

Italian NPL collections plateauing 10%-15% below pre-Covid levels



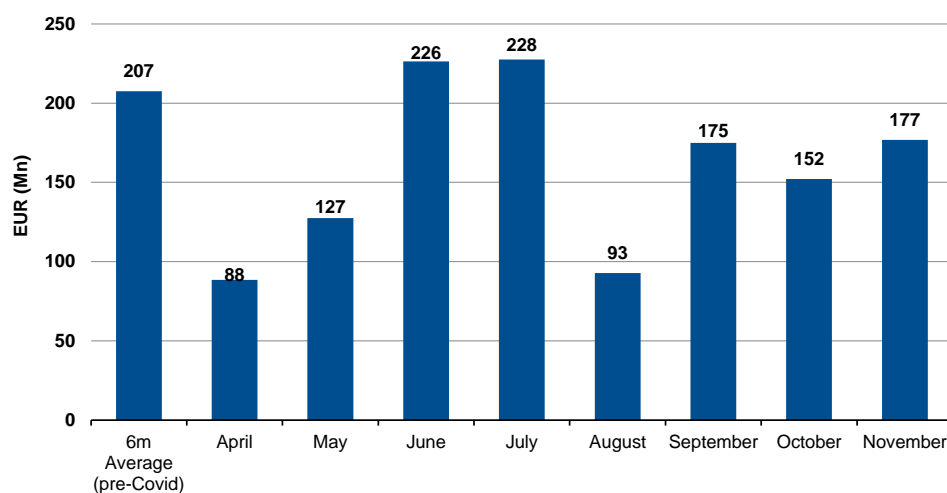
Scope
Ratings

Italian NPL collections have been volatile in recent months. They increased 16% in November 2020 compared to October, but performance remains subdued relative to pre-Covid levels. Collections picked up in June and July 2020 as the courts reopened, suffered a seasonal effect and fell back in August, but have plateaued 10%-15% below pre-Covid levels since September. We expect performance will continue to be impacted in the short term because of the slowdown in economic activity during the November lockdown.

Extra-judicial strategies have suffered the most since the outbreak of the pandemic, consistently registering collections below pre-Covid volumes (see Figure 2). This has been driven by deteriorating economic conditions and a worsening of borrower affordability. Note sales have been more volatile. Investor demand, meanwhile, has been mainly driven by high profits and a positive long-term outlook.

This report shows the performance of the Italian NPL securitisations rated by Scope on a deal-by-deal basis, based on monthly servicing reports available to November 2020.

Figure 1. Total gross proceeds (pre and post-Covid)



Source: Scope calculations on servicing reports.

