

Eridano II SPV S.r.l.

Italian Consumer CQS ABS



Ratings

Series	Rating	Maximum notional (EUR m)	Paid-up notional ¹ (EUR m)	Current CE (% assets)	Coupon	Final maturity
Class A1	AA _{SF}	210.6	131.4	15.0	1mE + 0.80%	May 2035
Class A2-R	AA _{SF}	158.0	82.5		1mE + 0.80%	May 2035
Class A3	AA _{SF}	17.5	10.2		1mE + 0.80%	May 2035
Class B	BBB _{SF}	29.4	18.4	8.0	1mE + 3.00%	May 2035
Class C ²	NR	80.0	54.4		6.00%	May 2035
Total notes		488.1	296.8			

Scope's analysis is based on the portfolio dated 31 August 2019 provided by the originator. Scope's Structured Finance Ratings constitute an opinion about relative credit risks and reflect the expected loss associated with the payments contractually promised by an instrument on a particular payment date or by its legal maturity. See Scope's website for the [SF Rating Definitions](#).

Transaction details

Purpose	Funding / risk transfer
Issuer	Eridano II SPV S.r.l.
Originator/servicer	ViViBanca S.p.A. (Vivibanca)
Other seller	Legion CQ S.r.l. (Legion)
Sub-servicer	Quinservizi S.p.A. (Quinservizi)
Collection Agent	MCE Locam S.p.A. (MCE Locam)
Calculation agent	Securitisation Services S.p.A. (Securitisation Services)
Account bank/paying agent	BNP Paribas Securities Services, Milan Branch (BNP Paribas)
Closing date	23 November 2018
Payment frequency	Monthly, 28th day of each month

The transaction is a true-sale securitisation of a portfolio of Italian payroll-deductible loans. ('cessione del quinto dello stipendio' or CQS³). Part of the loans included in the portfolio are originated by Vivibanca while another portion has been acquired from Legion, a former securitisation vehicle. There is a ramp-up period, ending in May 2020, during which the issuer may acquire further collateral portfolios. The transaction structure comprises five tranches of partially-paid notes (three classes of senior notes, one class of mezzanine notes and one class of junior notes) and a cash reserve that provides liquidity and credit protection. As of August 2019, the notes are backed by a EUR 204m portfolio of CQS loans comprised of 'cessione del quinto' (89.2%) and 'delegazione di pagamento' (10.8%) loans extended to employees working for the public administration (36.4%), para-public administration (6.1%) and the private sector (17.2%) as well as pensioners (40.4%).

Rating rationale (summary)

The ratings reflect: i) the legal and financial structure of the transaction; ii) the quality of the underlying collateral; iii) the insurance protection against life and employment events; and iv) the ability of the transaction's counterparties.

The ratings are mainly driven by the securitised portfolio's characteristics and its expected performance, and by the pool of insurance companies covering life or employment events. The ratings also incorporate our assessment of the servicer's

¹ As of 28 October 2018

² Class C funds (i) 6% of the portfolio, (ii) the cash reserve, (iii) the prepayment reserve and (iv) the additional purchase price component of the portfolio

³ In Italy, CQS is used as an abbreviation for 'cessione del quinto dello stipendio'. In the context of this transaction, we use this term to refer to 'cessione del quinto' (CDQ) loans, extended to employees or pensioners, and to 'delegazione di pagamento' (DP) loans.

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Related Research

[Consumer and Auto ABS Rating Methodology](#)

[Methodology for Counterparty Risk in Structured Finance](#)

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abilities and incentives. We considered Italian sovereign risk by assessing the impact on the ratings of a distress scenario affecting the government of Italy and the associated loss severity for the securitised assets.

The senior notes (class A1, A2-R and A3, which rank pari passu and pro rata without priority among themselves) and the mezzanine notes (class B) are supported, respectively, by 15% and 8% of credit enhancement from subordination, the cash reserve and available excess spread. A cash reserve provides both liquidity and credit protection to the senior and mezzanine notes.

Rating drivers and mitigants

Positive rating drivers

Loan product with low historical losses. CQS loans generally incur lower losses than standard unsecured consumer loans, primarily because the loans are insured against unemployment and life events, and the instalments are withheld by the borrower's employer and paid directly to the lender.

Diverse insurance coverage. The loan portfolio benefits from a diversified pool of 8 insurers covering borrowers against life events and unemployment.

Liquidity and credit protection. A fully funded cash reserve (equal to 2% of the outstanding balance of the senior and mezzanine notes) will provide liquidity protection to the senior and mezzanine notes during the life of the transaction. The cash reserve will be available to repay the notes at maturity.

Excess spread. Scope expects that a significant level of excess spread will remain available (2.0%), considering a stressed weighted average portfolio yield and deducting fees and interests on liabilities.

Negative rating drivers and mitigants

Ramp-up period. New loans can be added to the pool during the ramp-up period, which is expected to conclude in May 2020. These loans will be financed by using principal collections from the current portfolio and by increasing the notes' paid-up amount. The risk of asset quality deterioration is partially mitigated by replenishment criteria, which we have factored into the analysis.

Exposure to public entities. A large portion of the portfolio is exposed to public entities that pay salaries or pensions to borrowers (82.8%). These borrowers normally have lower default rates than those in the private sector. However, such a high concentration increase vulnerability to a sovereign default. Scope has considered this risk by testing the impact of a sovereign stress event on the assets' performance.

Small and relatively new servicer. Vivibanca is a relatively new servicer with around ten years' experience servicing CQS loans. Scope's operational review has provided comfort in Vivibanca's abilities and capacity in this role.

Interest rate risk. The transaction is exposed to potential interest rate mismatches since the notes pay a floating coupon, indexed to Euribor, while the portfolio pays a fixed rate. Scope's analysis has considered interest rate risk by considering a stressed Euribor assumption.

Commingling risk. Most of the employers and pension entities pay by bank transfer. Therefore, the redirection of payments may take longer than for a standard unsecured loan portfolio.

Upside rating-change drivers

A rating upgrade of Italy, a reduction of the insurance companies' default risk or better-than expected pool performance would contribute to an upgrade of the rating.

Downside rating-change drivers

A significant deterioration in the credit profile of the insurance companies leading to lower rating-conditional recovery rate assumptions could negatively impact the rating.

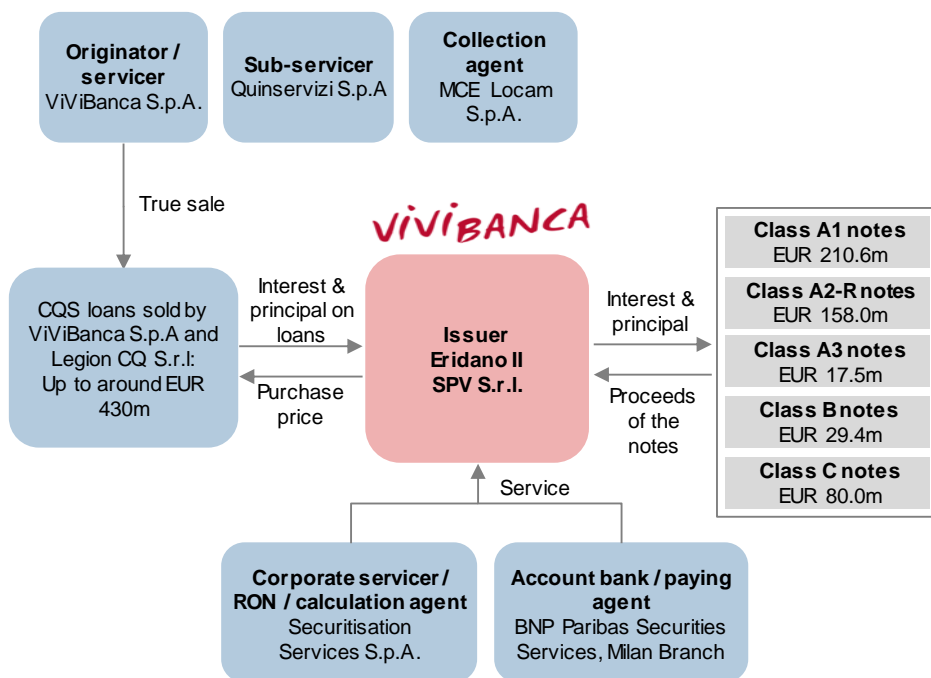
A decline in the pool's overall performance versus our expectations or a significant rating downgrade of Italy could also have a negative effect on the rating.

