AQUI SPV S.r.l.

Non-Performing Loans (NPL) - BPER Banca S.p.A.

Ratings

Tranche	Rating	Size (EUR m)	% of notes	% of GBV[1]	Coupon	Final maturity
Class A	BBB-$_{SF}$	544.7	88.1	26.16	6m-Euribor[2] + 0.5%	Oct 2038
Class B	NR	62.9	10.2	3.02	6m-Euribor + 7.0%	Oct 2038
Class J	NR	10.9	1.8	0.52	Variable	Oct 2038

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

[1] Gross book value (GBV) of the securitised portfolio at closing (EUR 2,082m)

[2] The base rate applicable to the class A notes will be capped, respectively, on the interest payment dates falling on April 2020 to April 2029, to 0.5%, 0.75%, 1%, 1.25%, 1.5%, 1.75%, 2%, 2.25%, 2.5%, 2.75%, and to 3.0% thereafter.

Transaction details

Purpose	Risk transfer
Issuer	Aqui SPV S.r.l.
Originators	BPER Banca S.p.A. and its subsidiary companies Cassa di Risparmio di Saluzzo S.p.A. and Cassa di Risparmio di Bra, S.p.A.
Servicer	Prelios Credit Servicing S.p.A.
Portfolio cut-off date	31 December 2017
Issuance date	7 November 2018
Payment frequency	Semi-annual (April and October)
Arrangers	JP Morgan, Mediobanca Banca di Credito Finanziario S.p.A.

The transaction is a cash securitisation of a static Italian non-performing loan (NPL) portfolio worth EUR 2,082m by gross book value, originated by BPER Banca S.p.A. and its subsidiary companies Cassa di Risparmio di Saluzzo S.p.A. and Cassa di Risparmio di Bra, S.p.A.

The proceeds of the notes issuance were used to purchase the portfolio at a 70.3% discount relative to its gross book value. The issuer acquired the portfolio as of the closing date, 7 November 2018, but is entitled to all portfolio collections received since 31 December 2017 (the portfolio cut-off date).

The portfolio as of the cut-off date comprised first-lien secured loans (57%), unsecured loans (40.5%) and junior-lien secured loans (2.5%) extended to companies (83.6%) and individuals (16.4%). Secured loans are backed by Italian non-residential and residential properties (62.8% and 37.2% by appraisal value, respectively). About 36% of the properties are located in the northern region of Emilia-Romagna; the rest are distributed across southern Italy (43%), other northern regions (13%) and central Italy (8%).

The structure comprises three classes of notes with fully sequential principal amortisation: senior class A, mezzanine class B, and junior class J. Class B interest payments, ranking senior to class A principal, are capped at 7% and will be fully deferred if certain special-servicer performance triggers are breached. Class J principal and interest are subordinated to the repayment of the senior and mezzanine notes.

Rating rationale (summary)

The rating of the notes is driven by assumptions on net collection amount and timing of collections for the NPL portfolio, which incorporate rating-conditional stresses and our economic outlook for Italy. The rating is supported by the structural protection provided to the notes, by the absence of equity leakage provisions, by the liquidity available in the structure, and by the interest rate hedge.

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Related Research

General Structured Finance Rating Methodology, August 2018

Methodology for Counterparty Risk in Structured Finance, August 2018

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For the analysis of the class A notes, we assumed a total portfolio gross recovery rate of 40.0% (relative to the portfolio gross book value) over a weighted average life of 6.0 years. By segment, we assumed a gross recovery rate of 60.2% for the first-lien secured portfolio, and equal to 13.3% for the unsecured and junior-lien secured exposures. We have applied an average fire-sale discount of 29.9%[1] to security valuations and factored in legal expenses of 9% over gross collections, issuer senior expenses and the servicer fee structure (see section 5.2).

We also took into account the cost of the interest rate cap, which was paid for with issuer available collections on the issuance date. If six-month Euribor exceeds 0.3%, the cap counterparty will pay to the issuer the base rate payable on the notes (subject to the cap schedule described above) minus the strike rate, calculated over a static swap notional schedule, which is well aligned with our assumed amortisation schedule for the class A notes, considering BBB- recovery rate and timing stresses.

The rating also addresses the exposures to the key transaction counterparties: Prelios Credit Servicing, the special and master servicer; Securitisation Services, the back-up master servicer, noteholders' representative, calculation agent and corporate servicer; BNP Paribas Securities Services, the account bank, paying agent, cash manager and agent bank; Zenith Service S.p.A., monitoring agent; and JP Morgan AG, interest rate cap provider. We have factored in counterparty replacement triggers and relied on publicly available ratings, as well as on our rating of BNP Paribas SA, the parent of BNP Paribas Securities Services.

Rating drivers and mitigants

Positive rating drivers

Portfolio servicing. Portfolio collections will benefit from the special servicer's capabilities and an incentive fee. Business plan net collections, after deducting servicer fees and legal expenses, amount to EUR 706m, representing a coverage ratio of 1.3x over the class A principal balance.

Class B deferral. Class B interest payments will be fully deferred if the special servicer fails to meet at least 95% of business plan targets regarding cumulative collections or profits on closed positions. This trigger is among the tightest of the peer transactions we rate.

Cash collections. We have accounted for EUR 58.6m of collections already available as of closing date, equivalent to the 7% gross lifetime collections assumed for our class A analysis. Most of these collections correspond to property sales realised since the cut-off date.

Real estate recovery. A moderate property price decline stress of 6.1% reflects our view of limited downside risk, driven by moderate private sector indebtedness.

Liquidity protection. The level of liquidity protection for senior noteholders is high compared with peer transactions. An amortising cash reserve equal to 5% of the outstanding class A notes' balance covers for senior expenses and class A interest.

Interest rate risk hedge. The interest rate cap strongly mitigates base rate risk on the class A notes.

Negative rating drivers and mitigants

Collateral liquidity risk. The transaction is exposed to a relatively large share of non-residential properties, which could be subject to material liquidity discounts upon liquidation. To rate Class A, Scope has applied a BBB- rating-conditional average fire-sale discount to security valuations of 29.9%.

Collateral appraisal values. NPL collateral appraisals are more uncertain than standard appraisals because repossessed assets are more likely to deteriorate in value. The above-mentioned fire-sale discount assumption incorporates our assessment of the quality of portfolio appraisals.

Seasoned unsecured portfolio. The weighted average time since loan default is approximately 4.5 years for the unsecured portion. According to historical data, most unsecured recoveries are realised in the first years after a default.

Property types. About two-thirds of unsold properties in the portfolio are non-residential properties, including large shares of industrial properties, development land or units under construction. The value of such properties is typically more uncertain than for residential or commercial properties.

Concentration. The debtor concentration in the portfolio is above average compared to peer transactions we rate. The 10 and 100 largest borrower exposures account for 8.0% and 26.9% of gross book value, respectively.

Positive rating-change drivers

Servicer outperformance. Consistent servicer outperformance relative to our base case assumptions could positively impact the ratings. For the base case scenario, we have assumed gross cumulative collections of EUR 924.6m over a weighted average collection period of 5.2 years. For the class A analysis we have applied a higher stress, equivalent to gross collections of EUR 833.6m over a weighted average collection period of 6.0 years.

Negative rating-change drivers

Servicer underperformance. Servicer performance which falls short of our base case collection amounts and timing assumptions could negatively impact the ratings.

Fragile economic growth. The trajectory of Italy's public debt is a cause for concern given the weak medium-term growth potential of 0.75% alongside the new government's plans to roll back reforms, raise spending and cut taxes.

[1] This haircut reflects a BBB- stress scenario, applicable to the analysis of the class A notes

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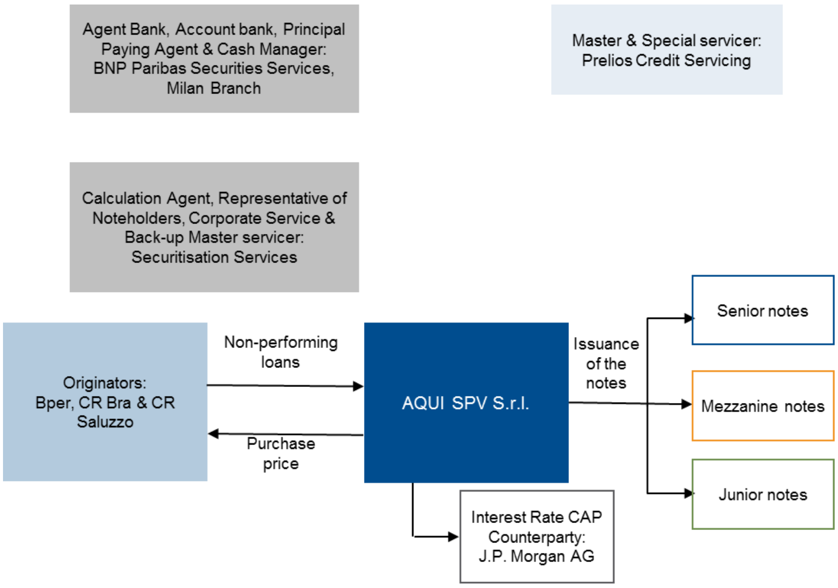
1. Transaction summary

The transaction structure comprises three tranches of sequential principal-amortising notes, an amortising liquidity reserve equal to 5% of the outstanding class A notes, and an interest rate cap agreement.

