Palatino SPV 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}	135.00	81.98	15.60	6m Euribor* + 2.5%	Dec 2045
Class B1	NR	11.00	6.68	1.27	6m Euribor* + 3.5%	Dec 2045
Class B2	NR	12.40	7.53	1.43	6m Euribor* + 8.0%	Dec 2045
Class J	NR	6.28	3.81	0.73	Variable return	Dec 2045
Total		164.68	100.00	19.03		

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.

*The Euribor component is floored at 0.

Transaction details

Transaction type	Static cash securitisation
Asset class	Non-performing loans ('NPLs')
Issue date	25 June 2021
Issuer	Palatino SPV S.r.l.
Seller	Credito Fondiario S.p.A.
Master servicer	Credito Fondiario S.p.A.
Special servicer	Credito Fondiario S.p.A.
ReoCo[1]	Palatino ReoCo S.r.l.
Gross-book value ('GBV')	EUR 865m
Cut-off date	01 August 2020
Transfer date	11 December 2020
Key portfolio characteristics	The securitised pool is mainly composed of senior secured loans (81% of the portfolio's gross-book-value), while unsecured and junior secured loans are in a smaller share (13.2% and 5.8%, respectively). Loans were granted mainly to corporate debtors (72.7%). Properties are mainly concentrated in the north of Italy (54.6%) and are residential assets (59.1%), commercial real estate assets (16.9%), industrial properties (8.0%), land (10.8%) and other type of assets (5.2%). The issuer acquired the portfolio at the transfer date of 11 December 2020 and is entitled to all portfolio collections received since the 01 May 2021.
Payment frequency	Semi-annual (December and June)
Key structural features	The transaction structure comprises four classes of notes: senior class A, mezzanine classes B1 and B2 and junior class J. Class A will pay a floating rate indexed to six-month Euribor, plus a margin of 2.5%. Classes B1 and B2 will pay a floating rate indexed to six-month Euribor, plus a margin of 3.5%, and 8.0%, respectively. Class J will pay a variable return. The transaction envisages the set-up of a ReoCo, operative at closing.
Arrangers	Deutsche Bank A.G., Credito Fondiario S.p.A., J.P.Morgan AG
Hedging provider	Crédit Agricole Corporate and Investment Bank
Other key counterparties	Credito Fondiario S.p.A. (corporate servicer, ReoCo corporate servicer, ReoCo servicer, calculation-paying agent), Banca Finanziaria Internazionale S.p.A. (monitoring agent, back-up master servicer), Intesa Sanpaolo S.p.A. (account bank), Willmington Trust Limited (noteholders' representative).

Analytical Team

Rossella Ghidoni
+39 02 94758 746
r.ghidoni@scoperatings.com

Paula Lichtensztein
+49 30 27891 224
p.lichtensztein@scoperatings.com

Team Head

David Bergman
+39 02 94758 940
d.bergman@scoperatings.com

Related Research

Italian NPL collections: poor April volumes upset positive trend set in Q1

June 2021

Italian NPL collections: volumes rising but lost ground still needs to be recovered

May 2021

Scope Ratings GmbH

Lennéstraße 5
10785 Berlin

Tel. +49 30 27891 0
Fax +49 30 27891 100

info@scoperatings.com
www.scoperatings.com

Bloomberg: RESP SCOP

[1] Real Estate Owned Company.

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

The pool audit reported a higher level of errors in comparison with other peer transactions. This was mitigated by (i) the fact that the servicer has committed to undertake a check on the portfolio against the reps and warranties and report then any discrepancies every six months (ii) the representation on the portfolio datatape information being true, accurate, complete and up to date.

We performed specific analyses to determine recoveries, using different approaches for secured and unsecured exposures. For senior secured exposures, we mainly derived expected collections from the most recent property appraisal values, which we stressed to account for: appraisal type, liquidity, and market value risks. We derive recovery timing assumptions 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 exposures, we used market-wide historical line-by-line data on defaulted loans between 2000 and 2019, also considering the special servicer's capabilities along with servicer-specific historical data. The analysis also accounted for the current macro-economic environment and our forward-looking view on relevant macro-economic expectations.

Rating drivers and mitigants

Positive rating drivers

Credito Fondiario is already servicing the portfolio. Credito Fondiario has acquired 77% of the portfolio between 2016 and 2017. A 15% share was acquired in the biennium 2014-2015, while the remainder 8% was acquired up to 2020. Credito Fondiario has therefore been managing the portfolio since several years and has already performed the portfolio take-over activities, including the set-up of servicing strategies.

High share of recent valuations. 79% of the properties were valued from 2019 onwards.

Residential properties. The share of residential properties is above average considering peer transactions rated by Scope. Residential properties are typically more liquid than non-residential ones.

Portfolio concentrated in the north of Italy. A material share of the portfolio is concentrated in the north of Italy (55% of property value), which benefits from the country's most dynamic economic conditions and, in general, the most efficient tribunals.

Negative rating drivers and mitigants

Below-average collateralization. A significant share of the portfolio (around 76% of the secured loans) has a loan-to-value higher than 100%.

Top borrowers' concentration. The top 10 and 100 borrowers represent around 20% and 55% of total gross book value, which is above the average concentration of Italian NPL transactions rated by Scope**.**

High seasoning. The weighted average time since default is around 7.7 years for the unsecured exposures and around 7.1 years for the junior secured portfolio. This is above the average seasoning of peer NPL transactions rated by Scope.

Significant portion of legal proceedings in initial stages. Around 64% of the secured loans are in the initial legal phase or are yet to have proceedings initiated. This results in a longer expected time for collections than for loans in more advanced phases.

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.

Downside rating-change drivers

Long-lasting pandemic crisis. Recovery rates are highly dependent on the macroeconomic environment. Scope baseline scenario foresees GDP growth of 5.6% in 2021 after a contraction in 2020. If the current crisis lasts beyond Scope's baseline scenario, borrowers' affordability and real estate