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1. Transaction summary

Figure 1: Simplified transaction diagram



Source: Transaction documents and Scope

Eridano II SPV S.r.l. is a cash securitisation backed by payroll-deductible (CQS) loans extended to borrowers in Italy. CQS loans are collateralised by the debtor's salary or pension and, in most cases, by any accrued severance amount (e.g. 'trattamento di fine rapporto' or TFR). The EUR 204m current portfolio comprises CQS loans originated by Vivibanca (the Vivibanca portfolio for EUR 136m) and CQS loans acquired by the issuer from Legion CQ S.r.l. (the Legion portfolio for EUR 68m), a securitisation vehicle set up in the context of a former transaction originated by MCE Locam S.p.A.

The transaction structure comprises five tranches of partially-paid notes: three classes of senior notes (class A1, A2-R and A3), one class of mezzanine notes (class B) and one class of junior notes (class C). The Vivibanca portfolio collateralises class A1, A2-R, B and C, while the Legion portfolio collateralises class A1, A3, B and C.

The transaction features a ramp-up period that is scheduled to conclude in May 2020 and is subject to covenants on asset and performance eligibility. During this period, the issuer can purchase additional assets originated by Vivibanca, using principal received from the current pool of assets and through further notes' subscription payments.

The current securitised portfolio was purchased above par and the difference between the purchase price and the outstanding principal balance of the portfolio (the additional purchase price component) has been entirely funded with the proceeds of the issuance of class C notes. During the ramp-up period, any positive difference between the purchase price of the additional portfolio and its outstanding principal balance will be funded (in full or in part) with the proceeds of further class C notes' subscription payments. Any remaining portion of the additional purchase price component will be funded through the funds available after payment of class B principal (item 8 in the priority of payments in figure 15).

Ramp-up scheduled to conclude in May 2020

More than 25% growth in terms
of new originated loans

2. Originator and seller

ViViBanca S.p.A is the result of the merger between Terfinance S.p.A and Credito Salernitano S.c.p.A. Vivibanca is a specialised lender that offers mainly CQS loans to individuals. Other products include unsecured personal loans, deposit accounts and payment cards. As of 2018, the bank has assets for around EUR 343m and a CET1 ratio of 15.5%.

During 2018, Vivibanca originated new loans for an amount of EUR 178m (+25.7% versus 2017). Vivibanca's 2018 origination volume consisted of CQS loans to public-sector employees (36%) pensioners (43%) and private-sector borrowers (21%).

Vivibanca's distribution model comprises 2 branches in Turin and Salerno, a broker network of 64 agents (mostly concentrated in central and northern Italian regions) as well as 10 partner banks with over 1,500 branches across Italy.

2.1. Sanctioning and underwriting

The originator employs a credit scoring system, which uses both internal and external information. All credit approval and underwriting activities are handled in-house.

The underwriting process is mainly focused on the employer of the borrower, given the nature of payroll-deductible loans. The loan applicant must also satisfy all quantitative and qualitative requirements. Among other things, the credit department ascertains whether the employer meets certain size, legal, capital and performance requirements, using internal databases and external credit bureaus as main sources of information. The loan applicant's credit risk is assessed with the support of a specialised outsourcer, focusing on the risk of fraud, creditworthiness and on the existence of any outstanding default exposures.

Loans are ultimately disbursed upon the receipt of insurance coverage and acceptance of the payment delegation by the employer or pension provider.

2.2. Servicing and recovery

Vivibanca is the servicer for the transaction, with Quinservizi and MCE Locam acting, respectively, as sub-servicer and collection agent with reference to the Legion portfolio only.

The management of collections is fully based in Turin. Collections are monitored on a daily basis to check for any delinquent instalment and to reconcile all payments within 2 days from the relevant collection date.

The recovery process is carried out by a dedicated team of 8 employees, with the support of external lawyers, independent investigative companies and other specialised operators in the CQS market. When a loan becomes delinquent, the credit monitoring department contacts both the borrower and the employer within 60 days via phone and email to solicit the payments. If the contract is still delinquent after 60 days and an insurance claim has not been opened, it is managed by external suppliers for another 120 days. After 180 days, a written notice is sent to both the borrower and the employer. Vivibanca then starts legal proceedings unless the borrower or the employer has cured its position.

In the case of life and employment events, a team focused on insurance claims classifies the loans as 'subject to claim' as soon as it receives the death certificate (for life events) or verifies the nature of unemployment (for employment events). For the latter, Vivibanca sends a request to the employer, asking to cover the residual debt (partially or in full) with the borrower's accrued severance indemnity. The remaining claim is then settled by the insurance company upon receipt of the relevant documentation.

3. Asset analysis

The securitised portfolio is a granular pool of CQS loans granted to individuals in Italy who work in the public, para-public or private sector, or are pensioners. A sub-pool of the portfolio is comprised of ‘delegazione di pagamento’ (DP) loans, which are also payroll-deductible but have slightly different characteristics to ‘cessione del quinto’ (CDQ) loans, as explained below.

3.1. Payroll-deductible loans: CDQ and DP loans

Payroll-deductible loans offer additional protection and are distinguishable from standard consumer loans in two key respects: i) monthly instalments are paid directly to the lender by the employer or pension provider after being deducted from the obligor’s monthly salary or pension; and ii) every loan is insured for job-loss and life-event risks. CQS portfolios are exposed directly to employers, pension providers and insurance companies. We have considered these risks in our analysis.

3.1.1. CDQ loans

Loan instalments cannot exceed 20% of the borrower’s total net salary or pension and are deducted directly from the salary or pension by the employer or pension provider. For employees, the loans are also generally collateralised by a pledge on the debtor’s accrued TFR. CDQ loans typically have an original term of 10 years, pay a fixed rate and cannot be refinanced until two-fifths of the loan has been repaid.

3.1.2. DP loans

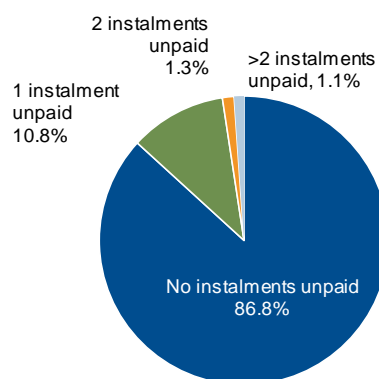
DP loans are typically granted to borrowers that already have an outstanding CDQ loan. The addition of a DP loan can mean a total monthly instalment of up to 50% of the borrower’s net income. DP loans are subordinated to CDQ loans, but this risk is partly mitigated by the originator’s familiarity with the existing borrower before a loan is authorised.

For more detail on CQS loans, download our [Consumer and Auto ABS Rating Methodology](#).

3.2. Current securitised portfolio

The EUR 204m portfolio as of 31 August 2019 is composed of CDQ (89.2%) and DP (10.8%) loans extended to employees working for the public administrations (36.4%), para-public administrations (6.1%) and the private sector (17.2%), or to pensioners (40.4%).

Figure 2: Distribution by delinquency status in terms of unpaid instalments, % of the outstanding balance



Source: Vivibanca, Scope

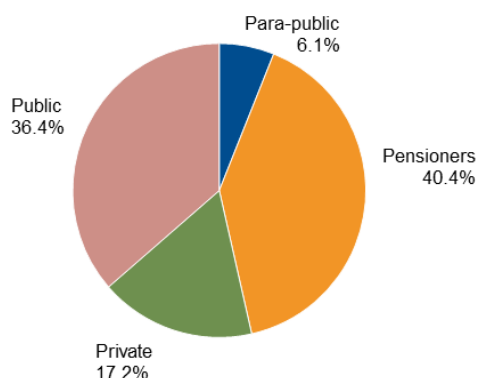
Low-seasoned portfolio

The current loan portfolio has 1.3 years of weighted average seasoning and a weighted average remaining term to maturity of 8.5 years. Around 76.2% of the portfolio was

originated between 2018 and 2019 and around 65.9% of the loans will mature between 2028 and 2029.

