



RMBS Country Addendum

Italy

[To be read in conjunction with the RMBS Rating Methodology](#)

06 June 2024*

Call for comments

Scope welcomes market participants' comments on its proposed methodology. Please send your comments by 30th June 2024 to consultation@scoperatings.com

Disclaimer

© 2024 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Analysis GmbH, Scope Investor Services GmbH, and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5, D-10785 Berlin.

*The Country Addendum replace the previously published Country Addendum on the 31 May 2024 to account for the Call for comments nature of the document.

Distressed Default Rate	Source / Reference Value	Comment	Section 3.2.2
Country Distressed Default Rate		19,50% This corresponds to the default rate that could be experienced by a pool of mortgage exhibiting market characteristics.	
Benchmark Country Original LTV		65,00% This is the benchmark country original default rate assumed to compute the LTV loan modifier.	
Benchmark Country Floating Interest rate proportion		60,00% This is the benchmark proportion of floating rate loan assumed to compute the Interest Rate modifier.	
Region overconcentration		30,00% Increase of the Country-distressed default rate for regional over-concentration	
Loan Modifiers	Sensitivity		
Original LTV		0,94 The loan modifier dedicated to the original LTV is defined as $exp(Sensitivity * (Loan\ LTV - Country\ LTV))$	
Seasoning	Haircut of 40% at year 10	The loan modifier dedicated to the seasoning is defined as a piecewise linear function of seasoning increasing to a defined level and subsequently constant.	
Property Usage		80% The loan modifier for property usage which is increasing the default rate.	
Floating interest rate		60% The loan modifier for interest rate is multiplied by the excess proportion of floating interest rate versus the country average.	

Recoveries	Reference Value	Comment	Section 3.3
Standard Approach	Statistical analysis of historical data		
Distressed Recovery Rate haircut		40%	
Recovery Timing			
Year 1		0%	
Year 2		5%	
Year 3		10%	
Year 4		10%	The recovery timing specified here defines our standard assumption in the absence of historical performance data.
Year 5		15%	
Year 6		20%	
Year 7		20%	
Year 8		20%	

Default timing	Marginal Default Rate	Comment	Section 3.2.3
Front-loaded Default Timing assumption	Higher between Y0-Y5	Default timing is derived from the assumption of a higher monthly marginal default rate during an early period.	
Constant Default Timing assumption	Constant	Default timing is derived from the assumption of a constant monthly marginal default rate.	
Back-loaded Default Timing assumption	Higher between Y10-Y15	Default timing is derived from the assumption of a higher monthly marginal default rate during a late period.	

Prepayment	CPR	Comment	Section 3.4
Low Prepayment assumption		3% Lower boundary for prepayments if scenario testing is explicitly deemed to be relevant.	
Mid Prepayment assumption		8% Base scenario for prepayment.	
High Prepayment assumption		18% Higher boundary for prepayments if scenario testing is explicitly deemed to be relevant, knowing that a scenario of joint prepayment and default is assumed to be unlikely.	

Structural assumptions		Value	Section 4.1
Senior Fees assumption		0,30%	
	minimum	100k	

Benchmark Regional Distribution		Value	Section 3.2.2
Northwest		18,50%	
South		21,00%	
Insular		11,00%	
Northeast		24,00%	
Central		25,50%	