Iseo SPV S.r.l.

Italian Non-Performing Loan ABS

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV[1]	Coupon	Final maturity
Class A	BBB_{SF}	335.0	89.7	39.1	6m Euribor + 0.5%	Jul-39
Class B	NR	25.0	6.7	2.9	6m Euribor + 6.0%	Jul-39
Class J	NR	13.5	3.6	1.6	6m Euribor + 10.0%	Jul-39
Total		373.5				

Scope's quantitative analysis is based on the portfolio dated 31 March 2019 and its subsequent updates provided by the originator. 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

Purpose	Risk transfer
Issuer (SPV)	Iseo SPV S.r.l.
Originator /account bank	Unione di Banche Italiane Banca S.p.A. (UBI banca)
Servicer	Italfondiario S.p.A as master servicer, doValue S.p.A. as special servicer
Portfolio cut-off date	31 March 2019
Issuance date	16 December 2019
Payment frequency	Semi-annual (January and July)

The transaction is a static cash securitisation of senior secured (92.2% in terms of gross book value, or GBV) and unsecured as well as junior secured (7.8%) non-performing loans (NPLs). The loans were originated by UBI Banca S.p.A. and granted exclusively to individuals in Italy. Most of the secured loans are backed by residential properties (94.8% in terms of total properties' value), while the residual portion (5.2%) is composed of commercial, land and industrial properties. Borrowers are mostly concentrated in the northern part of Italy (52.8%), followed by southern (30.5%), and central (16.7%) regions. The issuer acquired the portfolio on the 4th December 2019 (the transfer date). The structure comprises three classes of notes with fully sequential principal amortisation: senior class A, mezzanine class B, and junior class J. The class A and B will pay a floating interest rate indexed to six-month Euribor, plus a margin of 0.5% and 6.0%, respectively. Class J principal and interests are subordinated to repayment of senior and mezzanine notes. The final maturity of the notes is July 2039.

The notes have been structured considering the requirements of the 2019-updated GACS Scheme[2].

Rating rationale (summary)

The rating is primarily driven by the expected recovery amounts and timing of collections from the NPL portfolio. The recovery amounts and timing assumptions consider the portfolio's characteristics as well as our 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 an interest rate hedging agreement. The rating also addresses exposures to the key transaction counterparties.

Interest rate risk on the class A notes is mitigated by a hedging structure, under which the Issuer receives the difference between the six-month Euribor rate and an increasing cap,

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Related Research

Non-Performing Loan ABS Rating Methodology, September 2019

Methodology for Counterparty Risk in Structured Finance, July 2019

Renewed GACS scheme will reduce Italian NPL ABS issuance, April 2019

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Bloomberg: SCOP

[1]Gross book value ("GBV" as total gross claim amount) of the securitised portfolio at closing (EUR 857m).
[2] 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.

ranging from 0.30% to 1.25%, over a pre-defined notional balance. We expect the interest rate cap agreement to provide only a partial hedging, as the cap notional schedule is not fully aligned with our expected amortisation profile of the notes.

We performed a specific analysis for recoveries, using different approaches for secured and unsecured exposures. For secured exposures, expected recoveries were mainly based on the latest 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 as of the cut-off date. For unsecured exposures, Scope used historical line-by-line market-wide recovery data on defaulted loans between 2000 and 2017 and considered the special servicer's capabilities when calibrating lifetime recoveries. Scope also considered that unsecured borrowers (including junior secured borrowers) were classified as defaulted for a weighted average of 4.6 years as of the cut-off dates of 31 March 2019.

Rating drivers and mitigants

Positive rating drivers

Secured portfolio mostly backed by residential properties. Compared to peer transactions rated by Scope, the portfolio has a higher share of first lien mortgage loans, for which the average recovery rate is usually higher than for other loan types. In addition, the large proportion of residential collaterals (94.8% of secured loans), reduces liquidity and concentration risks.

High share of foreclosures. Most of the loans are under foreclosure legal procedures (83.2%, excluding loans for which the legal procedures have not been initiated). Compared with bankruptcy proceedings, foreclosures typically result in higher recoveries and take shorter to be resolved.

High granularity. The pool is highly granular, with the top 10 and top 100 borrowers representing, respectively, 1.7% and 7.4% of total GBV, which is lower compared to other Italian NPL transactions rated by Scope.

Geographical distribution. The portfolio is concentrated in the northern part of Italy, which benefit from the most dynamic economic conditions in the country and, in general, the most efficient tribunals

Negative rating drivers and mitigants

Pool contains loans with incomplete documentation (negative). The originals of the contractual documentation is missing for a portion of the portfolio (6.1% of total GBV). This could cause a delay in the recovery process, as the court would require a validated notice of loss before activating any judicial procedures. We have considered this feature in its analysis by applying a further stress on the recovery timing.

Material portion of legal proceedings in initial stages. Around 64.4% of the secured loans are in the initial legal phase or are yet to have proceedings initiated.

Hedging structure. Interest rate risk on the class A notes is mitigated by an increasing interest rate cap on the six-month Euribor (ranging from 0.30% to 1.25%). However, the cap notional schedule is not fully aligned with Scope's expected amortisation profile of the notes.

Upside rating-change drivers

Servicer outperformance. Consistent servicer outperformance in terms of recovery timing and the total amount of collections could positively impact the ratings. The weighted average time until portfolio collections are complete will be 4.9 years, according to the servicer business plan. This is about 6 months faster than the weighted average recovery timing for the vector assumed in Scope's Class A analysis.

Downside rating-change drivers

Servicer underperformance. Servicer performance falling short of Scope's base case collection amounts and timing assumptions could negatively impact the ratings.

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

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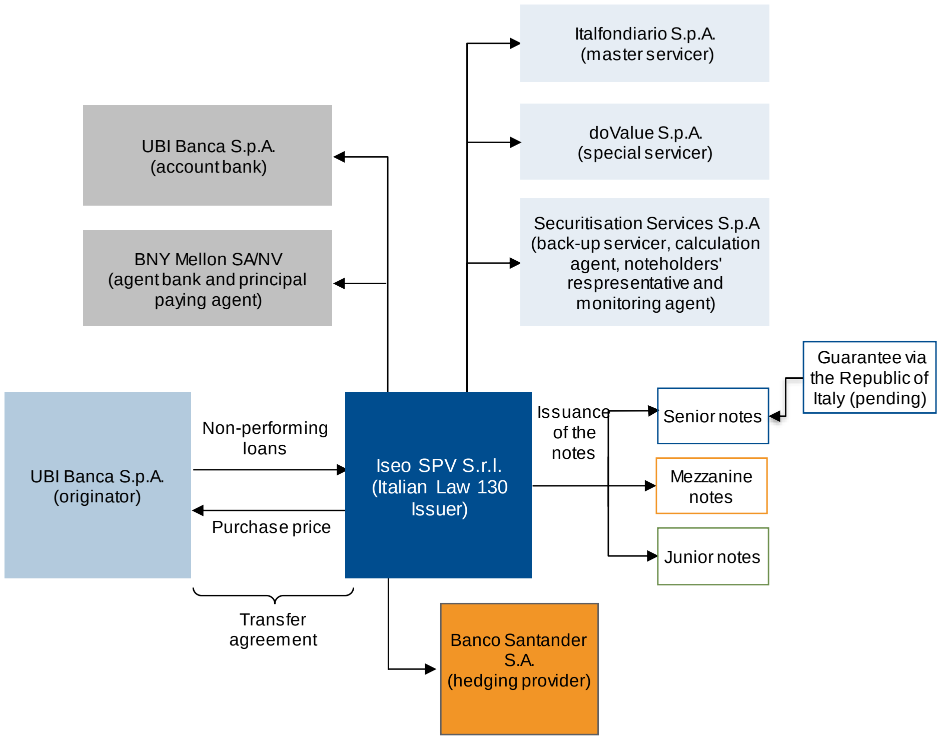
1. Transaction summary

