

BCC NPLs 2020 S.r.l.

Italian Non-Performing Loan ABS



Scope
Ratings

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV	Coupon	Final maturity
Class A	BBB _{SF}	520.0	88.9%	22.2%	6m Euribor + 0.25%	Jan 2045
Class B	CC _{SF}	41.0	7.0%	1.7%	6m Euribor + 8.0%	Jan 2045
Class J	NR	24.0	4.1%	1.0%	10% + Variable return	Jan 2045
Total		585.0				

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

Transaction details

Transaction type	Static cash securitisation
Asset class	Non-performing loans ('NPLs')
Issue date	30 November 2020
Issuer	BCC NPLs 2020 S.r.l.
Originators and sellers	90 Italian banks ¹
Master servicer	Italfondiaro S.p.A. ('Italfondiaro')
Special servicer	doValue S.p.A. ('doValue')
Gross-book value ('GBV')	EUR 2,347m
Portfolio cut-off dates	31 December 2019 (for 52% of total GBV) 31 March 2020 (for 12% of total GBV) 30 June 2020 (for 16% of total GBV) 31 August 2020 (for 20% of total GBV)
Key portfolio characteristics	The securitised pool is composed of senior secured (59.8%), unsecured (32.7%) and junior secured loans (7.5%). Borrowers are mainly corporates (83.4%). Secured loans are backed by residential and non-residential properties (31.6% and 68.4% of the total first-lien property value, respectively) that are concentrated in the north (42.8%) and the centre of Italy (40.6%). The issuer is entitled to all portfolio collections received since the portfolio cut-off dates.
Payment frequency	Semi-annual (January and July)
Key structural features	The notes have been structured in accordance with requirements of the GACS scheme, updated in 2019. The transaction structure comprises three tranches of sequential, principal-amortising notes, an amortising liquidity reserve equal to 3.0% of the class A outstanding balance, and an interest rate cap spread agreement on the class A notes and an interest rate cap on class B notes to hedge interest rate risk.
Hedging providers	Banco Santander S.A. and JP Morgan AG
Other key counterparties	BNP Paribas Securities Services, Milan Branch (agent bank, account bank, cash manager and principal paying agent) Banca Finanziaria Internazionale S.p.A. (back-up master servicer, corporate servicer calculation agent, noteholders' representative) Zenith Service S.p.A (monitoring agent)

¹ Refer to 'Appendix I' for the full list of originators

Analytical Team

Leonardo Scavo
+39 02 9475 9859
l.scavo@scoperatings.com

Martin Hartmann
+49 30 27891 304
m.hartmann@scoperatings.com

Team Leader

David Bergman
+39 02 9475 8940
d.bergman@scoperatings.com

Related Research

[Italian NPL ABS: October collections show weaker than expected recovery \(December 2020\)](#)

[68% of Italian NPL securitisations set to underperform by Q1 2021 \(December 2020\)](#)

[New lockdown will trigger a plunge in Italian NPL ABS collections \(November 2020\)](#)

[Italian NPL ABS collections monthly: seasonality effect causes plunge in volumes \(October 2020\)](#)

Scope Ratings GmbH

Lennéstraße 5
10785 Berlin
Tel. +49 30 27891 0
Fax +49 30 27891 100
info@scoperatings.com
www.scoperatings.com



Bloomberg: RESP SCOP

Rating rationale (summary)

The ratings are 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 Scope's economic outlook for Italy and its assessment of the special servicer's capabilities. The ratings are supported by the structural protection provided to the notes, the absence of equity leakage provisions, the liquidity protection, and the interest rate hedging agreement. The ratings also address exposures to the key transaction counterparties.

We performed a specific analysis for recoveries, using different approaches for secured and unsecured exposures. For senior secured exposures, collections were mainly based on the most recent property appraisal values, which were stressed to account for, appraisal type, 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 and junior secured exposures, we used historical line-by-line market-wide recovery data on defaulted loans between 2000 and 2019 and considered the special servicer's capabilities when calibrating lifetime recoveries. We also analysed historical data provided by the servicer. We accounted for the current macro-economic scenario, taking a forward-looking view on the macro-economic developments.

Rating drivers and mitigants

Positive rating drivers

Borrowers' granularity. The borrower concentration in the portfolio is below market average considering peer transactions rated by Scope. The 10 largest borrower exposures account for 6.1% of portfolio GBV.

Diversified geographical distribution of the collateral and multi-originator nature of the transaction. The portfolio collateral is relatively highly diversified by geography. 83.4% of the first-lien portfolio is distributed among Italy's northern and central regions (42.8% and 40.6%, 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.

High share of drive-by valuations. Most of the portfolio's collateral appraisals are either full or drive-by valuations (57.4%), which are generally more accurate than desktop or CTU valuations.

Upside rating-change drivers

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

Servicer outperformance on recovery timing. The pandemic led to a slowdown of the courts' activity. An outperformance on recovery timing could occur if courts advance on legal proceedings backlogs faster than expected.

Negative rating drivers and mitigants

Property type. The residential component of the portfolio (31.6% of total properties' valuation) is relatively low compared to peer transactions rated by Scope. The share of land and properties classified as 'other' is high compared to peer transactions (14.2% and 12.2% of first-lien property valuations, respectively) which may have high price volatility upon liquidation.

Material portion of legal proceedings in initial stages. We expect a weighted average recovery timing of 7.7 years, which is long compared to peer transactions rated by Scope. Around 51.2% of the secured loans are in the initial legal phase or are yet to have proceedings initiated. This results in a longer expected time for collections than for loans in more advanced phases.

Seasoned unsecured and junior secured portfolio. The weighted average time since default is approximately 4.5 years for the unsecured and junior secured portfolio. Most unsecured recoveries are realised in the first years after a default according to historical data.

Downside rating-change drivers

Long lasting pandemic crisis. Recovery rates are generally highly dependent on the macroeconomic climate. Our baseline scenario foresees a 9.6% gross domestic product contraction in 2020 before rebounding with growth of 5.6% in 2021. If current crisis will last beyond our baseline scenario, liquidity conditions could deteriorate, reducing servicer performance on collection volumes. This could negatively impact the rating.

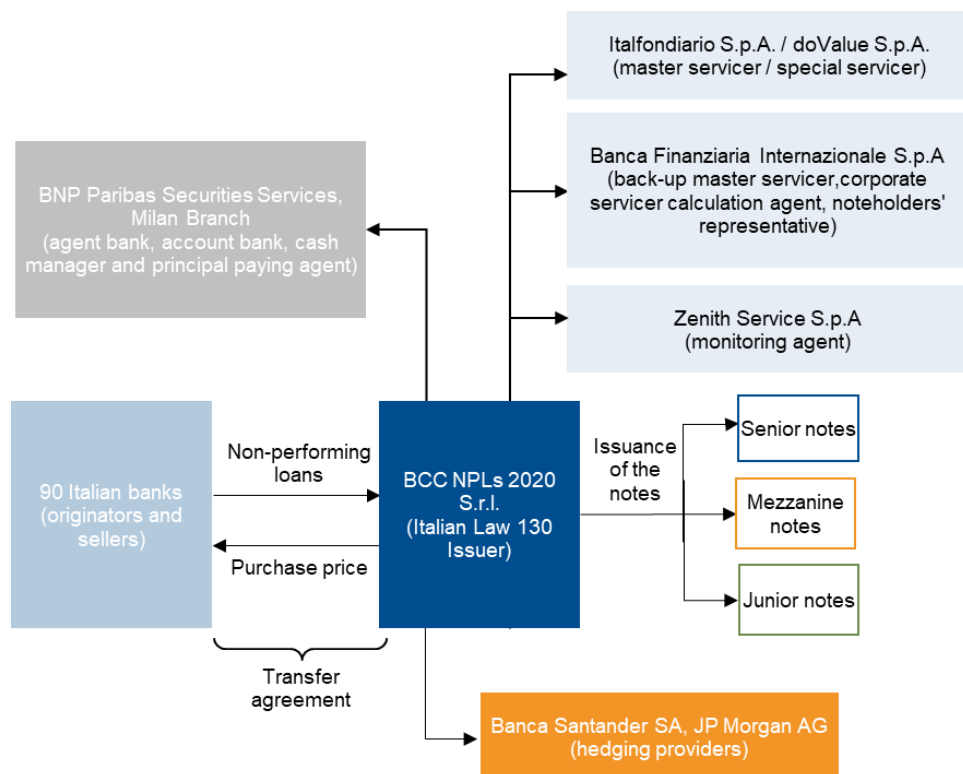
Servicer underperformance on recovery timing. Servicer performance below our base case collection timing assumptions could negatively impact the ratings.

