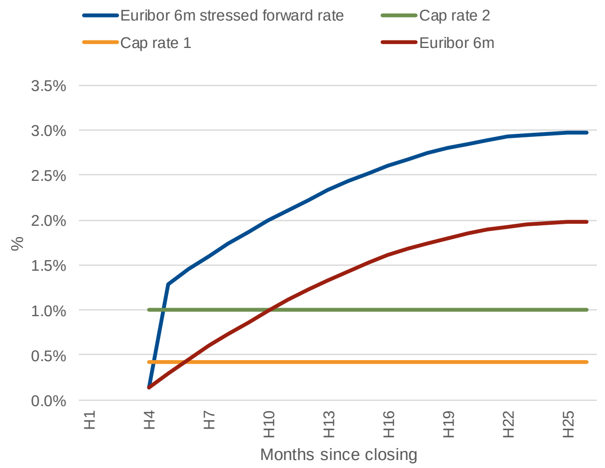



**Figure 22: Cap spread notional vs outstanding class A notes**

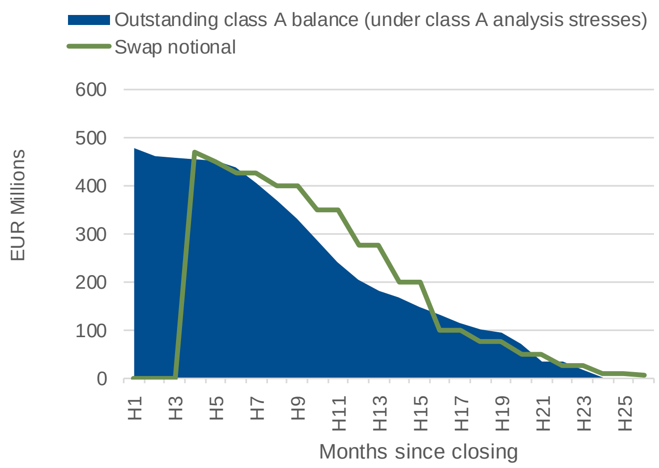


**Figure 23: Interest rate cap class B**

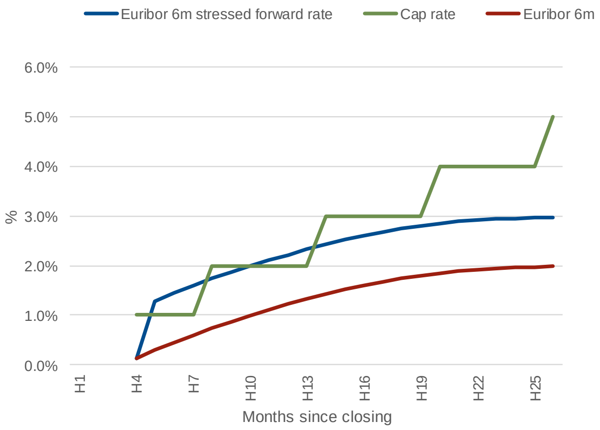
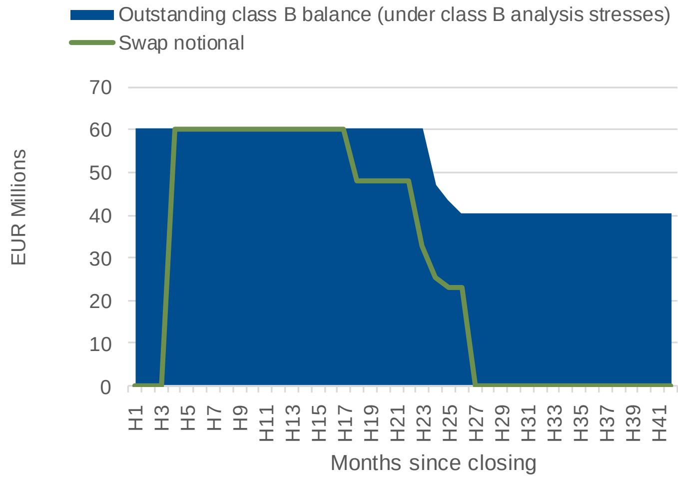



**Figure 24: Cap notional vs outstanding class B notes**




Sources: Transaction documents, Bloomberg and Scope Ratings

## 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. The analysis captures the capital structure, an estimate of legal costs equivalent to 9% of gross collections, servicing fees as described in section 5.2, and estimated issuer senior fees of EUR 200,000 annually. Our rating also addresses the cost of the GACS guarantee which, once implemented, was assumed to range between 1.59% and 4.58% of the outstanding class A notes' balance, in accordance with quotes provided to us. We took into account the reference rate payable on the notes, considering the cap rates and swap terms described in the previous section.