The transaction structure comprises three tranches of sequential, principal-amortising notes, an amortising liquidity reserve equal to 4.0% of the class A outstanding balance, and an interest rate cap agreement.

Figure 1: Transaction diagram:



Sources: Transaction documents and Scope Ratings.

We adjusted the pool's gross book value using information on collections and sold properties since the 31 March 2019 cut-off date. The analysis excluded portfolio's loans, which we assumed to be closed, based on collections already received (EUR 26.4m) and cash-in-court to be received (EUR 13.3m). Collateral related to these positions was also removed.

These adjustments reduced the portfolio's gross book value from EUR 857m to EUR 785m. Collections received since the cut-off date will be available at closing, while we assumed cash-in-court would be received within two years after the closing date.

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

Figure 2 shows the main characteristics of the securitised portfolio, with details of the secured and unsecured portions.

Figure 2: Key portfolio stratifications (31 March 2019 cut-off date)

	All	Secured	Junior liens	Unsecured
Number of loans	8,373	6,081	257	2,035
Number of borrowers	6,401			
Gross book value (EUR m)	857,576,786	790,394,664	28,673,143	38,508,968
Percentage of gross book value		92.2%	3.34%	4.49%
Weighted average seasoning (years)	3.48	3.39	3.35	5.47
Sum of collateral values (EUR m)		785,369,691	88,099,903	
Borrower type				
Corporate	0.0%	0.0%	0.0%	0.0%
Individual	100.0%	100.0%	100.0%	100.0%
Primary procedure[3]				
Bankrupt borrower	0.9%	0.8%	1.0%	0.4%
Non-bankrupt borrower	99.1%	99.2%	99.0%	99.6%
Stage of procedure				
Initial	64.4%			
Court-appointed valuation (CTU)	9.6%			
Auction	19.9%			
Distribution	6.1%			
Geography (% of collateral value)				
North	50.7%			
Centre	21.1%			
South and islands	28.3%			
Borrower concentration				
Top 10	1.7%			
Top 100	7.4%			
Property type (% of collateral value)				
Residential		95.5%	88.4%	
Non-residential		4.5%	11.6%	

2. Macroeconomic environment

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

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

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

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

Italy's 2020 budget targets a deficit of 2.2% of GDP, roughly unchanged from the estimated 2019 deficit. This is to be followed by deficits of 1.8% of GDP in 2021 and 1.4%

[3] Some loans have more than one type of ongoing procedure. This distribution partly reflects **our** assumptions regarding the primary type of procedure. This distribution also reflects our classification of the not initiated legal procedures with reference to the borrowers.

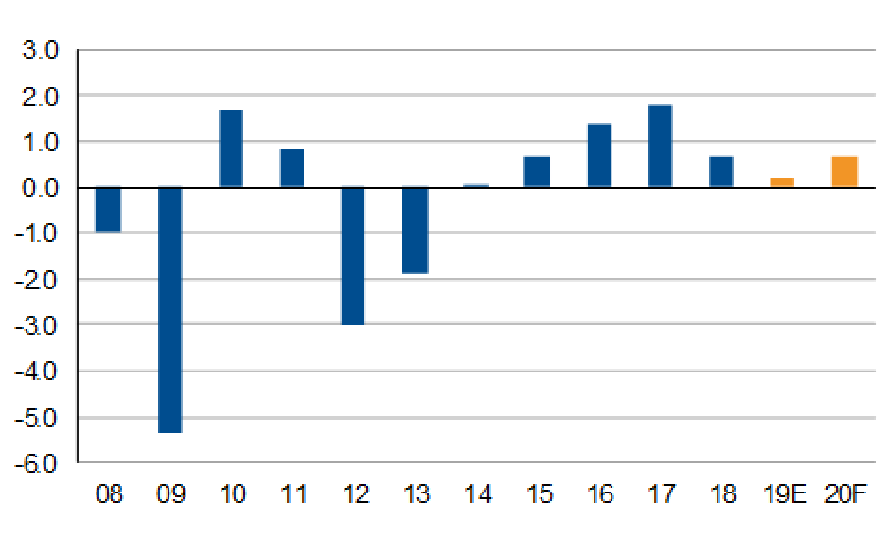
of GDP in 2022, according to government estimates. While we similarly forecast a deficit of around 2.2% of GDP next year, the government's 2021-22 budget expectations appear overly optimistic. In addition, the deficit is set to deteriorate by 0.3 pp in structural terms, compared to the European Commission's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

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

Risks associated with weak economy

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

Figure 3: Annual real GDP growth, Italy



Sources: ISTAT; calculations by Scope Ratings

Tepid long-term growth outlook

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

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

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

3. Portfolio characteristics

3.1. Eligible loans

Customary eligibility criteria

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

- All loans are denominated in euros and governed by Italian law;
- All loans are enforceable to the extent of their GBV;
- Loans secured by voluntary or judicial mortgages have the ranking specified in the data tape;
- All receivables are valid for transfer without any limitations and free encumbrances;
- 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;
- Borrowers are not employees, managers or directors of the originators;
- All real estate assets secured by a voluntary mortgage exist and are located in Italy.

The originator has also represented that, as of the cut-off date, the original version of the contractual documentation is missing for a portion of the portfolio (around 6.1% of the total GBV). This could cause a delay in the recovery process, as the court would require a validated notice of loss before activating any judicial procedures. We have considered this feature in its analysis by applying a further stress on the recovery timing.

3.2. Detailed stratifications

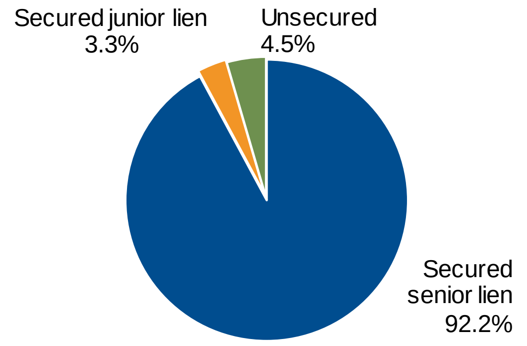
3.2.1. Borrower type

Borrowers are individuals. They present granular exposures, mostly collateralized by residential properties

All borrowers are individuals. This is credit positive as observed secured and unsecured recoveries are generally higher than for corporate debtors, due to the smaller average tickets and the fact that secured positions are generally backed by residential properties, which are relatively more liquid than other type of properties. In addition, we expect some partial recoveries from residual claims from individuals after security enforcement.

