Buonconsiglio 4 S.r.l.

Italian Non-Performing Loan ABS

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV	Coupon	Final maturity
Class A	BBB_{SF}	117.7	84.0	20.3%	6m Euribor + 0.4%	Jan 2042
Class B	NR	16.5	11.8	2.9%	6m Euribor + 10.0%	Jan 2042
Class J	NR	5.9	4.2	1.0%	6m Euribor + 15% + Variable return	Jan 2042
Total		**140.1**	**100.0**	**24.2%**		

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	14 December 2021
Issuer	Buonconsiglio 4 S.r.l.
Sellers and originators	38 Italian Banks (see Appendix I)
Master servicer	Prelios Credit Servicing S.p.A.
Special servicer	Prelios Credit Servicing S.p.A.
Gross-book value ('GBV')	EUR 578.7m
Cut-off date	30 July 2021
Transfer date	1 December 2021
Key portfolio characteristics	The securitised pool is composed of secured loans for a share of 54% of the portfolio's GBV and of unsecured loans for a share of 40% of the portfolio's GBV. Remaining exposures are junior secured loans (6% of the portfolio's GBV). Loans were granted mainly to corporate debtors (73% of the GBV). Properties with first-lien mortgages are located mainly in the centre and north of Italy (44% and 39% of the secured collateral value, respectively), while 17% are in the south of Italy. Most of the secured loans are backed by residential and commercial real estate assets (49% and 21% of the secured collateral value, respectively), while industrial properties, land and other type of assets have a smaller share (12%, 11%, and 7% of the secured collateral value, respectively). The issuer is entitled to all portfolio collections received from the cut-off date.
Payment frequency	Semi-annual (January and July)
Key structural features	The notes have been structured in compliance with the requirements of the GACS (Garanzia sulla Cartolarizzazione delle Sofferenze) scheme. The transaction structure comprises three tranches of sequentially amortising notes, an amortising liquidity reserve equal to 4% of the class A outstanding balance, and an interest rate cap spread agreement on the class A notes.
Limited recourse loan providers	38 Italian Banks
Other key counterparties	BNP Paribas Securities Services, Milan Branch (paying agent, cash manager, account bank, agent bank), Banca Finanziaria Internazionale S.p.A. (representative of noteholders, corporate services provider, calculation and monitoring agent, back-up servicer), Banco Santander S.A. (cap counterparty)

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Semi-annual Italian NPL performance report: sector will continue to under-perform

July 2021

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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 assessment of the special servicer's capabilities. Our credit risk analysis also considers the structural protection provided to the notes, the absence of equity leakage provisions, the liquidity protection, the interest rate hedging agreement, and the exposure to the main transaction counterparties.

Our approach to projecting recoveries depends on whether the exposure is secured or unsecured. For secured exposures, we mainly derived expected collections from the latest property appraisal values, which we stressed based on appraisal type, liquidity, and market value risks. Security value haircuts were calibrated using the servicer's historical repossession data. Recovery timing assumptions were derived using line-by-line asset information detailing the type of legal proceeding, the respective court responsible for the proceeding, and the legal stage of the proceeding as of the portfolio transfer date. For unsecured and junior secured, we considered market-wide line-by-line data on loans that defaulted during 2000-19, the special servicer's capabilities and servicer-specific historical data.

Rating drivers and mitigants

Positive rating drivers

Properties concentrated in the center and north of Italy. The collateral backing the secured loans is mostly concentrated in the center and north of Italy (83% of total collateral value), which benefits from the country's most dynamic economic conditions and, in general, the most efficient tribunals.

Above average share of residential properties. Secured loans are backed by residential assets for a share of 49% (of the secured collateral value), which is above the average of peer transactions rated by Scope. Residential properties are typically more liquid than non-residential ones.

Recent valuations. 81% of the properties (in terms of total collateral value) were valued from December 2020 onwards.

Negative rating drivers and mitigants

Significant portion of legal proceedings in initial stages. Around 63% of the secured loans (in terms of GBV) 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.

Above average concentration. Top 100 borrowers account for 34% of GBV, which is high compared to other Italian NPL transactions rated by Scope.

Hedging structure. A cap spread hedging structure partially mitigates class A notes' interest rate risk. However, the cap spread notional is below Scope's expected class A amortisation profile in the final periods of class A notes' life.

Upside rating-change drivers

Faster judicial recovery timings. The pandemic led to a slowdown in court activity. An outperformance on recovery timing could occur if courts advance on proceeding backlogs faster than expected.

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

Downside rating-change drivers

Long-lasting pandemic crisis. Covid-19 impacts may weigh negatively on portfolio's performance, as an economic downturn may deteriorate borrowers' affordability and real estate market liquidity conditions, reducing servicer performance on collection volumes.

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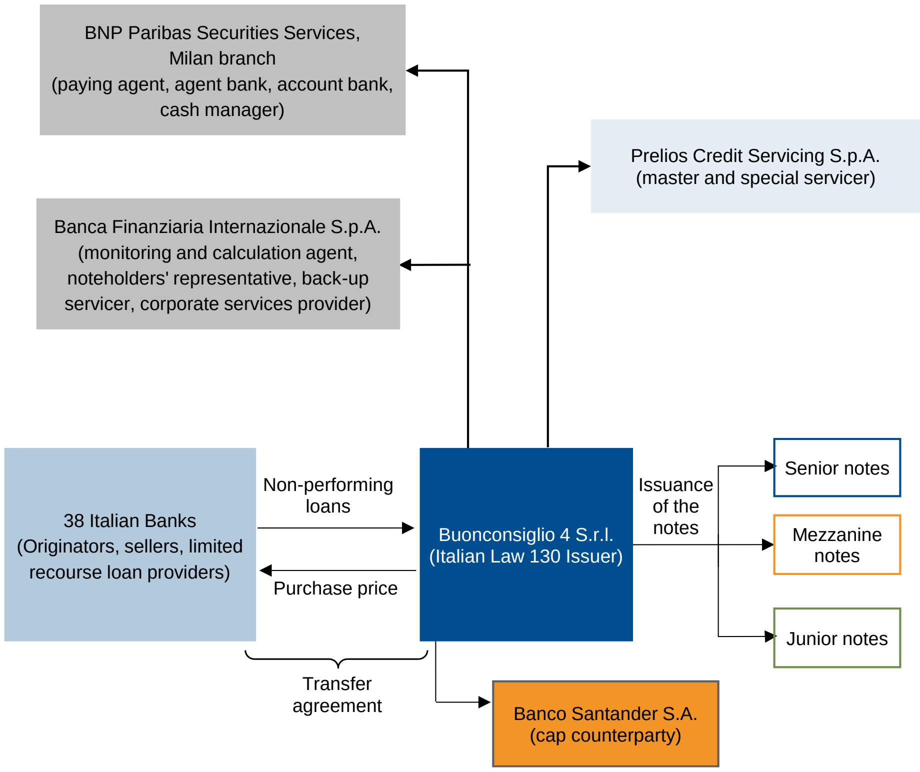
1. Transaction diagram

Figure 1: Transaction diagram



Sources: Transaction documents, Scope Ratings.