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1. Transaction diagram

Figure 1: Transaction diagram



Sources: transaction documents, Scope Ratings.

2. Macroeconomic environment

Low economic growth poses significant challenges to NPL recovery expectations

The current significant cyclical downturn and low nominal growth expectations pose challenges for secured and unsecured NPL portfolio recoveries, as weak macroeconomic conditions may curtail demand for real estate assets as well as for workout options on unsecured business and personal loans.

Supported by growth-enhancing fiscal stimulus to address the economic and public-health consequences of this crisis, alongside accommodative borrowing and investment conditions anchored by the extraordinary interventions of the ECB, our estimate of the Italian economy's medium-run growth potential is a weak 0.7%, which compares with pre-crisis output growth that averaged 0.2% over 2010-19.

The ECB's monetary policy response and the EU Recovery Fund of EUR 750bn over 2021-26 have anchored Italy's access to capital markets at record-low rates and enabled a significant fiscal response by the Italian government to the current crisis. In 2020, Italian authorities executed meaningful budget stimulus of around 6% of GDP. The government's latest budgetary plans contained in the Documento di Economia e Finanza envisage discretionary measures in 2021 amounting to a fiscal expansion of 1.4% of GDP, including monies for southern Italian regions and support for businesses.

Under our baseline scenario, we foresee the Italian economy contracting by 9.6% in 2020 but rebounding with growth of 5.6% in 2021. This scenario assumes a firmer foothold for the recovery by the spring of 2021 after an easing of the anticipated double-dip contraction in Q4 amid a gradual re-opening of the economy. Even so, recovery in 2021 will remain uneven and subject to setbacks in the short term.

We expect GDP growth to rebound to 5.6% in 2021 after contracting by 9.6% in 2020

There are both upside and downside risks to these baseline projections for 2021. Under a stressed scenario of a full renewed lockdown by Q1 2021, we estimate a further contraction of GDP next year of 0.7%.

In addition, the prolonged crisis and loss of investment may have attenuated Italy's growth potential. Longer-term plans for reform face challenges, moreover, including from policy implementation and structural increases in public debt ratios – which restrict available fiscal space.

Italy's public debt ratio has steadily increased across multiple business cycles, from 104% of GDP at end-2001, to 135% by end-2019 and around 160% in 2020 under our baseline expectations. As we move ahead in this decade, additional shocks with potential adverse impacts on debt trajectory remain likely.

3. Special servicer review

3.1. Introduction

We conducted an operational review on the special servicer, doValue. In Scope's view the special servicer's capabilities and processes to manage the securitised portfolio are adequate.

Our assessment of the special servicer's capabilities addresses, among other aspects, its corporate structure, business processes, collateral appraisal procedures, servicing IT systems, business discontinuity risks and transaction-specific aspects such as portfolio onboarding, asset manager allocation and asset disposal strategies (i.e., business plan). This assessment was considered when deriving our recovery rate and recovery timing assumptions for both unsecured and secured positions.

In addition, we conducted a virtual property tour on a small sample of properties from the securitised portfolio. This is part of our assessment of portfolio collateral valuations and secured recovery expectations, captured through our haircuts based on property and appraisal types.

3.2. Corporate overview

doValue is a leading European player in the credit servicing sector, managing around EUR 159bn GBV of assets under management ('AUM'), as of September 2020. The company is the largest special servicer in Italy, with around EUR 76bn GBV of assets.

doValue has grown significantly in recent years through mergers and acquisitions: with Italfondario in 2016, with Altamira (Spanish servicer) in 2019 and with Eurobank FPS (Greek servicer) in June 2020. Listed in the Milan stock exchange, doValue is 27% controlled by funds managed by affiliates of Fortress/SoftBank, 10% by Bain Capital, and around 50% of free float.

The company is mostly focus on servicing NPLs and real estate assets (81% and 12% of total AUM, respectively) for banks and third-party investors. The managed book is mostly composed of secured assets (73% of total GBV). Additionally, doValue is servicing around EUR 23bn of NPLs securitised under the GACS scheme.

3.3. Servicing model

Servicing activities rely on a proprietary credit management system (IFAMS) that can interact with the main IT systems adopted by Italian banks for managing non-performing exposures, allowing for a smooth files on-boarding and data exchange. The servicer has also developed an internal reporting tool that allows the loan manager to regularly monitor collections performance, future projections, loans' legal status, details of real estate auctions.

Portfolio recovery assumptions factor in our assessment of the special servicer's capabilities

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

Loan managers are organised in teams, supervised by a team leader, and segmented primarily by ticket size (small, medium and large). Large tickets are managed with a tailor-made approach and are allocated to senior loan managers. Medium tickets are allocated to loan managers specialised by debtor type (corporate / retail), collateral type (secured / unsecured) and geography. Small tickets are managed by a dedicated unit with a standardised approach and with the support of external specialised operators. Servicing activities are also supported by an external network of lawyers.

After data acquisition and portfolio allocation, the loan manager defines the most suitable resolution strategy based on specific loan and borrower characteristics. First, the loan manager will attempt to reach an out-of-court solution with the borrower. The servicer will start a judicial procedure if an agreement with the borrower is not reached and if economically convenient. However, the loan manager will continue to pursue an out-of-court solution during the judicial process. Other recovery strategies adopted by the loan managers comprise credit sales, repayment plans and discounted pay-offs.

4. Portfolio characteristics

4.1. Representations and warranties

The securitised pool comprised Italian secured and unsecured NPLs originated by 90 Italian banks (see 'Appendix I' for the complete list of originators). The representations and warranties on the receivables provided by the originators 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 receivables are valid for transfer without any limitations and free encumbrances and enforceable to the extent of their GBV.
- Borrowers have been reported by the originator as defaulted by the Credit Bureau of the Bank of Italy as of the transfer date.
- All the information included in the data tape and subject to the pool audit procedure is truthful, complete and accurate.
- All real estate assets are located in Italy and, to the knowledge of each originator, are existing.
- Bankruptcy proceedings related to bankrupt debtors are ongoing as of the cut-off date.
- As of the date on which financings were granted, all individual borrowers were resident in Italy and all the corporates have their registered office in Italy.
- Borrowers are not employees, managers or directors of the originators.

4.2. Key portfolio stratifications

Figure 2 provides a high-level view on portfolio characteristics as of the cut-off date. Detailed loan-level portfolio stratifications are provided in Figures 3-12 and in Appendix II.

Figure 2: Portfolio summary

	All	Senior secured	Junior secured	Unsecured
Number of loans	17,246	4,528	731	11,987
Number of borrowers	9,580			
Gross book value (EUR m)	2,347.1	1,402.7	177.3	767.2
% of gross book value		59.8%	7.5%	32.7%
Cash in court (% of GBV)	0.4%			
Collections since cut-off date (% of GBV)	0.5%			
Weighted average seasoning	3.8	3.4	4.8	4.4
Collateral values (EUR m)		1,611.4	515.9	

We adjusted the pool's gross book value using information on collections and sold properties since the cut-off date. The analysis excluded portfolio's loans, which we assumed to be closed, based on collections already received (EUR 11.6m) and estimated cash-in-court (EUR 10.3m relative to first-lien property value).

These adjustments reduced the portfolio's gross book value from EUR 2,347m to EUR 2,310m. Collections received since the cut-off date will be part of the issuer's available proceeds at the first payment date, while we assumed cash-in-court would be received within three years after the closing date.

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

Stratification data provided below reflect our aggregation by loans and may be based, if applicable, on conservative mapping assumptions applied to address missing data.