Relative to peer transactions, the portfolio has an above average share of first-lien secured loans (92.2%) and a moderate share of unsecured exposures (4.5%), whilst the share of junior liens secured loans is limited (3.3%). In absence of detailed information regarding the outstanding balance of loans backed by the external senior liens we assumed similar recovery proceeds for both junior secured loans and unsecured claims.

Figure 4: Distribution by loan type



Sources: Transaction data tape; calculations by Scope Ratings

3.2.2. Geographical distribution

Secured loans are backed by properties which are mostly located in the north of Italy

Secured loans are mostly located in the north of Italy (50.7%), followed by southern (28.3%) and central (21.1%) regions.

In general, court proceedings in northern locations skew towards more efficient court groups relative to Italian average, according to our court efficiency assumptions (see section 4.1.6. and Figure 17).

Figure 5: First-lien collateral location

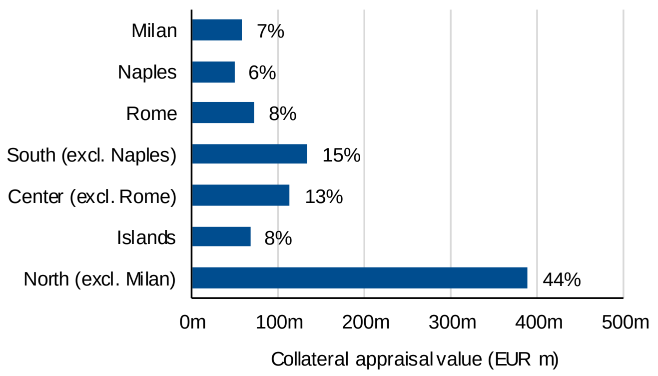
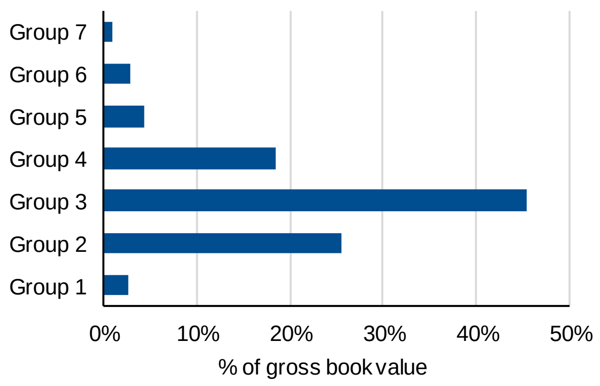


Figure 6: Court group distribution of secured loans



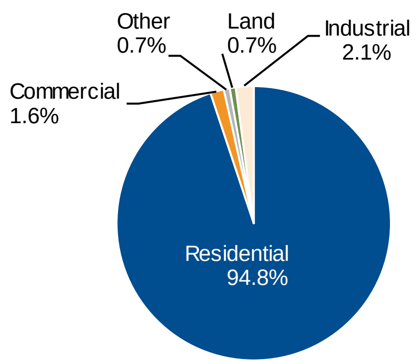
Sources: Transaction data tape; calculations by Scope Ratings

3.2.3. Collateral type

Lower liquidity stresses are applied to residential properties in comparison with the other type of assets

The portfolio's first-lien collateral is mostly composed of residential (94.8%) assets. The remainder properties are industrial (2.1%), commercial (1.6%), land (0.7%) and other (0.7%) assets.

Figure 7: Distribution by collateral type



Sources: Transaction data tape; calculations by Scope Ratings

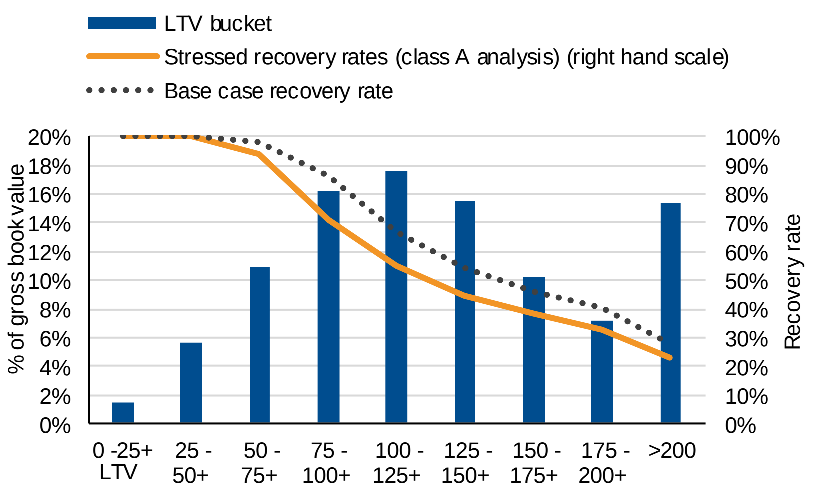
3.2.4. Collateral valuations and Scope's specific recovery rate assumptions

Recovery rate assumptions reflect portfolio's LTV distribution

Figure 8 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 class A and our base case recovery rate[4]).

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 from the sale of the asset are capped by the minimum of the loan's gross book value and mortgage value. Therefore, for low LTV buckets recovery rates expressed as a percentage of GBV flatten, as they cannot exceed 100%.

Figure 8: Secured loans' distribution by LTV[5] and Scope's transaction-specific secured recovery rate assumptions per the class A analysis



Sources: Transaction data tape; calculations by Scope Ratings

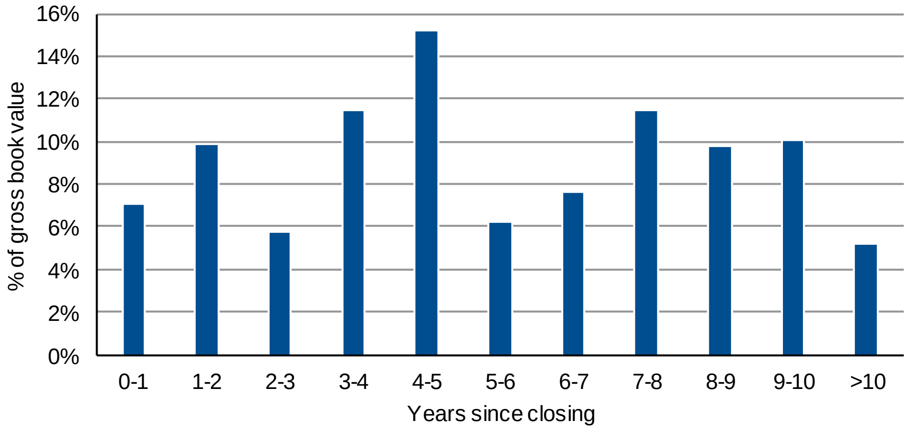
3.2.5. Loan seasoning

Ageing of unsecured portfolio reduces expected recoveries

The weighted average time between default and the closing date is around 5.5 years for unsecured exposures. The pool's ageing reduces the expected recoverable amount of unsecured loans.