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

The BBB rating assigned to the class A notes reflects expected losses over the instrument's weighted average life commensurate with the idealised expected loss table in Scope's General Structured Finance Ratings Methodology. The same applies for the B+ 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 order of 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 in secured and unsecured recovery rates by 10%, minus two notches.
- an increase in the recovery lag by one year, minus one notch.

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

- a decrease in secured and unsecured recovery rates by 10%, minus two notches.

- an increase in the recovery lag by one year, minus two notches.

We tested the resilience of the ratings against deviations from the main input assumptions, also with reference to potential losses in the event of claw-back risk associated with Banca di Credito Cooperativo di Cittanova - Società Cooperativa.

## 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 Italy's hypothetical exit from the eurozone, are not material for the notes' rating

For more insight into Scope's fundamental analysis on the Italian economy, please refer to the rating report on the Republic of Italy, dated 30 June 2018 and to the latest downgrade announcement of 7 December 2018.

## 8. Counterparty risk

**Counterparty risk does not limit the transaction's rating**

In our view, none of the counterparty exposures constrain the ratings achievable by this transaction. We factored in counterparty replacement triggers implemented in the transaction and relied on publicly available ratings on JP Morgan AG and on Scope's rating of UniCredit Bank AG (A/S-1) and BNP Paribas SA (AA-/S-1+), the parent of BNP Paribas Securities Services. 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) the originators, regarding representations and warranties and the eventual payments that may be made by the borrowers; ii) Italfondiario SpA, as master and special servicer; iii) Securitisation Services SpA, as the back-up servicer, corporate servicer, computation agent and representative of noteholders; iv) BNP Paribas Securities Services, as the issuer's account bank, agent bank, paying agent and cash manager; and v) UniCredit Bank AG and JP Morgan AG as the cap counterparties.

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

### 8.1. Servicer disruption risk

A servicer disruption event may have a negative impact on the transaction's performance. The transaction incorporates servicer-monitoring, back-up and replacement arrangements that mitigate operational disruption (see section 5.2).

### 8.2. 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 has received payments from a debtor, the servicer would transfer the amounts within two business days.

### 8.3. Claw-back risk

Of the 73 loan originators, 72 have provided: i) a 'good standing' certificate from the Chamber of Commerce; ii) a solvency certificate signed by a representative duly authorised; and iii) a certificate from the bankruptcy court (tribunale civile – sezione fallimentare) confirming that each respective originator is not subject to any insolvency or similar proceedings. This mitigates claw-back risk, as the issuer should be able to prove that it was unaware of the issuer'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 that the sale price of the receivables exceeds the value of the receivables by more than 25% and the issuer is unable to demonstrate that 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 that the sale price of the receivables does not exceed the value of the receivables by more than 25% and the originator's insolvency receiver can demonstrate that the issuer was aware of the originator's insolvency.

**Limited claw-back risk, although one originator is currently reported to be under extraordinary administration**

One originator, Banca di Credito Cooperativo di Cittanova - Società Cooperativa, is currently reported as being under extraordinary administration. The originator has regularly signed the transfer agreement and provided the required certificate, on the issuance date, proving its solvency status. Assets from this originator represent a gross book value of only EUR 17.8m; the expected recoveries along with the potential losses for the class A and B notes are therefore limited.

In the cash flow analysis we considered the negative impact on the rated instruments following a possible claw-back on this proportion of the portfolio. We also consider the risk that the originator may not be able to indemnify the issuer in case of a breach of representations.

### 8.4. 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 agreements. If a breach of a representation and warranty materially and adversely affects a loan's value, the originators may be obliged to indemnify the issuer for damages within 10 business days of the notification.

However, the above-mentioned guarantee is enforceable by the issuer only within 24 months after the date the transfer agreement was entered into. The total indemnity amount will be capped to a maximum of 30% of the portfolio purchase price. Furthermore, the indemnity amounts will be subject to a deductible of EUR 50,000 on a portfolio basis, and EUR 1,000 on a single-loan basis.

Our analysis considered these deductibility thresholds, which could result in limited additional portfolio losses if certain representations are breached.

## 9. Legal structure

### 9.1. Legal framework

**Transaction governed by Italian 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, with the most senior noteholders at the date of the decision having a superior voting right.