Analysts

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

Paula Lichtenzstein
+49 30 27891 224
p.lichtenzstein@scoperatings.com

Vittorio Maniscalco
+39 02 94758 456
v.maniscalco@scoperatings.com

Antonio Casado
+49 30 27891 228
a.casado@scoperatings.com

Team leader

David Bergman
+49 30 27891 135
d.bergman@scoperatings.com

Media

Keith Mullin
k.mullin@scopegroup.com

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December 2020

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December 2020

Scope Ratings GmbH

Regus Porta Venezia
Via Nino Bixio, 31
20129 Milano MI

Phone +39 02 30315 814

info@scoperatings.com
www.scoperatings.com

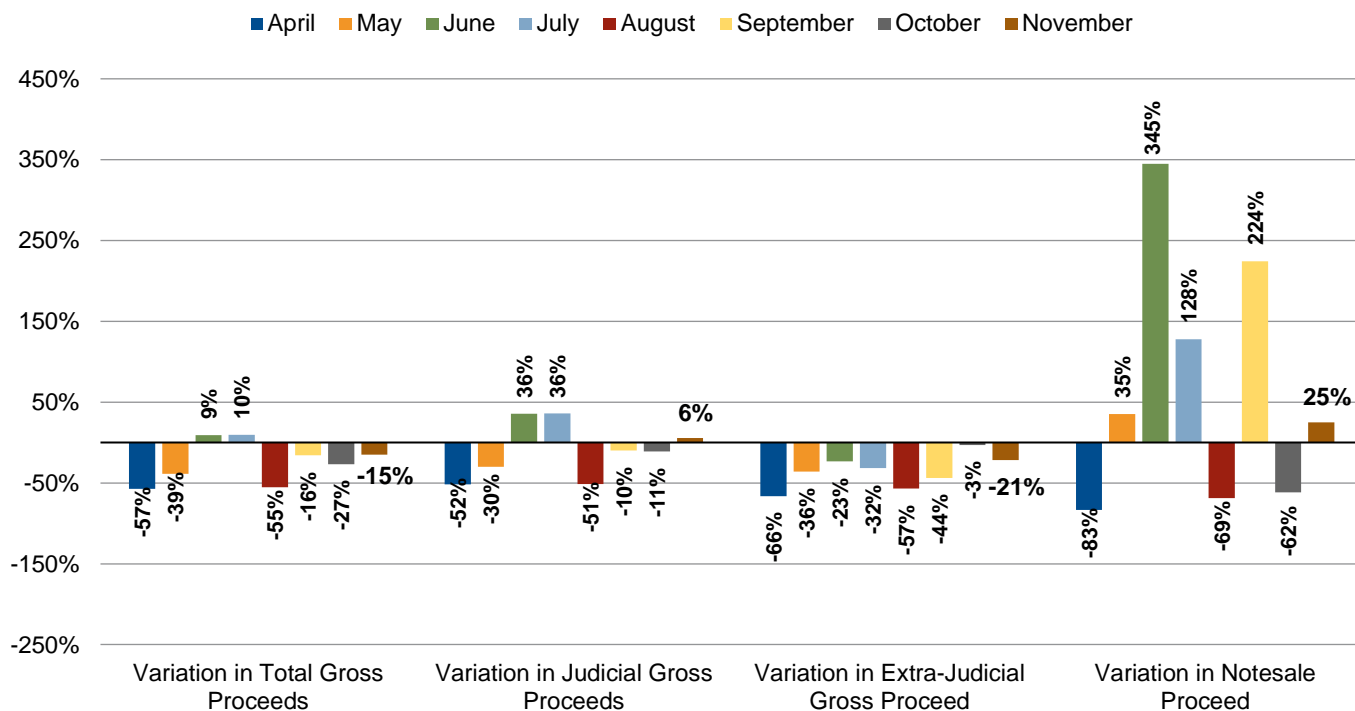


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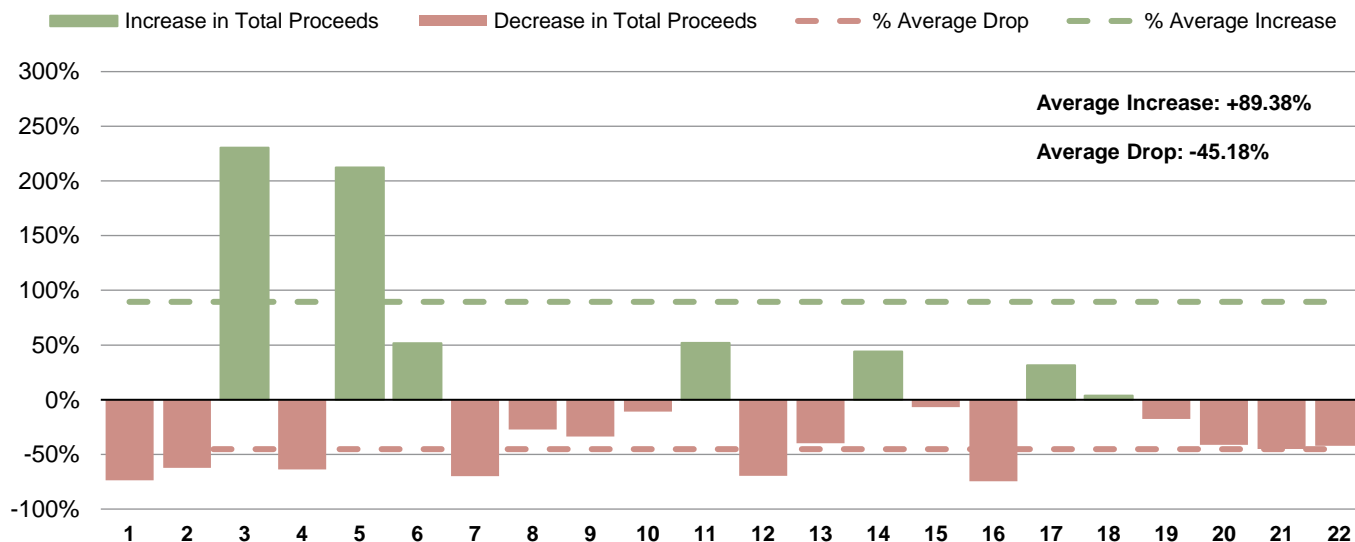
Figure 2. Post-Covid % variation in collection volumes (monthly collections vs. average of six months pre-Covid)



Source: Scope calculations on servicing reports.