[4] Scope's base case refers to a single B rating scenario.
[5] Loan To Value; it is calculated as the ratio between loans' gross book value and properties value (computed by Scope as indexed appraisal value).

Figure 9: Unsecured portfolio seasoning distribution as of closing date



Sources: Transaction data tape; calculations by Scope Ratings

3.2.6. Borrower status

High share of foreclosure procedures

Given the retail nature of the pool, most of the loans are under non-bankruptcy procedures (99.1%) whilst the remainder 0.9% are under bankruptcy procedures. The share of non-bankruptcies procedures is high, compared with the peer NPL transactions we have rated so far.

For the not yet initiated legal procedures, we assumed they will fall under a foreclosure process, given the fact that all the borrowers of the portfolio are individuals.

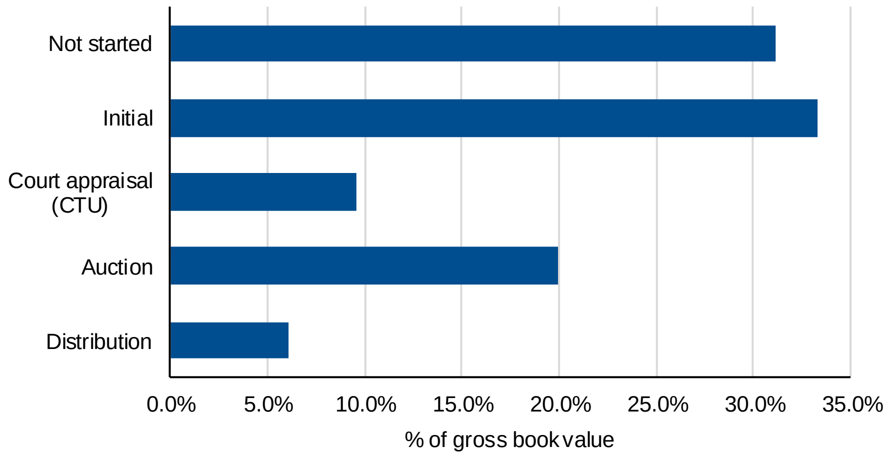
3.2.7. Recovery stage of secured exposures

Proceedings in initial stages drive relatively long recovery timing assumptions

Around 64.4% of the secured loans is in the initial stage of proceedings (including not initiated legal procedures). The remainder is either at a CTU or auction phase, respectively 9.6% and 19.9%, whilst only 6.1% is reported to be in a distribution phase.

Figure 10 below shows the stage of legal proceedings in relation to secured loans.

Figure 10: Secured recovery stage by borrower status[6]



Sources: Transaction data tape; calculations by Scope Ratings

[6] Scope considered the most updated legal stage, resulting from legal procedures information (available at borrower level) and information on auctions and sale processes, derived from the collateral details (i.e., presence of auctions reserve prices and properties' sale prices).

4. Portfolio analysis

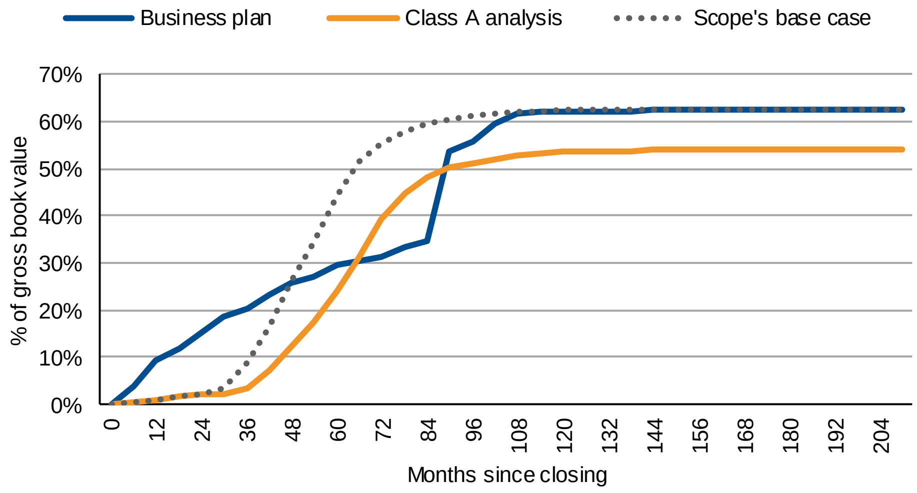
Rating-conditional recovery assumptions

Figure 11 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with the servicer business plan. We applied rating-conditional recovery rates by blending secured and unsecured recovery expectations. We applied different analytical frameworks to the secured and unsecured segments.

Our assumptions reflect significant recovery timing stresses

For the class A notes analysis, we assumed a gross recovery rate[7] of 52.4% over a weighted average life of 5.4 years. By segment, we assumed a gross recovery rate of 54.7% for the secured portfolio and 16.5% for the unsecured portfolio (where the unsecured portfolio component includes exposures guaranteed by junior liens).

Figure 11: Business plan's gross cumulative recoveries vs Scope's assumptions[8]



Sources: Servicer business plan and Scope Ratings

4.1. Analysis of secured portfolio segment

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

Figure 12 shows our lifetime gross collections vectors for the secured[9] segment compared to those from the 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 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. Our analysis also considers concentration risk, the servicer's business plan and the available workout options.

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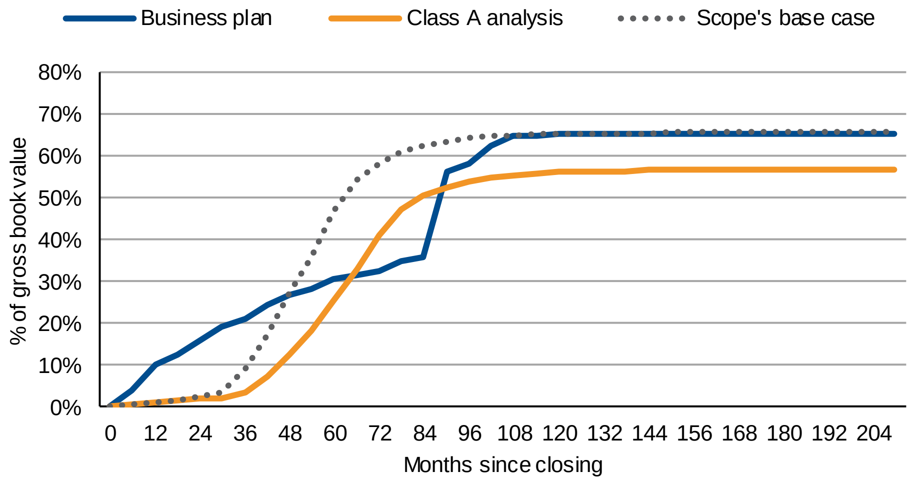
[7] The reported recovery rate includes the cash-in-court amounts.
[8] Scope's base case refers to a single B rating scenario.
[9] We define secured loans as those guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis.