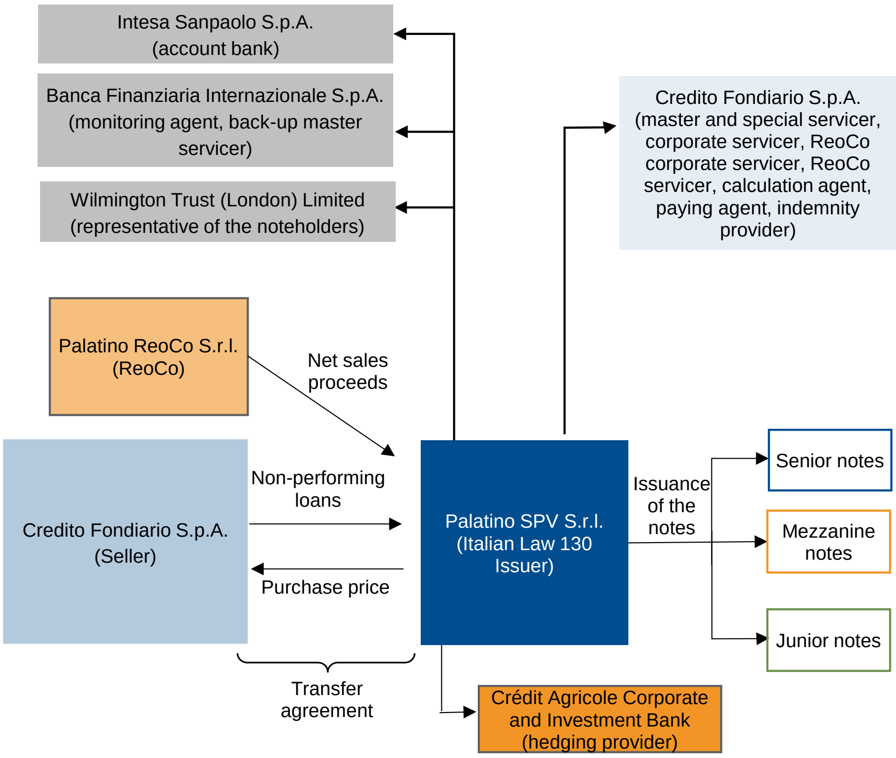
Rapid economic growth following the pandemic crisis. A scenario of rapid economic recovery would improve liquidity and affordability conditions and prevent a sharp deterioration in collateral values. This could positively affect the rating, enhancing transaction's performance on collection volumes.

market liquidity could deteriorate, reducing servicer performance on collection volumes. This could negatively impact the rating.

Table of contents

1. Transaction diagram

Figure 1: Transaction diagram*



*Mezzanine notes refers to class B1 and B2 notes.
Sources: Transaction documents, Scope Ratings.

2. Macroeconomic environment

Our estimate of the Italian economy's medium-run growth potential is a tepid 0.7% (by comparison, pre-crisis output growth averaged a more modest 0.3% over 2010-19), supported nonetheless by growth-enhancing fiscal spending to address economic and public-health consequences of this crisis, as well as by accommodative borrowing and investment conditions anchored by the extraordinary interventions of the European Central Bank (ECB). While 10-year yields have risen over 2021 to 0.9%, as global central banks consider normalisation of crisis-era policies, rates remain exceptionally low under an historical perspective.

After a severe 8.9% economic contraction in 2020, we expect Italy's economy to recover in 2021, with an above-consensus estimate of 5.6% growth, unchanged on December 2020 projections, followed by 3.8% growth next year, as vaccination advances and the economy reopens. The government led by Prime Minister Mario Draghi enjoys a strong parliamentary majority, underpinning expectation of greater reform momentum. Nevertheless, the expansionary budget policy, including increased investment spending in complementing EUR 192bn in Next Generation EU (NGEU) funds allocated to Italy, should translate into higher growth and wider budget deficits (the latter of 11.7% of Gross Domestic Product (GDP) in 2021 before 7.1% in 2022). Public debt remains on the rise medium term, surpassing 160% of GDP over the coming period, challenging debt sustainability.

Over this crisis, unemployment increases have been mitigated by job-market support measures. The unemployment rate stood at 10.7% as of April 2021, compared with 9.8% shortly before the crisis (February 2020). This year, we expect an increase in the average rate of unemployment over the year to 10.8% before moderation to 9.3% in 2022.

3. Special servicer and ReoCo servicer review

3.1. Introduction

We conducted an operational review of Credito Fondiario S.p.A. that will perform the role of both servicer and ReoCo servicer. In Scope's view, its servicing capabilities and processes to manage the securitised portfolio and the awarded assets are adequate.

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

Our assessment of the special servicer's capabilities addresses, among other aspects, its: corporate structure, business processes, collateral valuation procedures, servicing IT systems, business continuity risks and transaction-specific elements, such as asset manager allocation and asset disposal strategies (i.e., business plan).

Our assessment of the ReoCo servicer's capabilities addresses, among other aspects: its ability to execute due diligence activities and market analysis in respect of real estate assets for the ReoCo's bidding activity, its ability to manage each real estate asset purchased by the ReoCo and perform maintenance and refurbishment activities as per the ReoCo's asset business plans.

The special servicer's assessment was considered when deriving our recovery rate and recovery timing assumptions for the portfolio, while the ReoCo servicer's assessment was considered with reference to the secured exposures assumptions.

In addition, we conducted a virtual property tour on a small sample of properties from the securitised portfolio. This contributed to our assessment of collateral appraisals and secured recovery expectations, primarily reflected through our haircuts based on property-type and valuation method.

3.2. Corporate overview

Credito Fondiario acquired Banca Carige S.p.A.'s NPL servicing platform in 2017 and established itself as a major Italian special and master servicer in early 2018, after onboarding EUR 26bn in assets as part of the Siena NPL 2018 S.r.l. securitisation. In December 2018, Credito Fondiario acquired a NPL portfolio from Banco BPM, which resulted in the creation of CF Liberty Servicing S.p.A. (CF Liberty) as a joint venture between Credito Fondiario and Banco BPM, to manage the portfolio and future flows of new NPLs.

The Credito Fondiario Banking Group is currently undergoing an internal reorganisation that will result in the separation of its banking business from its debt servicing business. Following the reorganisation, the activities related to the performance of the master servicing and special servicing will be transferred from Credito Fondiario S.p.A. to Credito Fondiario Master Servicer and Credito Fondiario Special Servicer, two newly incorporated companies. The new prospective servicing setup will preserve the current servicing structure, including management, employees, and IT systems, to assure a full business continuity.

3.3. Servicing model

Credito Fondiario is a full-suite servicer, offering master servicing, primary servicing, special servicing solutions, along with Reoco and LeaseCo servicing solutions. This is enabled by multiple branches across Italy and a network of external agents supporting collection, appraisal and brokering functions.

Credito Fondiario classifies portfolios by size and geographical area, with the largest positions managed by experienced dedicated managers. Medium and small sized positions are rotated among asset managers (ca. 20% of the portfolio) to refresh the approach, if necessary.