Figure 3: Distribution by borrower type

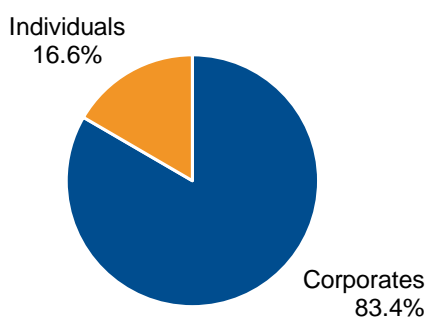
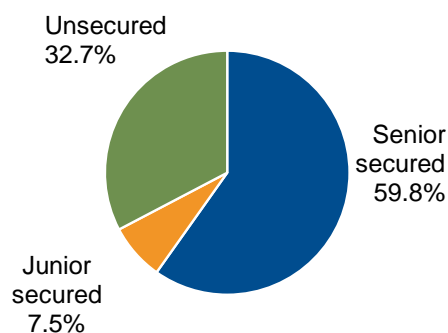


Figure 4: Distribution by loan type



Sources: transaction data tape, calculations by Scope Ratings

Figure 5: Distribution by recovery procedure

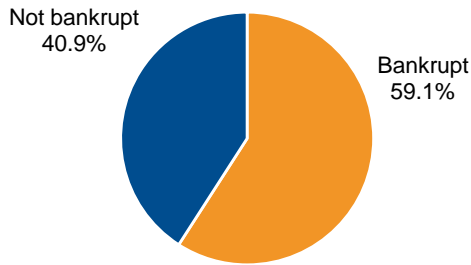


Figure 6: Distribution by recovery stage (secured loans)

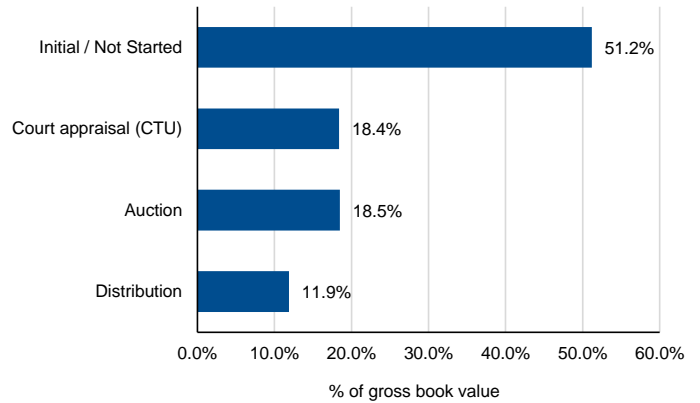


Figure 7: Distribution by court bucket

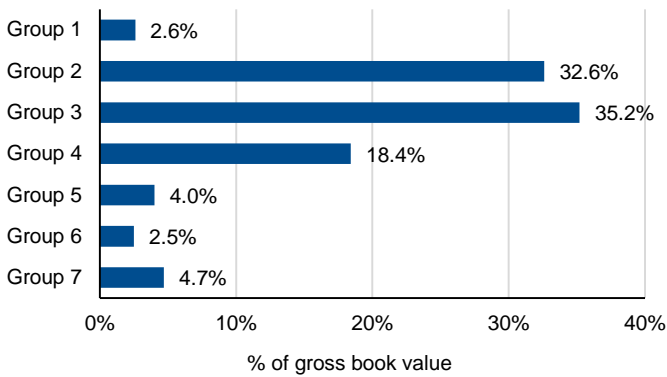


Figure 8: Unsecured and junior secured seasoning

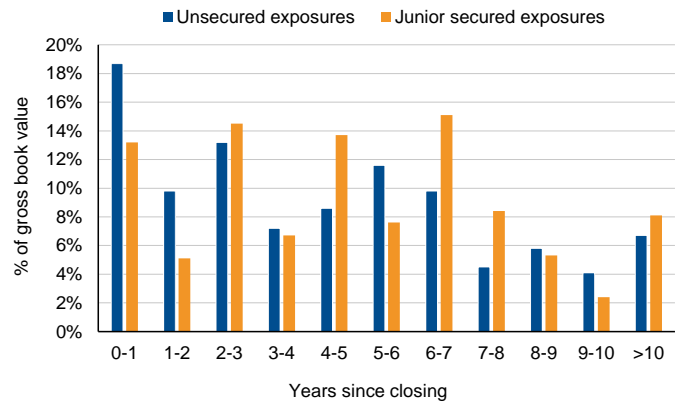


Figure 9: Distribution by collateral type

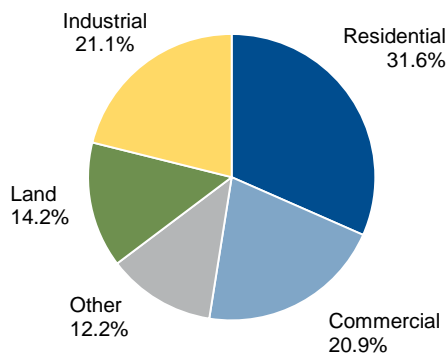


Figure 10: Distribution by valuation type

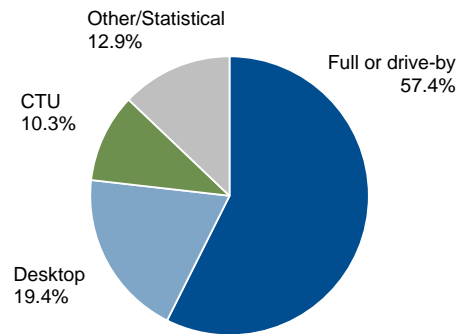


Figure 11: Distribution by collateral location

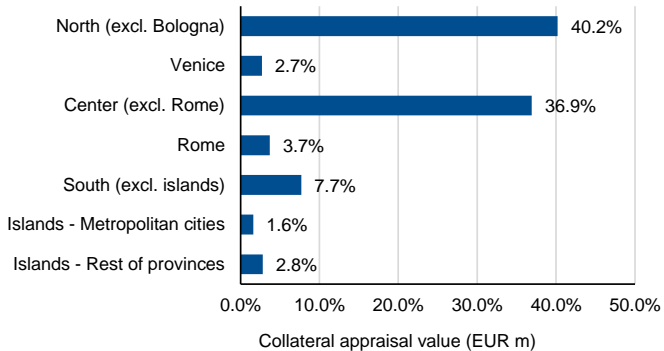
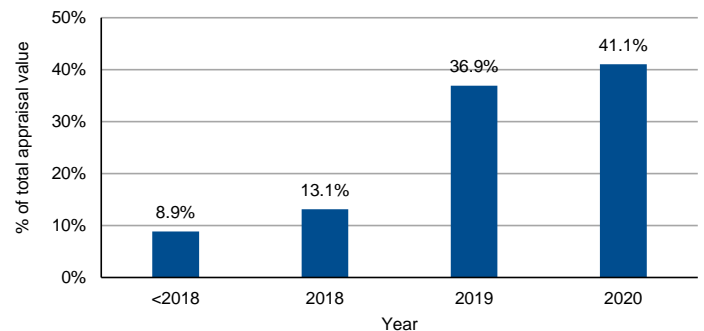


Figure 12: Distribution by valuation date



Sources: transaction data tape, calculations by Scope Ratings

5. Portfolio analysis

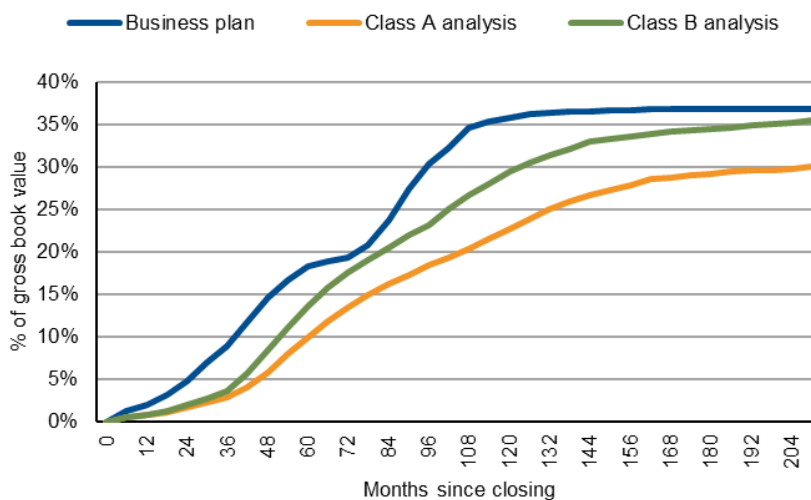
Our NPL methodology validates the resilience of a rated instrument against deterministic, rating-conditional stresses. We apply higher stresses as the instrument's ratings become higher. Figure 5 summarises the stressed recovery rate assumptions applied for the analysis of the class A and class B notes.

Figure 13: Summary of assumptions

	Class A analysis	Class B analysis
Secured recovery rate (% of secured GBV)	43.8	50.7
Unsecured recovery rate (% of unsecured GBV)	11.6	13.9
Total recovery rate (% of total GBV)	30.8	35.9
Secured collections weighted average life (years)	8.3	7.5
Unsecured collections weighted average life (years)	5.2	5.2
Total collections weighted average life (WAL)	7.7	7.1

Figure 14 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with the servicer business plan. These assumptions are derived by blending secured and unsecured recovery expectations. Our assumptions on the recovery rate for class A and class B are, respectively, about 16% and 3% below business plan targets and involve significantly longer periods (a WAL of 7.7 years for the class A analysis vs. a WAL of about 5.6 years from the business plan).