Figure 12: Business plan's gross cumulative recoveries for secured loans vs Scope's assumptions[10]



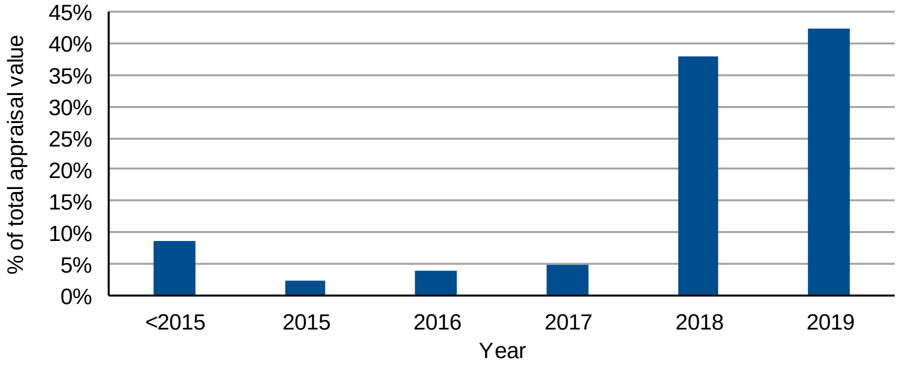
Sources: Servicer business plan and Scope Ratings

4.1.1. Appraisal analysis

Positive credit given to the presence of recent properties appraisals

We relied on line-by-line property market value appraisals. Most of the valuations are recent, i.e., conducted between 2018 and 2019 (around 80% of properties' total appraisal value). We indexed seasoned valuations using a variety of regional price indices. Indexation has a marginal impact on the portfolio because property prices have remained fairly flat since 2015.

Figure 13: Distribution by valuation's date



Source: Transaction data tape

71.1% of the appraisals are desktop valuations, whilst 28.2% are CTU valuations. No drive-by valuations have been performed on any of the assets, which are generally more accurate than desktop or statistical valuations.

[10] Recovery rate includes cash-in-court amount. Scope's base case refers to a single B rating scenario.

Figure 14: Valuation type and Scope's transaction-specific valuation haircuts

Valuation type	% of collateral value	Class A analysis haircut	Scope's base case[11]
Drive-by	-	-	-
Desktop	71.1%	5%	4%
CTU	28.2%	10%	8%
Other/Statistical[12]	0.7%	15%	12%

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

4.1.2. Property market value assumptions

Moderate market downturn risk

Figure 15 details our assumptions about property price changes over the transaction's life commensurate with class A 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 15: Collateral location and 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
Base case	-													
Class A analysis	-8.6	-8.6	-9.4	-8.6	-12.0	-10.7	-12.9	-10.7	-10.7	-12.9	-11.6	-15.0	-13.7	-13.7
Portfolio distribution (%)	6.6	1.5	0.9	0.3	0.5	40.9	8.2	0.1	12.8	5.5	1.0	14.2	5.1	2.5

4.1.3. Collateral liquidity risk

Asset liquidity risk is captured through additional fire-sale haircuts applied to collateral valuations. Figure 16 shows the rating-conditional haircuts applied for the class A 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 16: Scope's transaction-specific fire-sale discount assumptions

Collateral type	% of collateral value	Class A analysis haircut	Scope's base case
Residential	94.8%	25%	20%
Non-residential	5.2%	30%	24%

4.1.4. Concentration risk

Low borrower concentration risk

We addressed borrower concentration risk by applying a 10.0% rating-conditional recovery haircut to the 10 largest borrowers for the class A notes analysis. The largest 10 and 100 borrowers account for 1.7% and 7.4% of the portfolio's gross book value, respectively. The pool is highly granular compared to peer transactions we have rated.

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

4.1.5. 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 termination 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.

Partial credit to residual claims from individuals

Based on servicers' historical data, we gave credit to residual claims on 10% of the loans to individuals. If 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. Also, when is cost-efficient, servicer's interest is to maximise the amount of recoveries, even after the security has been enforced.

4.1.6. 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.

Northern Italian regions tend to have more efficient tribunals

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 2014 and 2016, as shown in Figure 17 below. Most courts are concentrated within groups 2 to 3, which are reasonably distributed across all Italian regions. The highest concentration is in court group 3 (see Figures 5 and 6 for more details regarding the top courts and the concentration in court groups).

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

Figure 17: Total length of the recovery process by court group in years (Scope's assumptions)

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	Percentage of courts*
1	4	2	2.5%
2	6	3	25.6%
3	8	4	45.4%
4	10	5	18.4%
5	12	6	4.2%
6	14	7	2.8%
7	18	9	0.9%

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

4.2. Analysis of unsecured portfolio segment

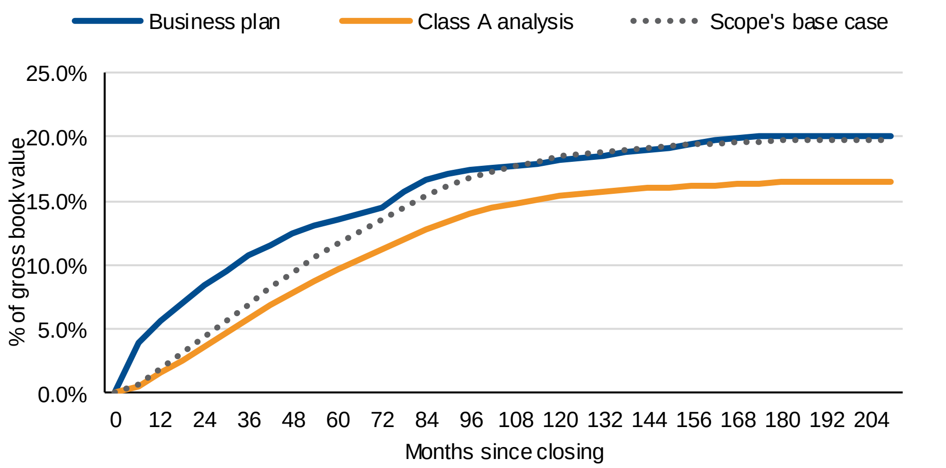
Unsecured portfolio analysis is based on statistical data

Figure 18 shows our gross collections vectors for the unsecured[13] portfolio segment compared to those from the servicer's business plan. Our base case[14] recovery amount and timing assumptions were based on loan-by-loan data with recoveries for different types of unsecured loans. For the class A notes analysis, we applied a stressed recovery rate of 16.5%. Our assumptions for unsecured exposures consider the nature of the

[13] We define unsecured loans as those not guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis and as outlined in the 'transaction summary' section.
[14] Scope's base case refers to a single B rating scenario.

recovery procedure, mostly represented by non-bankruptcy proceedings. The assumptions are calibrated to reflect the nature of the loans and that unsecured borrowers (including junior secured borrowers) in the portfolio are classified as defaulted for a weighted average of 4.6 years as of closing.