2. Macroeconomic environment

After a severe 9.0% economic contraction during 2020, Italy's economy has seen robust recovery this year, with an estimated annual growth rate of 6.6% – revised up from our above-consensus estimate of 5.6% for this year in entering 2021, followed by 4.7% in 2022, as advanced vaccination rates ease vulnerability to severe virus waves, while the manufacturing sector proves comparatively resilient to supply chain bottlenecks vis-à-vis performance in peer economies. In addition, job-market support measures during this crisis have proven effective. The unemployment rate stood at 9.2% as of September 2021, under a pre-crisis level of 9.7%, although employment still counts around 400,000 fewer workers compared with before this pandemic crisis. We expect an average unemployment rate of 9.6% this year, easing further to 8.5% in 2022. Downside risk to the economic outlook has heightened over recent weeks, driven by resurgence of virus in Italy and main trade partners. In addition, the inflation outlook poses risk to the recovery, with very high Harmonised Index of Consumer Prices (HICP) inflation of 4.1% for the euro area and 3.2% in Italy as of October.

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

3. Special servicer review

3.1. Introduction

We conducted an operational review on the special servicer Prelios. 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

Prelios Credit Servicing is a leading Italian player in the credit servicing sector, managing more than EUR 30bn GBV of assets under management ('AUM'), as of June 2021. AUM include both NPLs and unlikely to pay ('UTP') loans, representing, respectively, around two-thirds and one third of total AUM. Additionally, Prelios is servicing around 50% of public Italian NPL securitisations since 2016. Prelios Group is fully owned by funds managed by Davidson Kempner Capital Management LP, and along with Prelios Credit Servicing, the group comprises other companies active in the credit fund and asset management (Prelios SGR), property management (Prelios Integra), property valuations (Prelios Valuations), brokerage & agency (Prelios Agency) sectors and digital platforms for the NPLs sale (Prelios Innovation).

3.3. Servicing model

Prelios servicing activities rely on proprietary bespoke tools for NPL and UTP management activities that support loan managers for the entire life of the recovery process, from the underwriting to the closing phase.

The staff dedicated to NPL servicing activities comprises 100 internal loan managers, 160 external loan managers and an external network of around 400 lawyers and around 450 real estate agents. The staff dedicated to UTP servicing activities comprises 190 employees of which 165 internal loan managers.

Within the proprietary platforms, the servicer monitors collections performance, the status of the legal proceedings and assess future projections.

With reference to the NPL servicing, loan managers are organised in work-out units, each of them dedicated to a specific portfolio and organised by loan type and ticket size. Each work-out unit is supervised by a team leader, a senior employee that coordinates loan managers and monitors their performance. Each loan manager is generally in charge of around 300 positions. External lawyers support loan managers on judicial processes and real estate consultants assist on auction sales and voluntary disposal of real estate guarantees.

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

4. Portfolio characteristics

4.1. Representations and warranties

The securitised pool is comprised of secured and unsecured Italian NPLs originated by 38 Italian Banks (see ‘Appendix I’ for the complete list of originators).

The representations and warranties on the receivables provided by the originators are not fully aligned with those of peer transactions we rate, as they include the following exceptions:

i) the issuer will not be entitled to claim any indemnities related to any fact or circumstance that was already ascertainable via the material uploaded in the virtual data room. The receivables included in the virtual data room have been subject to due diligence by the servicer and they account for 69% of total GBV;

ii) there are two individual borrowers that were not resident in Italy at the time of disbursement of each loan (GBV 276k).

The representations and warranties provided by the originators, as of the transfer date, (with a few exceptions), include the following:

- All loans are denominated in euros and governed by Italian law.
- All receivables are valid for transfer without any limitations, free of encumbrances, and enforceable to the extent of their GBV.
- All receivables have been reported as defaulted by the Credit Bureau of the Bank of Italy.
- All real estate assets secured by mortgages exist and are located in Italy.
- Each mortgage has the lien indicated in the data tape.
- Except for certain borrowers, individual borrowers were resident in Italy, at the time of disbursement of each loan.
- Except for certain borrowers, corporate borrowers had their registered offices in Italy.
- As of the cut-off date, borrowers were not employees, managers, or directors of the originators.
- As of the cut-off date, the information contained in certain fields of the loan data tape, are true and accurate.

4.2. Key portfolio stratifications

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

Figure 2: Portfolio summary

	GBV (EUR m)	% on GBV
Originators		
38 Italian Banks	See Appendix I	
Servicer		
Serviced by Prelios	578.7	100%
Analysed via due-diligence	400.4	69%

	All	Senior secured	Junior secured	Unsecured
Number of loans	9,001	1,665	292	7,044
Number of borrowers	4,809			
GBV (EUR m)	578.7	312.0	36.7	230.0
% of gross book value		53.9%	6.3%	39.7%
Cash in court (% of GBV)	1.5%			
Collections since cut-off date (% of GBV)	n.a.			
Weighted average seasoning	4.6	4.6	4.1	4.8
Collateral values (EUR m)	522.0	410.3	111.8	

Sources: Transaction data tape, Scope Ratings

We adjusted the pool's gross book value using information on sold properties since the cut-off date. The analysis, which excluded loans we assumed to be closed, accounts for estimated cash-in-court amounting to EUR 8.4m relative to first-lien property value.

These adjustments reduced the portfolio's gross book value to EUR 570.3m from EUR 578.7m. Collections received since the cut-off date will be part of the issuer's available proceeds at the first payment date. We were not provided with line-by-line ad-interim collections, therefore we did not incorporate them under our analysis. We assumed cash-in-court would be received within three years after the closing date.

Our analysis is performed at the 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, and 'unsecured'. Unless stated otherwise, we treat junior secured loans as unsecured loans.

Stratification data provided below reflects our portfolio aggregation at the loan-level and includes conservative mapping assumptions in case of missing data.

Figure 3: Distribution by borrower type (% of GBV)

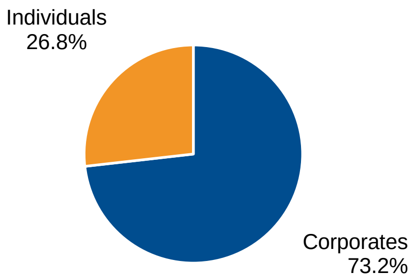


Figure 4: Distribution by loan type (% of GBV)

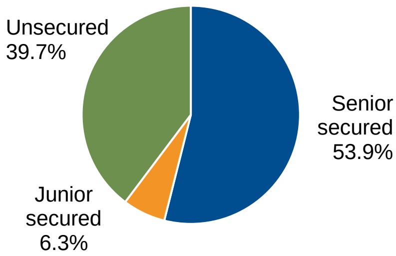


Figure 5: Distribution by recovery procedure (% of GBV)

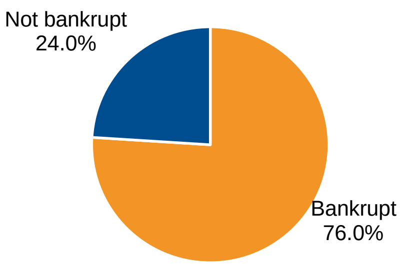


Figure 6: Distribution by recovery stage for secured loans (% of GBV)