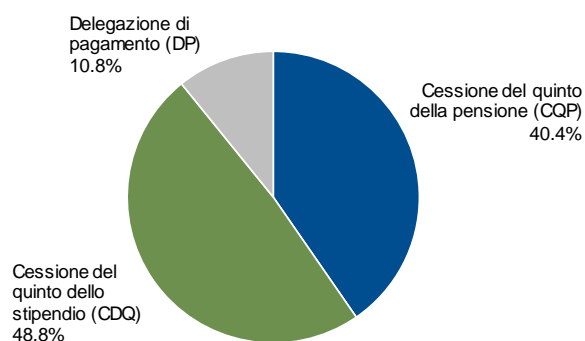
All loans in the pool are amortising and pay monthly instalments at a weighted average fixed interest rate of 6.2%.

Figure 3: Distribution by employer type, % of outstanding balance



Source: Vivibanca, Scope

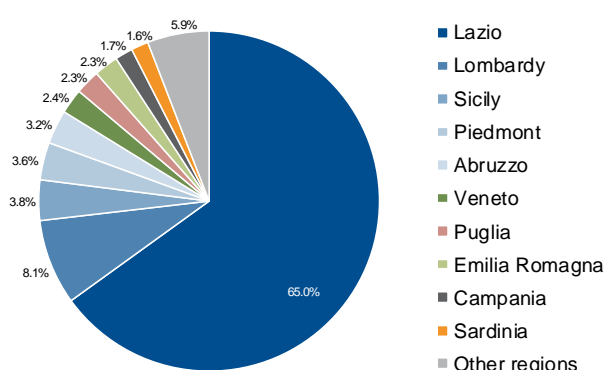
Figure 4: Distribution by loan type, % of outstanding balance



Source: Vivibanca, Scope

The pool is highly granular with the top 1 and top 10 borrowers accounting for 0.05% and 0.4% of the initial portfolio, respectively. Borrowers receiving public salaries or pensions comprise 82.8% of the initial portfolio. The two largest paying entities are Istituto Nazionale della Previdenza Sociale (the national social welfare institution) and Centro Elaborazioni e Servizi del Sistema Informativo Integrato (a department of the ministry of finance), with exposures of 40.4% and 9.4%, respectively. As far as concern the private sector, the top 1 and top 10 employers account for 0.2% and 1.1%, respectively.

Figure 5: Distribution by region, % of the outstanding balance



Source: Vivibanca, Scope

The portfolio is mainly concentrated in central Italy (68.0%), which is a common feature for Italian CQS portfolios. Borrowers in northern and southern regions account, respectively, for 17.9% and 14.1% of the outstanding portfolio.

3.2.1. Insurance coverage

All underlying loans extended to public and private sector employees are insured against life and employment events, while the loans extended to pensioners are insured only against life events. Insurance coverage on the pool presents an inverse-Herfindahl score of 6.7. Metlife is the insurer with the largest exposure covering life events (20.7%), while

Great American International Insurance is the insurer with the largest exposure covering employment events (17.5%). For the base case assumptions, we have considered the current credit quality of the insurers, but we have also tested the effect of a deterioration in the insurance companies' credit quality.

Figure 6: Distribution of insurance companies covering life events, % of the outstanding balance

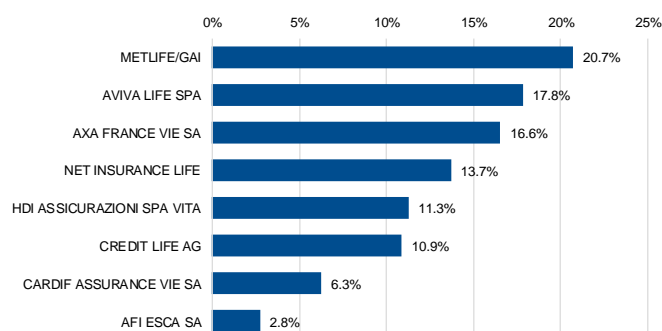
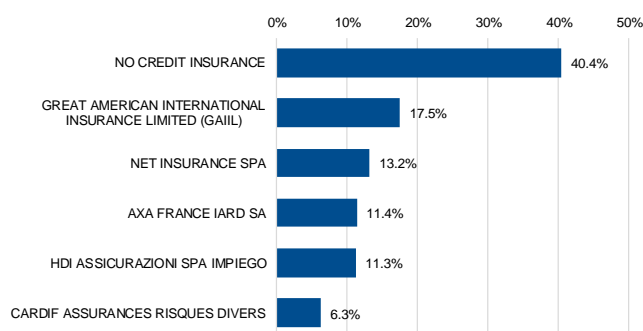


Figure 7: Distribution of insurance companies covering employment events, % of the outstanding balance



Source: Vivibanca, Scope

Initial portfolio composition will change during the ramp-up period

3.3. Post ramp-up portfolio

The portfolio can reach up to around EUR 430m during the ramp-up period. Replenishment criteria and portfolio covenants protect the integrity of the pool during the warehousing period. Key eligibility criteria can be found below in Figure 8.

Figure 8: Eligibility and replenishment criteria

	Eligibility criteria (total portfolio)	Replenishment criteria
1	Euro-denominated CQS or DP loans granted by Vivibanca, and with respect to the Legion portfolio, by MCE Locam	Maximum 45% exposure to pensioners
2	Extended to individuals resident in Italy	Maximum 10% exposure to para-public employees
3	Insured against life and/or unemployment events	Maximum 30% aggregate exposure to private and para-public employees
4	Borrowers are not employees of Vivibanca or MCE Locam	At least 3.75% weighted average effective yield (net of the insurance premium paid up-front)
5	Pay fixed-rate monthly instalments	Minimum 5% exposure to Axa France
6	Loans are not classified as bad loans, unlikely to pay or with more than 90 days past due	Maximum 15% exposure to Net Insurance, 15% exposure to Credit Life and 5% exposure to Afi Esca
7	Maximum 10 years of original maturity	Weighted average age of pensioners not higher than 80 years
8	Minimum outstanding balance of EUR 200 and at least 2 instalments not yet due	Maximum 1.5% exposure to the top 1 non-public employer
9	No payment suspension or restructuring occurred	Maximum 5% and 13% exposure to the top 10 and top 50 non-public employers, respectively
10	Instalments payed by direct debit or bank transfer	
11	Loans with at least 1 instalment fully paid (criteria applicable starting from 2019 with the exclusion of the Legion portfolio)	

Source: Transaction documents and Scope

We have considered the risks of portfolio deterioration during the ramp-up period by assuming that the pool will reach the maximum thresholds set out in the replenishment criteria.

Figure 9: Current portfolio versus projected “worst-case” portfolio

		Current portfolio	Post-replenishment portfolio (worst-case)
Segment type	Public	36.4%	25.0%
	Para-public	6.1%	10.0%
	Private	17.2%	20.0%
	Pensioners	40.4%	45.0%

Source: Scope

The purchase of additional loans during the ramp-up period will cease if any of events reported in Figure 10 occur.