### 9.2. Use of legal opinions

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

## 10. Monitoring

**Continuous rating monitoring**

We will monitor this transaction based on performance reports as well as 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, 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 Scope's Non-Performing Loan ABS Rating Methodology, and Scope's Methodology for Counterparty Risk in Structured Finance, both available on www.scoperatings.com.

# I. Summary appendix – legal names and exposures (GBV) of the 73 originators

| ABI | Originators | Gross Book Value (GBV) | % of total portfolio's GBV |
|---|---|---|---|
| 8474 | Banca del Piceno Credito Cooperativo – Società Cooperativa | 159,429,829 | 8.0% |
| 3139 | Banca per lo Sviluppo della Cooperazione di Credito S.p.A. | 126,854,228 | 6.3% |
| 8542 | Credito Cooperativo Ravennate Forlivese e Imolese Soc. Coop. | 87,845,114 | 4.4% |
| 8922 | Banca Alta Toscana Credito Cooperativo – Società Cooperativa | 83,329,339 | 4.2% |
| 7075 | BCC Umbria Credito Cooperativo Società Cooperativa | 80,543,299 | 4.0% |
| 8514 | Banca di Credito Cooperativo dell'Oglio e del Serio | 80,258,515 | 4.0% |
| 8673 | ChiantiBanca Cred. Coop. Soc. Coop. | 69,753,119 | 3.5% |
| 7074 | Banca di Monastier e del Sile – Credito Cooperativo | 64,252,156 | 3.2% |
| 3123 | ICCREA BancaImpresa S.P.A. | 60,773,867 | 3.0% |
| 8549 | Banca di Filottrano Credito Cooperativo di Filottrano e Camerano Società Cooperativa | 60,094,594 | 3.0% |
| 8530 | Banca di Credito Cooperativo di Alba Langhe Roero e del Canavese | 58,653,275 | 2.9% |
| 8851 | Terre Etrusche e di Maremma Credito Cooperativo | 56,457,932 | 2.8% |
| 8086 | Banca di Ancona e Falconara Marittima Credito Cooperativo – Società Cooperativa | 54,936,355 | 2.7% |
| 8386 | Cassa Rurale ed Artigiana di Binasco – Credito Cooperativo S.C. | 47,106,525 | 2.4% |
| 8473 | Banca di Credito Cooperativo di Castiglione Messer Raimondo e Pianella S.C.P.A.R.L. | 45,303,981 | 2.3% |
| 8452 | Banca di Credito Cooperativo di Venezia Padova e Rovigo – Banca Annia – Società Cooperativa | 43,118,276 | 2.2% |
| 8441 | Credito Cooperativo di Caravaggio Adda e Cremasco – Cassa Rurale – Società Cooperativa | 41,908,316 | 2.1% |
| 8489 | Banca Valdichiana – Credito Cooperativo di Chiusi e Montepulciano Soc. Coop. | 41,832,974 | 2.1% |
| 8979 | Banca di Credito Cooperativo San Michele di Caltanissetta e Pietraperzia Società Cooperativa | 40,842,622 | 2.0% |
| 8765 | Banca di Credito Cooperativo di Recanati e Colmurano S.C. | 40,766,155 | 2.0% |
| 8952 | Banca di Credito Cooperativo "G. Toniolo" di San Cataldo (Caltanissetta) – Società Cooperativa | 40,711,047 | 2.0% |
| 8749 | CentroMarca Banca Credito Cooperativo di Treviso e Venezia | 40,391,311 | 2.0% |
| 8404 | Banca di Credito Cooperativo di Busto Garolfo e Buguggiate | 35,769,270 | 1.8% |
| 8726 | Banca Versiliana Lunigiana e Garfagnana Credito Cooperativo Società Cooperativa | 32,189,471 | 1.6% |
| 8899 | Cassa Rurale Banca di Credito Cooperativo di Treviglio SC | 31,574,379 | 1.6% |
| 8329 | Banca di Credito Cooperativo Brianza e Laghi Soc. Coop. | 30,828,759 | 1.5% |
| 7066 | Banca di Credito Cooperativo di Buccino e dei Comuni Cilentani – Società Cooperativa | 26,419,200 | 1.3% |
| 8430 | Cassa Rurale ed Artigiana di Cantù – Banca di Credito Cooperativo S.c. | 25,988,793 | 1.3% |
| 8700 | Banca di Credito Cooperativo del Metauro Società Cooperativa | 21,524,966 | 1.1% |
| 8731 | Banca di Credito Cooperativo di Pergola e Corinaldo Società Cooperativa | 19,449,792 | 1.0% |
| 8713 | Banca di Credito Cooperativo di Pachino | 18,817,766 | 0.9% |
| 8492 | Banca di Credito Cooperativo di Cittanova – Società Cooperativa | 17,836,411 | 0.9% |
| 7062 | Credito Cooperativo Mediocrati Soc. Coop. per Azioni | 17,649,984 | 0.9% |
| 8951 | Banca di Credito Cooperativo dei Colli Albani – Società Cooperativa | 17,472,254 | 0.9% |