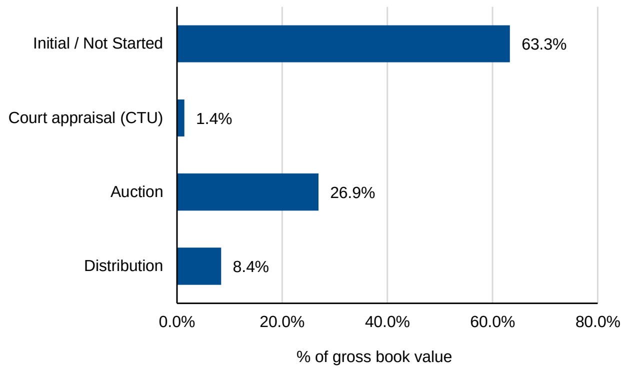


Figure 7: Distribution by court bucket for secured loans (% of GBV)

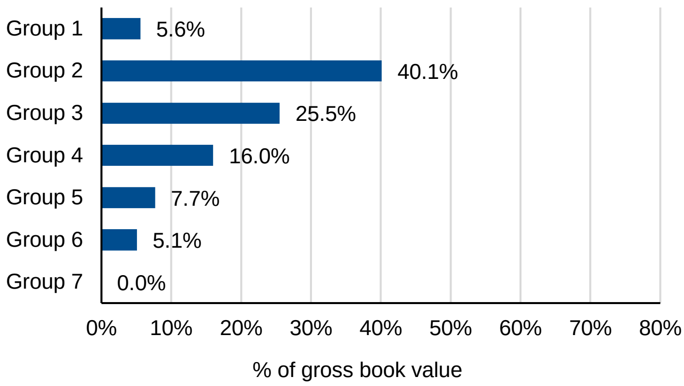


Figure 8: Unsecured and junior secured seasoning (% of GBV

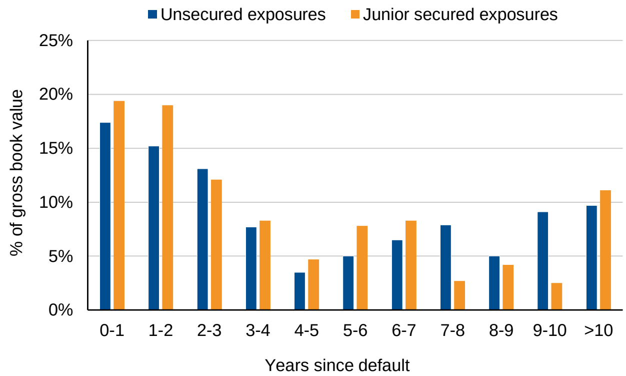


Figure 9: Distribution by collateral type for secured loans (% of appraisal value)

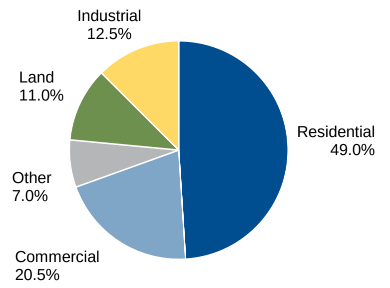


Figure 10: Distribution by valuation type for secured loans (% of appraisal value)*

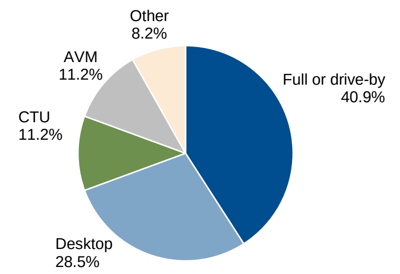


Figure 11: Distribution by collateral location (% of appraisal value)

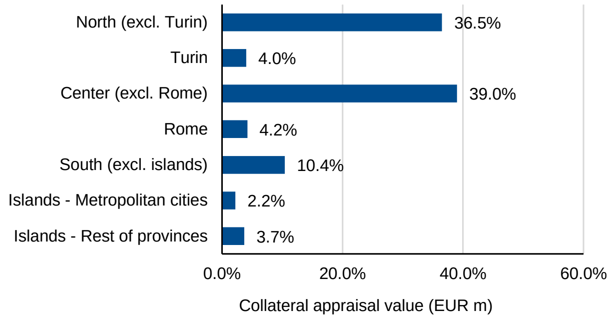
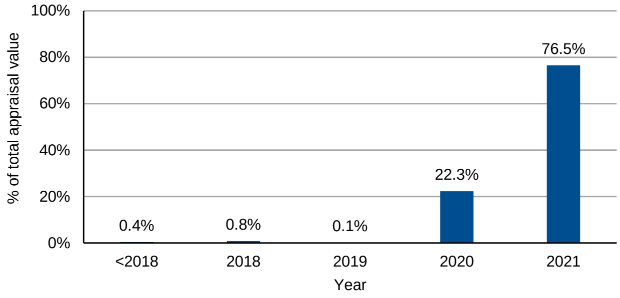


Figure 12: Distribution by valuation date (% of appraisal value)



* AVM stands for automated valuation methods and refers to desktop light valuations.
Sources: transaction data tape, calculations by Scope Ratings

5. Portfolio analysis

Following our NPL ABS rating methodology, we test the resilience of a rated instrument against deterministic, rating-conditional stresses. We apply higher stresses as the instrument's rating becomes higher. We follow a bottom-up approach to derive transaction-specific assumptions. This involves an analysis of loan and borrower attributes, the type of security, the security appraisal value, and recovery procedures and strategies. The approach enables us to develop an independent view on the relevant risks. We also consider any relevant insights from the servicer's business plan, historical data and operational review, peer comparisons and market data. We also account for the current macroeconomic scenario, taking a forward-looking view on the macroeconomic developments.

Figure 13 summarises the recovery rate assumptions applied in the analysis of the class A notes.

Figure 13: Summary of assumptions

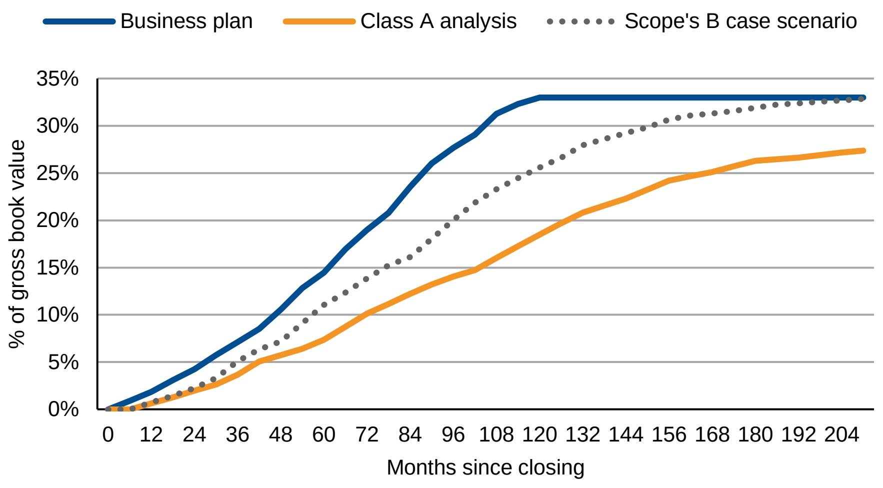
	Class A analysis
Secured recovery rate (% of secured GBV)	42.8
Unsecured recovery rate (% of unsecured GBV)	10.3
Total recovery rate (% of total GBV)	**27.8**
Secured collections, weighted average life (WAL) in years	9.1
Unsecured collections, WAL (years)	4.7
Total collections, WAL (years)	**8.3**