4. Portfolio characteristics

4.1. Representations and warranties

The securitised pool comprises secured and unsecured Italian NPLs sold by Credito Fondiario S.p.A. The representations and warranties on the receivables provided by the seller (with reference to the transfer date) are not fully aligned with those of peer transactions we rate, as the representation on the residency of individual borrowers does not apply to all individual borrowers and is given based on the best of the seller's knowledge. The provided representations and warranties 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 a first economic lien voluntary mortgage exist and are located in Italy.
- Bankruptcy proceedings related to bankrupt debtors are ongoing as of the cut-off date, except for third-party guarantees that are valid and effective as of the cut-off date.
- To the best of the seller's knowledge, at least one of the borrowers of each loan is an individual resident or domiciliated in Italy or a corporate with a registered office in Italy.
- Borrowers are not employees or directors of the seller.
- Each voluntary mortgage with an economic first lien has at least the lien indicated in the datatape.
- The information contained in the datatape is true, complete, accurate and up-to date.

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

	All	Senior secured	Junior secured	Unsecured
Number of loans	5,559.0	2,896.0	230.0	2,433.0
Number of borrowers	2,188			
Gross book value (EUR m)	865.3	700.5	50.1	114.7
% of gross book value		81.0%	5.8%	13.2%
Cash in court (% of GBV)*	1.4%			
Collections since 1 May 2021 (% of GBV)**	0.4%			
Weighted average seasoning	7.7	7.8	7.1	7.7
Collateral values (EUR m)***		600.7	81.3	

*The cash in court amount is net of the collections accrued since the portfolio's cut-off date.
**Collections that are for the benefit of the issuer.
***The collateral values' figure excludes the sale amounts of the sold assets.
Sources: Transaction data tape, Scope Ratings

We adjusted the pool's gross book value using information on collections and 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 11.9m relative to first-lien property value.

These adjustments reduced the portfolio's gross book value from EUR 865m to EUR 751m. Collections received since 1st May 2021 will be part of the issuer's available proceeds at the first payment date. 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 reflect 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)

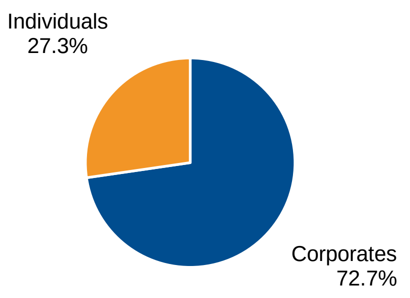


Figure 4: Distribution by loan type (% of GBV)

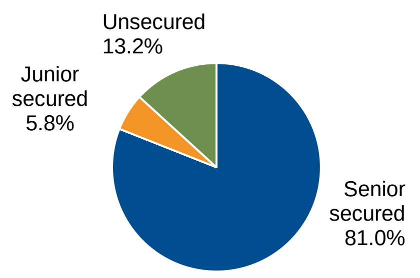


Figure 5: Distribution by recovery procedure (% of GBV)

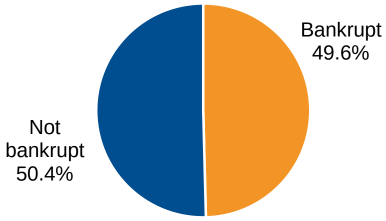


Figure 6: Distribution by recovery stage for secured loans (% of GBV)

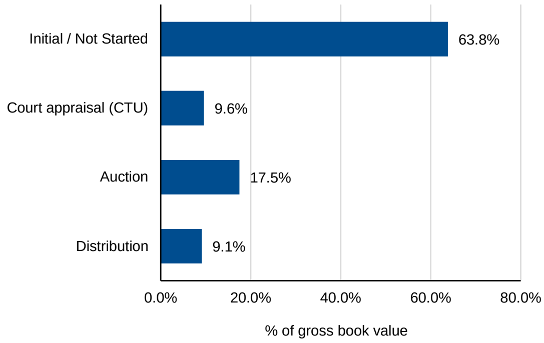


Figure 7: Distribution by court bucket (% of GBV)

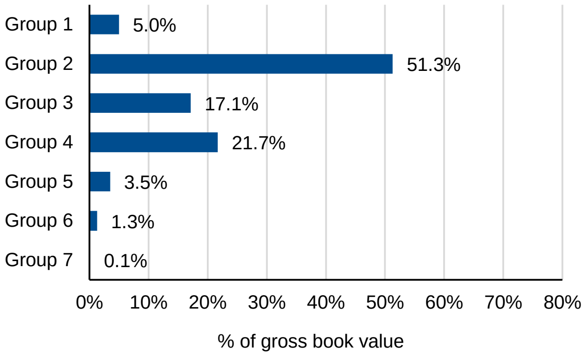


Figure 8: Unsecured and junior secured seasoning (% of GBV)

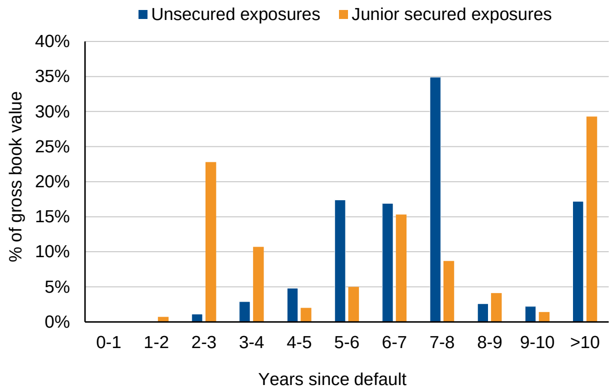


Figure 9: Distribution by collateral type (% of appraisal value)

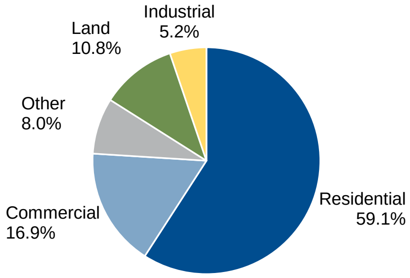
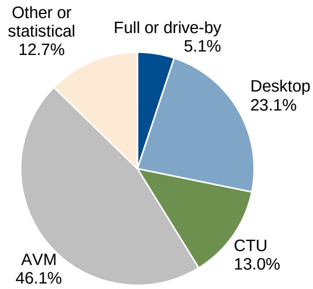


Figure 10: Distribution by valuation type (% of appraisal value)*



*AVM stands for automated valuation models.