Figure 10: Purchase termination events

	Description
Portfolio	Delinquency ratio greater than 4.0% for two consecutive payment dates
	Cumulative gross default ratio greater than 3.75%
	Purchase price of the portfolio lower than 2% of the portfolio's aggregate balance for 3 consecutive payment dates
	Failure of replenishment of the cash reserve
Originator / Servicer	Breach of payment obligations (not remedied within 5 days)
	Breach of obligations on any transaction documents (not remedied within 10 days)
	Insolvency
	Dissolution or liquidation
	Change of control or loss of banking license
	Termination of Vivibanca as servicer
	Breach of target financial ratios (e.g.: total capital ratio, level of corporate capital, ratio between net income and indebtedness)
Issuer	Non-payment of interest or principal on a given payment date (not remedied within 5 business days)
	Breach of obligations on the notes and on any transaction documents (not remedied within 10 days)
	Insolvency
	Unlawfulness

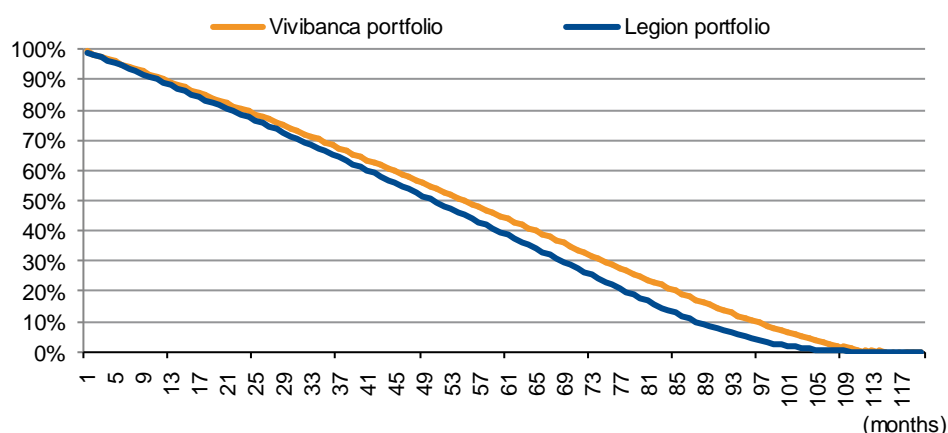
Source: Transaction documents and Scope

3.4. Amortisation profile

The projected amortisation profile reflects the amortisation scheme of the underlying assets. Figure 11 shows the amortisation of the Vivibanca and Legion portfolios considered in our analysis, assuming a 0% prepayment and default rate. However, the amortisation profile could be extended if payments are suspended due to salary or pension reductions, or due to temporary leave (e.g., maternity leave). Suspended payments will then be moved to the end of the original amortisation plan.

Amortisation profile may be extended if payments are suspended

Figure 11: Projected portfolio amortisation profile



Source: Vivibanca, Scope

3.5. Portfolio assumptions

We derived default rate and recovery rate assumptions based on 2009-19 vintage data from Vivibanca's loan book, which is representative of the securitised portfolio. Data was segmented by type of default (delinquency, life event and employment event) and by employer type (public administration, para-public administration, private sector and pensioners). Details are shown in Appendix II.

Vivibanca vintage data covers a period of severe recession in Italy

Vintage data includes periods of severe recession in Italy, in 2009 and 2012-2014. Therefore, we did not apply a long-term adjustment to the mean default rate nor to the coefficient of variation derived from the vintage analysis. Historical data does not reflect sovereign crisis scenarios, which, while rare, could prove highly severe. We incorporated sovereign risk as explained below in section 7.

Figure 12: Portfolio assumptions

	Portfolio
Mean default rate	11.0%
Coefficient of variation	40.0%
Base case recovery rate	80.0%
AA rating-conditional recovery rate	53.6%
Recovery timing	40% after one year, 40% after two years, 15% after three years and 5% after four years
Low constant prepayment rate	0.0%
High constant prepayment rate	5.0% for the first three years 25.0%, for the fourth year 10.0%, thereafter
Stressed portfolio weighted-average yield	5.2%

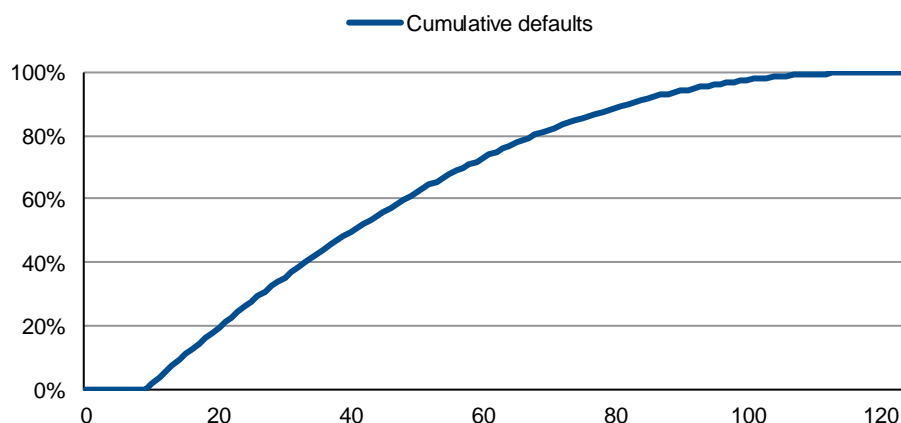
3.5.1. Portfolio defaults

We assumed an inverse Gaussian default distribution, with a mean default rate of 11.0% and a coefficient of variation of 40%. In the transaction, a default occurs if either: i) a loan is nine months delinquent; ii) a loan is declared defaulted by the servicer ('in sofferenza'); iii) a life event occurs; or iv) an employment event occurs. In our analysis, we assumed a front-loaded default term structure, with loans starting to default after 9 months. The

We assumed a front-loaded default term structure

cumulative default-timing assumptions are shown in Figure 13 and represent the assumed default timing for the pool. Mean default rate and default-timing assumptions also reflect the current seasoning and amortisation of the pool.

Figure 13: Cumulative default-timing assumption



Source: Scope

3.5.2. Loan recovery rate analysis

We calculated rating-conditional recovery rate assumptions by taking the weighted average of two levels of recovery rates: i) 80% recovery rate in a scenario where the insurance company does not default (RR1); and ii) 15.0% recovery rate in the event of insurance default (RR2). The weights applied to RR1 and RR2 reflect the default probability of the pool of insurance companies, assuming a 20% asset correlation between insurers. For the class A and class B notes, we have assumed that the pool of insurance companies will default with a probability of 37.8% and 30.0%, respectively.

Figure 14: Rating-conditional recovery rate assumptions

B	BB	BBB	A	AA	AAA
70.3%	70.1%	59.8%	56.0%	53.6%	46.1%

Source: Scope

Further details on how we calculate rating-conditional recovery rates in CQS transactions can be found in the [Consumer and Auto ABS Rating Methodology](#).

Recoveries stem from a combination of three sources: insurance pay-outs, the pledged TFR amount, and borrower collections. The 80% RR1 calculation is derived from vintage data, which incorporates all three recovery sources, while the 15% RR2 calculation represents expected recoveries in the absence of insurers and ultimately reflects the borrower's credit quality.

Additionally, the recovery vintage data shows that most recoveries are received in the first four years after default. Therefore, the portfolio recovery timing, derived from the corresponding recovery vintage data, was estimated as follows: 40% after one year, 40% after two years, 15% after three years and the remaining 5% after four years.

3.5.3. Constant prepayment rate (CPR)

We used two CPR scenarios to test the structure's reliance on excess spread: a CPR assumption of 0%, and a CPR assumption of 5% for the first three years, 25% for the fourth year and 10% thereafter. These assumptions reflect the historical data, which show a spike on prepayment rates after 4 years from origination, as borrowers are allowed to refinance their loan once they have reimbursed at least 40% of the initial loan balance.

We give credit to recoveries from insurance pay-outs and other sources of recoveries

We expect a spike of the prepayment rate in the fourth year of the transaction

3.5.4. Excess spread

Excess spread will be available to cure under-collateralisation arising from portfolio defaults. Excess spread will also be trapped under certain trigger conditions (see Figure 15).

Available excess spread will depend on several factors, such as senior fees, the default rate, and the prepayment rate. In our analysis, we assumed a stressed portfolio weighted average yield of 5.2%, calculated assuming that 25% of the loans with the highest yield will either default or prepay first. This resulted in a portfolio yield compression of 1.0% on the 6.2% original weighted average interest rate of the receivables.

Transaction benefits from a 2.0% estimated excess spread

Excess spread is estimated at 2.0% after deducting liability costs and stressed annual fees of 1.0%.

4. Financial structure

4.1. Capital structure

The senior notes (class A1, A2-R and A3) pay a 0.80% margin over the one-month Euribor and they are protected by 15% of credit enhancement. Interests and principal on class A1, A2-R and A3 are paid *pari passu* and *pro rata*. The margin of the class A1 and A2-R will step-up to 1.20% at the end of the ramp-up period.