Figure 1: Transaction diagram:



Sources: Transaction documents and Scope Ratings.

Figure 2 shows the main characteristics of the preliminary portfolio we have analysed:

Figure 2: Key portfolio stratifications (31 December 2017 cut-off)

	All	Secured	Unsecured or junior liens
Number of loans	21,279	3,898	17,381
Number of borrowers	6,255		
Gross book value (EUR m)	2,082,149,822	1,186,825,398	895,551,965
% of gross book value	100%	57.0%	43.0%
Weighted average seasoning (years)	3.9	3.2	4.5
Sum of collateral appraisal values (EUR m)		1,586,883,967	
Borrower type			
Corporate	83.6%	47.5%	36.1%
Individual	16.4%	12.0%	4.4%
Primary procedure*			
Bankrupt borrower	44.0%	30.9%	12.4%
Non-bankrupt borrower	56.0%	29.4%	27.3%
Stage of procedure (secured loans)			
Initial		46.4%	
Court-appointed valuation (CTU)		14.2%	
Auction		26.2%	
Distribution		13.2%	
Geography			
North	48.5%	30.1%	19.8%
Centre	8.2%	7.7%	6.2%
South and islands	43.4%	21.7%	14.5%
Borrower concentration			
Top 10	8.0%		
Top 100	26.5%		
Property type (% of collateral value)			
Residential		36.2%	
Non-residential		63.8%	

* Some loans have more than one type of ongoing procedure, or an unknown procedure. This distribution partly reflects Scope's assumptions regarding the primary type of procedure.
Sources: Transaction data tape; calculations and/or assumptions by Scope Ratings

2. Macroeconomic environment

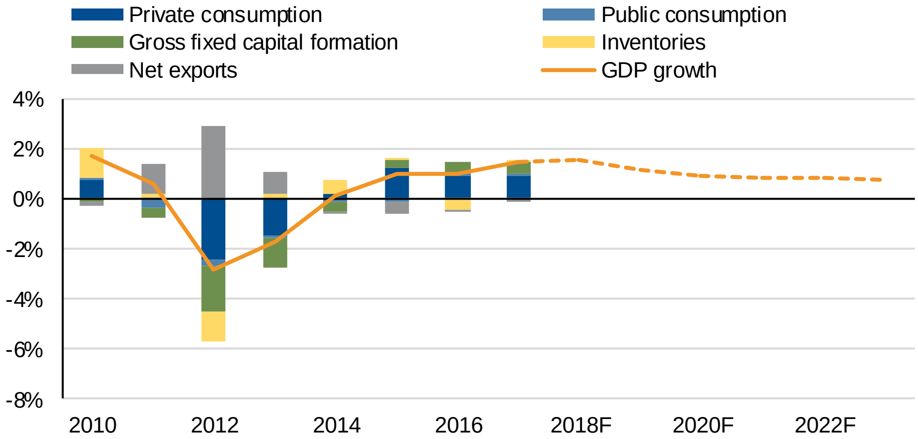
Gradual property price recovery despite economic challenges

The portfolio recovery amount and timing expectations reflect our expectation of a gradual recovery of real estate prices and progress in delivering structural reforms in Italy, notwithstanding its weak medium-term economic growth potential. The cyclical recovery from the current trough will be driven by moderate private-sector indebtedness and improving property affordability.

Large and diversified economy

Our sovereign rating on Italy (A-/Negative) is underpinned by a large and diversified economy and a cyclical rebound against the backdrop of long-term economic challenges. The Negative Outlook reflects that the trajectory of Italy's public debt is a cause for concern given the weak medium-term growth potential of 0.75% alongside the new government's plans to roll back reforms, raise spending and cut taxes.

Figure 3: Percentage-point contribution to real GDP growth



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

Moderate private debt levels

The IMF in its April 2018 World Economic Outlook (WEO) revised Italy's 2018 growth forecast to 1.5% from 1.1% and raised its 2019 expectations to 1.1% from 0.9%. Italy's manufacturing sector – the second largest in the euro area after Germany's – has helped to generate current account surpluses since 2013 (2.8% of GDP in 2017). Unlike many advanced economies, Italy did not experience a credit-driven boom-bust cycle before the 2008 crisis. Domestic non-financial private debt stands at a comparatively moderate 156% of GDP as of Q3 2017, comparing favourably against euro area peers.

Weak long-term growth prospects

While the cyclical rebound exceeded expectations, long-term growth prospects remain weak. The IMF's medium-term forecast[2] remained at 0.8% in the April 2018 WEO. Italy's production capacity fell in the aftermath of the global financial crisis. As of February 2018, industrial production volumes stood at 81% of early 2008 levels. This comes in contrast to the full recovery in Germany's industrial production post-crisis.

The drop in industrial production capacity reflects the vulnerabilities within Italy's production infrastructure. More than 90% of manufacturing output is generated by micro-firms concentrated in industrial districts. While these firms are competitive in their global niche markets (luxury clothing, household goods, food processing, mechanical products, and motor vehicles), they remain susceptible to market shocks. Their financing capacities are limited and were hit hard during the euro crisis.

Unemployment continues to gradually drift downward from its 2014 peak (13% in November) and was 10.9% as of February 2018. Wage growth has picked up 1.0% YoY as of March 2018. However, inflation remains tepid at only 0.5% YoY in April 2018.

[2] Referring to the IMF's April 2018 WEO's forecast for 2023 growth.

Political and banking system challenges

At the same time, political uncertainties following the March 2018 general elections, as well as ongoing challenges in the banking sector, may weigh on the economic rebound. Italian banks' lending to residents rose 1.9% YoY in February 2018, a modest growth after the previous years of contraction.

3. Portfolio analysis

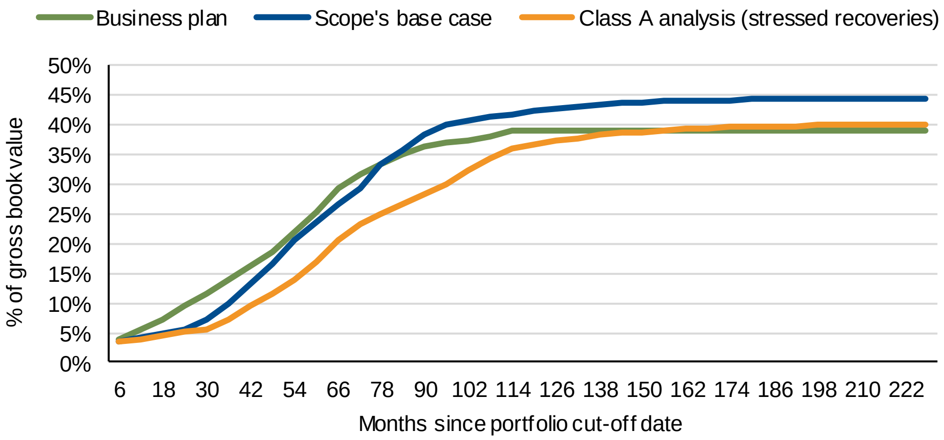
Under our base case scenario, we expect the servicer to outperform the business plan

Figure 4 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio against those in the servicer's business plan. These assumptions result from the blending of secured and unsecured recovery expectations. Our base case assumes the servicer will outperform the business plan. This reflects our credit-positive view on the real estate cyclical recovery, positive assessment of the servicer's capabilities and incentives scheme, coupled with conservative business plan assumptions. Under our base case scenario, before applying rating-conditional stresses, we expect a gross recovery rate of 44.4% over a weighted average life of 5.2 years. By portfolio segment, we expect gross recovery rates of 66.3% and 15.4% for the secured and unsecured portfolios, respectively.