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

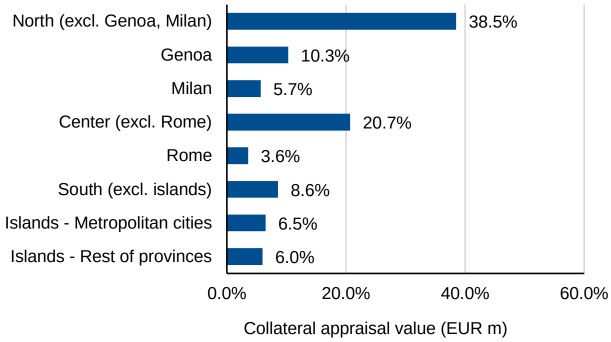
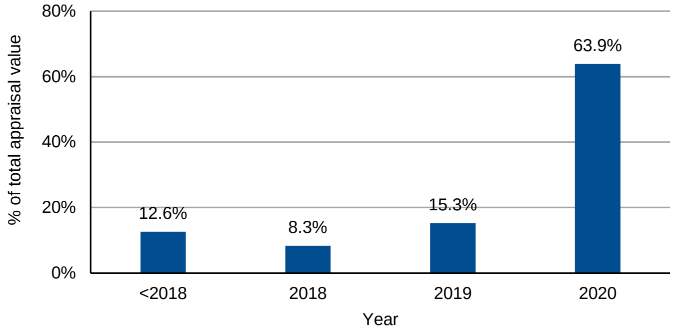


Figure 12: Distribution by valuation date (% of appraisal value)



Sources: transaction data tape, calculations by Scope Ratings

5. Portfolio analysis

Under 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

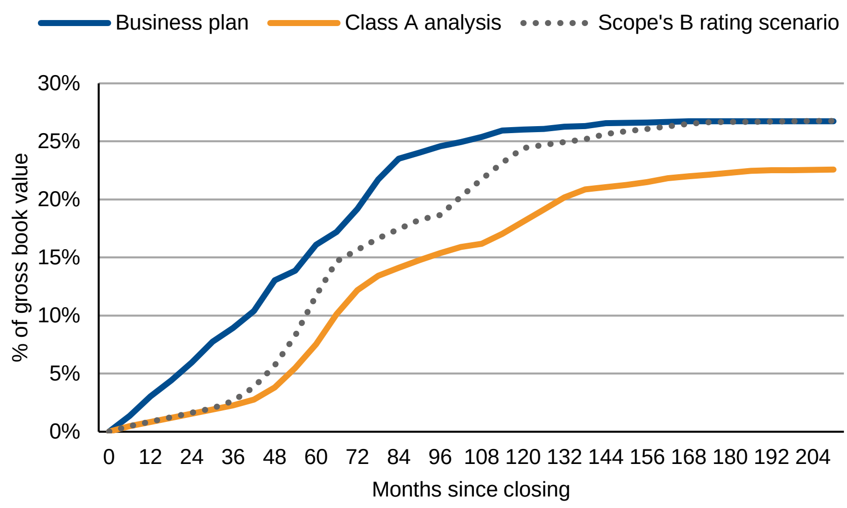
	Class A analysis
Secured recovery rate (% of secured GBV)	27.01
Unsecured recovery rate (% of unsecured GBV)	3.95
Total recovery rate (% of total GBV)	**22.62**
Secured collections, weighted average life (WAL in years)	7.10
Unsecured collections, WAL (years)	3.20
Total collections, WAL (years)	**6.96**

Sources: Transaction data tape, Scope Ratings

Class A recovery rate assumptions are about 15% below business plan target

Figure 14 compares our lifetime gross collections and recovery timing assumptions for the entire portfolio with the servicer business plan, for class A and our base case scenario (B rating scenario). These assumptions are derived by combining secured and unsecured recovery expectations, together with cash-in-court and ad-interim collections. We only considered cash-in-court and ad-interim collections allocated to specific receivables. Our recovery rate assumptions for the class A notes are 15% below the business plan target. Based on our computations, the portfolio's expected life (WAL) stands at 7.0 years (under the class A notes analysis as represented in Figure 13 above); this is longer than the servicer's portfolio's projections (4.6-year WAL in the business plan).

Figure 14: Scope's assumptions[2] vs. business plan's gross cumulative recoveries



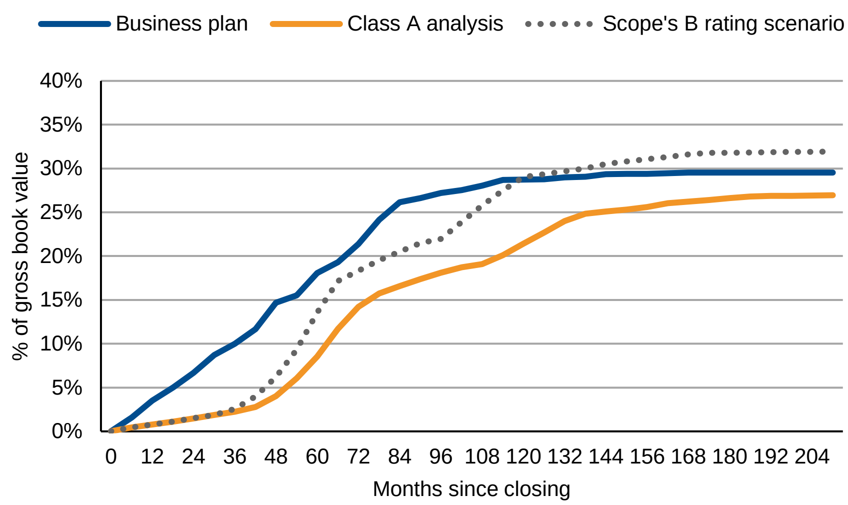
Sources: Servicer business plan, Scope Ratings

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.

Figure 15: Scope's assumptions[3] vs. business plan's gross cumulative recoveries - secured loans

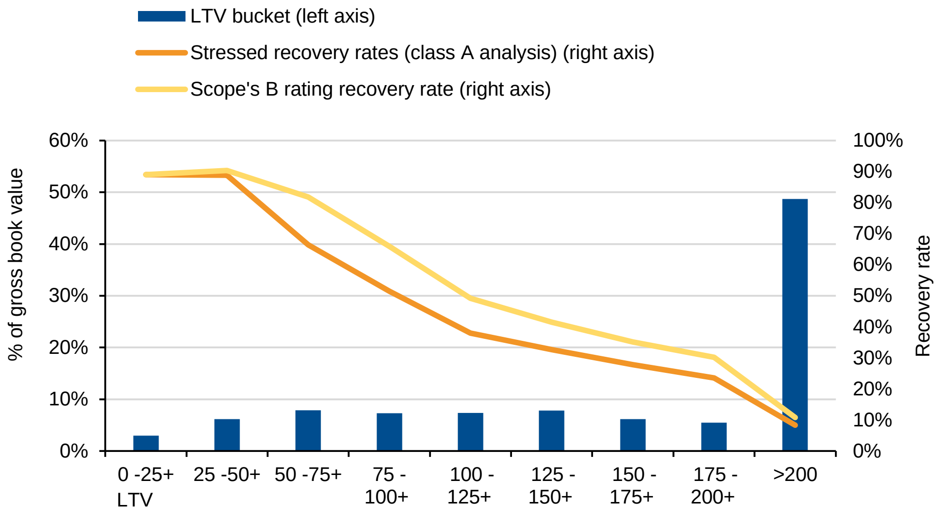


Sources: Servicer business plan, Scope Ratings

[2] Scope's and the servicer's recovery rates are reported on a gross level and include cash-in-court and ad-interim collection amounts.
[3] Scope's and the servicer's recovery rates are reported on a gross level and include cash-in-court and ad-interim collection amounts. We define secured loans as those guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis. The same definition is applied by the servicer.