| 8855 | Banca di Credito Cooperativo di Scafati e Cetara Società Cooperativa | 15,232,029 | 0.8% |
| 8003 | ViVal Banca – Banca di Credito Cooperativo di Montecatini Terme and Bientina e San Pietro in Vincio s.c. | 14,935,682 | 0.7% |
| 8454 | Credito Padano Banca di Credito Cooperativo Società Cooperativa | 14,825,182 | 0.7% |
| 8811 | Banca del Valdarno Credito Cooperativo – Società Cooperativa | 13,718,628 | 0.7% |
| 8969 | Banca San Francesco Credito Cooperativo – Società Cooperativa | 13,656,261 | 0.7% |
| 7072 | Emil Banca – Credito Cooperativo – Società Cooperativa | 12,872,577 | 0.6% |
| 8987 | BCC Terra Di Lavoro S. Vicenzo De' Paoli Società Cooperativa per Azioni | 12,357,088 | 0.6% |
| 8826 | Banca di Pesaro Credito Cooperativo – Società Cooperativa | 11,430,789 | 0.6% |
| 8705 | Banca di Credito Cooperativo di Ostra Vetere Soc. Coop. | 11,082,568 | 0.6% |
| 8469 | Cassa Rurale ed Artigiana di Castellana Grotte Credito Cooperativo – Società Cooperativa | 10,803,240 | 0.5% |
| 8887 | Credito Cooperativo di San Calogero e Maierato – BCC del Vibonese Soc. Coop. | 10,397,134 | 0.5% |
| 8988 | Banca di Credito Cooperativo degli Ulivi – Terra di Bari S.C. | 9,625,778 | 0.5% |
| 8358 | Banca di Pescia e Cascina – Credito Cooperativo – Società Cooperativa | 9,458,180 | 0.5% |
| 7076 | Banca Cremasca e Mantovana – Credito Cooperativo – Società Cooperativa | 9,423,501 | 0.5% |
| 8189 | Banca di Credito Cooperativo della Valle del Trigno – Società Cooperativa | 9,137,376 | 0.5% |
| 8154 | Banca del Cilento di Sassano e Vallo di Diano e della Lucania - Credito Cooperativo Soc. Coop. | 8,808,648 | 0.4% |
| 8519 | Banca di Credito Cooperativo di Fano Società Cooperativa | 7,999,499 | 0.4% |
| 8431 | Banca di Credito Cooperativo di Capaccio Paestum Società Cooperativa | 7,501,490 | 0.4% |
| 8481 | CereaBanca 1897 – Credito Cooperativo – Società Cooperativa | 6,288,735 | 0.3% |
| 8769 | Banca di Ripatransone e del Fermano CR. Coop. S.C. | 5,756,779 | 0.3% |
| 8606 | Banca di Credito Cooperativo di Canosa Loconia | 5,742,356 | 0.3% |
| 8824 | Banca di Credito Cooperativo di Serino Società Cooperativa | 5,332,314 | 0.3% |
| 8812 | Banca di Formello e Trevignano Romano di Credito Cooperativo | 5,097,669 | 0.3% |
| 8873 | Banca di Credito Cooperativo di Spinazzola Soc.Coop. a.r.l. | 4,973,211 | 0.2% |
| 8787 | Banca di Credito Cooperativo di Riano Soc. Coop.va | 4,824,911 | 0.2% |
| 8704 | Banca di Credito Cooperativo di Ostra e Morro d'Alba – Società Cooperativa | 4,637,176 | 0.2% |
| 8997 | Banca di Credito Cooperativo di San Marco dei Cavoti e del Sannio – Calvi Società Cooperativa | 4,501,873 | 0.2% |
| 8595 | La BCC Del Crotonese – Credito Cooperativo – Società Cooperativa | 4,134,677 | 0.2% |
| 8601 | Banca di Credito Cooperativo di Valle del Torto Società Cooperativa | 3,892,553 | 0.2% |
| 8800 | Banca di Credito Cooperativo di San Biagio Platani – Società Cooperativa | 3,617,538 | 0.2% |
| 8341 | Banca di Credito Cooperativo di Altofonte e Caccamo – Società Cooperativa | 3,436,403 | 0.2% |
| 7086 | Banca di Credito Cooperativo dell'Adriatico Teramano – Società Cooperativa | 3,285,784 | 0.2% |
| 8457 | Credito Cooperativo Valdarno Fiorentino Banca di Cascia Società Cooperativa | 3,131,386 | 0.2% |
| 8706 | Banca di Credito Cooperativo di Ostuni | 3,076,475 | 0.2% |
| 8688 | Banca di Credito Cooperativo di Marina di Ginosa Soc. Coop. | 2,984,204 | 0.1% |
| 8572 | Banca di Credito Cooperativo di Gambatesa – Società Cooperativa | 1,709,427 | 0.1% |
| 8975 | Banca di Credito Cooperativo "San Giuseppe" di Mussomeli | 1,485,242 | 0.1% |
| 7108 | Banca di Credito Cooperativo Agrigentino – Società Cooperativa | 1,231,020 | 0.1% |
| 8869 | Banca di Credito Cooperativo Bergamo e Valli SC | 1,218,424 | 0.1% |
| **Total number of originators: 73** | | **2,004,307,676** | **100.0%** |