Sources: Transaction data tape, Scope Ratings

Class A recovery rate assumptions are about 16% below business plan target

Figure 14 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with the servicer's business plan, for class A and our B case scenario. These assumptions are derived by combining secured and unsecured recovery expectations, together with cash-in-court collections. We only considered cash-in-court allocated to specific receivables. We were not provided with line-by-line ad-interim collections, therefore we did not consider them in our analysis. Our recovery rate assumptions for the class A notes are 16% below the business plan target. Our calculation of the expected life is longer than the servicer's projections (8.3-year WAL for the class A notes analysis versus 5.5-year WAL in the business plan).

Figure 14: Scope's assumptions[1] vs. business plan's gross cumulative recoveries



Sources: Servicer business plan, Scope Ratings

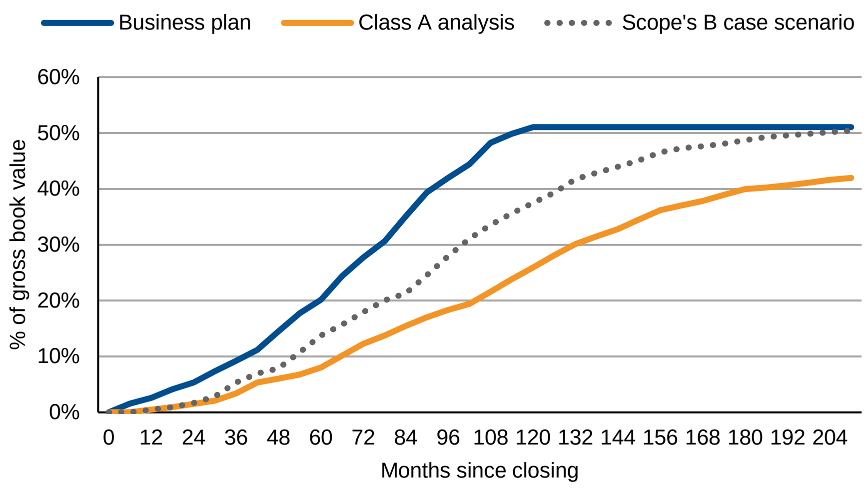
5.1. Analysis of secured portfolio segment

Valuation haircuts address forward-looking market value and liquidity risks

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 historical data on the length of the proceedings), and the type and stage of legal proceeding. Our analysis also considers concentration risk, the servicer's business plan and the available workout options.

[1] Scope's and the servicer's recovery rates are reported on a gross level and include cash-in-court collection amounts.

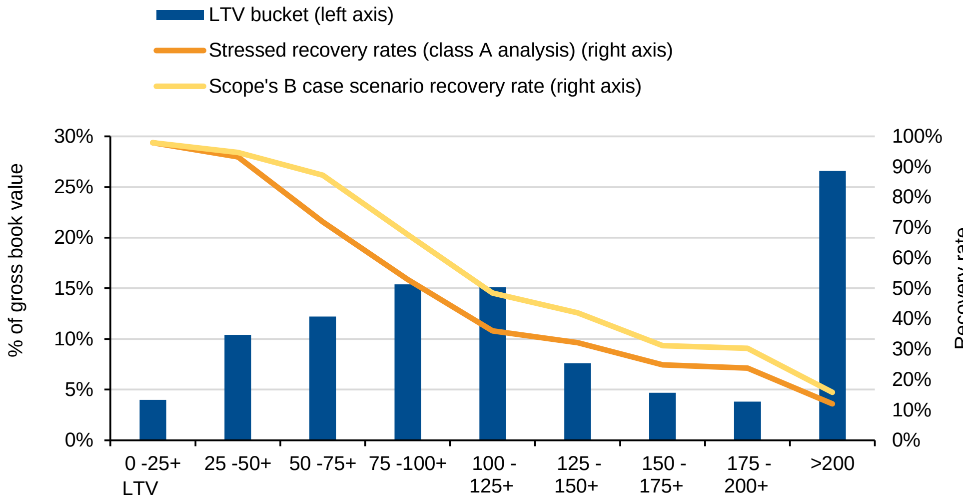
Figure 15: Scope's assumptions[2] vs. business plan's gross cumulative recoveries - secured loans



Sources: Servicer business plan, Scope Ratings

Figure 16 shows the secured loans' distribution by LTV bucket as well as our recovery rate assumptions for each LTV bucket under our rating-conditional stresses applied for class A notes and our B case scenario. The portfolio's share of under-collateralised secured exposures is material, as 58% of the loans has an LTV above 100%.

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 5% and 20% for the class A analysis

We applied rating-conditional haircuts ranging from 5% to 20% for the class A analysis, reflecting our view on the quality and accuracy of the underlying appraisals. Full or drive-by valuations are generally more accurate than desktop or CTU[3] valuations.

[2] Scope's and the servicer's recovery rates are reported on a gross level and include cash-in-court collection amounts. Secured loans as those guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis, with reference to Scope and the servicer's recovery rates.
[3] CTU stands for court valuation.

Figure 17: Scope's transaction-specific valuation haircuts

Valuation type	% of secured collateral value	Class A analysis haircut
Drive-by and full	40.9%	-
Desktop	28.5%	5%
CTU	11.2%	10%
Other (inclusive of AVM)	19.4%	20%

Sources: Transaction data tape; calculations and 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 the class A rating. These assumptions are i) specific to the geographical area; ii) based on an analysis of historical property price volatility; and iii) based on fundamental metrics relating to property affordability, property profitability, private sector indebtedness, the credit cycle, population dynamics and long-term macroeconomic performance.

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

	North						Centre			South			Islands	
Region	Milan	Turin	Genoa	Bologna	Venice	Others	Rome	Florence	Others	Naples	Bari	Others	Metropol-itan cities	Rest of provinces
Class A analysis	-10%	-10%	-10%	-8%	-10%	-11%	-16%	-13%	-14%	-12%	-11%	-14%	-12%	-14%
Portfolio distribution (%)	0.5	4.0	0.4	2.7	0.6	32.3	4.2	1.5	37.5	1.5	0.5	8.4	2.2	3.7

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

5.1.3. Collateral liquidity risk

Fire-sale discounts range between 40% and 55% for class A analysis

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

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

Collateral type	% of secured collateral value	Class A analysis haircut
Residential	49.0%	40%
Non-residential	51.0%	45%-55%

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

5.1.4. Concentration risk

We addressed borrower concentration risk by applying a 10.0% rating-conditional recovery haircut to the 10 largest borrowers for the class A notes analysis. The largest 10 and 100 borrowers account for 7.9% and 33.6% of the portfolio's GBV, respectively.