Figure 18: Servicer's unsecured[15] recoveries vs Scope's assumptions[16]



Sources: Servicer's business plan and 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, and payments received under the interest rate cap agreement) 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. Interest on class B notes, provided that no interest subordination event has occurred
10. Principal on class A notes
11. Class B interest upon occurrence of the interest subordination event
12. Principal on class B notes and, upon occurrence of a servicer underperformance subordination event, the servicer mezzanine fees
13. Principal on class J notes and, upon the occurrence of a servicer underperformance subordination event, the servicer junior fees
14. Any residual amount as class J variable return

[15] The comparison considers unsecured and junior secured loans as per servicer's business plan.
[16] Recovery rate includes cash in court amount. Scope's base case refers to a single B rating scenario.

Interest subordination event for class B is aligned with the updated requirements of the 2019 GACS Scheme

An interest subordination event occurs if i) the cumulative net collection ratio[17] falls below 90% of the servicer's business plan targets; or if ii) the NPV cumulative profitability ratio[18] falls below 90%; or if iii) the interest amount which will be actually paid on the class A notes on the following interest payment date is lower than the interest amount due and payable on such interest payment date.

Once the interest subordination event is triggered, class B interest payments are fully deferred and not paid until class A is fully repaid or until the interest subordination event is cured (i.e., when the cumulative net collection ratio is higher than 100%). Once the interest subordination event is cured, due and unpaid class B interests are paid senior to class A principal. In particular, once the interest subordination event is triggered, if on a subsequent payment date, the cumulative net collection ratio returns between 90% and 100%, class B interests accruing on that payment date will be payable senior to class A principal repayment. These mechanisms are aligned with the requirements of the 2019 updated GACS Scheme[19].

A servicer underperformance subordination occurs if i) the cumulative net collection ratio falls below 95% of the servicer's business plan targets; or if ii) the NPV cumulative profitability ratio falls below 95%. Upon the occurrence of a servicer underperformance subordination, a portion of the servicing fees will be paid pari-passu with the class B principal (the mezzanine servicer fees) and the class J principal (the junior servicer fees).

The rating of the notes supports scenarios of no class B interest subordination

We tested different recovery timing assumptions as well as different level of lifetime recoveries and the impact of the class B interest subordination mechanism. Particularly, we tested both scenarios where the class B interests are always deferred or always paid in full. The rating of class A notes supports the scenario where an interest subordination event never occurs (i.e., under which the servicer always performs above 90% of its business plan and class B interests are always paid in full).

Scope's ratings do not address the GACS guarantee

The GACS guarantee ensures timely payment of interest and the ultimate payment of principal by the final maturity of the class A notes. Our rating on the class A notes does not give credit to the GACS guarantee but considers the potential cost (i.e. the GACS premium) if the guarantee is added to the structure.

Non-timely class A interest payment would trigger accelerated waterfall

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

5.2. Servicing fee structure and alignment of interests

5.2.1. Servicing fees

Alignment of servicer and noteholder interests

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

The annual base fee, decreasing from 0.05% in 2020 to 0.02% in 2026, is calculated as a percentage of the GBV. The performance fee varies from 4.4% to 6.7% on secured exposures, and from 5.5% to 10.0% on the unsecured exposures.

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

[18] '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 servicers' initial business plan) of all receivables relating to exhausted debt relationships.

[19] 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.

The precise level of fees is subject to the exposure type (presence of first-lien mortgages) and to the share of guaranteed loans with respect to the total borrower's position. Our analysis assumed an average performance fee of 5.6%, considering the portfolio distribution by gross book value buckets.

5.2.2. Servicer monitoring

Monitoring function protects noteholders' interests

An overview of the servicer's activities and calculations, prepared by the monitoring agent (Securitisation Services S.p.A.), mitigates operational risks and moral hazard that could negatively impact noteholder interests.

The servicer is responsible for the servicing, administration, and collection of receivables as well as the management of legal proceedings. The monitoring agent will verify the calculations of key performance ratios and amounts payable by the issuer, 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. The committee and the noteholders' representative can request to the issuer the replacement of the master servicer or any special servicer upon a servicer termination event.

5.2.3. Servicer termination events

A back-up servicer appointed at closing mitigates servicing disruption risk.

In the event of a master servicer termination event, Securitisation Services S.p.A. would step in as back-up servicer.

A servicer termination event includes insolvency, an unremedied breach of obligations, an unremedied breach of representation and warranties, loss of legally eligibility to perform obligations under the servicing agreement, the consistent underperformance (only for the special servicer) for a period of three years (i.e., if the cumulative net collection ratio is lower than 80% for six collection dates) or, following the enforcement of the GACS guarantee, in case the cumulative net collection ratio has been lower than 100% for two consecutive collection dates.

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 UBI Banca. The cash reserve target amount at each payment date will be equal to 4.0% 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 be covered primarily by the guarantor, with the cash reserve mainly covering for the time between the draw on the guarantee and the actual payment.

5.4. 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 0.5% fixed margin on the class A and a margin of 6% regarding class B.

Interest rate risk is partially mitigated by an interest cap agreement on the base rate of class A notes

An interest rate cap agreement (with Banco Santander SA as the interest cap provider) partially mitigates the risk of increased liabilities on the class A notes due to a rise in Euribor (see Figure 19). The base rate is partially hedged through an interest rate cap agreement with an increasing strike level of 0.30% from the issue date, 0.35% from Jan 2021, 0.40% from Jul 2021, 0.50% from Jan 2023, 0.6% from Jan 2024, 0.7% from Jul 2024, 0.8% from Jul 2027,0.9% from Jan 2029, 1.0% from Jul 2030, 1.25% from Jul 2031 until Jan 2032. Under the agreement the Issuer receives the difference between six-month Euribor and the cap strike, following a predefined notional schedule.

The interest rate cap notional schedule is not fully aligned with our expected class A amortisation profile (see Figure 20). A delay in recoveries beyond our stressed recovery timing vector would increase interest rate risk exposure, as it would widen the gap between the transaction's interest rate cap notional amount and the class A notes' outstanding principal. For the class A analysis, we stressed the Euribor forward curve, as shown in Figure 19.