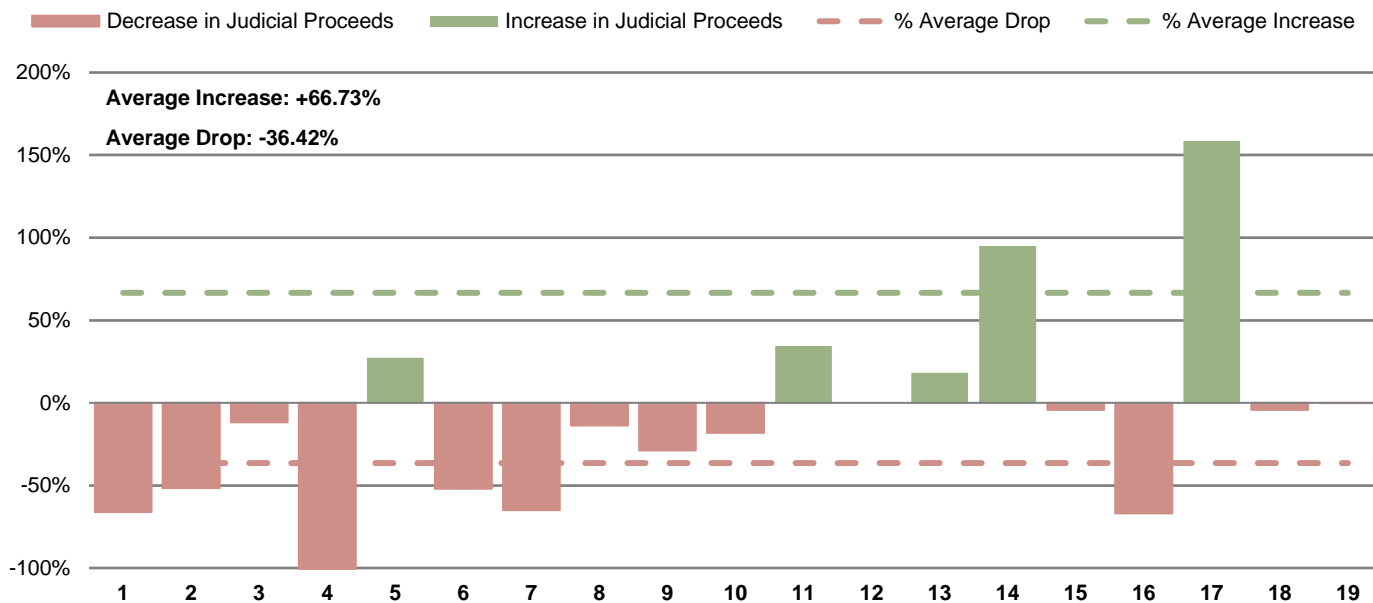
1	2	3	4	5	6	7	8	9	10	11
Juno 1 S.r.l.	4Mori Sardegna S.r.l.	Aqui SPV S.r.l.	Bari NPL 2, S.r.l.,	BCC NPLS 2018 S.r.l.	BCC NPLS 2018 2 S.r.l.	Maggese S.r.l.	Maior	2Worlds S.r.l.	Red Sea SPV S.r.l.	Juno 2 S.r.l.
12	13	14	15	16	17	18	19	20	21	22
POP NPLs 2019 Sr.l.	Aragorn NPL 2018 Srl	Leviticus SPV S.r.l.	Riviera NPL Srl CF	ELROND NPL 2017 S.r.l.	POP NPLs 2018	Belvedere NPL Srl	Marathon SPV S.r.l.	Siena NPL 2018 S.r.l.	IBLA S.R.L	Prisma SPV S.r.l.

Figure 3. Total gross proceeds (% variation) – November versus average of 6 months pre-Covid



Source: Scope calculations on servicing reports.