5.1.5. Residual claims after security enforcement

A secured creditor may initiate enforcement actions against a debtor if the sale proceeds of the mortgaged property are insufficient to repay the related outstanding debt in full. Secured creditors generally rank equally with unsecured creditors for amounts that have not been satisfied with the security's enforcement. The creditor's right to recover its claim, whether secured or unsecured, arises with an enforceable title (i.e. a judgment or an agreement signed before a public notary).

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

Based on market wide historical data, we gave credit to residual claims on 10% of the loans to individuals. Recovery strategies do not typically focus 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. Therefore, the servicer may opt to maximise recoveries when it is cost-efficient to do so, 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.

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 rating-conditional timing stresses to bankruptcy and non-bankruptcy procedures: 5.4 years and 2.7 year were respectively added to the total legal procedures' length for the class A analysis.

Figure 20: Total length of the recovery process for secured loans, by court group in years*

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	Percentage of courts
1	4	2	5.6%
2	6	3	40.1%
3	8	4	25.5%
4	10	5	16.0%
5	12	6	7.7%
6	14	7	5.1%
7	18	9	0.0%

*The total length of the recovery process does not include the rating-conditional timing stresses per proceeding type.
Percentages of courts incorporate our assumptions on courts not included in available information.
Sources: Transaction data tape; calculations and/or assumptions by Scope Ratings

5.2. Analysis of unsecured portfolio segment

Unsecured portfolio analysis is based on statistical data

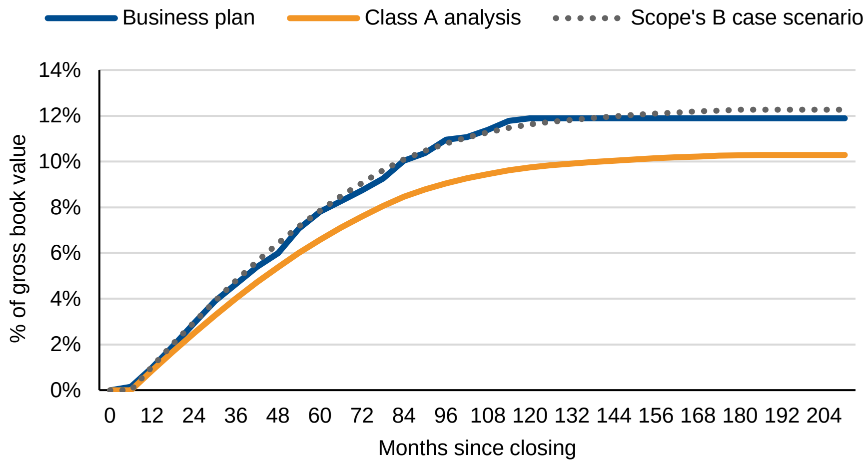
Our unsecured recovery assumptions are primarily based on market-wide historical data on unsecured recovery rates. We also factor in servicer-specific historical recovery data and our view on the quality of the servicer's recovery procedures.

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 is aligned with market average

Finally, transaction-specific assumptions were re-calibrated to reflect the ageing of the unsecured portfolio, as we consider aged unsecured NPLs to have a lower likelihood of recovery. The unsecured loans in the portfolio (including junior secured loans) are classified as defaulted for a weighted average of 4.7 years, which is aligned with the average of transaction peer levels.

Figure 21: Scope's assumptions[4] vs. business plan's recoveries – unsecured loans



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 0.4%, the interest rate being floored at 0%. Class B will pay a floating rate indexed to six-month Euribor plus a margin of 10.0%. The Euribor component for class A notes is capped at certain levels until January 2042. The class B Euribor component, if positive, is paid after class A principal payment.

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

Non-timely payment of interest on the senior notes (unless the GACS guarantee is in place), among other events such as the issuer's unlawfulness, would accelerate the repayment of class A through the full subordination of class B payments. If the GACS guarantee is in place, the non-timely payment of interest on the senior notes will entitle the Representative of the Noteholders to enforce the GACS Guarantee. The Ministry of the Economy and Finance as GACS guarantor will be requested to guarantee the payments of interest and principal on the class A notes, in accordance with the terms and conditions set forth in the GACS Regulation.

6.1. Combined priority of payments

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

Figure 22: Simplified priority of payments and available funds

Pre-enforcement priority of payments
1) Senior fees (master and special servicer fees), other senior expenses
2) Expenses account replenishment
3) Senior expenses
4) Limited-recourse loan interest

[4] Scope's and the servicer's recovery rates are reported on a gross level. Unsecured loans as those not guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis, with reference to Scope and the servicer's recovery rates.

Pre-enforcement priority of payments
5) GACS guarantee premium
6) Recovery expenses reserve account
7) Class A interest*
8) Any amount due and payable under GACS scheme (if not paid in item 5)
9) Cash reserve replenishment
10) Limited-recourse loan principal
11) Class B interest** (provided that no interest subordination event has occurred)
12) Class A principal
13) Class B interest** (upon occurrence of the interest subordination event)
14) Class B principal and servicer mezzanine fees (provided that a servicer underperformance event has occurred)
15) Payments due under the Subscription agreement
16) Class J interests
17) Class J principal and servicer junior fees (provided that a servicer underperformance event has occurred)
18) Any residual amount as class J variable return

* Euribor component is capped until Jan 2042.

** Euribor component, if positive, is paid under item 13 of the priority of payments.

Sources: Transaction documents and Scope Ratings

6.2. Interest subordination events

Class B interest subordination event is aligned with the GACS requirements

The occurrence of an interest subordination event results in class B interest being paid under item 13 of the waterfall above. An interest subordination event occurs if i) the cumulative net collection ratio[5] (CCR) falls below 90% of the servicer's business plan targets; ii) the NPV cumulative profitability ratio[6] (NPVPR) falls below 90%; or iii) any due 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.
2. If, on a subsequent payment date, the CCR returns to 100% or above, all due and unpaid class B interest is paid senior to class A principal under item 11 of Figure 22.

6.3. Servicing fee structure and alignment of interests

6.3.1. Servicing fees

The servicing fee structure links the level of servicer's fees with the portfolio's performance, mitigating potential conflicts of interest between the servicer and the noteholders.

Servicing fee structure reasonably aligns the interests of the servicer and the noteholders

The special servicer will be entitled to a performance fee. The exact level of fees varies over time and is subject to the debtor type, GBV size and the recovery strategy pursued by the servicer. Secured borrowers (borrowers with at least one loan guaranteed by a first

[5] 'Cumulative net collection ratio' is defined as the ratio between: i) the cumulative net collections; and ii) the net expected cumulative collections. Net collections are calculated as the difference between gross collections and recovery expenses, excluding servicing fees. Collections are computed since the portfolio's cut-off date.

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

lien mortgage and as per the business plan definition) bear lower performance fees compared to unsecured borrowers. Considering the portfolio composition, we assumed an average performance fee of 3.8% and 6.8% for secured and unsecured loan exposures[7], respectively.

The occurrence of a servicer underperformance event results in 5% up to 30% of servicer's performance fees being subordinated to class A principal payments. This portion is paid under items 14 and 17 of the above simplified priority of payments, as mezzanine or junior servicing fees, respectively. A servicer underperformance event occurs if the CCR falls below 95% and/or if the NPVPR falls below 90%.