The class B notes pay a 3.00% margin over the one-month Euribor and have an 8% of credit enhancement.

The class C notes pay a 6.00% fixed interest rate. The proceeds from the issuance of the class C notes are used to fund i) a portion of the portfolio, ii) the cash reserve, iii) the prepayment reserve, and iv) the additional purchase price component (in full or in part).

4.2. Priority of payments

The structure features a single priority of payments under which principal collections from the assets can be used to cover any interest shortfall on the notes, mitigating the risk of a missed interest payment. Figure 15 below details the transaction's pre-enforcement priority of payments.

During the ramp-up period, principal collections from the receivables can be used to purchase new assets. Proceeds from further subscription payments of the notes will also be used to purchase additional assets for the portfolio. The notes will start amortising during the ramp-up period if principal collections exceed new assets available to replenish paid-down assets. Scope has analysed the transaction assuming a full ramp-up, with no partial amortisation during the ramp-up period.

If, on any payment date, the cumulative portfolio net default ratio exceeds 4% of the initial outstanding balance, remaining cash will be trapped at item 9 in the simplified pre-enforcement priority of payments (see Figure 15 below). Those funds would then be available in the next payment period to cover any shortfall on items 1-8.

The cash-trapping mechanism accelerates class A amortisation during stressed periods. We believe that the cash-trapping mechanism provides limited support in high-default scenarios, as excess cash will already have been used up by higher-ranking items in the priority of payments or can be used to pay the additional purchase price component not funded with the class C notes.

Combined priority of payments is the main protection against payment interruption

Figure 15: Simplified priority of payments and available funds

Pre-enforcement priority of payments	
Available funds	Collections and recoveries from receivables, proceeds from interest and treasury accounts, cash reserve and trapped excess spread
1)	Taxes and expenses
2)	Class A interest
3)	Class B interest
4)	Replenish the cash reserve to the required balance
5)	Purchase price of the additional portfolio (during the ramp-up period)
6)	Class A principal
7)	Class B principal
8)	Payment of the additional purchase price component to the originator (if not funded with class C notes)
9)	Cash trapping (if the cash trapping condition is satisfied)
10)	Remuneration on class C
11)	Class C principal
12)	Additional remuneration on class C

Source: Transaction documents and Scope

4.3. Principal amortisation

The transaction structure benefits from an implicit principal-deficiency ledger mechanism, since the notes amortise up to a target amortisation amount. The target amortisation amount is defined, on each payment date, as the difference between the notes' outstanding amount and the outstanding performing collateral portfolio (reduced by the amounts of the cash reserve, the prepayment reserve and the additional purchase price component). As a consequence, the amount of principal collections, prepayments and defaults will determine the target amortisation amount of the notes. Excess spread will be used to cover defaults rather than being distributed as additional remuneration to junior noteholders.

On each payment date, the target amortisation amount for the senior notes is allocated pro-rata to each class based on the amount of principal collections, prepayments and defaults of each the Vivibanca and Legion portfolios. Specifically, the class A1 amortisation amount is based on the collections of both the Vivibanca and Legion portfolios; the class A2-R amortisation amount is based on the collections of the Vivibanca portfolio only; and the class A3 target amortisation amount is based on the collections of the Legion portfolio only. Figure 16 shows the percentage of principal collections, prepayments and defaults allocated to each class of notes in order to determine the target amortisation amount.

Figure 16: Allocation of the target amortisation amount among senior notes

	Vivibanca portfolio	Legion portfolio
Class A1	50% of principal collections, prepayments and defaults	80% of principal collections, prepayments and defaults
Class A2-R	50% of principal collections, prepayments and defaults	-
Class A3	-	20% of principal collections, prepayments and defaults

Source: Transaction documents and Scope

Pro-rata amortisation of the senior notes based on the balance of each the Vivibanca and Legion portfolio

Cash reserve sized to 2% of senior and mezzanine notes

4.4. Cash reserve

The structure benefits from liquidity support via a dynamic cash reserve, funded at closing with part of the proceeds from the issuance of the class C notes. The cash reserve is replenished to 2% of the outstanding balance of the class A and B notes, or if higher at the end of the ramp-up period, 1% of the initial balance of all the issued class A and B notes.

The cash reserve will provide liquidity protection to the class A and B notes during the life of the transaction and can be used to repay the notes' principal at maturity. We estimate the cash reserve funds can cover approximately five months of senior fees and interest on the notes, assuming a one-month Euribor rate of 2.5%. The cash reserve cannot be used to fund further purchases of assets.

4.5. Prepayment reserve

In the case of a loan prepayment, the borrower can set off management fees paid upfront but not yet due, resulting in a reduction of outstanding instalments. However, for most loans in the portfolio, management fees have not been paid upfront but on an ongoing basis with each instalment. Therefore, set-off risk is limited.

A dedicated reserve, the prepayment reserve, was funded at closing, to cover this set-off risk. At each payment date, the target prepayment reserve will be equal to 1.9% of the outstanding balance of the class A and B notes multiplied by the portion of the pool that can be affected by a management fee set-off. The repayment to the originator of the amortised portion of the prepayment reserve will be made at each payment date, outside the priority of payments.

Limited exposure to management fee set-off

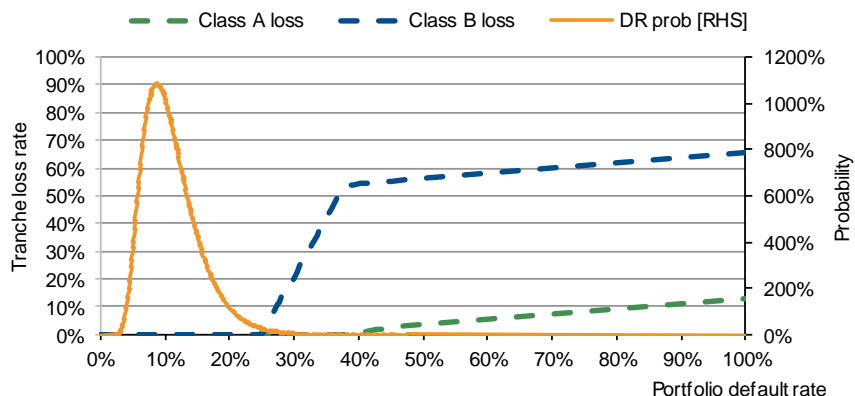
5. Quantitative analysis

Our cash flow analysis considered the portfolio's characteristics and the transaction's main structural features. We applied our large homogenous portfolio approximation approach when analysing the granular collateral pool and projecting cash flows over its amortisation period. The cash flow analysis considers an inverse Gaussian default distribution to calculate the expected loss and the expected weighted average life of each rated tranche.

We used a bespoke cash flow analysis

Figure 17 shows the expected losses of the rated notes at all portfolio default rates. The chart shows how credit enhancement, recovery proceeds, and excess spread protect the notes in the event of default. The results in Figure 17 consider a 1.65% reduction in the portfolio balance to account for commingling risk.

Figure 17: Cash flow results for base case mean default rate, coefficient of variation and rating-conditional recovery rate



Source: Scope
Note: The probabilities displayed on the right-hand side axis must be considered in the context of the calculation of the probability density.

6. Rating sensitivity

We tested the resilience of the ratings against deviations in the main input parameters: the portfolio mean default rate and the portfolio recovery rate. 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.

The following shows how the results for the rated instruments change compared to the assigned rating when the portfolio's expected mean default rate is increased by 50% or the portfolio's expected recovery rate is reduced by 50%, respectively:

- Class A1: sensitivity to default rate, four notches; sensitivity to recovery rate, four notches.
- Class A2-R: sensitivity to default rate, four notches; sensitivity to recovery rate, four notches.
- Class A3: sensitivity to default rate, four notches; sensitivity to recovery rate, five notches.
- Class B: sensitivity to default rate, two notches; sensitivity to recovery rate, three notches.