Figure 14: Business plan's gross cumulative recoveries vs. Scope's assumptions²



Sources: Servicer business plan, Scope Ratings

5.1. Analysis of secured portfolio segment

Figure 15 shows our lifetime gross collections vectors for the secured 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

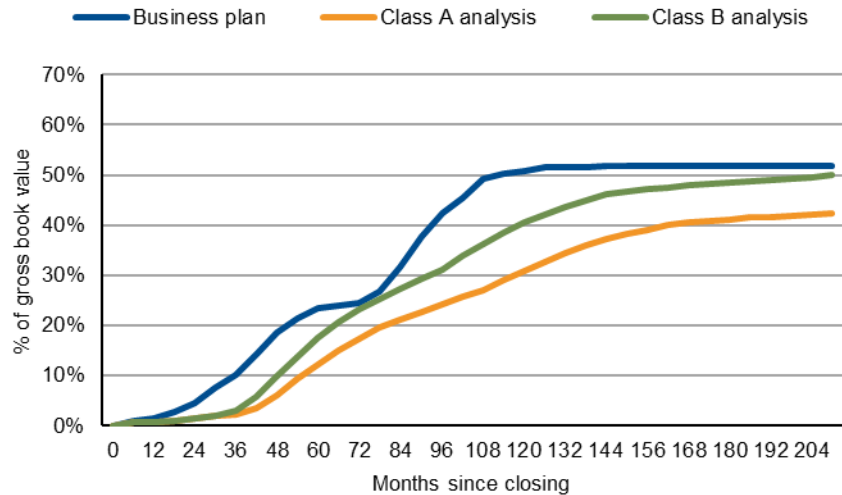
Stressed class A recovery rate assumptions are about 16% below business plan targets

Valuation haircuts address forward-looking market value and liquidity risks

²Scope classifies a loan as senior secured if there is an underlying first-lien claim to a secured asset and reports gross collections against such loans as senior secured recovery amounts. The servicers' business plan classification is done at the borrower level, whereby a borrower with at least one qualifying senior secured loan (consistent with Scope's definition) is classified as senior secured.

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.

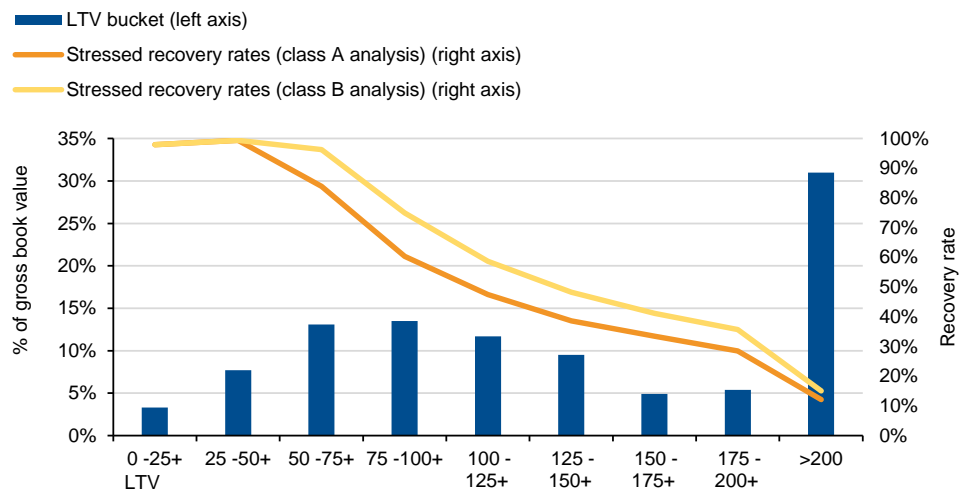
Figure 15: Business plan's gross cumulative recoveries for secured loans vs. Scope's assumptions



Sources: Servicer business plan, Scope Ratings

Figure 16 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 class B)

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



Sources: transaction data tape, calculation by Scope Ratings

5.1.1. Appraisal analysis

Appraisal type haircuts range between 0% and 15%

We applied rating-conditional haircuts ranging from 0% to 15%, reflecting our view of the level of quality and accuracy of each valuation type: full or drive-by valuations are generally more accurate than desktop or CTU valuations.

Figure 17: Scope's transaction-specific valuation haircuts

Valuation type	% of collateral value	Class A analysis haircut	Class B analysis haircut
Drive-by	57.4%	-	-
Desktop	19.4%	5%	4%
CTU	10.3%	10%	8%
Other/Statistical	12.9%	15%	12%

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

5.1.2. Property market value assumptions

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

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

Region	North						Centre			South			Islands	
	Milan	Turin	Genoa	Bologna	Venice	Others	Rome	Florence	Others	Naples	Bari	Others	Metropol-itan cities	Rest of provinces
Class A analysis	-13%	-11%	-11%	-11%	-13%	-13%	-17%	-15%	-15%	-13%	-13%	-15%	-13%	-15%
Class B analysis	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
Portfolio distribution (%)	1.8	0.5	0.4	1.3	2.7	36.2	3.7	2.4	34.5	1.3	0.3	10.5	1.6	2.8

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

5.1.3. Collateral liquidity risk

Asset liquidity risk is captured through additional fire-sale haircuts applied to collateral valuations. Figure 19 shows the rating-conditional haircuts applied for the class A and class B analysis. These assumptions are based on historical distressed property sales data (including those provided by the servicer) and reflect our view that non-residential properties tend to be less liquid, resulting in higher distressed-sale discounts.

Property type haircuts range between 30% and 40%

Figure 19: Scope's transaction-specific fire-sale discount assumptions

Collateral type	% of collateral value	Class A analysis haircut	Class B analysis haircut
Residential	31.6%	30%	24%
Non-residential	68.4%	35% - 40%	28% - 32%

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

5.1.4. Concentration risk

We addressed borrower concentration risk by applying a 10% rating-conditional recovery haircut to the 10 largest borrowers for the class A notes analysis. The largest 10 and 100 borrowers account for 6.1% and 25.1% of the portfolio's gross book value, respectively.

5.1.5. 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

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

secured or unsecured, arises with an enforceable title (i.e., a judgment or an agreement signed before a public notary).

Based on servicers' historical data, we gave credit to residual claims on 10% of the loans to individuals. Recovery strategies are typically not highly focused on collecting residual claims, as the relevant costs may be higher than the potential proceeds. On the other hand, residual claims can be enforced in a profitable way for some individual borrowers, as the elapsed time after a default may have a positive impact. An individual may, for example, find new sources of income over time and become solvent again. Also, when is cost-efficient, servicer's interest is to maximise the amount of recoveries, even after the security has been enforced. For corporate loans, we gave no credit to potential further recoveries on residual claims after the security has been enforced.

5.1.6. 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.

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

The total length of the recovery processes is mainly determined by the efficiency of the assigned court and the type of legal proceeding. To reflect this, we grouped Italian courts into seven categories, based on public data on the average length of bankruptcy and foreclosure proceedings between 2015 and 2019 (Figure 20). We applied a rating-conditional timing stress for both bankruptcy and non-bankruptcy procedures: 3.3 years and 1.6 year were respectively added to the total legal procedures' length for the class A analysis.

Figure 20: Total length of the recovery process by court group in years

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	Percentage of courts*
1	4	2	2.6%
2	6	3	32.6%
3	8	4	35.2%
4	10	5	18.4%
5	12	6	4.0%
6	14	7	2.5%
7	18	9	4.7%

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

5.2. Analysis of unsecured portfolio segment

Unsecured portfolio analysis is based on statistical data

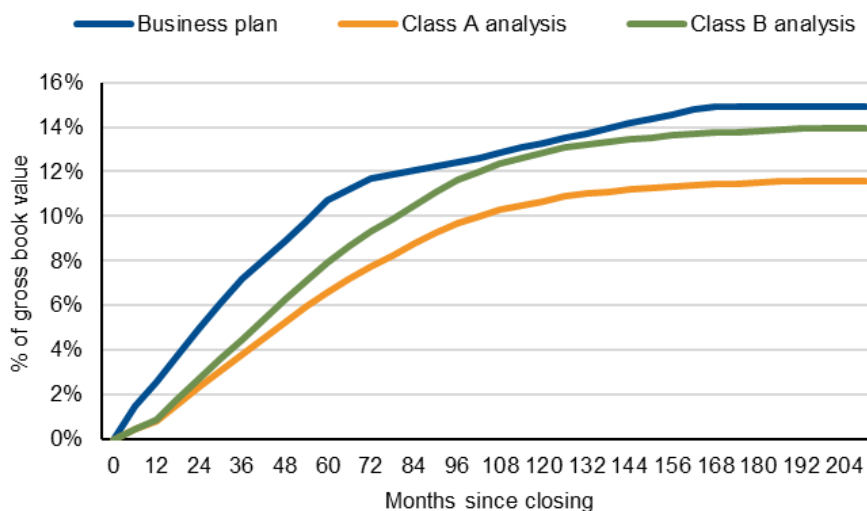
Our unsecured recovery assumptions are primarily based on market-wide historical data on unsecured recovery rates. We also factor in servicer-specific historical recovery data, as well as our view on the quality of the servicer's recovery procedures.