An underperformance event is curable if on any subsequent payment date, the CCR and NPVR return above 95% and 90%, respectively. All mezzanine and junior servicer fees accrued and unpaid in previous periods will be paid under item 1 of the simplified priority of payments.

6.3.2. Special servicer monitoring

Monitoring function protects noteholders' interests

An overview of the servicer's activities and calculations, conducted by the monitoring agent, Banca Finanziaria Internazionale 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, and 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 may authorise the revocation and replacement of the special servicer upon a servicer termination event. The monitoring agent may 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 representative of the noteholders, responsible for implementing the decisions of the committee, shall be consulted when envisaged by the transaction's documents.

6.3.3. Servicer termination events

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

A special servicer termination event includes: i) insolvency; ii) failure to pay any amount due to the issuer within two business days from the collection reconciliation date, unless the failure is due to technical reasons; iii) an unremedied breach of obligations; iv) an unremedied breach of representation and warranties; v) loss of legal or regulatory eligibility to perform obligations under the servicing agreement; vi) the CCR being below 90% (or the NPVPR being below 85%) for two consecutive interest payment dates, 24 months after the transfer date; vii) the special servicer transfers all or a significant part of its business to a company that is not part of the special servicer's group.

The back-up master servicer will step in the event of a master servicer termination event. This mitigates master servicer disruption risk.

6.4. Liquidity protection

Cash reserve provides liquidity protection to class A notes

A cash reserve will be funded at closing with a limited recourse loan disbursed by the originators, bearing a fixed interest of 1.0%. The initial cash reserve amounts to EUR

[7] As per Scope's definition.

4.7m. The target amount at each payment date will be equal to 4.0% of the total outstanding balance of the 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.

6.5. Interest rate hedge

Due to the non-performing nature of the securitised portfolio, the issuer will receive irregular 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 senior notes, defined as six-month Euribor plus a 0.4% margin.

An interest rate cap spread partially mitigates interest rate risk on class A notes

An interest rate cap spread partially mitigates the risk of increased liabilities on the class A notes due to a rise in Euribor (Figure 23). The base rate on the class A notes will be capped with an upper bound rate ranging from 0.1% at the issue date to 1.25% in January 2034, while it will be floored with a lower bound rate ranging from 0.0% at the issue date to 0.8% in January 2034. Under the cap spread agreement, the issuer receives the difference, if positive, between six-month Euribor and the lower bound rate and pays the difference, if positive, between six-month Euribor and the upper bound rate, following a pre-defined notional schedule. In addition, a cap is embedded in the class A Euribor component, aligned with the upper bound strike of the cap spread.

The notional schedule of the cap spread on class A notes is aligned with our expected class A amortisation profile except for the final periods (see Figure 24). 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 spread notional amount and the class A notes' outstanding principal.

Figure 23: Interest rate cap spread on class A notes

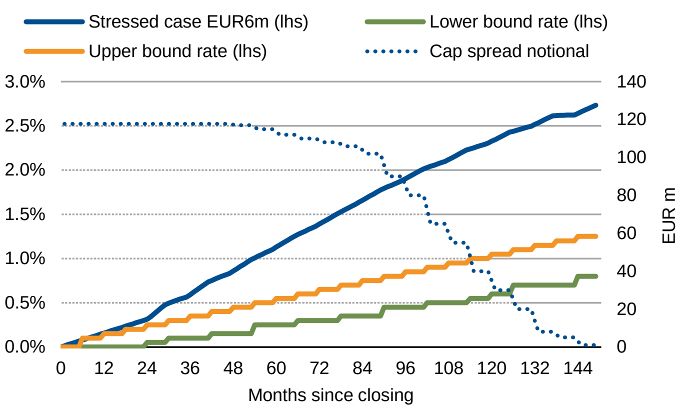
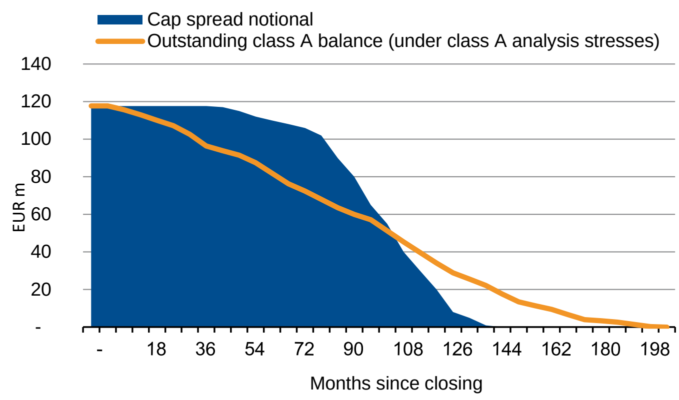


Figure 24: Interest rate cap spread notional vs outstanding class A notes



Sources: Transaction documents, Bloomberg and Scope Ratings

7. Cash flow analysis and rating stability

Our cash flow analysis considers the structural features of the transaction

We analysed the transaction's specific cash flow characteristics. Asset assumptions were captured through rating-conditional gross recovery vectors. The analysis 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. Legal costs are assumed to amount to 9% of gross collections.

Our rating reflects expected losses over the instruments' weighted average life

The rating assigned to the class A notes reflects the expected losses over the instruments' weighted average life commensurate with our 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 rating to input assumptions and is not indicative of expected or likely scenarios. We tested the sensitivity of the analysis to deviations from the main input assumptions: i) recovery rate level; and ii) recovery timing.

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

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

8. Sovereign risk

No mechanistic cap linked to sovereign risk

Sovereign risk does not limit the rating. 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 we view as highly unlikely, are not material for the notes rating.

9. Counterparty risk

Counterparty risk does not limit the transaction's rating

None of the counterparty exposures constrain the rating achievable by this transaction. We considered counterparty substitution provisions in the transaction and, when available, our 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) 38 Italian Banks as originators, sellers, representation and warranty providers and limited recourse loan providers; ii) Prelios Credit Servicing S.p.A. as special and master servicer; iii) Banco Santander S.A. as cap counterparty; iv) Banca Finanziaria Internazionale S.p.A. as noteholders' representative, corporate services provider, monitoring and calculation agent, back-up servicer; v) BNP Paribas Securities Services, Milan Branch as paying agent, cash manager, account and agent bank.

9.1. Servicer disruption risk

Back-up arrangements mitigate servicing disruption risk

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

9.2. Commingling risk

Limited commingling risk

Commingling risk is limited, as debtors will be instructed to pay directly into an account held in the name of the issuer. In limited cases, in which the servicer receives payments from a debtor, it will transfer the amounts within two business days from the payment reconciliation date or, in case of exceptional circumstances not attributable to the servicer, within two business days from the cessation of the exceptional circumstances. In case the originators receive payments from debtors, they will transfer these amounts into the collection account within two business days from the payment reconciliation date.

9.3. Claw-back risk

Limited claw-back risk

The originators 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 sellers' insolvency as of the transfer date.