7. Sovereign risk

Sovereign risk does not limit the transaction's ratings

CQS obligors are less likely to meet loan instalments if their salary or pensions are not paid. The obligor employer's credit quality is therefore a major source of credit risk. We assumed that around 80.0% of the post ramp-up portfolio relates to the public sector, exposing the transaction to sovereign risk as these borrowers' salaries or pensions may be affected should the sovereign default. A sovereign default could also trigger a significant restructuring of the public administration. Rather than mechanistically limiting the maximum ratings on the notes, we assess the potential rating impact of a distressed scenario affecting the Italian government.

Given the relevance of the exposure to public employees and pensioners, Scope's analysis quantified the impact of Italian sovereign risk by assessing the likelihood and severity of a distress scenario (CQS stress scenario) affecting the government of Italy. A CQS stress scenario would entail a significant increase in portfolio defaults and delinquencies compared to the agency's base case assumption. This approach allows us to reflect the benefits of each transaction's liability structure and discriminate between them, rather than applying a mechanistic cap to the assigned ratings based on Italy's sovereign rating.

Our analysis assumed the likelihood of a CQS stress scenario event to be equivalent to an A risk, i.e., two notches higher than Scope's current rating on Italy. This scenario captures the potential effect on the transaction of a government default on its public debt. The probability assigned to this scenario reflects our view that a sovereign default would not necessarily trigger the permanent suspension of payments to the entire population of civil servants or pensioners in Italy, or a general dismissal of civil servants, because the state needs to maintain a minimum level of key operations. For more insight into our fundamental analysis of the Italian economy, refer to our press release on the [Republic of Italy](#), dated 26 November 2019.

We considered the following risks under the sovereign CQS stress:

1. **Liquidity risk.** A suspension or reduction of salary and pension payments may create a spike in arrears and thus a liquidity shortfall for the transaction. However, additional losses are generally not incurred because the loan's maturity is extended in this

instance – unpaid instalments become due and payable as of the original loan's maturity date until the debt is fully extinguished⁴. When analysing the transaction, we assumed that 50% of the public sector portfolio was fully suspended (i.e. no interest or principal was paid on these loans) for two years.

2. Credit risk. A restructuring of the public administration may lead to job losses and, therefore, asset defaults for the securitisation. However, only some parts of the public administration may be affected, as vital functions such as tax collection and law enforcement would not be completely abolished. When analysing the transaction, we assumed that 25% of the public sector portfolio would default as a consequence of job losses.

8. Counterparty risk

The transaction is exposed to counterparty risk from: i) Vivibanca, as originator and servicer; ii) Quinservizi as sub-servicer, with respect to the Legion portfolio; iii) MCE Locam as collection agent with respect to the Legion portfolio; iv) Securitisation Services as calculation agent, corporate servicer and noteholders' representative; and v) BNP Paribas as account bank and paying agent.

Counterparty risk for the transaction does not limit the achievable ratings of the notes. We do not consider any of the counterparty exposures to be excessive, i.e., if counterparty risk crystallises, a downgrade is still limited to six notches.

8.1. Operational risk from servicer

Operational risk from the servicer is well mitigated in this transaction. Quinservizi has been appointed as sub-delegate of the substitute servicer for the entire portfolio and it has undertaken to become operational within 30 days in the event of a termination event for Vivibanca.

8.2. Commingling risk

Commingling risk is mitigated by: i) collections' sweep to the issuer's collection account held with BNP Paribas within two business days; and ii) instructions to debtors to pay directly into the issuer's account at the account bank upon a servicer disruption event. However, employers may not immediately implement the new payment instructions, and we have therefore assumed a loss of up to four months of collections. We sized a 1.65% loss based on the probability of a commingling event over the expected life of the transaction.

8.3. Set-off risk from originator

Set-off risk is well mitigated in this transaction. The originator is a deposit-taking financial institution, but it has represented that, as of closing, none of the borrowers has a deposit account with Vivibanca. In addition, the originator has undertaken to indemnify the issuer in case of losses arising from set-off.

9. Legal structure

9.1. Legal framework

This securitisation is governed by Italian law and represents the true sale of assets to a bankruptcy-remote vehicle, which is essentially governed by the terms in the transaction documentation.

9.2. Clawback

The originator has provided: i) a 'good standing' certificate from the Chamber of

Sub-delegate of the substitute servicer appointed since closing

Commingling risk driven by employers' responsiveness to new payment instructions

We believe set-off risk from the originator is well mitigated

Clawback risk is mitigated

⁴ If the maturity of the loans is extended beyond the final maturity of the notes, suspensions or reductions of salary and pension payments will effectively generate a loss for the transaction. The final legal maturity date is set 5 years after the loan with the longest maturity date in order to mitigate this risk.

Commerce; ii) a solvency certificate signed by a representative duly authorised; and iii) a certificate from the bankruptcy court (tribunale civile – sezione fallimentare) confirming that the originator is not subject to any insolvency or similar proceedings.

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.

Clawback risk related to repurchased receivables is mitigated by a maximum amount of 5% of the portfolio on a cumulative basis. Upon the repurchase of single loans, the originator is also required to provide a solvency certificate to the issuer.

9.3. Use of legal opinion

We reviewed the legal opinions produced for the issuer. These provide comfort on the issuer's legal structure and supports our general legal analytical assumptions.

10. Monitoring

We will monitor this transaction on the basis of the performance reports from the servicer and the calculation agent, as well as other available information. The ratings will be monitored on an ongoing basis.

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

11. Applied methodology and data adequacy

For the analysis of this transaction we applied Scope's Consumer and Auto ABS Rating Methodology and Methodology for Counterparty Risk in Structured Finance, all available on our website, www.scoperatings.com.

Vivibanca provided Scope with default and recovery data, segmented by quarterly vintage of origination, by type of default (delinquency, life event, employment event) and employer type (public administration, para-public administration, private sector and pensioners). The default rate data covers a period from 2009 to 2019 and is generally very granular. The recovery data also covers a period from 2009 to 2019, referring to all recoveries during that period.

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



Eridano II SPV S.r.l.