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

Ageing of the unsecured portfolio drives recoveries

Finally, transaction-specific assumptions are re-calibrated to reflect the ageing of the unsecured portfolio segment, as we consider aged unsecured NPLs to have a lower likelihood of recovery. The unsecured loans in the portfolio (including also junior secured loans) are classified as defaulted for a weighted average of 4.5 years, which is average to transaction peer levels.

Figure 21: Servicer's unsecured³ recoveries vs. Scope's assumptions



Sources: Servicer's business plan, Scope Ratings

6. Key structural features

The structure comprises three classes of notes with fully sequential principal amortisation: senior class A, mezzanine class B, and junior class J.

Class A will pay a floating rate indexed to six-month Euribor plus a margin of 0.25%. Class B will pay a floating rate indexed to six-month Euribor plus a margin of 8.0%. The Class B interest (and a portion of the special servicer fees) are subordinated to class A principal payments if certain under-performance events are triggered.

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

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

6.1. Combined priority of payments

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

Scope's ratings do not address the GACS guarantee

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

³ The comparison considers unsecured and junior secured loans as per servicer's business plan.

Figure 22: Simplified priority of payments and available funds

Pre-enforcement priority of payments
1) Servicer expenses and senior servicer fees
2) Limited-recourse loan interest
3) GACS guarantee premium
4) Class A interest
5) Cash reserve replenishment
6) Limited-recourse loan principal
7) Class B interest (provided that no interest subordination event has occurred)
8) Class A principal
9) Class B interest (upon occurrence of the interest subordination event)
10) Class B principal and servicer mezzanine fees (provided that a servicer underperformance event has occurred)
11) Interest and principal on ReoCo junior financings (if any)
12) Class J interest
13) Class J principal and servicer junior fees (provided that a servicer underperformance event has occurred)
14) Any residual amount as class J variable return

Source: Transaction documents and Scope Ratings

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

6.2. Interest subordination event

The occurrence of an interest subordination event results in class B interest being paid under item 8 of the waterfall above. An interest subordination event occurs if i) the cumulative net collection ratio⁴ (CCR) falls below 90% of the servicer's business plan targets; ii) the NPV cumulative profitability ratio⁵ (NPVPR) falls below 90%; or iii) any amount of class A interest is unpaid.

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

1. If, on a subsequent payment date, the CCR is between 90% and 100%, class B interest accruing on that payment date will be payable senior to the class A principal repayment. These mechanisms are aligned with the requirements of the 2019 updated GACS Scheme⁶.
2. If, on a subsequent payment date, the CCR returns to 100% or above, due and unpaid class B interest is paid senior to class A principal.

6.3. Servicing fee structure and alignment of interests

6.3.1. Servicing fees and servicer underperformance event

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

The exact level of fees is subject to the GBV size and the type of recovery strategy (judicial vs. extra-judicial). Extra-judicial strategies and lower tickets generally bear higher

⁴ 'Cumulative net collection ratio' is defined as the ratio between: i) the cumulative net collections; and ii) the net expected cumulative collections. Net collections are calculated as the difference between gross collections and recovery expenses, excluding servicing fees.

⁵ 'NPV cumulative profitability ratio' is defined as the ratio between: i) the sum of the present value of the net collections for all receivables relating to exhausted debt relationships; and ii) the sum of the target price (based on the servicer's initial business plan) of all receivables relating to exhausted debt relationships.

⁶ Italian law decree No. 18 of 14 February 2016 converted into law No. 49 of 8 April 2016, subsequently amended and supplemented under Italian law decree No. 22 of 25 March 2019, converted into Italian law No. 41 of 20 May 2019.

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

performance fees relative to collection amounts. Considering the portfolio composition, we assumed an average performance fee of 4.5% and 6.8% (plus VAT) for secured and unsecured exposures, respectively.

The occurrence of a servicer underperformance event results in 5-20% of the servicer performance fees being subordinated to class A principal payments. This portion is then paid under items 10 and 13 of the above simplified priority of payments, as mezzanine or junior servicing fees, respectively. A servicer underperformance event occurs either if the CCR or the NPVPR falls below a given threshold, as shown in Figure 23.

Figure 23: Servicing fee subordination mechanism

CCR lower than 90% or NPVPR lower than 90%	<ul style="list-style-type: none"> • 15.0% as servicer mezzanine fee • 5.0% as servicer junior fee
NPVPR greater than 90% and lower than 95%	<ul style="list-style-type: none"> • 5.0% as servicer mezzanine fee • 5.0% as servicer junior fee
NPVPR greater than 95% and lower than 100%	<ul style="list-style-type: none"> • 5.0% as servicer mezzanine fee • 0% as servicer junior fee

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

6.3.2. Servicer monitoring

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

The servicer is responsible for the servicing, administration, and collection of receivables as well as the management of legal proceedings. The monitoring agent will verify the calculations of key performance ratios and amounts payable by the issuer, as well as perform controls based on a random sample of loans.

The monitoring agent will report to a committee that represents the interests of both junior and mezzanine noteholders. The committee can authorise the revocation and replacement of the special servicer upon a servicer termination event. The monitoring agent can also authorise the sale of the receivables (acting upon instructions of the committee), the closure of debt positions, and the payment of additional costs and expenses related to recovery activities.

6.3.3. Special servicer termination events

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

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

Monitoring function protects noteholders' interests

Cash reserve provides liquidity protection to class A notes

6.4. Liquidity protection

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

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

6.5. Interest rate hedge

Due to the non-performing nature of the securitised portfolio, the issuer will not receive regular cash flows and the collections will not be linked to any defined interest rate. On the liability side, the issuer will pay a floating coupon on the notes, defined as six-month Euribor plus a 0.25% margin on the class A and an 8% margin on class B. The coupon on class A is floored at zero.

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

An interest rate cap spread mitigates the risk of increased liabilities on the class A notes due to a rise in Euribor (Figure 24). The base rate on the class A notes will be capped with an upper bound rate ranging from 0.5% in January 2024 to 1.2% until July 2032, while it will be floored with a lower bound rate ranging from 0% at the issue date to 0.30% until July 2032. Under the cap agreement, the issuer receives the difference, if positive, between six-month Euribor and the lower bound rate and pays the difference, if positive, between six-month Euribor and the upper bound rate, following a pre-defined notional schedule. In addition, a cap is embedded in the class A Euribor component, aligned with the upper bound rate of the cap spread.

The notional schedule of the cap spread on class A notes is not aligned with our expected class A amortisation profile (see Figure 25). A delay in recoveries beyond our class A recovery timing vector would increase interest rate risk exposure, as it would widen the gap between the transaction's cap notional amount and the class A notes' outstanding principal.

Figure 24: Cap spread on class A notes

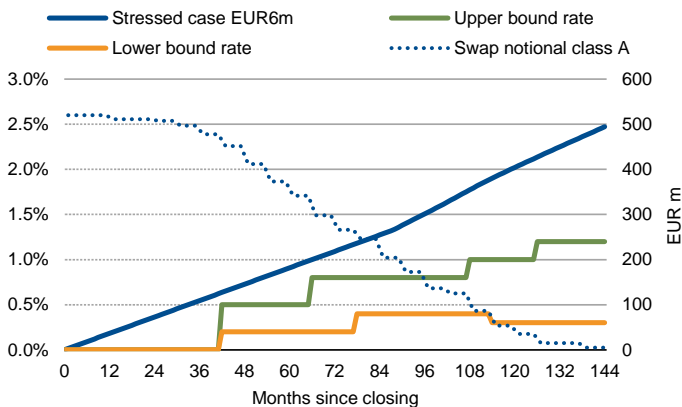
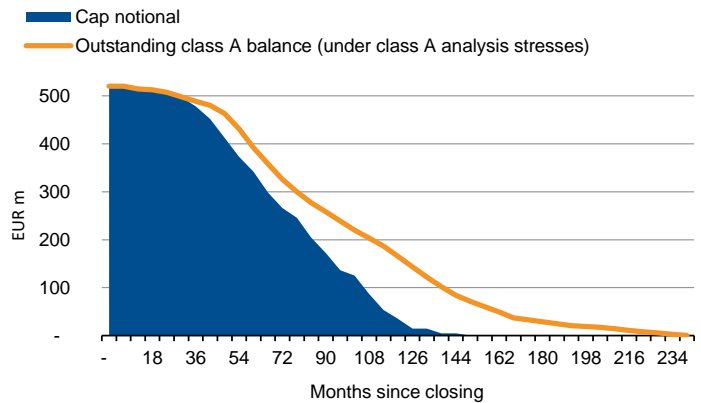


Figure 25: Cap notional vs outstanding class A notes



Sources: Transaction documents, Bloomberg and Scope Ratings

The base rate on the class B notes will be partially hedged through a plain vanilla interest rate cap agreement with a cap strike ranging from 1% at the issue date to 4% until July 2032, following a pre-defined notional schedule.