Our assumptions reflect significant recovery timing stresses

For the class A analysis, we have applied a 9.8% recovery rate haircut and a recovery lag stress of 9.6 months, resulting in a 40.0% gross recovery rate over a weighted average life of 6.0 years. By portfolio segment, we have assumed gross recovery rates of 60.2% and 13.3% for the secured and unsecured portfolios, respectively. These assumptions reflect a significant stress on cash-flow timing, mainly driven by tribunal timing.

Figure 4: Business plan[3] gross cumulative recoveries vs Scope's assumptions



Sources: Special servicer's business plan and Scope Ratings

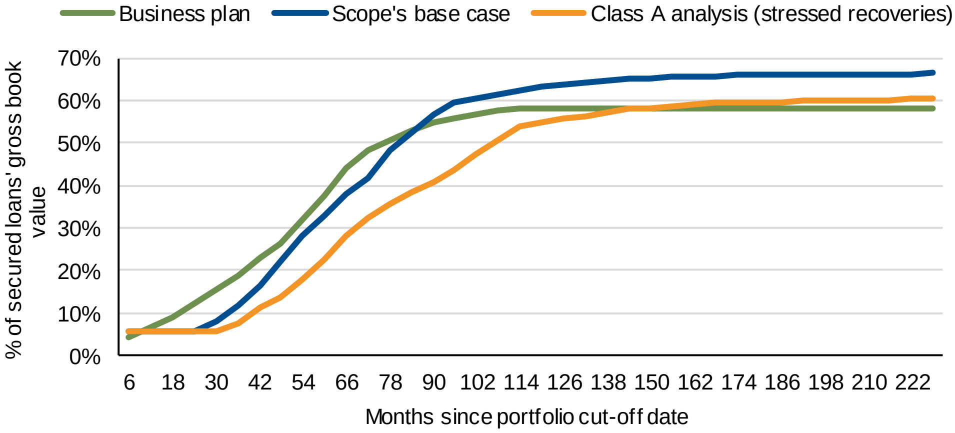
3.1. Analysis of secured portfolio segment

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

Figure 5 shows our lifetime gross-collections vectors for the secured portfolio segment compared to those in the servicer's business plan. Our analytical approach consists mainly 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 based on the efficiency of the assigned court (based on historical data regarding the length of the proceedings), the type of legal proceeding and the stage of the proceeding. Our analysis also captures concentration risk, the servicer's business plan, and available workout options.

[3] Business plan gross recoveries are slightly underestimated because legal and preceding costs on the secured loans' bankruptcy proceedings have been netted out.

Figure 5: Secured loans – business plan gross cumulative recoveries vs Scope's assumptions



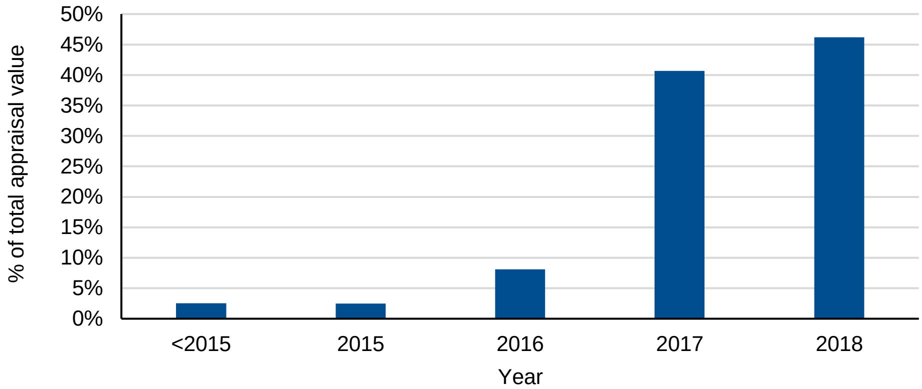
Sources: Special servicer's business plan and Scope Ratings

3.1.1. Appraisal analysis

Positive credit given to the quality of property appraisals

We have relied on line-by-line property market value appraisals conducted by Prelios Valuation Services, an independent operating company of the Prelios Group, and by other duly authorised and qualified third parties. The majority of the valuations are recent, i.e., conducted between 2017 and 2018. We have indexed seasoned valuations using a variety of regional price indices. Indexation has a marginal impact on this NPL portfolio because property prices have remained fairly flat since 2015.

Figure 6: Collateral valuation dates



Source: Transaction data tape

We view positively that most of the portfolio's collateral appraisals are drive-by valuations (48.3%). The remainder is mainly composed of desktop (36.3%) and CTU (11.7%) valuations, to which we applied 5% and 10% rating-conditional haircuts, respectively. These stresses reflect our view of the lower level of quality and accuracy of these types of valuations due to their simplified procedures.

A significant portion of the property appraisals (6.2%) are linked to properties classified as sold. The appraisal values of these properties total EUR 97.6m. We have assumed that such property sales generate EUR 64.1m of cash collections or cash-in-court positions. Not all property sale amounts were allocated to the issuer because collections are capped on a line-by-line basis at the level of outstanding gross book value. In addition, we have assumed that collections from properties flagged as sold for more than two years prior to the cut-off date, which is a small proportion of the portfolio, have already been distributed outside of the securitisation structure.

Figure 7: Portfolio appraisal types and Scope's transaction-specific valuation haircut assumptions

	Percentage of collateral value	Class A analysis haircut
Drive-by	48.3%	0.0%
Desktop	34.0%	5.0%
CTU	11.0%	10.0%
Bank appraisals	0.5%	5.0%
Sold properties	6.2%	0

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

3.1.2. Property market value assumptions

Moderate market downturn risk

Figure 8 details our base case assumptions on property price changes over the transaction's lifetime as well as rating-conditional stresses applied for the class A analysis. These assumptions are i) specific to the transaction and region; 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 8: Collateral location and Scope's transaction-specific price change assumptions (%)

	North						Centre			South			Islands	
Region	Milan	Turin	Genoa	Bo-logna	Venice	Others	Rome	Flo-rence	Others	Naples	Bari	Others	Metro-politan	Rest
case	+7.0													
Class A analysis	-2.6	-2.6	-3.4	-2.6	-5.5	-6.2	-4.4	-6.2	-5.1	-4.4	-4.4	-8.0	-6.9	-8.0
Portfolio share (%)	1.2	1.5	0.3	6.2	0.4	38.1	2.2	0.3	5.7	1.6	1.4	37.5	1.5	2.0

3.1.3. Collateral liquidity risk

High NPL collateral liquidity and obsolescence risk

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

Asset liquidity risk is captured through additional fire-sale haircuts applied to collateral valuations. Figure 9 below shows the rating-conditional haircuts applied for the class A notes analysis. These assumptions are based on historical distressed property sales data provided by the servicer and reflect our view that non-residential properties tend to be less liquid, resulting in higher distressed-sale discounts.

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

Property types	Percentage of collateral value	Fire-sale haircut
Sold properties	6.2%	n.a.
Residential	33.9%	25%
Non-residential	59.9%	30%

3.1.4. Concentration haircuts

Above-average borrower concentration risk

We have addressed borrower concentration risk by applying a 8.3% rating-conditional recovery haircut on the 10 largest borrowers for the class A notes analysis. This adjustment is equivalent to a reduction in gross collection of about 0.45%, or EUR 3,68m. Scope understands that the servicer is likely to focus recovery efforts and resources on these positions, which mitigates the extent of idiosyncratic risks. The largest 10 and 100 borrowers account for 8.0% and 26.5% of the portfolio's gross book value, respectively, which is above average compared to the peer transactions we rate.

3.1.5. Residual claims after security enforcement

We address potential residual claims after security enforcement

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

No credit to residual claims from corporate borrowers

For corporate loans, we have given no credit to potential further recoveries on residual claims after the security is enforced. This is due to three practical limitations. Firstly, unsecured recoveries tend to be binary with a high probability of zero recoveries and a low probability of 100% recoveries. This implies that when secured creditors are not fully satisfied after the security's enforcement, expected recoveries for unsecured creditors are usually close to zero[4]. Secondly, special servicers are generally less incentivised to pursue alternative enforcement actions because foreclosure proceedings are less costly. Lastly, in a bankruptcy proceeding the receiver may decide to close the proceedings after a prudential amount of time, setting a practical limitation for any potential recovery upside.

Partial credit to residual claims from individuals

We have given credit to residual claims on 80% of loans to individuals. This is because in the elapsed time after a default an individual may find new sources of income and regain solvency.