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

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

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

9.4. Enforcement of representations and warranties

Representations and warranties limited in time and amount

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

However, the above-mentioned representations and warranties are only enforceable by the issuer within 18 months from the transfer date. The total indemnity amount, for each originator, is payable only if its aggregate value exceeds 1% of the originator's portfolio purchase price. Additionally, the indemnity amount is capped to a maximum of 25% of each originator's portfolio purchase price. Furthermore, the indemnity amounts will be payable only above a minimum amount threshold of EUR 5,000 on a single-loss basis, for all the originators' portfolios.

The issuer will not be entitled to claim any indemnities related to any fact or circumstance that was already ascertainable via the material uploaded in the virtual data room. The receivables included in the virtual data room have been subject to due diligence by the servicer and they account for 69% of total GBV.

10. Legal structure

10.1. Legal framework

Transaction documents governed by Italian and English Law

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

The transaction is fully governed by the terms in the documentation and any changes are subject to the counterparties' consent, with the most senior noteholders at the date of the decision having superior voting rights.

10.2. Use of legal opinions

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

Ongoing rating monitoring

11. Monitoring

We will monitor this transaction based on performance reports, updated loan-by-loan reports, and other public information. The rating 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, we applied our Non-Performing Loan ABS Rating Methodology, Methodology for Counterparty Risk in Structured Finance, and General Structured Finance Rating Methodology, available on www.scoperatings.com.

Appendix I – Originators

Originators and sellers	GBV	GBV %	n. of borrowers	n. of borrowers %
Banca Sella S.p.A.	81,515,371	14.1%	700	14.6%
Cassa di Risparmio di Volterra S.p.A.	62,038,647	10.7%	363	7.5%
Cassa di Risparmio di Fermo S.p.A.	37,756,793	6.5%	273	5.7%
Banca Popolare dell'Alto Adige S.p.A.	37,713,068	6.5%	239	5.0%
Banca di Bologna Credito Cooperativo	29,819,781	5.2%	119	2.5%
Banco di Desio e della Brianza S.p.A.	22,904,947	4.0%	522	10.9%
BANCA LAZIO NORD Credito Cooperativo Soc. Coop. per Azioni	21,334,441	3.7%	244	5.1%
Banca Macerata S.p.A.	20,519,975	3.5%	184	3.8%
Banca Adria Colli Euganei Credito Cooperativo Società Cooperativa	17,783,944	3.1%	80	1.7%
Cassa Rurale ed Artigiana di Boves - Banca di Credito Cooperativo (Boves - Cuneo) - Società Cooperativa	16,820,797	2.9%	55	1.1%
Banca del Territorio Lombardo - Credito Cooperativo - Società Cooperativa	14,219,319	2.5%	167	3.5%
Banca Monte Pruno - Credito Cooperativo di Fisciano, Roscigno e Laurino - Soc. Coop.	13,481,958	2.3%	279	5.8%
Banca Popolare di Lajatico Società Cooperativa per azioni	13,389,132	2.3%	41	0.9%
Cassa Padana Banca di Credito Cooperativo Società Cooperativa	12,306,122	2.1%	76	1.6%
BENE BANCA Credito Cooperativo di Bene Vagienna (Cuneo) s.c.	11,989,806	2.1%	28	0.6%
La Cassa Rurale – Credito Cooperativo Adamello Giudicarie Valsabbia Paganella – Società Cooperativa	10,995,766	1.9%	59	1.2%
Banca Centro Emilia - Credito Cooperativo - Società Cooperativa	10,959,631	1.9%	13	0.3%
Banca Centro Lazio Credito Cooperativo	10,874,852	1.9%	240	5.0%
Banca di Credito Cooperativo Laudense Lodi s.c.	10,535,480	1.8%	73	1.5%
Banca di Caraglio, del Cuneese e della Riviera dei Fiori - Credito Cooperativo - Società Cooperativa	10,431,415	1.8%	11	0.2%
Banca di Credito Cooperativo dei Castelli Romani e del Tuscolo	10,394,827	1.8%	83	1.7%
Banca di Credito Cooperativo della Romagna Occidentale - Soc. Coop.	10,041,660	1.7%	94	2.0%
Banca di Credito Cooperativo di San Giovanni Rotondo Società Cooperativa a responsabilità limitata	9,121,177	1.6%	40	0.8%
Cassa di Trento, Lavis, Mezzocorona e Valle di Cembra - Banca di Credito Cooperativo - Società Cooperativa	8,821,416	1.5%	44	0.9%
BCC Felsinea - Banca di Credito Cooperativo dal 1902 - Società Cooperativa	7,894,100	1.4%	44	0.9%
Banca di Credito Cooperativo dell'Umbria e del Velino Società Cooperativa	7,394,493	1.3%	62	1.3%
Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.	6,754,540	1.2%	58	1.2%
Banca Sicana - Credito Cooperativo	6,142,170	1.1%	71	1.5%
Banca Popolare di Cortona Società Cooperativa per azioni	6,046,395	1.0%	34	0.7%
Cassa di Risparmio di Savigliano S.p.a.	5,809,348	1.0%	51	1.1%
BancaTer Credito Cooperativo FVG – Società Cooperativa	5,554,575	1.0%	61	1.3%
Banca di Credito Cooperativo di Castagneto Carducci Società Cooperativa Per Azioni	4,897,112	0.8%	12	0.2%
BancAnagni Credito Cooperativo Società Cooperativa	4,307,378	0.7%	61	1.3%
Banca di Credito di Cooperativo Pianfei e Rocca de' Baldi - Società Cooperativa	4,176,372	0.7%	38	0.8%
Banca Malatestiana - Credito Cooperativo - Soc. Coop.	3,820,149	0.7%	59	1.2%
Credito Etneo - Banca di Credito Cooperativo - Soc. Coop.	3,597,886	0.6%	177	3.7%
Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A.	3,581,789	0.6%	3	0.1%
Banca di Credito Cooperativo di Cherasco - Soc. Coop.	2,972,465	0.5%	51	1.1%
Total	**578,719,097**	**100.0%**	**4,809**	**100.0%**