Our cash flow analysis considers the structural features of the transaction

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

No mechanistic cap linked to sovereign risk

6.6. ReoCo structure

The transaction foresees the option, upon request of the mezzanine and junior noteholders, to activate the involvement of a Real Estate Operating Company⁷ ('ReoCo'). The servicer will carry out all the technical and operating support and the strategic advisory required to ensure the full operation of ReoCo.

If activated, the overall amount of purchases by the ReoCo would be limited to EUR 9m at any time (in term of purchase price). Financing for the activity of the ReoCo will be provided by a replenishable ReoCo funding reserve of EUR 900,000, funded at closing with part of the portfolio collections received since the cut-off date and through external cash injection. The ReoCo funding reserve will be replenished with the profits of the ReoCo or through junior financings. Any junior financing is paid under item 11 of the simplified priority of payments.

7. Cash flow analysis and rating stability

Scope analysed the transaction's specific cash flow characteristics. Asset assumptions were captured through rating-conditional gross recovery vectors. The analysis considers the capital structure, the coupon payable on the notes and the hedging structure, as well as, the servicing fees structure, the transaction senior fees and legal costs, assumed to be equivalent to 9% of gross collections.

The rating assigned to the class A notes reflects the expected losses over the instruments' weighted average life commensurate with the Scope's idealised expected loss table.

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

8. Sovereign risk

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

⁷ Pursuant to article 7.1 paragraph 4 of Law 130 of 1999

Counterparty risk does not limit the transaction's ratings

9. Counterparty risk

In our view, none of the counterparty exposures constrain the ratings achievable by this transaction. We considered counterparty substitution provisions in the transaction and, when available, Scope's ratings or other public ratings on the counterparties. We also considered eligible investment criteria in the transaction documents for cash amounts held by the issuer.

The transaction is mainly exposed to counterparty risk from the following counterparties: i) 90 Italian banks (reported in 'Appendix I') as originators, regarding representations and warranties; ii) Iccrea Banca S.p.A., Banca Ifis S.p.A. and Banca Popolare Valconca S.p.A. as limited-recourse loan providers; iii) Italfondiaro S.p.A. and doValue S.p.A. as, respectively, master and special servicer; iv) BNP Paribas Securities Services, Milan Branch as agent bank, account bank and principal paying agent; v) Banca Finanziaria Internazionale S.p.A. as back-up master servicer, corporate servicer, calculation agent, noteholders' representative; vi) Zenith Services S.p.A. as monitoring agent; and vii) Banco Santander S.A. and J.P. Morgan AG as cap counterparties.

9.1. Servicer disruption risk

A servicer disruption event may have a negative impact on the transaction's performance. The transaction incorporates servicer-monitoring, a back-up master servicer appointed at closing and servicer replacement arrangements that mitigate operational disruption.

9.2. Commingling risk

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

9.3. Claw-back risk

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

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

- (i) pursuant to article 67, paragraph 1, of the Italian Bankruptcy Law, if the bankruptcy declaration of the relevant originator is made within six months from the purchase of the relevant portfolio of receivables, provided the receivables' sale price exceeds their value by more than 25% and the issuer cannot prove it was unaware of the originator's insolvency, or
- (ii) pursuant to article 67, paragraph 2, of the Italian Bankruptcy Law, if the adjudication of bankruptcy of the relevant originator is made within three months from the purchase of the relevant portfolio of receivables, provided the receivables' sale price does not exceed their value by more than 25% and the originator's insolvency receiver can prove the issuer was aware of the originator's insolvency.

9.4. Enforcement of representations and warranties

The issuer will rely on the representations and warranties, limited by time and amount, provided by the originators in the transfer agreement. If a breach of a representation and warranty materially and adversely affects a loan's value, the originators may be obliged to

Limited commingling risk

Limited claw-back risk

Representations and warranties limited by time and amount

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 300,000 on an aggregate basis, and EUR 5,000 on a single-loss basis, once the aggregated minimum amount threshold is reached.

10. Legal structure

10.1. Legal framework

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

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

10.2. Use of legal opinions

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

11. Monitoring

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

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

12. Applied methodology

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

Transaction documents governed by Italian and English Law

Ongoing rating monitoring

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

I. Appendix I – list of originators

Iccrea BancaImpresa S.p.A.
Banca per lo Sviluppo della Cooperazione di Credito S.p.A.
Banca Ifis S.p.A.
Banca Popolare Valconca S.p.A.
Credito Cooperativo Mediocrati - Società Cooperativa
Banca di Credito Cooperativo di Buccino e dei Comuni Cilentani - Società Cooperativa
Credito Cooperativo Romagnolo - BCC di Cesena e Gatteo - Società Cooperativa
Emil Banca - Credito Cooperativo - Società Cooperativa
Banca Centro - Credito Cooperativo Toscana - Umbria Società Cooperativa
Banca Cremasca e Mantovana - Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo dell'Adriatico Teramano - Società Cooperativa
Banca del Catanzarese - Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo Agrigentino Società Cooperativa
Iccrea Banca S.p.A. - Istituto Centrale del Credito Cooperativo
ViVal Banca - Banca di Credito Cooperativo di Montecatini Terme, Bientina e San Pietro in Vincio Società Cooperativa
Banca di Ancona e Falconara Marittima Credito Cooperativo - Società Cooperativa
Banca del Cilento di Sassano e Vallo di Diano e della Lucania - Credito Cooperativo - Società Cooperativa per Azioni
Banca di Credito Cooperativo della Valle del Trigno - Società Cooperativa
Valpolicella Benaco Banca Credito Cooperativo (Verona) Società Cooperativa
Banca Centropadana Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo di Roma Società Cooperativa
Banca di Credito Cooperativo Brianza e Laghi - Società Cooperativa
Banca di Credito Cooperativo di Altofonde e Caccamo - Società Cooperativa
Banca di Anghiari e Stia - Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo Pordenonese e Monsile - Società Cooperativa
Banca di Pescia e Cascina - Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo Campania Centro - La Cassa Rurale ed Artigiana Società Cooperativa
Banca di Credito Cooperativo di Bellegra Società Cooperativa
Cassa Rurale ed Artigiana di Binasco - Credito Cooperativo Società Cooperativa
Banca delle Terre Venete Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo di Busto Garolfo e Buguggiate - Società Cooperativa
Banca di Credito Cooperativo di Buonabitacolo - Società Cooperativa
Cassa Rurale ed Artigiana di Cantù Banca di Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo di Capaccio Paestum e Serino - Società Cooperativa
Banca di Credito Cooperativo Abruzzese - Cappelle sul Tavo Società Cooperativa
Banca di Credito Cooperativo di Carate Brianza - Società Cooperativa
Credito Cooperativo di Caravaggio Adda e Cremasco - Cassa Rurale - Società Cooperativa
Banca di Credito Cooperativo di Venezia, Padova e Rovigo - Banca Annia Società Cooperativa
Banca di Credito Cooperativo di Milano - Società Cooperativa
Credito Padano Banca di Credito Cooperativo Società Cooperativa
Credito Cooperativo Valdarno Fiorentino Banca di Cascia - Società Cooperativa
Banca di Credito Cooperativo di Castiglione Messer Raimondo e Pianella S.C.P.A.R.L.
Banca del Piceno Credito Cooperativo - Società Cooperativa
Cereabanca 1897 Credito Cooperativo - Società Cooperativa
Banca Valdichiana - Credito Cooperativo di Chiusi e Montepulciano - Società Cooperativa