3.1.6. Tribunal efficiency

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

Northern Italian regions tend to have more efficient tribunals

The length of recovery processes is mainly determined by the efficiency of the assigned court and the type of legal proceeding. To reflect this, we have grouped Italian courts into seven categories, based on public data on the average length of bankruptcy and foreclosure proceedings between 2015 and 2017, as shown in Figure 10 below. Most courts are concentrated within groups 2 to 4, which are reasonably distributed across all Italian regions. Nevertheless, northern regions tend to have more efficient tribunals on average (see Figures 14 and 15 for transaction-specific details).

Figure 10: Length of recovery process by court group in years (Scope's assumptions)

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	Percentage of courts
1	4.0	2.0	5%
2	6.0	3.0	32%
3	8.0	4.0	26%
4	10.0	5.0	23%
5	12.0	6.0	7%
6	14.0	7.0	4%
7	18.0	9.0	4%

[4] Conversely, in the unlikely scenario that secured creditors are fully satisfied after the enforcement of the security, expected recoveries for unsecured creditors could be close to 100%.

3.2. Analysis of unsecured portfolio segment

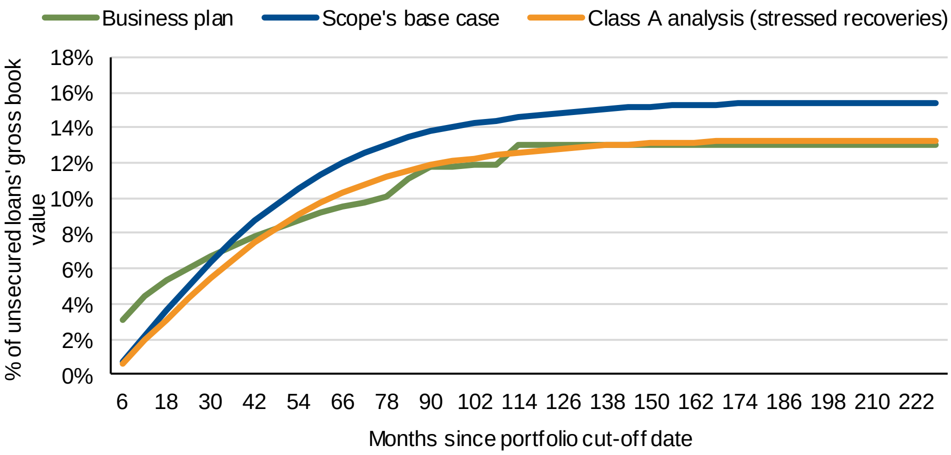
Unsecured portfolio analysis is based on statistical data

Figure 11 shows our lifetime gross-collections vectors for the unsecured portfolio segment compared to those in the servicer's business plan.

Our base case recovery amount and timing assumptions result in a lifetime recovery rate of 15.4%, which was based on recovery vintage data on a representative sample of loans provided by BPER Banca S.p.A. as well as on peer transactions' performance data. For the class A notes analysis, we have applied a stressed recovery rate of 13.3%, which is fairly aligned with the servicer's business plan.

Our assumptions for unsecured exposures consider the nature of the recovery procedure; bankruptcy proceedings are generally slower and typically result in lower recoveries than non-bankruptcy proceedings. The assumptions are calibrated to reflect that unsecured borrowers in the portfolio are classified as having defaulted for an average of 4.5 years as of the cut-off date.

Figure 11: Unsecured loans – business plan expected recoveries vs Scope's assumptions



Sources: Special servicer's business plan and Scope Ratings

4. Portfolio characteristics

Below we provide further detail on key portfolio characteristics as of 31 December 2017. Percentage figures refer to gross book value, unless otherwise stated.

4.1. Eligible loans

Customary eligibility criteria

Representations and warranties provided by the originators regarding the receivables are generally in line with those of peer transactions we rate. The most relevant criteria for receivables to be included in the securitisation portfolio are:

- All receivables are valid, existing and enforceable;
- The information provided by the originators in the transaction data tape (including gross book value, collateral value and mortgage lien, among others) is correct complete and accurate;
- All loans are denominated in euros;
- All loan agreements are governed by Italian law;
- All receivables are valid for transfer without any limitations;
- All receivables are free from encumbrances;
- Claims cannot be set off against any receivable;

- All debtors are reported by the originator as defaulted (in sofferenza) to the Italian Credit Bureau (Centrale Rischi) of the Bank of Italy as of the portfolio cut-off date;
- All bankruptcy proceedings relating to bankrupt debtors were not closed and ongoing as of the portfolio cut-off date;
- All real estate assets charged with voluntary mortgages are insured against risk of fire, explosion or lightning;
- All mortgages are backed by real estate assets located in Italy;
- All costs and attorneys' fees relating to the enforcement, court and bankruptcy proceeding as of the transfer date have been paid in full and promptly.

4.2. Detailed stratifications

4.2.1. Borrower and loan types

Borrower and loan composition is of average quality

The pool composition in terms of borrower and loan types is of average quality compared with peer transactions we rate.

Corporates and individuals respectively represent 83.6% and 16.4% of the pool. Expected secured and unsecured recoveries tend to be higher for individuals, due to the smaller average tickets and tendency for secured positions to be backed by residential properties, which are relatively more liquid. In addition, we give partial credit to residual claims from individuals after security enforcement, as discussed in the previous section.

The portfolio comprises 57.0% of first-lien secured loans and 43.0% of unsecured or junior-lien secured loans. We have assumed that recovery proceeds from junior-lien secured loans (2.5%) will be the same as for unsecured loans.

Figure 12: Borrower type

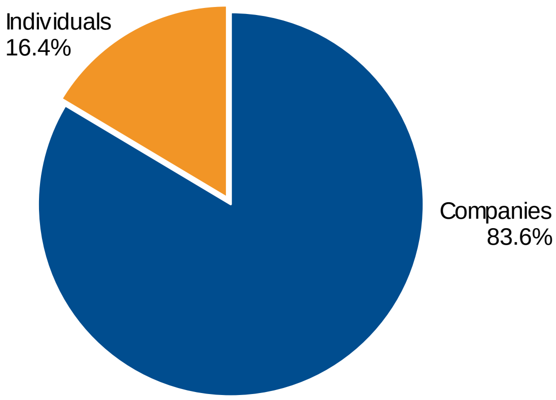
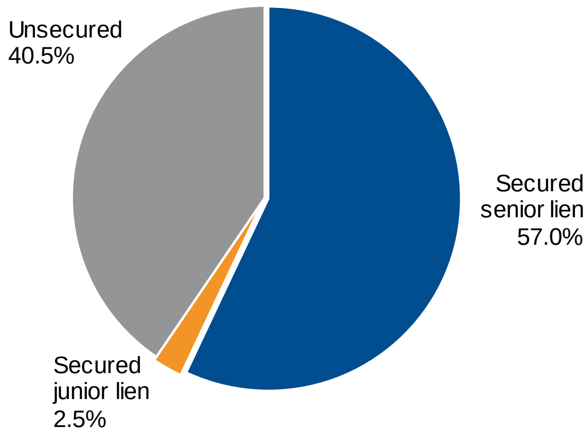


Figure 13: Loan type



Sources: Transaction data tape: calculations by Scope Ratings

4.2.2. Geographical distribution

Geographical concentration in the north is credit-positive

Portfolio geographical distribution is positive for recovery timing because court proceedings in those locations skew towards more efficient court groups relative to Italian average, according to our tribunal efficiency assumptions (see section 3.1.6. and Figure 15).

Collateral is also skewed towards northern Italian regions (48.5%) (particularly towards the region of Emilia-Romagna), which generally benefit from the most dynamic economic conditions and the most efficient tribunals in the country. However, the collateral distribution is also barbell-like, with a high concentration (43.4%) on less dynamic southern Italian regions as well (see Figure 14).