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 base case scenario (B rating scenario). The portfolio's share of under-collateralised secured exposures is material, as 76% 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

Appraisal type haircuts range between 5% and 35% for the class A analysis

5.1.1. Appraisal analysis

We applied rating-conditional haircuts ranging from 5% to 35% 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 valuations.

Figure 17: Scope's transaction-specific valuation haircuts

Valuation type	% of collateral value	Class A analysis haircut
Drive-by and full	5.1%	-
Desktop	23.1%	5%
CTU	13.0%	10%
AVM	46.1%	25%-35%
Other or statistical	12.7%	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	Metropolitan cities	Rest of provinces
Class A analysis	-13%	-11%	-11%	-11%	-13%	-13%	-17%	-15%	-15%	-13%	-13%	-15%	-13%	-15%
Portfolio collateral value distribution (%)	5.7	1.6	10.3	0.3	1.9	34.7	3.6	2.7	18.0	0.5	1.8	6.3	6.5	6.0

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

5.1.3. Collateral liquidity risk

Fire-sale discounts range between 35% and 45% 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) 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 collateral value	Class A analysis haircut
Residential	59.1%	35%
Non-residential	40.9%	40% - 45%

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

5.1.4. Concentration risk

We addressed borrower concentration risk by applying a 10% rating-conditional recovery haircut to the 10 largest borrowers for the class A notes analysis. The largest 10 and 100 borrowers account for 19.8% and 54.6% of the portfolio's gross book value, respectively.

5.1.5. Residual claims after security enforcement

A secured creditor may initiate enforcement actions against a debtor 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: 3.3 years and 1.6 years were respectively added to the total legal procedures' length for the class A analysis.

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

Court group	Bankruptcy proceedings	Non-bankruptcy proceedings	Percentage of courts**
1	4	2	5.0%
2	6	3	51.3%
3	8	4	17.1%
4	10	5	21.7%
5	12	6	3.5%
6	14	7	1.3%
7	18	9	0.1%

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

5.2. Analysis of unsecured portfolio segment

Unsecured portfolio analysis is based on statistical data

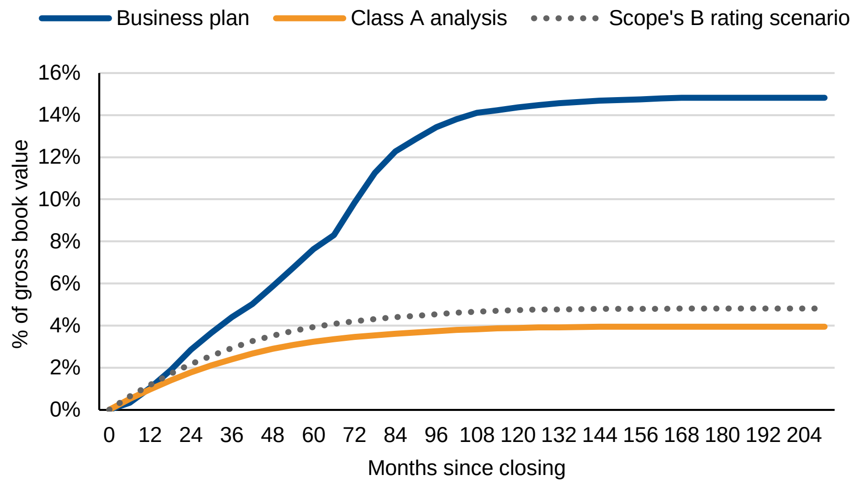
Our unsecured recovery assumptions are primarily based on market-wide historical data on unsecured recovery rates. We also factor in servicer-specific historical recovery data, as well as our view on the quality of the servicer's recovery procedures.

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

Ageing of the unsecured portfolio is above average considering peer transactions rated by Scope

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 7.5 years, which is above 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 four classes of notes: senior class A, mezzanine classes B1 and B2, and junior class J. Interests of classes B1 and B2 will be paid pari-passu and pro-rata, while their principal will be paid fully sequentially.

Class A will pay a floating rate indexed to six-month Euribor plus a margin of 2.5%. Classes B1 and B2 will pay a floating rate indexed to six-month Euribor plus a margin of 3.5% and 8.0%, respectively. The Euribor component is floored at 0. Classes B1 and B2 interests (and a portion of the special servicer fees) will be subordinated to class A principal payments if certain under-performance events are triggered.

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

Non-timely payment of interest on the senior notes among other events such as the issuer's unlawfulness, would accelerate the repayment of class A through the full subordination of classes B1 and B2 payments.

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 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 senior fees), other senior expenses
2) Expenses account replenishment
3) Senior expenses
4) Recovery expenses reserve account
5) Class A interest
6) Cash reserve replenishment
7) Classes B1 and B2 interests, pro-rata and pari passu (provided that no interest subordination event has occurred)
8) Class A principal

[4] Scope's and the servicer's recovery rates are reported on a gross level and include ad-interim collection amounts. We define unsecured loans as those not guaranteed by at least a first-lien mortgage, based on a loan-by-loan analysis. The same definition is applied by the servicer.

Pre-enforcement priority of payments
9) Classes B1 and B2 interests, pro-rata and pari passu (upon occurrence of an interest subordination event)
10) Servicer mezzanine fees (provided that a servicer underperformance event has occurred)
11) Class B1 principal
12) Class B2 principal
13) Payments due under the Subscription agreement
14) Servicer junior fees (provided that a servicer underperformance event has occurred)
15) Class J principal
16) Any residual amount as class J variable return

Sources: Transaction documents and Scope Ratings

6.2. Interest subordination events

The occurrence of an interest subordination event results in classes B1 and B2 interests being paid under item 9 of the waterfall above. An interest subordination event occurs if i) the cumulative net collection ratio[5] (CCR) falls below 100% of the servicer's business plan targets; ii) the NPV cumulative profitability ratio[6] (NPVPR) falls below 100%; or iii) any due amount of class A interest is unpaid.