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Banca di Credito Cooperativo di Cittanova - Società Cooperativa
Banca di Credito Cooperativo dell'Oglio e del Serio Società Cooperativa
Banca della Valsassina Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo di Fano - Società Cooperativa
Banca di Credito Cooperativo di Alba, Langhe, Roero e del Canavese Società Cooperativa
Credito Cooperativo Ravennate e Imolese Società Cooperativa
Banca di Filottrano - Credito Cooperativo di Filottrano e di Camerano - Società Cooperativa
Banca di Pisa e Fornacette Credito Cooperativo S.C.p.A.
BCC Basilicata - Credito Cooperativo di Laurenzana e Comuni Lucani - Società Cooperativa
Banca di Credito Cooperativo Valle del Torto - Società Cooperativa
Banca di Credito Cooperativo di Canosa - Loconia Società Cooperativa
Chiantibanca - Credito Cooperativo Società Cooperativa
BCC del Garda Banca di Credito Cooperativo Colli Morenici del Garda Società Cooperativa
Banca di Credito Cooperativo di Marina di Ginosa - Società Cooperativa
Banca di Credito Cooperativo del Metauro - Società Cooperativa
Banca di Credito Cooperativo di Ostuni Società Cooperativa
Banca di Credito Cooperativo di Pachino Società Cooperativa
Credito Cooperativo Cassa Rurale ed Artigiana di Paliano Società Cooperativa
Banca Versilia Lunigiana e Garfagnana - Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo di Pergola e Corinaldo Società Cooperativa
Banca di Credito Cooperativo di Pontassieve Società Cooperativa
Centromarca Banca - Credito Cooperativo di Treviso e Venezia, Società Cooperativa per Azioni
Banca di Credito Cooperativo di Recanati e Colmurano - Società Cooperativa
Banca di Ripatransone e del Fermano - Credito Cooperativo - Società Cooperativa
Banca di Credito Cooperativo della Provincia Romana
Banca San Giorgio Quinto Valle Agno - Credito Cooperativo - Società Cooperativa
Banca del Valdarno - Credito Cooperativo - Società Cooperativa
Banca di Pesaro Credito Cooperativo - Società Cooperativa
Terre Etrusche e di Maremma Credito Cooperativo Società Cooperativa
Banca di Credito Cooperativo Bergamo e Valli - Società Cooperativa
Banca di Credito Cooperativo di Spinazzola - Società Cooperativa
Banca di Credito Cooperativo di Staranzano e Villesse Società Cooperativa
Cassa Rurale - Banca di Credito Cooperativo di Treviglio - Società Cooperativa
Banca Alta Toscana Credito Cooperativo - Società Cooperativa
Banca Don Rizzo - Credito Cooperativo della Sicilia Occidentale - Società Cooperativa
Banca di Credito Cooperativo dei Colli Albani Società Cooperativa
Banca di Credito Cooperativo "G. Toniolo" di San Cataldo (Caltanissetta) Società Cooperativa
Banca di Credito Cooperativo Mutuo Soccorso Gangi Società Cooperativa
Banca San Francesco Credito Cooperativo - Società Cooperativa - Gruppo Bancario Cooperativo Iccrea
Banca di Credito Cooperativo San Giuseppe delle Madonie
Banca di Credito Cooperativo San Michele di Caltanissetta e Pietraperzia Società Cooperativa
Banca di Credito Cooperativo Terra di Lavoro "S. Vincenzo de' Paoli" - Società Cooperativa per Azioni
RivieraBanca Credito Cooperativo di Rimini e Gradara Società Cooperativa
Banca di Credito Cooperativo di San Marco dei Cavoti e Del Sannio - Calvi Società Cooperativa
Banca Mediocredito del Friuli Venezia Giulia S.p.A.



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II. Appendix II – deal comparison