Figure 14: Collateral location

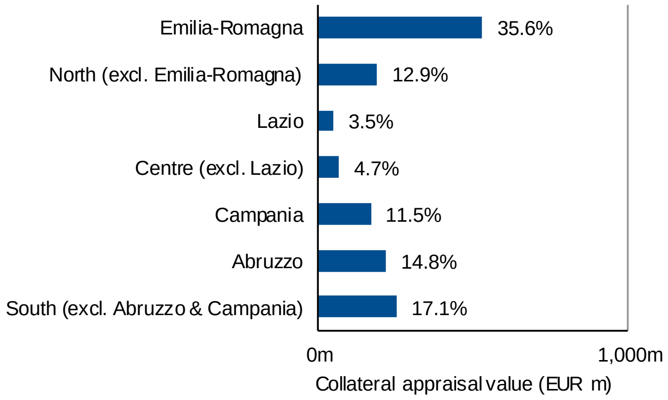
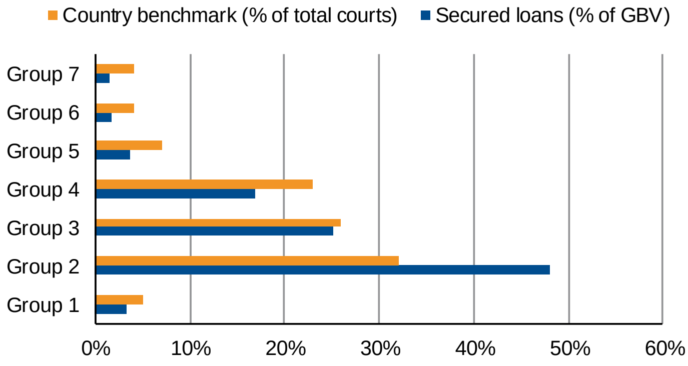


Figure 15: Court group distribution vs country distribution



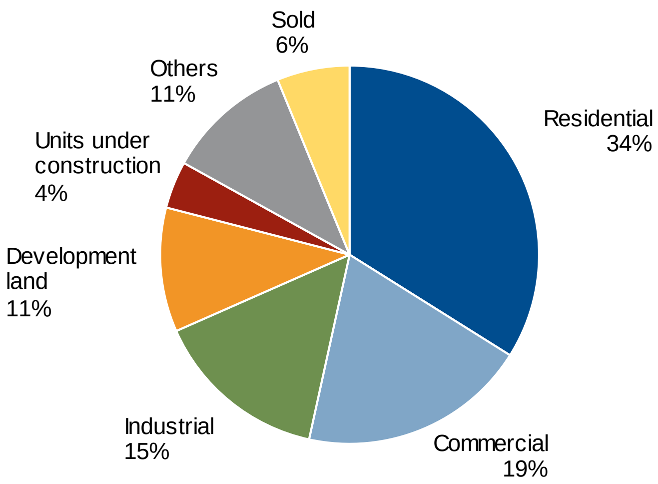
Sources: Transaction's data tape; calculations by Scope Ratings

4.2.3. Collateral type

Higher liquidity stresses applied to non-residential properties

About two-thirds of unsold portfolio properties are non-residential, which include industrial properties, development land or units under construction (see Figure 16). The relatively large share of such properties is reflected in our fire-sale discount assumptions, as their value is typically more uncertain than for residential.

Figure 16: Distribution by type of collateral



Sources: Transaction data tape; calculations by Scope Ratings

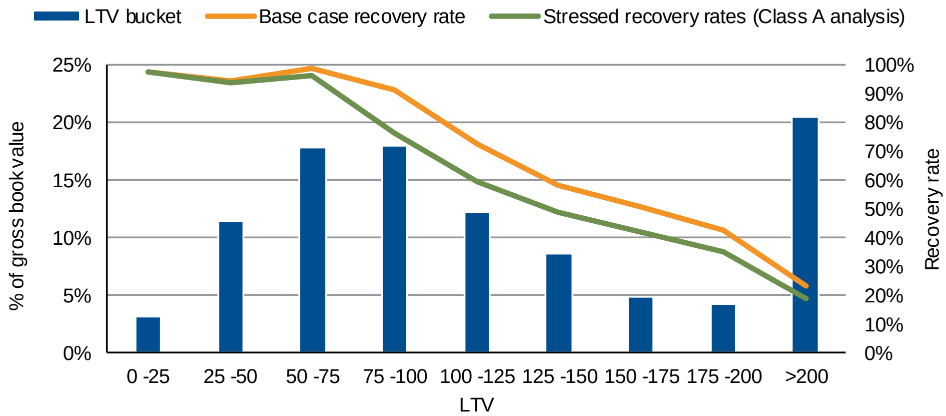
4.2.4. Collateral valuations and Scope's specific recovery rate assumptions

Recovery rate assumptions reflect portfolio's LTV distribution

Figure 17 shows the secured loans' distribution by loan-to-value bucket as well as our recovery rate assumptions for each loan-to-value bucket (under both our base case and the rating-conditional stresses applied for the class A notes analysis). This results in weighted average recovery rates for the secured loans of i) 66.3% under our base case; and ii) 60.2% under the class A rating-conditional stress.

All else equal (e.g., for two portfolios with equivalent loan-to-value ratios on an aggregated basis), collateral is less beneficial if its value is skewed towards low loan exposures. This is because, on a loan-by-loan basis, recovery proceeds are capped by the minimum of the loan's gross book value and mortgage value, which explains why recovery rates flatten at low loan-to-value buckets.[5]

Figure 17: Secured loans – distribution by LTV and Scope's transaction-specific recovery rate assumptions



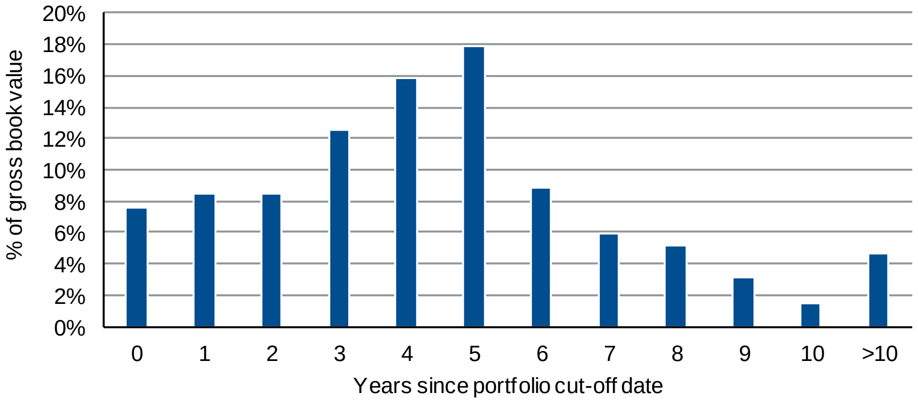
Sources: Transaction data tape, calculations by Scope Ratings

4.2.5. Loan seasoning

Ageing of unsecured portfolio reduces expected recoveries

The weighted average time since default is around 4.6 years for unsecured exposures. The pool's ageing reduces the expected recoverable amount of unsecured loans significantly, since most recoveries are concentrated in the first years after a default, according to historical vintage data.

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



Sources: Transaction data tape; calculations by Scope Ratings

4.2.6. Borrower status

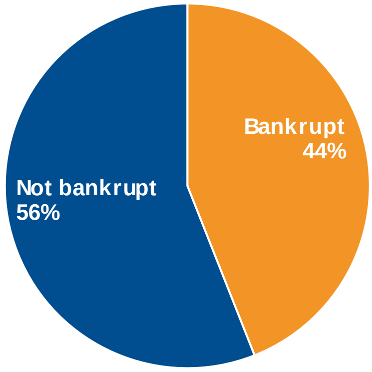
Figure 19 below shows the main legal proceedings for each loan (one loan can have several) that we have assumed based on the transaction's data tape. The share of bankruptcy proceedings is fairly aligned with the average of NPL transactions we rate.

Bankruptcies result in lower recoveries than non-bankruptcy proceedings

Relative to non-bankruptcy processes, bankruptcy processes are generally more complex, have a longer duration and are costlier. Bankruptcies also result in lower expected recoveries for unsecured exposures, given the focus on liquidating assets rather than maintaining borrowers as a going concern.

[5] Recovery rates in the lowest LTV buckets (0-50) may be lower than in the 50-75 bucket, because syndicated loans are concentrated in the low LTV buckets for this portfolio. The reported LTVs of syndicated loans are downward-biased because the loan amount reflects only the syndicated percentage whereas the appraisal reflects the total collateral value.