Figure 19: Interest rate cap for class A and B notes

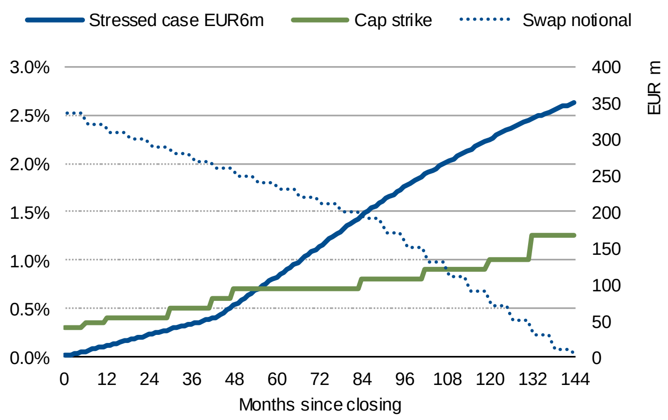
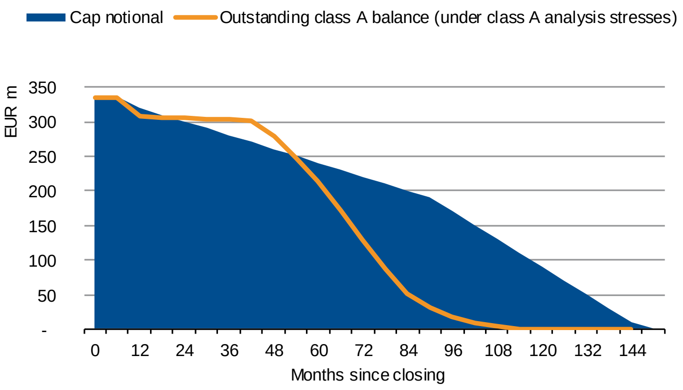


Figure 20: Cap notional vs outstanding class A notes



Sources: Transaction documents, Bloomberg and Scope Ratings

6. Cash flow analysis and rating stability

The 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 considers the capital structure, an estimate of legal costs equivalent to 9% of gross collections, servicing fees as described in section 5.2, and transaction senior fees. We took into account the reference rate payable on the notes, considering the hedging agreement 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 the expected losses over the instruments' weighted average life commensurate with the idealised expected loss table in our General Structured Finance Ratings Methodology.

We tested the resilience of the rating against deviations from expected recovery rates and recovery timing. This analysis has the sole purpose of illustrating the sensitivity of the ratings to input assumptions and is not indicative of expected or likely scenarios. We tested the sensitivity of the analysis to deviations from the main input assumptions: i) recovery rate level; and ii) recovery timing.

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

- a decrease of the portfolio's recovery rate by 10%, minus two notches.

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

7. Sovereign risk

No mechanistic cap

Sovereign risk does not limit any of the ratings. The risks of an institutional framework meltdown, legal insecurity or currency convertibility problems due to an Italian exit from the euro area, a scenario, which Scope has consistently viewed as highly unlikely, are not material for the notes' ratings.

For more insight into our fundamental analysis of the Italian economy, refer to our press release on the Republic of Italy, dated 26 November 2019.

8. Counterparty risk

Counterparty risk does not limit the transaction's ratings

In our view, none of the counterparty exposures constrain the ratings achievable by this transaction. We considered counterparty replacement triggers implemented in the transaction and relied on publicly available ratings and our ratings, when available, of the involved 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) UBI Banca S.p.A. as originator, issuer's account bank and provider of the limited-recourse loan; iii) Italfondiario S.p.A. and doValue S.p.A. as master servicer and special servicer, respectively; iv) Bank of New York Mellon SA/NV, Milan Branch as the issuer's agent bank and principal paying agent; v) Securitisation Services S.p.A. as the back-up servicer, corporate services provider, calculation agent, noteholders' representative, and monitoring agent; and vi) Banca Santander S.A. as the interest-rate cap counterparty.

The issuer will hold all its accounts with UBI Banca. The transaction features a rating trigger for the replacement of the account bank.

8.1. Servicer disruption risk

A servicer disruption event may have a negative impact on the transaction's performance. The transaction features a back-up servicer appointed at closing 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 from the payment reconciliation.

8.3. Claw-back risk

Limited claw-back risk

The seller has provided on the issue date: i) a solvency certificate signed by a representative duly authorised and ii) a certificate from the bankruptcy court (tribunale civile – sezione fallimentare) 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.

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 originator in the transfer agreement. If a breach of a representation and warranty materially and adversely affects a loan's value, the originator may be obliged to indemnify the issuer for damages within 10 business days following the expiry of the period of opposition or within 10 business days following the reach of an agreement after the arise of a challenge or within 10 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 18 months from the issue date. The total indemnity amount will be capped to a maximum of 25% of the portfolio purchase price. Furthermore, the indemnity amounts will be payable only above a minimum amount threshold of EUR 2,000,000 on an aggregate basis, and EUR 12,500 on a single-loss basis, once the minimum amount threshold is reached.

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 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.

9.2. Use of legal opinions

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

10. Monitoring

Ongoing rating monitoring

Scope will monitor this transaction on the basis of the performance reports, updated loan by loan 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

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

11. Applied methodology

For the analysis of the transaction 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. Summary appendix – deal comparison