An interest subordination event is curable if, on a subsequent payment date, the CCR or the NPVR is above 100%. In this case, classes B1 and B2 interests accrued and unpaid will be payable senior to the class A principal repayment, under item 7 of the waterfall above.

6.3. Servicing fee structure and alignment of interests

6.3.1. Servicing fees

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

The servicer will be entitled to a performance fee. The exact level of fees is subject to the debtor's level of collateralisation, ticket and type (i.e., corporate or individual) Considering the portfolio composition, we assumed an average performance fee of 6.0% and 7.7% for secured and unsecured loan exposures[7], respectively.

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

The occurrence of a servicer underperformance event results in 10% up to 20% of servicer performance fees being subordinated to class A principal payments. This portion is paid under items 10 and 14 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% 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. However, all mezzanine and junior servicer fees accrued and unpaid in previous periods shall remain subordinated.

[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 1 April 2021, they include ReoCo sales proceeds (they include ReoCo deposit amounts only upon adjudication of the asset by the ReoCo).

[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.

[7] As per Scope's definition.

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 can authorise the revocation and replacement of the special servicer upon a servicer termination event. The monitoring agent can also authorise the sale of the receivables (acting upon instructions of the committee), the closure of debt positions, and the payment of additional costs and expenses related to recovery activities. The Representative of the Noteholders, responsible for implementing the decisions of the committee and for protecting noteholders' interest, shall be consulted when applicable.

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 five business days from the collection reconciliation date, except where such non-payment is due to technical reasons, iii) an unremedied breach of obligations that is not remediated within 30 business days from the request of fulfilment sent by the representative of noteholders, iv) voluntary liquidation or cessation of business; v) the CCR being below 80% or the NPVPR being below 80% on three consecutive interest payment dates.

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 transaction's issuance proceeds. The initial cash reserve will be equal to EUR 6.07mn, and its target amount at each payment date will be 4.5% 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, for a period of 19 months.

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 2.5% margin.

Interest rate risk on class A notes is partially mitigated through an interest rate cap structure

An interest rate cap partially mitigates the risk of increased liabilities on the class A notes due to a rise in Euribor (Figure 23). The interest rate cap has an increasing strike level that starts from 0 at the issue date and reaches 1.50% from December 2032 and until its expiry date on December 2035. Under the agreement the Issuer receives the difference between six-month Euribor and the cap strike, on a predefined notional schedule.

The notional schedule of the cap is not aligned with our expected class A amortisation profile (see Figure 24). A delay in recoveries beyond our class A recovery timing vector would further increase interest rate risk exposure, as it would widen the gap between the transaction's cap notional amount and the class A notes' outstanding principal.

Figure 23: Interest rate cap on class A notes

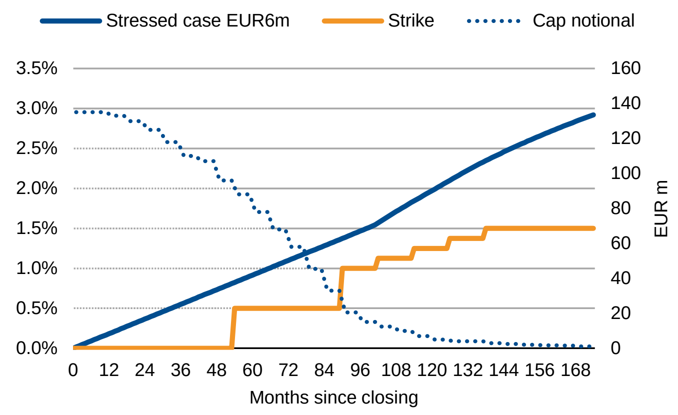
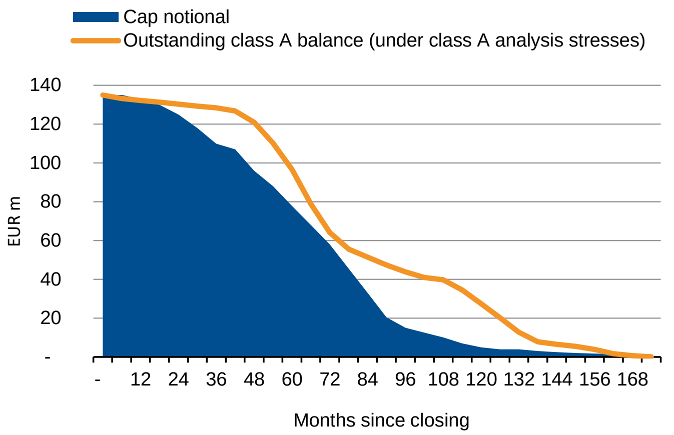


Figure 24: Interest rate cap notional vs outstanding class A notes



Sources: Transaction documents, Bloomberg and Scope Ratings

6.6. ReoCo structure

The transaction foresees the set-up of a Real Estate Owned Company pursuant to article 7.1 paragraph 4 of Law 130 of 1999 ('ReoCo') that will be operative since closing. The ReoCo servicer will carry out all the technical and operating support and the strategic advisory required to ensure the full operation of the ReoCo.

The ReoCo may purchase assets, in the context of auctions, via i) debt assumption or ii) full cash payments. Under the debt assumption, the ReoCo pays 10% of the asset's bid price (via a down payment or deposit) and pays the remainder 90% upon asset's re-sale. In case debt assumption is denied by the competent court, the ReoCo shall pay the full asset's bid price when the asset is awarded. The maximum assumed debt that can be owed by the ReoCo and during the transaction lifetime is limited to EUR 40m (30% of class A notional). At any time and before class A amortises below 50% of its original notional, the ReoCo maximum revolving exposure (in term of assumed debt) will be EUR 15m. After class A amortised more than 50% of its original notional, the ReoCo maximum revolving exposure will be EUR 10m.

The ReoCo's activity will be financed by: i) the ReoCo cash reserve, ii) third party financings and iii) the ReoCo provisioning account. The financings can be used to fund assets' costs, ReoCo corporate expenses, ReoCo servicing fees and new purchases.

A replenishable ReoCo cash reserve of EUR 2,000,000, will fully amortise at the end of its availability period, the fifth year following the issuance date. The ReoCo cash reserve will be replenished with the profits of the ReoCo under item 4) of Figure 25.

The ReoCo can enter into third party financing agreements which ranges between 40% and 60% of the maximum revolving ReoCo's assumed debt exposure, depending on the level of amortisation of class A notes. The maximum loan maturity date will be 30 June 2028.