Figure 19: Borrower status assumptions



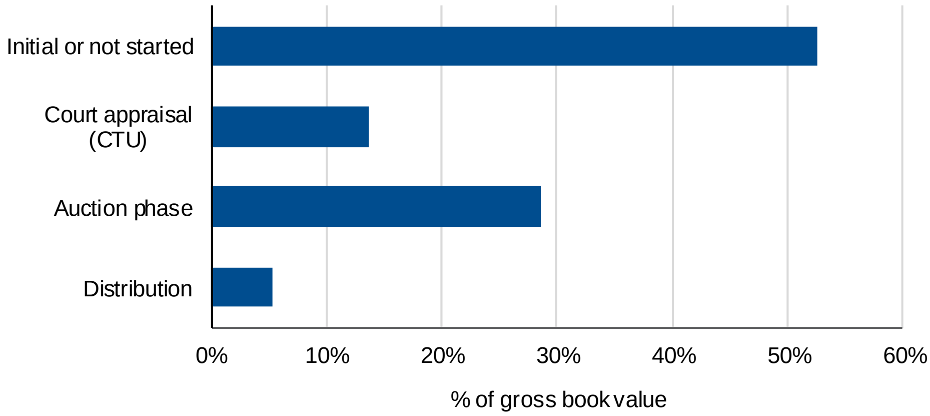
Sources: Transaction data tape; calculations by Scope Ratings

4.2.7. Recovery stage of secured exposures

High share of proceedings in initial stages drive relatively long recovery timing assumptions

A large portion of the secured loans is in the initial stage of proceedings, which partly explains the relatively long expected weighted average life of portfolio collections. Figure 20 below shows the stage of legal proceedings in relation to secured loans.

Figure 20: Secured loans recovery stage distribution



Sources: Transaction data tape; calculations by Scope Ratings

5. Key structural features

5.1. Combined priority of payments

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

1. Servicer fees and other issuer counterparty fees, taxes and transaction expenses
2. Interest on limited-recourse loan
3. GACS premium, provided the GACS guarantee is in place
4. Recovery-expense reserve replenishment
5. Interest on class A notes
6. Any other amounts payable under the GACS guarantee
7. Cash reserve replenishment
8. Principal on limited-recourse loan
9. Provided no subordination trigger is breached, class B interest, capped at 7%.

10. Principal on class A notes
11. Deferred Class B interest[6]
12. Principal on class B and deferred servicer performance fees, if any
13. Other junior payments

Full class B interest deferral trigger is a strong protective feature

Class B interest payments will be fully deferred if i) the cumulative collection ratio[7] falls below 95% of the servicer's business plan targets; or ii) the present value cumulative profitability ratio[8] falls below 95%. These trigger levels protecting the class A notes are the highest relative to peer transactions we rate as of November 2018.

Under the recovery stresses applied for the class A notes analysis, we have assumed a trigger breach from the second interest payment date and for most of the transaction's life, significantly benefiting class A noteholders.

If both triggers are jointly cured at any time during the transaction's life, all class B interest amounts due and unpaid at the preceding payment dates will be paid senior to class A principal. We have assumed that both triggers will be jointly cured only at a very late stage, in accordance with the gross collection assumptions depicted in Figure 4.

Scope ratings do not address the GACS guarantee

The GACS guarantee would ensure timely payment of interest and the ultimate payment of principal by final maturity. Our rating does not give credit to the GACS guarantee, but considers its potential cost (i.e. GACS premium) if added to the structure at a later stage.

Non-timely class A interest payment would trigger accelerated waterfall

Non-payment of timely interest on the senior notes (implying the GACS guarantee is not in place) among other customary events such as issuer unlawfulness, would accelerate the repayment of class A through the full subordination of class B payments.

5.2. Servicing fee structure and alignment of interests

5.2.1. Servicing fees

Alignment of servicer and noteholder interests

The servicing fee structure links the portfolio's performance with the level of fees received by the servicer, which mitigates potential conflicts of interest between the servicer and noteholders. Incentive fees constitute most of the expected servicing fees.

The servicers will be entitled to: i) an annual base fee, decreasing over time and ranging from 0.05% to 0.03% of the outstanding portfolio's gross book value; ii) a performance fee on secured exposures, ranging from 3.3% to 6.2% of collections net of legal costs; and iii) a performance fee on unsecured exposures, ranging from 6.5% to 11.0% of collections, net of legal and procedure costs. Servicer fees are calculated and payable at each payment date.

The precise level of applicable fees is subject to the type of workout process and the size of the exposure. Out-of-court settlements and lower tickets bear higher performance fees relative to collection amounts. Our analysis has assumed an average performance fee of 4.9% and 8.5% for secured and unsecured loans, respectively, which accounts for their distribution by size and assumes all collections result from judicial proceedings.

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[6] If a subordination trigger has been breached, class B interest will be fully deferred.

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

[8] Present value cumulative profitability ratio' is defined as the ratio between i) the sum of the present value (calculated using an annual rate of 3.5%) of the net collections of all receivables relating to closed positions; and ii) the sum of the target price (as defined in the servicer's base case scenario of the business plan) of all receivables relating to closed positions. 'Administrative closure of the debt position' is defined as the cancellation of the debt position in the servicer's IT/computer system.

If the transaction fails to meet 100% of business plan targets, a portion of the fees will be paid on a junior position in the priority of payments. This incentivises the servicer to maximise recoveries and comply with the initial business plan.

5.2.2. Servicer monitoring

Monitoring function protects noteholders' interests

An overview of the servicer's activities and calculations, prepared by the monitoring agent (Securitisation Services), mitigates operational risks and moral hazard that could negatively impact the interests of noteholders. This risk is further mitigated by the discretionary servicer termination event should the servicer underperform.

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

The monitoring agent will report to a committee that will represent junior and mezzanine noteholders' interests. This committee can authorise the revocation and replacement of the servicer, subject to the approval of the representative of noteholders. The monitoring agent can authorise the sale of the receivables, the closure of debt positions, as well as the payment of additional costs and expenses related to recovery activities.

5.2.3. Servicer termination events

Back-up arrangements mitigate servicing disruption risk

Securitisation Services would step in as master back-up servicer in the event of a servicer termination event and, as the monitoring agent, would also appoint a replacement for the special servicer.

A servicer termination event includes i) insolvency; ii) failure to pay due and available amounts to the issuer within two business days; iii) failure to deliver or late delivery of a semi-annual report; iv) unremedied breach of obligations; v) unremedied breach of representation and warranties; and vi) the loss of legal eligibility to perform obligations under the servicing agreement. The issuer is entitled to replace the servicer due to underperformance once the 48th month since issuance date has elapsed.

5.3. Liquidity protection

Cash reserve protects liquidity of senior noteholders

A cash reserve of 5% of the outstanding balance on class A notes has been funded at closing through a limited-recourse loan provided by the BPER Banca S.p.A.

The cash reserve will amortise with no floor during the life of the transaction. The target amount of cash reserve at each payment date will be equal to 5% of the outstanding balance of class A.

The cash reserve will be available to cover any shortfalls in interest payments on the class A notes as well as any items senior to them in the priority of payments, provided the GACS guarantee is not implemented. If the GACS guarantee is implemented, any liquidity shortfalls will be covered by the guarantor.

Class B will not benefit from any liquidity protection.

5.4. Interest rate hedge

On the asset side, 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 a defined interest rate. On the liability side, the issuer will pay a floating coupon on the notes, defined as six-month Euribor plus a fixed-rate margin.

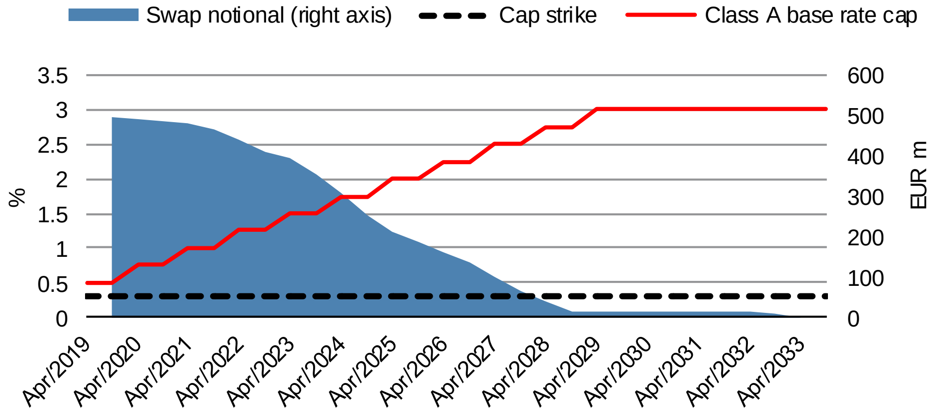
The base rate applicable to the class A notes will be capped, respectively, on the interest payment dates falling on April 2020 to April 2029, to 0.5%, 0.75%, 1.0%, 1.25%, 1.75%, 2.0%, 2.25%, 2.5%, 2.5%, 2.75%, and to 3.0% thereafter.