## II. Summary appendix – deal comparison

| Transaction | BCC NPLs 2018-II | Riviera NPL | POP NPLS 18 | BPER | 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-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 | 73 Banks | Carige & Lucca | 17 Banks | BPER | Banca di Ragusa | UBI Banca | C.R. Asti, Biver | BNL | ICCREA | BPS, BDB | Sardegna | Creval | BPM | MPS | BPB, CRO | Creval |
| Master servicer | Italfondiario | Credito Fondiario | Cerved | Prelios | | Prelios | Prelios | Prelios | Prelios | Cerved | Prelios | Credito Fondiario | Prelios | Credito Fondiario | Prelios | Cerved |
| Special servicer | Italfondiario | 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) | 1,954 | 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 | 10,089 | 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 | 22,041 | 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) | 1.8* | 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 | 2.5* | 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 portfolio) | | | | | | | | | | | | | | | | |
| bucket [0-25] | 4 | 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] | 9.4 | 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] | 13.2 | 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] | 14.8 | 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] | 10.3 | 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] | 9.1 | 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] | 7.2 | 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] | 4.5 | 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 | 27.6 | 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) | 0.8 | 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 | 58.4 | 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 | 10 | 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 | 31.6 | 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 | 3.6 | 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 | 20.9 | 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 | 79.1 | 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 | 59.6 | 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 | 40.4 | 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 | 3.8 | 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 | 19.4 | 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 | 34.1 | 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 | 47.5 | 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 | 18.4 | 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 | 36.9 | 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 | 19.2 | 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 | 13.9 | 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 | 18 | 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 | 12.1 | 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 | 29.2 | 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 | 21.6 | 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 | 22.3 | 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 | 26.9 | 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 portfolio proc. stage (% of GBV) | | | | | | | | | | | | | | | | |
| Initial | 59.8 | 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 | 14.7 | 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 | 23.7 | 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 | 1.7 | 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) | 55.6 | 52.7 | 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 | 15.3 | 13.7 | 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** | **38.8** | **29.1** | **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 (yrs) | | | | | | | | | | | | | | | | |
| Secured | 7.3 | 6.7 | 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 | 5 | 4.4 | 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** | **6.9** | **5.7** | **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 | 5 | 7.5 | 4 | 4 | 4 | 5 | 4.05 (% of A and | 4.9 (% of A and | 5.0 | 4.375 (% of A | 3.5 | 4.0 | 4.0 |
| Class A Euribor cap strike | 0.42%-1% | 0.3% | 0.5%-2.5% | 0.3 | 0.1%-2.0% | 0.5%-2.5% | 0.5%-3.0% | 0.8%-2.5% | 0.5%-2.5% | 0.3% -1.25% | 0.3% -1.25% | 0%-0.1% | 0.5%-2.0% | 0.5-3.0% | 0.10% | 0.50% |
| Class A | | | | | | | | | | | | | | | | |
| % of GBV | 23.8 | 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 | 76.2 | 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 | 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 | 73.2 | 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 | A- | BBB- | BBB | BBB+ | BBB | BBB- |
| Class B | B+ | B+ | B | NR | B | NR | NR | NR | B+ | B | BB- | B | NR | NR | B+ | B+ |

*The weighted average seasoning includes our 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 for which 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 non-material deviations.

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## Disclaimer