Italian Consumer CQS ABS

I. Deal comparison

Transaction	Eridano II SPV	Amalia SPV	Marzio Finance 7-2019	Marzio Finance 6-2019	Marzio Finance 5-2019	Marzio Finance 4-2018	Marzio Finance 3-2018	Marzio Finance 2-2018	Marzio Finance 1-2017	Dyret	
Type of transaction	Cash	Synthetic	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash	
Country	Italy	Italy	Italy	Italy	Italy	Italy	Italy	Italy	Italy	Italy	
Closing date (dd/mm/yyyy)	18/12/2019	23/12/2019	09/10/2019	31/07/2019	05/04/2019	21/11/2018	28/05/2018	29/01/2018	28/09/2017	09/03/2018	
Originator	VIViBanca SpA	BNL Finance SpA	IBL Banca SpA	IBL Banca SpA	IBL Banca SpA	IBL Banca SpA	IBL Banca SpA	IBL Banca SpA	IBL Banca SpA	Dynamica Retail SpA	
Servicer	VIViBanca SpA	BNL Finance SpA**	IBL Banca SpA	IBL Banca SpA	IBL Banca SpA	IBL Servicing SpA	IBL Banca SpA	IBL Banca SpA	IBL Banca SpA	Dynamica Retail SpA	
Back-up servicer	-	-	Zenith Service SpA	Zenith Service SpA	Zenith Service SpA	Zenith Service SpA	Zenith Service SpA	Zenith Service SpA	Zenith Service SpA	Zenith Service SpA	
Back-up servicer facilitator	-	-	-	-	-	-	-	-	-	Zenith Service SpA	
Portfolio characteristics											
Number of loans	11,201	191,672	20,379	44,960	14,268	19,397	22,952	13,145	19,884	6,392	
Number of borrowers	10,837	189,394	19,789	42,492	13,842	18,687	-	-	-	8,392	
Original portfolio balance (€)	229,230,158	2,377,388,143	408,142,490	982,255,231	287,877,728	389,163,840	487,141,290	334,298,977	429,475,538	194,603,643	
Outstanding portfolio balance (€)	204,049,067	1,778,705,147	383,087,676	604,353,726	280,470,224	376,770,538	437,201,060	157,872,473	361,374,376	160,348,393	
Average original loan balance (€)	20,465	12,403	20,028	21,847	20,176	20,063	21,224	25,432	21,599	23,189	
Average outstanding loan balance (€)	18,217	9,280	18,798	13,442	19,657	19,424	19,048	12,010	18,174	19,107	
Length of contracts											
WA original term (years)	9.8	8.6	9.3	9.8	9.3	9.2	9.3	9.7	9.4	9.6	
WA seasoning (years)	1.3	2.2	0.5	3.8	0.2	0.3	1.0	4.4	1.6	1.8	
WA remaining term (years)	8.5	6.4	8.8	6.0	9.1	8.9	8.3	5.3	7.8	7.8	
Contract type											
CDQ - Cessione del quinto (%)	89.2%	97.2%	84.1%	83.8%	82.7%	82.3%	83.4%	77.7%	83.3%	81.4%	
DP - Delegazione di pagamento (%)	10.8%	2.6%	15.8%	16.2%	17.3%	17.7%	16.6%	22.3%	16.7%	18.6%	
Portfolio yield											
WA portfolio yield (%)	6.2%	8.9%	5.9%	5.8%	5.9%	6.2%	6.0%	6.4%	5.9%	4.0%	
Type of debtors											
Public/para-public sector employees (%)	42.4%	15.3%	34.8%	39.2%	37.62%	36.6%	41.2%	39.1%	38.8%	54.8%	
State employees (%)	-	-	11.5%	13.8%	12.00%	12.8%	13.5%	16.7%	15.3%	-	
Private sector employees (%)	17.2%	1.5%	15.1%	4.6%	15.84%	13.7%	8.7%	2.8%	6.8%	9.9%	
Pensioners (%)	40.4%	83.3%	38.8%	42.3%	34.54%	36.9%	36.6%	41.4%	39.1%	35.3%	
Borrower concentration											
Top 1 (%)	0.05%	0.004%	0.03%	0.01%	0.04%	0.03%	0.02%	0.04%	0.03%	-	
Top 10 (%)	0.40%	0.04%	0.24%	0.12%	0.35%	0.23%	0.19%	0.30%	0.21%	-	
Employer concentration											
Top 1 (%)	40.4%	61.3%	1.9%	3.1%*	2.4%*	1.4%*	2.0%*	2.0%*	2.0%*	34.3%	
Top 10 (%)	9.4%	4.7%	6.2%	8.8%*	6.7%*	4.7%*	10.9%*	7.2%*	6.5%*	54.7%	
Public sector exposure (%)	82.8%	89.5%	84.9%	95.4%	84.2%	86.3%	91.3%	97.2%	93.2%	90.1%	
Employer regional concentration											
North	17.9%	9.3%	29.5%	28.4%	29.4%	30.2%	29.1%	27.9%	25.7%	16.4%	
Centre	68.0%	75.3%	29.8%	32.1%	30.6%	28.4%	28.9%	31.3%	31.0%	21.8%	
South	14.1%	15.4%	40.8%	39.5%	40.1%	41.4%	42.0%	40.8%	43.3%	61.8%	
Top region	Lazio - 65.0%	Lazio - 71.8%	Lazio - 20.0%	Lazio - 21.0%	Lazio - 21.2%	Lazio - 18.9%	Lazio - 19.4%	Lazio - 21.5%	Lazio - 20.4%	Campania - 27.3%	
Insurance company exposure											
Top 1 life insurance	20.7%	76.4%	29.9%	27.8%	28.5%	27.0%	24.8%	25.2%	21.8%	21.8%	
Top 2 life insurance	38.6%	90.9%	46.2%	47.9%	46.7%	45.1%	43.6%	47.2%	43.1%	42.0%	
Top 3 life insurance	55.1%	100.0%	61.3%	67.1%	61.6%	61.7%	58.9%	66.2%	59.4%	58.6%	
Top 1 unemployment insurance	17.5%	13.8%	13.6%	14.5%	16.5%	16.5%	18.4%	25.2%	20.5%	21.8%	
Top 2 unemployment insurance	30.7%	15.6%	25.9%	37.9%	28.7%	28.5%	33.6%	44.6%	36.8%	42.0%	
Top 3 unemployment insurance	42.1%	16.7%	35.2%	49.4%	40.8%	39.9%	46.4%	54.0%	48.1%	58.6%	
Assumptions summary											
Default definition	9 months	1 month	8 months	1 month	8 months	8 months	8 months	8 months	8 months	9 months	
Mean default	11.0%	6.5%	7.5%	5.5%	7.5%	7.5%	7.0%	5.0%	6.0%	10.5%	
Coefficient of variation	40%	30%	40%	40%	40%	40%	40%	45%	45%	35.0%	
Recovery rate (insurance coverage)	80.0%	90.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	
Recovery rate (no insurance coverage)	15.0%	10.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
AAA scenario recovery rate	46.1%	13.7%	49.0%	56.7%	48.7%	52.8%	54.4%	39.2%	55.6%	42.9%	
Recovery timing	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (60% + 25% + 20% + 5%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)	4 yrs - (50% + 20% + 20% + 10%)
Prepayment rate	5% from year 1 to year 3 25% in year 4 10% thereafter	5% from year 1 to year 3 25% in year 4 10% thereafter	5% from year 1 to year 3 25% in year 4 10% thereafter	25% in year 1 25% in year 4 10% thereafter	5% from year 1 to year 3 10% thereafter	5% from year 1 to year 3 10% thereafter	5% from year 1 to year 3 10% thereafter	5% from year 1 to year 3 10% thereafter	5% from year 1 to year 3 10% thereafter	5% from year 1 to year 3 10% thereafter	
Portfolio yield	5.2%	N/A	5.1%	4.4%	5.1%	5.3%	5.2%	5.8%	5.1%	3.8%	
Insurers inverse-Herfindahl metric	6.7	1.6	5.8	5.7	5.8	6.0	5.7	4.3	5.1	5.9	
Insurers correlation	20%	20%	20%	20%	20%	20%	20%	20%	20%	20.0%	
Public sector exposure (%)	82.8%	98.5%	84.9%	95.4%	84.2%	86.3%	91.3%	97.2%	93.2%	85.0%	
Private sector exposure (%)	17.2%	1.5%	15.1%	4.6%	15.8%	13.7%	8.7%	2.8%	6.8%	15.0%	
Structural features											
Tranching											
Class A	AA	NR	AAA	AA+	AAA	AAA	AAA	AAA	AAA	NR	
CE Class A	15.0%	16.5%	10.5%	8.0%	11.5%	21.0%	14.0%	18.0%	9.0%	20.5%	
Class B	BBB	A-	NR	NR	NR	A+	NR	NR	NR	BBB+	
CE Class B	8.0%	6.5%	0.0%	0.0%	0.0%	7.0%	0.0%	0.0%	0.0%	10.3%	
Class C	NR	BBB+	-	-	-	NR	-	-	-	BB	
CE Class C	0.0%	5.4%	-	-	-	0.0%	-	-	-	4.7%	
Class D	-	BBB	-	-	-	-	-	-	-	NR	
CE Class D	-	4.2%	-	-	-	-	-	-	-	0.0%	
Class E	-	NR	-	-	-	-	-	-	-	-	
CE Class E	-	3.0%	-	-	-	-	-	-	-	-	
Class F	-	NR	-	-	-	-	-	-	-	-	
CE Class F	-	0.0%	-	-	-	-	-	-	-	-	
Cash reserve (% of rated notes)	2.0%	N/A	2.6%	2.6%	2.7%	2.6%	2.9%	3.3%	1.8%	2.0%	
Revolving period (years)	0.4	0	0	0	0	0	0	0	0	0.75	
Commingling risk (yes/no)	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Commingling risk mitigants	- 2-days sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	-	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	- Daily sweeps - Notification to borrowers to redirect payments into the issuer account upon servicer disruption	
Set-off risk (yes/no)	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Set-off risk mitigants (e.g., prepayment reserve)	Prepayment reserve	-	Prepayment reserve	Prepayment reserve	Prepayment reserve	Prepayment reserve	Prepayment reserve	Prepayment reserve	Prepayment reserve	Prepayment reserve - 1.3% of balance of each loan	
Type of swap	N/A	N/A	N/A	N/A	N/A	N/A	Fixed-to-floating IRS	Fixed-to-floating IRS	N/A	N/A	
Swap co. rating trigger	N/A	N/A	N/A	N/A	N/A	N/A	A-	A-	N/A	N/A	

* INPS (Istituto Nazionale della Previdenza) and Italian Ministry of Finance are excluded from this figure.