Interest rate risk is strongly hedged by a cap agreement and structural features

An interest rate cap agreement strongly mitigates base rate risk on the class A notes. If six-month Euribor exceeds 0.3%, the cap counterparty will pay to the special purpose vehicle the difference between the rate payable on the class A notes and the strike rate, calculated over a static swap notional schedule (see Figure 21). The cap at 7% of class B interest payments ranking senior to class A principal is another layer of protection against the risk of higher Euribor rates for the class A notes.

The swap notional schedule is well aligned with the class A amortisation schedule that we derived using applicable assumption stresses commensurate with the notes' ratings. A delay in recoveries beyond our stressed recovery timing vector could create a gap between the transaction's interest rate cap notional and the outstanding principal of the rated notes. However, we believe any interest risk exposure would be limited due to the capped class A base rate and the deferral of the class B base rate.

Figure 21: Interest rate cap agreement



Sources: Transaction documents

6. Cash flow analysis and rating stability

Our cash flow analysis considers the structural features of the transaction

We have analysed the transaction's specific cash flow characteristics. Asset assumptions have been captured through rating-conditional gross recovery vectors. The analysis captures the capital structure, an estimate of legal costs equivalent to 9% of gross collections, servicing fees as described in section 5.2, and issuer senior fees estimated at EUR 200,000 (plus VAT) annually. Our rating also addresses the cost of the GACS guarantee, which, once implemented, is assumed to range between 1.25% and 4.37% of the outstanding class A notes balance, in accordance with the arrangers' quotes. We have taken into account the reference rate payable on the notes, considering the cap rates and swap terms described in the previous section.

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

The BBB- rating assigned to the class A notes reflects expected losses over the instrument's weighted average life commensurate with the idealised expected loss table reported in our General Structured Finance Ratings methodology.

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

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

- A decrease in secured and unsecured recovery rates by 10%: minus 1 notch;
- An increase in the recovery lag by one year: minus 2 notches;

- A decrease in recovery rates by 10% combined with an increase in the recovery lag by one year: minus 3 notches;
- A decrease in secured and unsecured recovery rates by 20%: minus 3 notches;
- An increase in the recovery lag by two years: minus 2 notches;
- A decrease in recovery rates by 20% combined with an increase in the recovery lag by two years: minus 5 notches;

7. Sovereign risk

No mechanistic cap

Sovereign risk does not limit any of the ratings. The risks of an institutional framework meltdown, legal insecurity or currency convertibility problems due to Italy's hypothetical exit from the Eurozone are not material for the notes' rating.

For more insight into our fundamental analysis on the Italian economy please refer to our rating report on the Republic of Italy, dated 30 June 2018.

8. Counterparty risk

Counterparty risk does not limit the transaction's rating

In our view, none of the counterparty exposures constrain the ratings achievable by this transaction. We have factored in counterparty replacement triggers implemented in the transaction as well as relied on publicly available ratings and our rating of BNP Paribas SA, the parent of BNP Paribas Securities Services. We also considered eligible investment criteria on cash amounts held by the issuer as implemented in the transaction documents.

The transaction is mainly exposed to counterparty risk from the following counterparties: BPER Banca S.p.A., Cassa di Risparmio di Saluzzo S.p.A. and Cassa di Risparmio di Bra, S.p.A. (the originators), regarding representation and warranties; ii) Prelios Credit Servicing, the special and master servicer; iii) Securitisation Services, the back-up master servicer, noteholders' representative, calculation agent and corporate servicer; iv) BNP Paribas Securities Services, the account bank, paying agent, cash manager and agent bank; v) Zenith Service S.p.A., monitoring agent; and vi) JP Morgan AG, interest rate cap provider.

Servicer collections will be paid directly to the issuer collections account held with BNP SS. BNP SS also holds all other relevant transaction accounts, including the cash reserve and operational accounts, such as a payments account, an eligible investments account, or a cash cap collateral account. At any time, the roles of account bank, principal paying agent and cash manager must be held by an institution with minimum short-term and long-term ratings of S-3 and BB, respectively.

8.1. Servicer disruption risk

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

8.2. Commingling risk

Limited commingling risk

Commingling risk is limited, as debtors will be instructed to pay directly to an account in the name of the issuer. In limited cases where the servicer received payments from a debtor, the servicer would transfer the amounts within two business days.

8.3. Claw-back risk

Limited claw back risk

The originators have provideda 'good standing' certificate from the Chamber of Commerce and a solvency certificate signed by a representative duly authorised..

This mitigates claw-back risk, as the issuer can prove it was unaware of the issuer's insolvency as of the transfer date.

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

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

8.4. Enforcement of representations and warranties

Representations and warranties limited by time and amount

The issuer will rely on the representations and warranties, limited by time and amount, provided by the 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 indemnify the issuer for damages within 10 business days from the final decision of the judge or the agreement between the parties. However, the total indemnity amount will be capped to a maximum of 30% of the portfolio purchase price and will be only be paid out for claims made two years from the closing date. In addition, the indemnity amounts will be subject to a deductible of EUR 100,000 on a portfolio basis, and EUR 10,000 on a single loan basis. Our analysis has considered these deductibility thresholds, which could result in limited additional portfolio losses if certain representations are breached.

9. Legal structure

9.1. Legal framework

Transaction governed by Italian law

Italian law governs the transaction documents. English law governs the interest cap agreements and the deed of charge.

The transaction is fully governed by the terms in the documentation and any changes are subject to the risk-takers' consent, with a superior voting right of the most senior noteholders at the date of the decision.

9.2. Use of legal opinions

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

10. Monitoring

Periodic rating monitoring

The ratings will be monitored on an ongoing basis, based on the performance reports as well as other public information. Scope analysts are available to discuss all the details of the rating analysis, the risks to which this transaction is exposed, and the ongoing monitoring of the transaction.

11. Applied methodology

For the analysis of the transaction we have applied our General Structured Finance Instruments Rating Methodology, as well as our Non-Performing Loan ABS Rating Methodology and Methodology for Counterparty Risk in Structured Finance, all available on www.scoperatings.com.