Transaction	Yoda SPV	BCC NPLS 2020	Spring SPV	Diana SPV	POP NPLS 2019	Futura	Iseo SPV	BCC NPLS 2019	Marathon	Prisma	Junio 2	Leviticus SPV	Belvedere SPV	BCC NPLS 2018-II	Riviera NPL	POP NPLS 18	Aquil	IBLA (Ragusa)	Maio SPV	Maggese	Junio 1	BCC NPLS 2018
	Dec-20	Nov-20	Jun-20	Jun-20	Dec-19	Dec-19	Dec-19	Dec-19	Dec-19	Oct-19	Feb-19	Feb-19	Dec-18	Dec-18	Dec-18	Nov-18	Nov-18	Sep-18	Aug-18	Jul-18	Jul-18	Jul-18
Originators	Intesa Sanpaolo	90 Banks	BPER Banca	BPS	12 Banks	53 Banks	UBI Banca	68 Banks	17 Fin. Inst.	Unicredit	BNL	BPM	multiple	73 Banks	Carige & Lucca	17 Banks	BPER	Banca di Ragusa	UBI Banca	C.R. Asti, biver	BNL	ICCREA
Master servicer	Intrum	Italfondario	Prelios	Prelios	Prelios	Guber Banca	Italfondario	Italfondario	Securitisation Services	Italfondario	Prelios	Prelios	Prelios	Italfondario	Credito Fondiario	Cerved	Prelios	Italfondario	Prelios	Prelios	Prelios	Prelios
Special servicer	Intrum	doValue	Prelios	Prelios	Prelios, Fire	Guber Banca	doValue	doValue	Holist Italia	doValue	Prelios	Prelios	Prelios, BVI	Italfondario	Credito Fondiario, Italfondario	Cerved	Prelios	Italfondario	Prelios	Prelios	Prelios	Prelios
General portfolio attributes																						
Gross book value (EUR m)	6.033	2347.1	1377.3	999.7	826.7	1.256	857	1.324	5.077	6.057	968	7.385	2.541	1.954	964	1.510	2.082	330	2.496	697	880	1.009
Number of borrowers	22,292	9,580	2,544	2,981	6,633	9,639	6,401	8,596	324,282	52,419	1,120	19,747	13,678	10,089	3,906	6,578	6,255	1,598	11,061	1,313	731	2,518
Number of loans	74,312	17,246	11,469	8,813	16,718	16,152	8,373	15,944	412,795	137,813	3,609	49,404	31,265	22,041	9,776	17,093	21,279	4,805	22,580	5,313	2,787	5,359
WA seasoning (years)	5.5	3.8	4.6	4.0	6.1	5.5	3.5	3.4	7.5	5.3*	3.5*	3.8*	6.7*	1.8*	2.0*	2.9*	3.9	2.2*	4.2*	3.1*	2.6*	3.0*
WA seasoning (years) - unsecured portfolio	5.9	4.5	4.9	4.4	7.7	6.2	4.6	4.2	7.5	6.8*	3.9*	4.4*	6.7*	2.5*	2.5*	3.5*	4.5	2.7*	4.6*	3.9*	3.1*	2.9*
WA LTV buckets (% of secured portfolio)																						
bucket [0-25]	3.9	3.3	5.2	2	4.3	2.3	1.4	3.4	N/A	3	1.8	3.5	2	4	3.8	5.5	3	2.8	10.3	2.1	3.5	4.3
bucket [25-50]	8.9	7.7	13.4	7.4	10.3	5.5	5.4	9.9	N/A	8	8	9.2	4.9	9.4	11.7	11.4	11.4	7.4	19.2	6.3	7.6	6.8
bucket [50-75]	15.6	13.1	18.2	11.4	12.4	8	10.4	11.9	N/A	13.2	15.4	12.6	5.4	13.2	12.9	17.5	17.8	12.5	21.2	11.6	14.3	12.5
bucket [75-100]	13.8	13.5	15	19	17.4	7.2	15.8	14.6	N/A	15	15.6	14.8	8.5	14.8	10.7	14.9	17.9	16.3	14.9	13.9	16	15.1
bucket [100-125]	13.9	11.7	12.8	10.2	11.7	10.1	17.7	13.6	N/A	12.7	11.2	9.5	6.8	10.3	12	13.8	12.2	15.9	10	20.8	14.7	11.8
bucket [125-150]	6.9	9.5	6.2	7.5	8.6	9.5	15.7	8.5	N/A	10.6	10.9	6.9	8.6	9.1	8	10.1	8.5	12.1	5	8.4	6.3	7.7
bucket [150-175]	6.5	4.9	3.9	8.6	6.2	6.4	10.3	8.8	N/A	8.5	3.7	6.9	4.8	7.2	8.3	5.6	4.8	7.3	4.4	7.7	5.3	6.4
bucket [175-200]	3.3	5.4	3.9	3.7	3.7	3.8	7.2	6.7	N/A	6.3	7.8	4.7	5.2	4.5	3.3	7.4	4.1	6.6	2	6.8	5	6.1
bucket > 200	27.1	31	21.1	30.2	25.5	47.2	16.1	22.6	N/A	22.8	25.5	31.9	53.9	27.6	29.5	13.8	20.4	19.2	12.9	22.2	27.3	29.3
Cash in court (% of total GBV)	0.9	0.4	3.0	3.3		11.1	1.6	1.1	N/A	1.8	5.9	2.0	2.7	0.8	1.2	1.3	3.1	2.2	4	2.7	7.2	24
Loan types (% of total GBV)																						
Secured first-lien	41.2	59.8	52.5	64.7	46.9	45.7	92.2	65.9	0	64	57.7	50.5	41.0	58.4	39.4	53.9	57	67.2	39.9	43.1	30.4	70
Secured junior-lien	3.7	7.5	42.4	3.4	5.3	6.1	3.3	7.9	0	0.4	3	5.6	8.2	10.0	9.0	8.8	2.5	2.1	6.7	9.6	2.4	0.9
Unsecured	55.1	32.7	5.1	31.9	47.7	48.2	4.5	26.2	100	35.7	39.3	43.9	50.8	31.6	51.6	37.3	40.5	30.8	53.4	47.3	67.2	29.1
Syndicated loans	1.3	6.4	14.0	0.0	1.4	2.4	0	5.2	0	0	7.5		0	3.6	0	3	2.2	0.5	1.1	1		6.1
Debtors (% of total GBV)																						
Individuals	10.6	16.6	11.1	21.5	27.8	22	100	20.7	57.4	100	7.7	14.7	12.0	20.9	13.2	22.9	16.4	25.6	17	18.9	3.4	14.3
Corporates or SMEs	89.4	83.4	88.9	78.5	72.2	78	0	79.3	42.6	0	92.3	85.3	88.0	79.1	86.8	77.1	83.6	74.4	83	81.1	96.6	85.7
Procedure type (% of total GBV)																						
Bankrupt	49.8	59.1	52.8	22	51.5	64.2	0.9	60.5	N/A	0.7	69.9	71.7	82.2	59.6	72.7	56.6	44	13.2	49.5**	53.4	71.5	62.7**
Non-bankrupt	50.2	40.9	47.2	78	48.5	35.8	99.1	39.5	N/A	99.3	30.1	28.3	17.8	40.4	27.3	43.4	56	86.8	50.5	46.6	28.5	37.3
Borrower concentration (% of GBV)																						
Top 10	5.2	6.1	11.5	8.7	5.6	4.8	1.7	5.3	0	0.4	19	5.4	9.1	3.8	22.6	7.3	8	6.5	1.9	8.6	8.6	6.7
Top 100	19.6	25.1	39.7	34.7	26.6	21.5	26	0	1.7	56.2	20.3	24.2	19.4	45.5	26.4	26.5	26.9	10.4	31	34.4	29	
Collateral distr. (% of appraisal val.)																						
North	36.6	42.8	39.2	83.8	21.2	74.1	50.7	38.1	N/A	37.1	32.8	71.1	48.8	34.1	79.3	20.9	48.5	0.3	57.9	98	43.9	72.4
Centre	24.3	40.6	8.3	9.7	8.7	14.6	21.1	35.6	N/A	24.2	38.9	17.4	23.6	47.5	12.3	36.3	8.1	0	19.2	0.4	34.8	19.5
South	39.1	16.5	52.5	6.5	70.1	11.3	28.2	26.3	N/A	38.6	28.3	11.4	27.6	18.4	8.3	42.9	43.4	99.8	22.9	1.6	21.3	8.1
Collateral type (% of appraisal val.)																						
Residential	38	31.6	32.8	46.6	54.4	47.1	94.8	43.8	N/A	90.1	34.8	41.6	41.9	36.9	40.6	41.7	33.9	57.8	57.3	46.7	29.2	39.3
Commercial	16.7	20.9	22.1	17.9	22.2	10.6	1.6	18.8	N/A	4.5	21.1	9.5	9.6	19.2	7.2	27.4	19.5	18.4	16.2	15.4	19.5	29.5
Industrial	26.3	21.1	12.4	11.5	6.1	21.2	2.1	15.3	N/A	0	16	5.3	7.2	13.9	17.3	16.2	15	9.6	14.8	21.8	32.4	11.2
Land	14.5	14.2	14.7	12.5	6	12.1	0.7	14.2	N/A	1	9	16.2	8.8	18.0	14.7	8.6	10.6	9.9	7.9	10.1	4.8	13.7
Other or unknown	4.5	12.2	18.0	11.6	11.3	9	0.7	7.9	N/A	4.4	19.1	27.5	32.5	12.1	20.2	6.1	21	4.9	3.9	6	14.1	6.3
Valuation type (% of appraisal val.)																						
Full or drive-by	31.1	57.4	74.3	62	25.9	0.9	0	57.7	N/A	0	56.8	32.3	31.4	29.2	21.4	45.5	48.3	60.5	16.9	58.3	10.2	68.4
Desktop	23.4	19.4	11.4	9.8	11	53.2	71.1	19.9	N/A	0	24.8	31.7	36.1	21.6	35.7	13.8	34	33.3	69.2	18.5	3.6	5.4
CTU	23.2	10.3	13.4	19.1	14.3	21.1	28.2	9	N/A	29.7	10.4	5.5	0.0	22.3	7.7	26	11	3.1	10.4	0	13.4	12.1
Other	22.3	12.9	0.9	9.1	48.8	0.8	0.7	13.4	N/A	70.3	8	30.5	32.5	26.9	35.2	14.7	6.7	3.1	3.5	23.2	72.8	14.1
Secured ptf proc. stage (% of GBV)																						
Initial	64.2	51.2	67.4	63.5	56.2	43.1	64.4	55.7	N/A	50.9	29.5	65.5	52.4	59.8	68.5	44.6	52.5	49.7	65	60.9	54.9	73.6
CTU	15.5	18.4	4.2	2.5	16.1	15.1	9.6	22.4	N/A	22.8	17	10.0	7.2	15.3	13.2	10.9	12.8	12.4				
Auction	15.2	18.5	13.7	22.3	16.6	24.3	19.9	17.2	N/A	22.1	35.4	16.6	23.7	22.9	20.7	22.5	28.5	20.9	27.5	27.5	20.9	11.5
Distribution	5.1	11.9	14.6	11.8	11.1	17.4	6.1	4.8	N/A	4.3	18.1	8.0	9.3	1.7	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 (met LTV after all stresses)	45.4	43.8	53.1	47.7	52	36.7	54.7	54.7	N/A	46.2	61.2	51.8	36.7	55.6	52	61.8	58.8	55.3	63	54.9	52.1	50.3
Unsecured	6.3	11.6	9.5	8.9	9.7	7.6	16.5	16	9.1	1.4	8.6	10.2	17.4	15.3	13.2	10.9	12.8	12.4				
Total	22.4	30.8	32.4	34	29.5	20.9	52.4	41.5	9.1	31.8	38.8	31.2	19.4	38.8	28.3	38.6	39.1		35.5	33.7	24.1	39.6
Weighted average life of collections (yrs)																						
Secured	3.2	8.3	6.0	3.8	7.2	6.57	5.4	7.1	N/A	5.6	5.7	8	8.2	7.3	7.1	7.2	6.5	7.7	7	6.7	6.4	5.4
Unsecured	7.3	5.2	3.6	4.4	3.5	4.5	4.8	3.98	3.2	3.6	4.5	4.8	5.2	5	4.6	4.7	4	4.8	4.1	4.6	4.2	4.5
Total	6.6	7.7	5.4	5.1	6.6	5.94	5.4	6.8	3.1	5.4	5.5	6.4	6.9	6.4	6.9	6.1	6.8	6.3	6.1	6.1	5.1	7.8
Structural features																						
Liquidity reserve (% of class A notes)	4	3	4.5	4.5	4.5	4.5	4	3	3	3	4	4	4	4	4	4	5	7.5	4	4	4	5
Class A Euribor cap strike	0%-1.75%	0.5%-1.2%	0.2%-1.6																			



BCC NPLs 2020 S.r.l.

Italian Non-Performing Loan ABS

Scope Ratings GmbH

Headquarters Berlin

Lennéstraße 5
D-10785 Berlin

Phone +49 30 27891 0

London

111 Buckingham Palace Road
UK-London SW1W 0SR

Oslo

Karenslyst allé 53
N-0279 Oslo

Phone +47 21 62 31 42

info@scoperatings.com

www.scoperatings.com

Frankfurt am Main

Neue Mainzer Straße 66-68
D-60311 Frankfurt am Main

Phone +49 69 66 77 389 0

Madrid

Paseo de la Castellana 95
Edificio Torre Europa
E-28046 Madrid

Phone +34 914 186 973

Paris

23 Boulevard des Capucines
F-75002 Paris

Phone +33 1 8288 5557

Milan

Regus Porta Venezia
Via Nino Bixio, 31
20129 Milano MI

Phone +39 02 30315 814

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Scope Ratings GmbH, Lennéstraße 5, 10785 Berlin, District Court for Berlin (Charlottenburg) HRB 192993 B, Managing Director: Guillaume Jolivet.