A ReoCo provisioning account, replenished on each ReoCo payment date with 50% of the ReoCo excess spread (if any) under item 5) of Figure 25, can be withdrawn by the ReoCo, during the ReoCo cash reserve availability period, only in case the ReoCo cash reserve is not sufficient to cover the ReoCo liquidity needs. After the ReoCo cash reserve availability period, the ReoCo provisioning account will be available to finance any ReoCo expenses and purchases.

When the ReoCo sells an asset, its proceeds are first used to cover the asset management variable fees, costs, expenses and taxes for property's management and sale. Additionally, sales proceeds are used to repay any third-party financing amount used to fund the asset's costs and expenses (the resulting proceeds being "net assets' proceeds").

The ReoCo's available funds (i.e. net assets' proceeds, assets' instalment proceeds, insurance proceeds, deposit payments) will be used in the following simplified order of priority and at each ReoCo payment date (every six months, starting from January 2022):

Figure 25: Simplified ReoCo priority of payments

ReoCo priority of payments	
1)	ReoCo corporate expense and servicing fees, asset management base fees and taxes (pari passu and pro-rata)
2)	Repayment of any third-party financing amount used to fund assets' purchase prices and repayment to the issuer of any due assumed debt amount (pari passu and pro-rata)
3)	Incentive fees
4)	Replenishment of the ReoCo cash reserve
5)	Replenishment of the ReoCo provisioning account with 50% of the proceeds and payment of the remainder 50% as excess spread to the issuer (pari passu and pro-rata)

Sources: Transaction documents 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 notes 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) Credito Fondiario S.p.A. as seller, representations and warranties provider, master and special servicer, corporate servicer, ReoCo servicer, ReoCo corporate servicer, calculation agent and paying agent; ii) Banca Finanziaria Internazionale S.p.A. as back-up master servicer and monitoring agent; iii) Wilmington Trust (London) Limited as noteholders' representative, iv) Intesa Sanpaolo S.p.A. as account bank, v) Crédit Agricole Corporate and Investment Ban as cap counterparty.

9.1. Servicer 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 back-up master 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, the servicer will transfer the amounts within two business days from the payment reconciliation.

9.3. Claw-back risk

Limited claw-back risk

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

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

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

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

9.4. Enforcement of representations and warranties

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 seller in the representation and warranties agreement. If a breach of a representation and warranty materially and adversely affects a loan's value, the seller will be obliged to indemnify the issuer for damages.

However, the above-mentioned representations and warranties are only enforceable by the issuer within 24 months from the issue date. The total indemnity amount is payable only if its aggregate value exceeds EUR 100,000; it is capped at 25% of the portfolio's purchase price. Furthermore, indemnity amounts will be payable only if they exceed EUR 10,000 on a single-loss basis.

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.

11. Monitoring

Ongoing rating 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 – Deal comparison