Appendix II - Deal comparison

Transaction	Buonconsiglio 4 Srl.	BCC NPLs 2021 Srl	OLYMPIA SPV Srl	Aporti	Palatino SPV	Aurelia SPV Srl	Ifis NPL 2021-1 SPV	Buonconsiglio 3	POP NPLS 2020	BCC NPLS 2020
Closing	Dec-21	Nov-21	Nov-21	Jun-21	Jun-21	Jun-21	Mar-21	Dec-20	Dec-20	Nov-20
GACS	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes
Originators/Sellers	38 Banks	77 Banks	Unicredit SpA	illimity Bank	6+ Italian Banks	Banco BPM SpA	Ifis NPL Investing	38 Banks	15 Banks	90 Banks
Master servicer	Prelios	Italfondiario	Italfondiario	Prelios	Credito Fondiario	Credito Fondiario	Ifis Servicing	Zenith	Credito Fondiario	Italfondiario
Special servicer	Prelios	doValue	doValue	Prelios	Credito Fondiario	Credito Fondiario Liberty	Ifis Servicing	Guber Banca	Credito Fondiario & Fire	doValue
General portfolio attributes										
Gross book value (EUR m)	579	1,312	2,168	356	865	1,510	1,323	679	919.9	2347.1
Number of borrowers	4,809	6,784	11,945	424	2,188	3,304	47,127	3,671	3,978	9,580
Number of loans	9,001	11,270	38,527	2,043	5,559	10,411	69,384	6,520	8,128	17,246
WA seasoning (years)*	4.6	4.2	4.3	5.6	7.7	2.2	7.0	3.7	3.4	3.8
WA seasoning (years) - unsecured portfolio*	4.7	4.3	5.1	6.7	6.5	2.1	4.0	4.4	3.8	4.5
WA LTV buckets (% or secured portfolio)										
bucket [0-25]	4	2.3	5.5	2.5	3	2.6	3.4	1.6	4.6	3.3
bucket [25-50]	10.4	7.4	14.7	19.2	6.2	9.6	4.5	7.9	9	7.7
bucket [50-75]	12.2	11.5	13.9	11.4	7.9	15.3	7.3	11.9	12.9	13.1
bucket [75-100]	15.4	12.8	15.1	8.7	7.3	25.3	7.5	14.2	19.2	13.5
bucket [100-125]	15.1	7.8	10.8	10.3	7.4	14.1	5.1	10.7	16.7	11.7
bucket [125-150]	7.6	9.3	8.9	5.5	7.8	8.4	5.2	10.6	10.2	9.5
bucket [150-175]	4.7	7	6.9	0.9	6.2	6	5.6	10.1		4.9
bucket [175-200]	3.8	5.6	3.4	3.5	5.5	2.2	4.4	7.6	27.4	5.4
bucket > 200	26.6	36.2	20.9	37.9	48.7	16.4	57	25.5		31
Cash in court (% of total GBV)	1.5	0.1	0.5	1.4	1.4	0.4	1.3	1.3	0.3	0.4
Loan types (% of total GBV)										
Secured first-lien	53.9	63.6	35.2	68.5	81.0	44.3	30.3	65.5	55.9	59.8
Secured junior-lien	6.3	6.3	5.3	4.5	5.8	6.0	0.4	4.0	9.0	7.5
Unsecured	39.7	30.1	59.5	27.0	13.3	49.7	69.3	30.5	35.1	32.7
Syndicated loans	5.3	3.9	3.5	8.4	6.9	0.8	1.5	6.2	1.1	6.4
Debtors (% of total GBV)										
Individuals	26.8	19.9	27.8	5.6	27.3	14.6	80	26.4	25.3	16.6
Corporates or SMEs	73.2	80.1	72.2	94.4	72.7	85.4	20	73.6	74.7	83.4
Procedure type (% of total GBV)										
Bankrupt	76.0	73.4	62.0	47.9	44.5	29.1	15.6	64.9	55.1	59.1
Non-bankrupt	24.0	26.6	28.0	52.1	55.5	70.9	84.4	35.1	44.9	40.9
Borrower concentration (% of GBV)										
Top 10	7.9	7.4	13.8	35.9	19.8	14.6	5.1	8.7	9.1	6.1
Top 100	33.6	30.6	30.9	77.9	54.6	39.8	14.9	38.4	35.3	25.1
Collateral distr. (% of appraisal val.)										
North	38.7	43.4	38.9	46.7	56.6	70.5	18.3	64.7	62.2	42.8
Centre	44.5	38	24.4	20.6	21.2	21.5	13.3	21.7	12.4	40.6
South	16.8	18.5	36.7	32.7	22.2	8.1	68.4	13.6	25.4	16.5
Collateral type (% of appraisal val.)										
Residential	49.0	32.8	66.3	32.7	60.5	42.6	60.8	35.3	46.6	31.6
Commercial	20.5	22.8	16.6	28.5	16.4	27.8	6.6	27.8	22.3	20.9
Industrial	12.5	21.6	9.9	18.1	7.6	14.1	16.7	15.0	9.9	21.1
Land	11.0	15.4	5.2	9.6	10.1	8	9.3	17.3	9.5	14.2
Other or unknown	7.0	7.3	2.0	11.1	5.4	7.5	6.6	4.7	11.7	12.2
Valuation type (% of appraisal val.)										
Full or drive-by	40.9	53.5	13.5	0.6	5.6	27.3	31	58.1	46.1	57.4
Desktop	28.5	24.5	38.1	26.3	37	67.3	51.3	23.4	22.5	19.4
CTU	11.2	9.1	15.5	24	10.9	5.4	0	13.9	20	10.3
Other	19.4	12.9	32.9	49.1	46.5	0	17.7	4.6	11.4	12.9
Secured ptf proc. stage (% of GBV)										
Initial	63.3	70.5	82.2	78.9	70.4	77.4	37.5	52.6	57.7	51.2
CTU	1.4	12.1	3.2	3.1	8.5	5.1	14.2	26.6	22.6	18.4
Auction	26.9	14.7	13.8	17.5	16.2	13.9	33.7	16.6	12.8	18.5
Distribution	8.4	2.7	0.8	0.5	4.9	3.7	14.6	4.2	7	11.9
Summary of assumptions (BBB rating conditional stress)										
Remaining lifetime recovery rate (%)										
Secured (=net LTV after all stresses)	42.8	42.9	49.1	39.8	28.2	54.1	20.5	43.1	48.9	43.8
Unsecured	10.3	11	5.8	4.4	4.3	13.8	50.6	8.2	8.7	11.6
Total	27.8	31.2	21.1	28.6	11.3	31.6	41.5	31.1	31.2	30.8
Weighted average life of collections (yrs)										
Secured	9.1	7.7	7.6	7.7	7.3	7.0	6.3	7.4	7.6	8.3
Unsecured	4.7	5.3	4.1	3.1	2.9	4.0	5.4	4.8	4.7	5.2
Total	8.3	7.6	6.9	7.1	3.0	6.3	5.6	5.9	7.2	7.7
Structural features										
Liquidity reserve (% of class A notes)	4.0	3.0	5.0	4.5	4.5	4.5	4.5	4	4	3
Class A Euribor cap strike	0.1%-1.25%	0.5% - 1.2%	0.1%-4.95%	0%-1%	0.09%-3.0%	0.0%-3.0%	0.2%-3.0%	0.6%-3.75%	0.2%-1.6%	0.5%-1.2%
Class A										
% of GBV	20.3	22.6	12.0	18.2	15.6	22.7	27.6	22.7	26.3	22.2
Credit enhancement	79.7	77.4	88.0	81.0	84.4	77.3	72.4	77.3	73.7	77.8
Class B										
% of GBV	2.9	3	1.2	2.7	2.7	2.7	5.6	3.1	2.72	1.7
Credit enhancement	76.8	19.6	86.8	78.4	81.7	74.7	66.8	74.2	70.98	76.1
Final rating at closing										
Class A	BBB	BBB	BBB	BBB	BBB	BBB	A-	BBB	BBB	BBB
Class B	NR	CCC	NR	NR	NR	NR	B+	NR	CC	CC

* Weighted average seasoning includes Scope's qualitative adjustment driven by the special servicer's superior capacity to treat unsecured loans compared to an originator.

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