Transaction	Iseo SPV	Prisma	Juno 2	Leviticus SPV	Belvedere SPV	Riviera NPL	POP NPLS 18	Aqui	IBLA (Ragusa)	Maior SPV	Maggese	Juno 1	BCC NPLS 2018
Closing	Dec-19	Oct-19	Feb-19	Feb-19	Dec-18	Dec-18	Nov-18	Nov-18	Sep-18	Aug-18	Jul-18	Jul-18	Jul-18
Originators	UBI Banca	Unicredit	BNL	BPM	multiple	Lucca	17 Banks	BPER	Ragusa	UBI Banca	C.R. Asti, Biver	BNL	ICCREA
Master servicer	Italfondiario	Italfondiario	Prelios	Prelios	Prelios	Credito Fondiario	Cerved	Prelios	Italfondiario	Prelios	Prelios	Prelios	Prelios
Special servicer	doValue	doValue	Prelios	Prelios	Prelios, BVI	Credito Fondiario, Italfondiario	Cerved	Prelios	Italfondiario	Prelios	Prelios	Prelios	Prelios
General portfolio attributes													
Gross book value (EUR m)	857	6,057	968	7,385	2,541	964	1,510	2,082	330	2,496	697	880	1,009
Number of borrowers	6,401	52,419	1,120	19,747	13,678	3,606	6,578	6,255	1,598	11,061	1,313	731	2,518
Number of loans	8,373	137,813	3,609	49,404	31,266	9,776	17,093	21,279	4,805	22,580	5,313	2,787	5,359
WA seasoning (years)	3.5	5.3*	3.5*	3.8*	6.7*	2.0*	2.9*	3.9	2.2*	4.2*	3.1*	3.0*	2.6*
WA seasoning (years) - unsecured	4.6	6.8*	3.9*	4.4*	6.7*	2.5*	3.5*	4.5	2.7*	4.6*	3.9*	3.1*	2.9*
WA LTV buckets (% or secured													
bucket [0-25]	1.4	3	1.8	3.5	2	3.8	5.5	3	2.8	10.3	2.1	3.5	4.3
bucket [25-50]	5.4	8	8	9.2	4.9	11.7	11.4	11.4	7.4	19.2	6.3	7.6	6.8
bucket [50-75]	10.4	13.2	15.4	12.6	5.4	12.9	17.5	17.8	12.5	21.2	11.6	14.3	12.5
bucket [75-100]	15.8	15	15.6	14.8	8.5	10.7	14.9	17.9	16.3	14.9	13.9	16	15.1
bucket [100-125]	17.7	12.7	11.2	9.5	6.8	12	13.8	12.2	15.9	10	20.8	14.7	11.8
bucket [125-150]	15.7	10.6	10.9	6.9	8.6	8	10.1	8.5	12.1	5	8.4	6.3	7.7
bucket [150-175]	10.3	8.5	3.7	6.9	4.8	8.3	5.6	4.8	7.3	4.4	7.7	5.3	6.4
bucket [175-200]	7.2	6.3	7.8	4.7	5.2	3.3	7.4	4.1	6.6	2	6.8	5	6.1
bucket > 200	16.1	22.8	25.5	31.9	53.9	29.5	13.8	20.4	19.2	12.9	22.2	27.3	29.3
Cash in court (% of total GBV)	1.6	1.8	5.9	2.0	2.7	1.2	1.3	3.1	2.2	4	2.7	7.2	24
Loan types (% of total GBV)													
Secured first-lien	92.2	64	57.7	50.5	41.0	39.4	53.9	57	67.2	39.9	43.1	30.4	70
Secured junior-lien	3.3	0.4	3	5.6	8.2	9.0	8.8	2.5	2.1	6.7	9.6	2.4	0.9
Unsecured	4.5	35.7	39.3	43.9	50.8	51.6	37.3	40.5	30.8	53.4	47.3	67.2	29.1
Syndicated loans	0	0	7.5		0	0	3	2.2	0.5	1.1	1		6.1
Debtors (% of total GBV)													
Individuals	100	100	7.7	14.7	12.0	13.2	22.9	16.4	25.6	17	18.9	3.4	14.3
Corporates or SMEs	0	0	92.3	85.3	88.0	86.8	77.1	83.6	74.4	83	81.1	96.6	85.7
Procedure type (% of total GBV)													
Bankrupt	0.9	0.7	69.9	71.7	82.2	72.7	56.6	44	13.2	49.5**	53.4	71.5	62.7**
Non-bankrupt	99.1	99.3	30.1	28.3	17.8	27.3	43.4	56	86.8	50.5	46.6	28.5	37.3
Borrower concentration (% of GBV)													
Top 10	1.7	0.4	19	5.4	9.1	22.6	7.3	8	6.5	1.9	8.6	8.6	6.7
Top 100	7.4	1.7	56.2	20.3	24.2	45.5	26.4	26.5	26.9	10.4	31	34.4	29
Collateral distr. (% of appraisal val.)													
North	50.7	37.1	32.8	71.1	48.8	79.3	20.9	48.5	0.3	57.9	98	43.9	72.4
Centre	21.1	24.2	38.9	17.4	23.6	12.3	36.3	8.1	0	19.2	0.4	34.8	19.5
South	28.2	38.6	28.3	11.4	27.6	8.3	42.9	43.4	99.8	22.9	1.6	21.3	8.1
Collateral type (% of appraisal val.)													
Residential	94.8	90.1	34.8	41.6	41.9	40.6	41.7	33.9	57.8	57.3	46.7	29.2	39.3
Commercial	1.6	4.5	21.1	9.5	9.6	7.2	27.4	19.5	18.4	16.2	15.4	19.5	29.5
Industrial	2.1	0	16	5.3	7.2	17.3	16.2	15	9.6	14.8	21.8	32.4	11.2
Land	0.7	1	9	16.2	8.8	14.7	8.6	10.6	9.3	7.9	10.1	4.8	13.7
Other or unknown	0.7	4.4	19.1	27.5	32.5	20.2	6.1	21	4.9	3.9	6	14.1	6.3
Valuation type (% of appraisal val.)													
Full or drive-by	0	0	56.8	32.3	31.4	21.4	45.5	48.3	60.5	16.9	58.3	10.2	68.4
Desktop	71.1	0	24.8	31.7	36.1	35.7	13.8	34	33.3	69.2	18.5	3.6	5.4
CTU	28.2	29.7	10.4	5.5	0.0	7.7	26	11	3.1	10.4	0	13.4	12.1
Other	0.7	70.3	8	30.5	32.5	35.2	14.7	6.7	3.1	3.5	23.2	72.8	14.1
Secured ptf proc. stage (% of GBV)													
Initial	64.4	50.9	29.5	65.5	52.4	68.5	44.6	52.5	49.7	65	60.9	54.9	73.6
CTU	9.6	22.8	17	10.0	0.0	5.7	31.7	13.7	28.8	12.2	10.3	11.8	11
Auction	19.9	22.1	35.4	16.6	38.3	22.9	20.7	28.5	10.9	22.5	27.5	30.8	11.5
Distribution	6.1	4.3	18.1	8.0	9.3	2.4	3	5.4	10.7	0.3	1.3	2.5	3.8
Summary of assumptions (BBB rating conditional stress)													
Remaining lifetime recovery rate (%)													
Secured (=net LTV after all stresses)	54.7	46.2	61.2	51.8	36.7	52	61.8	58.8	55.3	63	54.9	52.1	50.3
Unsecured	16.5	1.4	8.6	10.2	7.3	13.2	10.9	12.8	12.4	11.5	10.1	10.4	13.5
Total	**52.4**	**31.8**	**38.8**	**31.2**	**19.4**	**28.3**	**38.6**	**39.1**		**35.5**	**33.7**	**24.1**	**39.6**
Weighted average life of collections													
Secured	5.4	5.6	5.7	8	8.2	7.1	7.2	6.5	7	6.7	6.4	5.4	8.2
Unsecured	4.8	3.2	3.6	4.5	5.2	4.6	4.7	4	4.8	4.1	4.6	4.2	4.5
Total	**5.4**	**5.4**	**5.5**	**7.5**	**6.4**	**6.4**	**6.9**	**6.1**	**6.8**	**6.3**	**6.1**	**5.1**	**7.8**
Structural features													
Liquidity reserve (% of class A notes)	4	4	4	4	4	4	4	5	7.5	4	4	4	5
Class A Euribor cap strike	0.3%-1.25%	0.2%-1.25%	0.4% - 2.5%	0.25% -1.5%	0.5%	0.3%	0.5%-2.5%	0.3	0.1%-2.0%	0.5%-2.5%	0.5%-3.0%	0.8%-2.5%	0.5%-2.5%
Class A													
% of GBV	39.1	20	21.1	19.5	12.4	18.2	27.0	26.16	24.4	22.9	24.5	14.2	27
Credit enhancement	60.9	80	78.9	80.5	87.6	81.8	73.0	73.84	75.6	77.1	75.5	85.8	73
Class B													
% of GBV	2.9	1.3	4.9	3	3	3.1	3.2	3.02	2.6	2.2	3.5	2.9	3
Credit enhancement	58	78.7	74	77.5	84.6	78.7	69.8	70.82	73	75	72	82.9	70
Final rating													
Class A	BBB	BBB+	BBB+	BBB	BBB	BBB-	BBB	BBB-	BBB	BBB	BBB	BBB+	BBB-
Class B	NR	B-	NR	NR	NR	B+	B	NR	B	NR	NR	NR	B+

* The weighted average seasoning includes Scope's qualitative adjustment driven by the special servicer's superior capacity to treat unsecured loans compared to an originator.
**This includes loans with no ongoing legal proceeding or loans where the nature of the proceeding is unknown.

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