** BNL Finance SpA will act as portfolio servicer, while Securitisation Services SpA will act as risk-transfer loan servicer.

II. Vintage data provided by originator

Vivibanca provided default and recovery performance data for the pool. We used this information in our analysis as a foundation for the calibration of expected portfolio default rates, the coefficient of variation and base case recovery rates.

Vintage data is granular and representative of the portfolio.

Figure 18: Public administration – default and recovery data

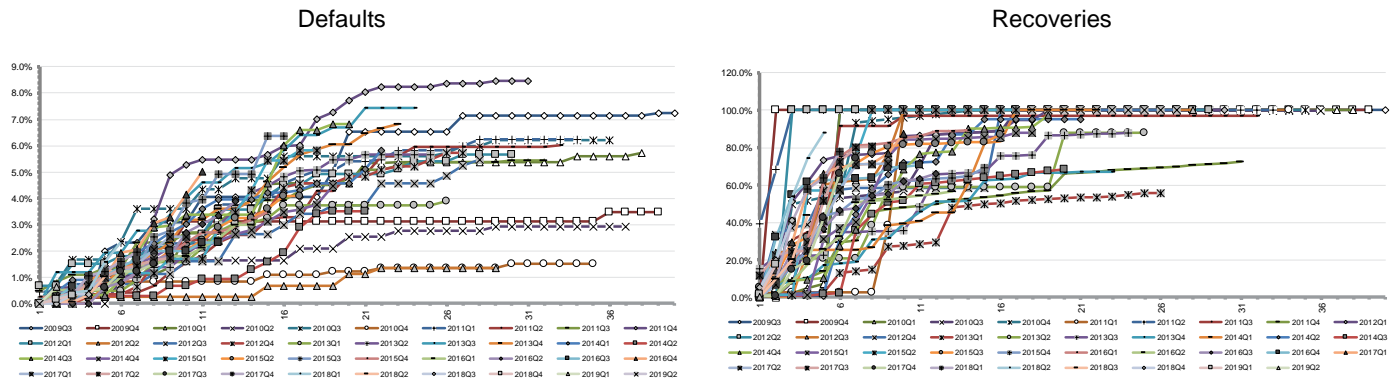


Figure 19: Para-public administration – default and recovery data

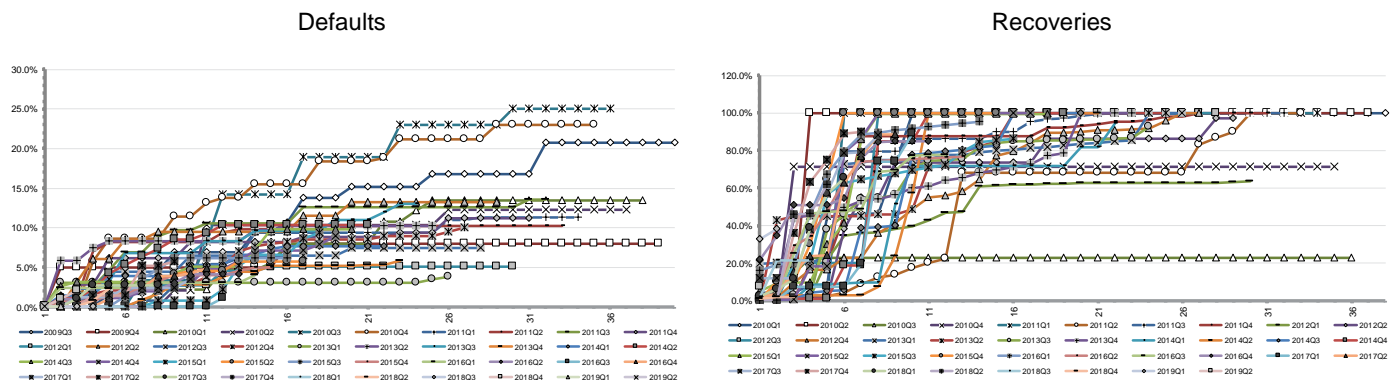


Figure 20: Private sector – default and recovery data

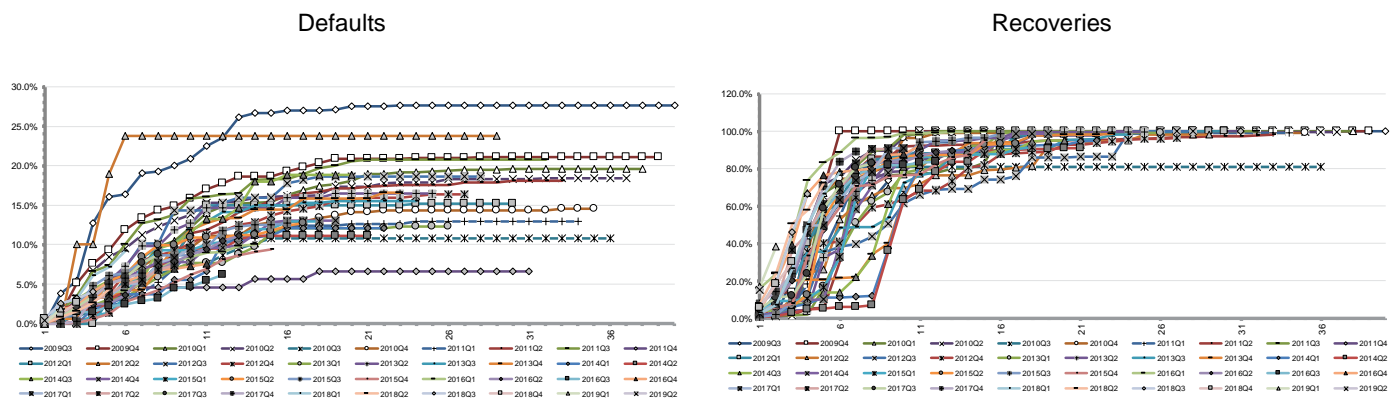
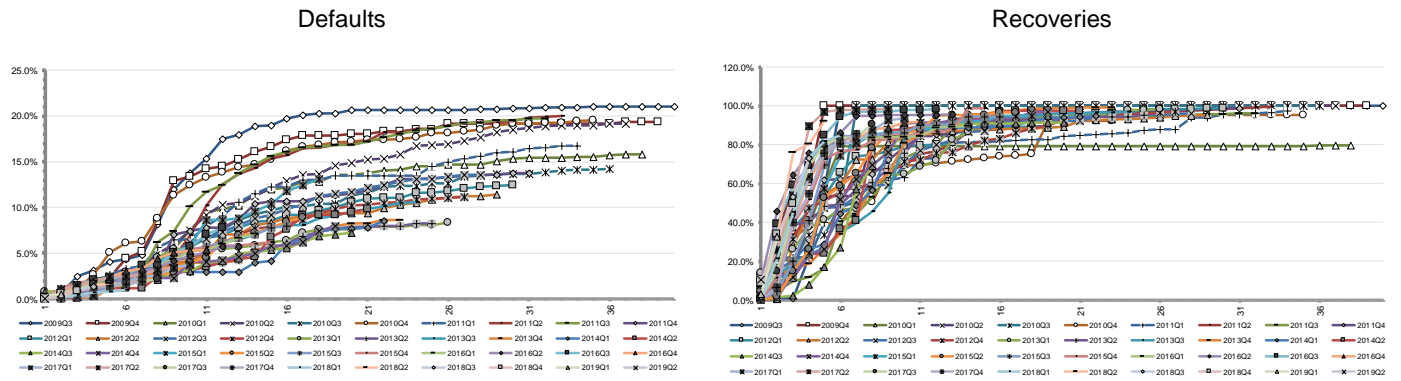


Figure 21: Pensioners – default and recovery data





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