Transaction	Palatino SPV Srl	Aurelia SPV Srl	Ifis NPL 2021-1 SPV	Summer	Titan SPV	Sirio NPL	Buonconsiglio 3	Relais	POP NPLS 2020	Yoda SPV	Futura	Leviticus SPV	Belvedere SPV
Closing	Jun-21	Jun-21	Mar-21	Dec-20	Dec-20	Dec-20	Dec-20	Dec-20	Dec-20	Dec-20	Dec-19	Feb-19	Dec-18
GACS	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Originators/Sellers	Credito Fondiario SpA	Banco BPM SpA	Ifis NPL Investing	BPER Banca, Banco di Sardegna	Alba Leasing Release Banco BPM	UBI Banca	38 Banks	UCG Leasing	15 Banks	Intesa Sanpaolo	53 Banks	BPM	multiple
Master servicer	Credito Fondiario SpA	Credito Fondiario	Ifis Servicing	Banca FinInt	Prelios	Prelios	Zenith	Italfondiario	Credito Fondiario	Intrum	Guber Banca	Credito Fondiario	Prelios
Special servicer	Credito Fondiario SpA	Credito Fondiario Liberty	Ifis Servicing	Fire	Prelios	Prelios	Guber Banca	doValue	Credito Fondiario & Fire	Intrum	Guber Banca	Credito Fondiario	Prelios, BVI
General portfolio attributes													
Gross book value (EUR m)	865.3	1,510	1,323	322	335	1,228	679	1,583	919.9	6.033	1,256	7,385	2,541
Number of borrowers	2,188	3,304	47,127	15,172	668	14,313	3,671	2,335	3,978	22,282	9,639	19,747	13,678
Number of loans	5,559	10,411	69,384	23,473	939	22,471	6,520	3,006	8,128	74,312	16,152	49,404	31,266
WA seasoning (years)	7.7	2.2	7.0	3.3	5.8	3.4	3.7	5.8	3.4	5.5	5.5	3.8*	6.7*
WA seasoning (years) - unsecured portfolio	7.5	2.1	4.0	4.0	6.2	3.5	4.4	7.0	3.8	5.9	6.2	4.4*	6.7*
WA LTV buckets (% or secured portfolio)													
bucket [0-25]	3.0	2.6	3.4	14.7	0.2	4.5	1.6	0.3	4.6	3.9	2.3	3.5	2
bucket [25-50]	6.2	9.6	4.5	23.4	2.1	12.2	7.9	2.5	9	8.9	5.5	9.2	4.9
bucket [50-75]	7.9	15.3	7.3	20.5	9.6	17.2	11.9	7.9	12.9	15.6	8	12.6	5.4
bucket [75-100]	7.3	25.3	7.5	15.6	10.6	18.6	14.2	14.4	19.2	13.8	7.2	14.8	8.5
bucket [100-125]	7.4	14.1	5.1	10.7	17.1	12.7	10.7	16.6	16.7	13.9	10.1	9.5	6.8
bucket [125-150]	7.8	8.4	5.2	6.3	9.9	6.7	10.6	14.7	10.2	6.9	9.5	6.9	8.6
bucket [150-175]	6.2	6	5.6	2.7	14	4.4	10.1	12.1		6.5	6.4	6.9	4.8
bucket [175-200]	5.5	2.2	4.4	1.8	6.2	6	7.6	7.4	27.4	3.3	3.8	4.7	5.2
bucket > 200	48.7	16.4	57	4.3	30.3	17.6	25.5	24		27.1	47.2	31.9	53.9
Cash in court (% of total GBV)	1.4	0.4	1.3	0.5	0	1.4	1.3	1.5	0.3	0.9	1.1	2.0	2.7
Loan types (% of total GBV)													
Secured first-lien	81.0	44.3	30.3	44.4	87.7	53.7	65.5	86.5	55.9	41.2	45.7	50.5	41.0
Secured junior-lien	5.8	6.0	0.4	4.3	0.0	7.6	4.0	0.0	9.0	3.7	6.1	5.6	8.2
Unsecured	13.3	49.7	69.3	51.3	12.3	38.7	30.5	13.5	35.1	55.1	48.2	43.9	50.8
Syndicated loans	6.9	0.8	1.5	0.0	2.6	3.2	6.2	7.1	1.1	1.3	2.4		0
Debtors (% of total GBV)													
Individuals	27.3	14.6	80	51.1	0.6	7	26.4	0.8	25.3	10.6	22	14.7	12.0
Corporates or SMEs	72.7	85.4	20	48.9	99.4	93	73.6	99.2	74.7	89.4	78	85.3	88.0
Procedure type (% of total GBV)													
Bankrupt	49.6	29.1	15.6	42.4	10.4	53.2	64.9	36.0	55.1	49.8	64.2	71.7	82.2
Non-bankrupt	50.4	70.9	84.4	57.6	89.6	46.8	35.1	64.0	44.9	50.2	35.8	28.3	17.8
Borrower concentration (% of GBV)													
Top 10	19.8	14.6	5.1	1.5	26.8	7.8	8.7	9.3	9.1	5.2	4.8	5.4	9.1
Top 100	54.6	39.8	14.9	11.0	74.9	30.3	38.4	36.9	35.3	19.6	21.5	20.3	24.2
Collateral distr. (% of appraisal val.)													
North	54.6	70.5	18.3	32.0	72	51.6	64.7	49.2	62.2	36.6	74.1	71.1	48.8
Centre	24.3	21.5	13.3	10.2	14.5	25.2	21.7	23.4	12.4	24.3	14.6	17.4	23.6
South	21.1	8.1	68.4	57.8	13.5	23.2	13.6	27.4	25.4	39.1	11.3	11.4	27.6
Collateral type (% of appraisal val.)													
Residential	59.1	42.6	60.8	73.5	1	35.3	35.3	2.6	46.6	38	47.1	41.6	41.9
Commercial	16.9	27.8	6.6	9.1	46	23.5	27.8	56.4	22.3	16.7	10.6	9.5	9.6
Industrial	8.0	14.1	16.7	7.0	50.8	16.5	15.0	36.4	9.9	26.3	21.2	5.3	7.2
Land	10.8	8	9.3	5.3	1.0	12.4	17.3	1.2	9.5	14.5	12.1	16.2	8.8
Other or unknown	5.2	7.5	6.6	5.1	1.3	12.3	4.7	3.4	11.7	4.5	9	27.5	32.5
Valuation type (% of appraisal val.)													
Full or drive-by	5.1	27.3	31	31.5	79.5	16.9	58.1	29.6	46.1	31.1	0.9	32.3	31.4
Desktop	23.1	67.3	51.3	6.4	18.3	36.8	23.4	68.1	22.5	23.4	53.2	31.7	36.1
CTU	13	5.4	0	0.9	0.0	17.7	13.9	0.0	20	23.2	21.1	5.5	0.0
Other	58.8	0	17.7	61.2	2.2	28.6	4.6	2.3	11.4	22.3	0.8	30.5	32.5
Secured ptf proc. stage (% of GBV)													
Initial	63.8	77.4	37.5	76.3	NA	65.2	52.6	NA	57.7	64.2	43.1	65.5	52.4
CTU	9.6	5.1	14.2	12.8	NA	14.7	26.6	NA	22.6	15.5	15.1	10.0	0.0
Auction	17.5	13.9	33.7	6.7	NA	14.1	16.6	NA	12.8	15.2	24.3	16.6	38.3
Distribution	9.1	3.7	14.6	4.2	NA	6.0	4.2	NA	7	5.1	17.4	8.0	9.3
Summary of assumptions (BBB rating conditional stress)													
Remaining lifetime recovery rate (%)													
Secured (=net LTV after all stresses)	27.0	54.1	20.5	70.4	48.6	50.2	43.1	48.6	48.9	45.4	36.7	51.8	36.7
Unsecured	3.9	13.8	50.6	12.1	6.1	12.9	8.2	17.9	8.7	6.3	7.6	10.2	7.3
Total	22.6	31.6	41.5	38.0	43.4	32.9	31.1	44.4	31.2	22.4	20.9	31.2	19.4
Weighted average life of collections (yrs)													
Secured	7.1	7.0	6.3	7.0	4.3	7.6	7.4	5.0	7.6	7.2	6.57	8	8.2
Unsecured	3.2	4.0	5.4	4.9	7.9	4.3	4.8	12.6	4.7	3.3	3.4	4.5	5.2
Total	7.0	6.3	5.6	6.6	4.4	6.8	5.9	5.4	7.2	6.6	5.94	7.5	6.4
Structural features													
Liquidity reserve (% of class A notes)	4.5	4.5	4.5	4	5	4	4	7.5	4	4	4.5	4	4
Class A Euribor cap strike	0.0%-1.5%	0.0%-3.0%	0.2%-3.0%	0.2%-1.4%	0.05%-4.0%	0.6%-3.75%	0.6%-3.75%	0.5%-1.7%	0.2%-1.6%	0%-0.75%	0.2%-3.0%	0.25% -1.5%	0.5%
Class A													
% of GBV	15.6	22.7	27.6	26.5	27	23.6	22.7	29.4	26.3	16.7	12.6	19.5	12.4
Credit enhancement	84.4	77.3	72.4	73.5	73.01	76.4	77.3	70.6	73.7	83.3	87.4	80.5	87.6
Class B													
% of GBV	2.7	2.7	5.6	3.1	4.47	2.9	3.1	5.75	2.72	3.5	2.9	3	3
Credit enhancement	81.7	74.7	66.8	70.3	68.5	73.5	74.2	64.8	70.98	79.9	84.5	77.5	84.6
Final rating at closing													
Class A	BBB	BBB	A-	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB
Class B	NR	NR	B+	NR	NR	NR	NR	NR	CC	NR	NR	NR	NR

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

Scope Ratings GmbH

Headquarters Berlin
Lennéstraße 5
D-10785 Berlin

Phone +49 30 27891 0

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

Phone +49 69 66 77 389 0

Paris
23 Boulevard des Capucines
F-75002 Paris

Phone +33 1 8288 5557

Oslo
Karenslyst allé 53
N-0279 Oslo

Phone +47 21 62 31 42

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

Phone +34 914 186 973

Milan
Via Nino Bixio, 31
20129 Milano MI

Phone +39 02 30315 814

Scope Ratings UK Limited

111 Buckingham Palace Road
London SW1W 0SR

Phone +44 (0)20 7340 6347

info@scoperatings.com
www.scoperatings.com

Disclaimer