I. Summary appendix – Deal comparison

Transaction	Aqui SPV	POP NPLS 18	IBLA (Ragusa)	Maior SPV	Maggese	Juno 1	BCC NPLS 2018	2Worlds	4Mori Sardegna	Aragorn NPL 2018	Red Sea SPV	Siena NPL 2018	Bari NPL 2017	Elrond NPL 2017
Closing	Nov 18	Nov 18	Sep 18	Aug 18	Jul 18	Jul 18	Jul 18	Jun 18	Jun 18	Jun 18	Jun 18	Mai 18	Dez 17	Jul 17
Originators	BPER	17 Banks	Banca di	UBI Banca	C.R. Asti,	BNL	ICCREA	BPS, BDB	Banco di	Creval	Banco	MPS	BPB, CRO	Creval
Master servicer	Prelios	Cerved		Prelios	Prelios	Prelios	Prelios	Cerved	Prelios	Credito	Prelios	Credito	Prelios	Cerved
Special servicer	Prelios	Cerved	Italfondiari o	Prelios	Prelios	Prelios	Prelios	Cerved	Prelios	Cerved, Credito	Prelios	Juliet, Italfondiari	Prelios	Cerved
General portfolio attributes														
Gross book value (EUR m)	2,082	1,510	330	2,496	697	880	1,009	968	900	1,676	5,113	23,939	345	1,422
Number of borrowers	6255	6,578	1,598	11,061	1,313	731	2,518	3,956	11,412	4,171	12,651	79,669	1,565	3,712
Number of loans	21279	17,093	4,805	22,580	5,313	2,787	5,359	13,234	20,098	8,289	33,585	545,939	4,569	6,951
WA seasoning (years)	3.9	2.9	2.2*	4.2*	3.1*	3.0*	2.6*	2.7*	4.8*	2.5	3.8	4.4*	4.5	3.7
WA seasoning (years) - unsecured portfolio	4.5	3.5	2.7*	4.6*	3.9*	3.1*	2.9*	3.2*	6.4*	3.2	3.5	4.8*	N/A	N/A
WA LTV buckets (% or secured portfolio)														
bucket [0-25]	3	5.5	2.8	10.3	2.1	3.5	4.3	2.8	5.7	2.0	2.3	5.7	N/A	3.6
bucket [25-50]	11.4	11.4	7.4	19.2	6.3	7.6	6.8	13.0	14.6	4.2	8.1	12.4	N/A	11.1
bucket [50-75]	17.8	17.5	12.5	21.2	11.6	14.3	12.5	17.9	21.8	8.2	14.7	16.8	N/A	13.7
bucket [75-100]	17.9	14.9	16.3	14.9	13.9	16	15.1	15.8	20.4	13.9	18.1	17.0	N/A	19.6
bucket [100-125]	12.2	13.8	15.9	10.0	20.8	14.7	11.8	14.5	12.8	22.3	16.7	13.4	N/A	24.6
bucket [125-150]	8.5	10.1	12.1	5.0	8.4	6.3	7.7	7.5	4.0	17.9	12.0	8.3	N/A	8.6
bucket [150-175]	4.8	5.6	7.3	4.4	7.7	5.3	6.4	4.9	1.8	11.9	6.6	5.3	N/A	4.8
bucket [175-200]	4.1	7.4	6.6	2.0	6.8	5	6.1	6.6	4.4	3.7	4.8	3.9	N/A	1.6
bucket > 200	20.4	13.8	19.2	12.9	22.2	27.3	29.3	17.1	14.5	16.0	16.7	17.1	N/A	12.5
Cash in court (% of total GBV)	3.1	1.3	2.2	4.0	2.7	7.2	24.0	8.5	18.3	0.5	3.2	N/A	N/A	2
Loan types (% of total GBV)														
Secured first-lien	57	53.9	67.2	39.9	43.1	30.4	70	53.1	56.1	67.3	70.6	41.6	53.6	66.4
Secured junior-lien	2.5	8.8	2.1	6.7	9.6	2.4	0.9	0	0.6	8.1	1		2.5	7.6
Unsecured	40.5	37.3	30.8	53.4	47.3	67.2	29.1	46.9	43.3	24.6	28.4	58.4	43.9	26.0
Syndicated loans	2.2	3	0.5	1.1	1.0		6.1	3.8	3.3	1.8	1.4	5.7		
Debtors (% of total GBV)														
Individuals	16.4	22.9	25.6	17	18.9	3.4	14.3	26.4	24.4	9.9	28.4	19	12	12.7
Corporates or SMEs	83.6	77.1	74.4	83	81.1	96.6	85.7	73.6	75.6	90.1	71.6	81	88	87.3
Procedure type (% of total GBV)														
Bankrupt	44	56.6	13.2	49.5**	53.4	71.5	62.7**	29.3	39.1	55.0	49.4	36.6	46.5	57.6
Non-bankrupt	56	43.4	86.8	50.5	46.6	28.5	37.3	70.7	60.9	45.0	50.6	63.4	53.5	42.4
Other		-		-	-	-	-	-	-	-	-	-	-	-
Not started		-												
Borrower concentration (% of total GBV)														
Top 10	8.0	7.3	6.5	1.9	8.6	8.6	6.7	3.6	8	8.3	1.8	2.1	28.2	13.4
Top 100	26.5	26.4	26.9	10.4	31	34.4	29	18.1	27.7	39.5	9.1	9.5	69	42.4
Collateral regional concentration (% of total appraisal value)														
North	48.5	20.9	0.3	57.9	98	43.9	72.4	43.5	1.3	58.5	67.8	35.9	18.3	61.6
Centre	8.1	36.3	0	19.2	0.4	34.8	19.5	51.3	11.5	18.4	20.7	36	14.1	14.6
South	43.4	42.9	99.8	22.9	1.6	21.3	8.1	5.2	87.4	23.1	11.4	28.1	67.6	23.8
Collateral type (% of total appraisal value)														
Residential	33.9	41.7	57.8	57.3	46.7	29.2	39.3	44.4	51.3	43.4	54.8	28.2	43	32.6
Commercial	19.5	27.4	18.4	16.2	15.4	19.5	29.5	24.6	23.7	22	15.4	71.8	40	32.4
Industrial	15	16.2	9.6	14.8	21.8	32.4	11.2	10.5	11.3	15.3	9.4			23.2
Land	10.6	8.6	9.3	7.9	10.1	4.8	13.7	6.6	6.2	0.0	8.6		18	8.7
Other or unknown	21	6.1	4.9	3.9	6	14.1	6.3	13.9	7.6	19.3	11.8			3.4
Valuation type (% of total appraisal value)														
Full or drive-by	48.3	45.5	60.5	16.9	58.3	10.2	68.4	79.5	38.8	96.1	74.0	10	96.31	70.8
Desktop	34	13.8	33.3	69.2	18.5	3.6	5.4	12.0	40.0	1.2	14.5	65		4.0
CTU	11	26	3.1	10.4	0	13.4	12.1	8.5	20.5	2.7	11.5	15	3.69	23.6
Other	6.7	14.7	3.1	3.5	23.2	72.8	14.1		0.6	0	0	10	0	0.5
Secured portfolio procedure stage (% of														
Initial	52.5	44.6	49.7	65.0	60.9	54.9	73.6	75.6	61.2	66.6	64.4	52.6	55.5	36.1
CTU	13.7	31.7	28.8	12.2	10.3	11.8	11	6.3	18.3	23.4	9.1	5.4	14.2	10.7
Auction	28.5	20.7	10.9	22.5	27.5	30.8	11.5	16.9	20.5	4.7	21.3	35.2	26.5	36.4
Distribution	5.4	3	10.7	0.3	1.3	2.5	3.8	1.2	0	5.5	5.2	6.7	3.8	16.8
Summary of assumptions (BBB rating-conditional stress)														
Remaining lifetime recovery rate (%)														
Secured (=net LTV after all stresses)	58.8	61.8	55.3	63	54.9	52.1	50.3	65.5	66.2	48.3	62.8	58.6	51.8	61.7
Unsecured	12.8	10.9	12.4	11.5	10.1	10.4	13.5	14	9.9	16.8	12.3	9.2	11.1	13.7
Total	**39.1**	**38.6**		**35.5**	**33.7**	**24.1**	**39.6**	**41.4**	**41.8**	**40.6**	**48.0**	**0.0**	**33.1**	**47.1**
Weighted average life of collections (years)														
Secured	6.50	7.2	7.0	6.7	6.4	5.4	8.2	6.8	7.2	7.9	6.8	N/A	N/A	4.8
Unsecured	4	4.7	4.8	4.1	4.6	4.2	4.5	4.7	4.2	4.2	4.1	N/A	N/A	3.1
Total	**6.1**	**6.9**	**6.8**	**6.3**	**6.1**	**5.1**	**7.8**	**6.4**	**6.9**	**7.9**	**6.6**	**N/A**	**N/A**	**4.6**
Structural features														
Liquidity reserve (% of class A notes)	5.0	4.0	7.5	4.0	4.0	4.0	5.0	4.05 (% of A and B)	4.9 (% of A and B)	5.0	4.375 (% of A and B)	3.5	4.0	4.0
Class A Euribor cap strike	0.3	0.5%-2.5%	0.1%-2.0%	0.5%-2.5%	0.5%-3.0%	0.8%-2.5%	0.5%-2.5%	0.3% -	0.3% -	0%-0.1%	0.5%-2.0%	0.5-3.0%	0.10%	0.50%
Class A														
% of GBV	26.16	27.0	24.4	22.9	24.5	14.2	27.0	28.8	22.2	30.5	32.5	12.1	25.3	33.0
Credit enhancement	73.8	73.0	75.6	77.1	75.5	85.8	73.0	71.2	77.8	69.5	67.5	87.9	74.7	67.0
Margin	0.5	0.3		0.5	0.5	0.6								
Class B														
% of GBV	3.02	3.2	2.6	2.2	3.5	2.9	3.0	3.0	1.2	4.0	3	3.5	3.1	3.0
Credit enhancement	70.8	69.8	73.0	75.0	72.0	82.9	70.0	68.2	76.6	65.5	64.5	84.4	71.6	64.0
Margin	7.0	6		6.0	6.0	8.0								
Subordination trigger	95	90		90.0	90.0	85				90	70			
Final rating														
Class A	BBB-	BBB	BBB	BBB	BBB	BBB+	BBB-	BBB	A-	BBB-	BBB	BBB+	BBB	BBB-
Class B	NR	B	B	NR	NR	NR	B+	B	BB-	B	NR	NR	B+	B+

Transactions' preliminary data tapes; calculations and assumptions by Scope Ratings. Closing portfolio stratifications might show non-material deviations. NR: not rated.

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