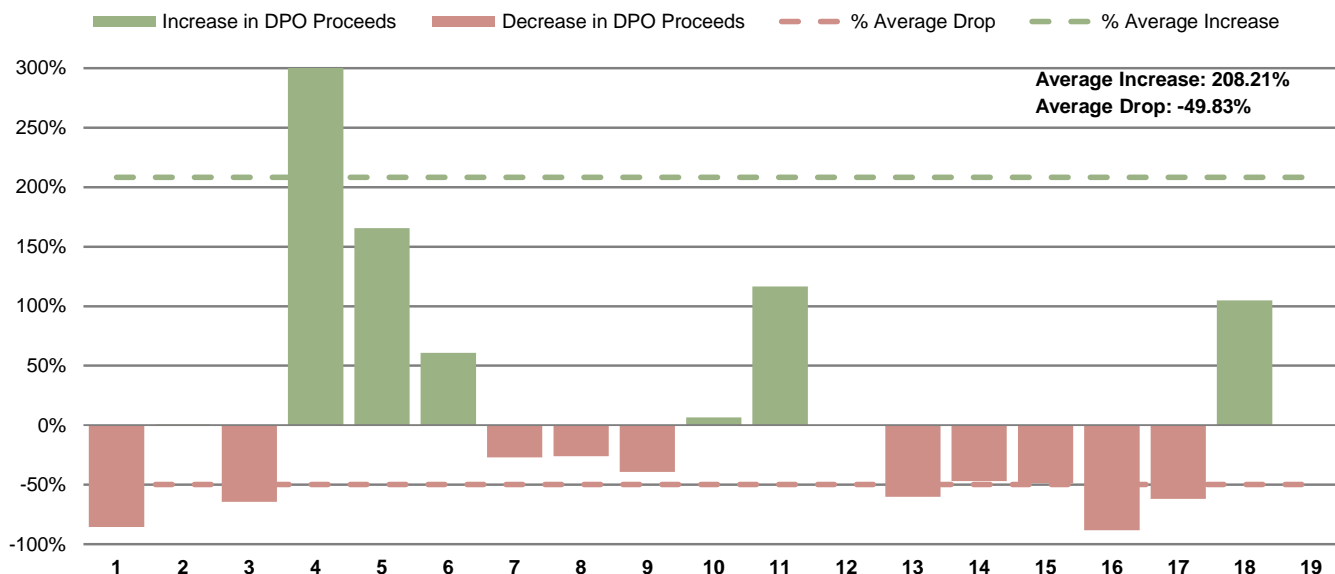
Figure 4. Judicial gross proceeds (% variation) – November versus average 6 months pre-Covid



Source: Scope calculations on servicing reports.

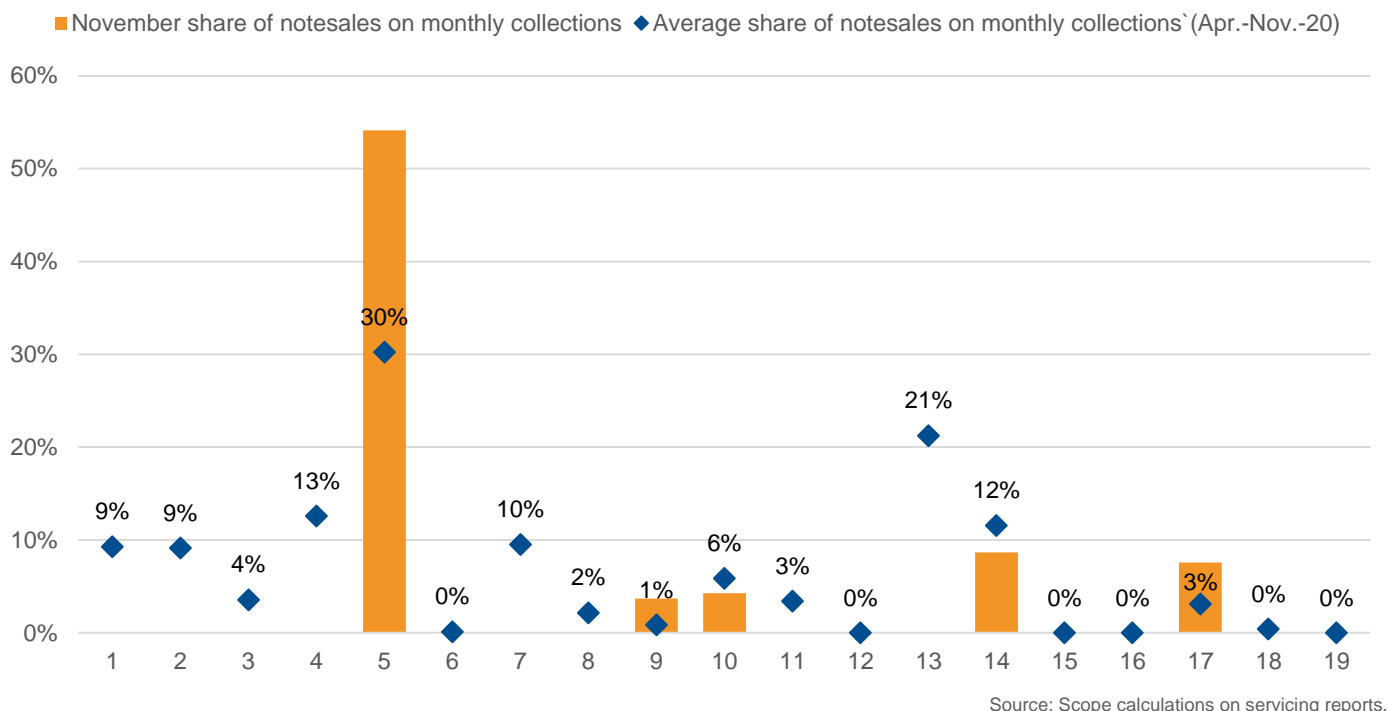
1	2	3	4	5	6	7	8	9	10	11
Juno 1 S.r.l.	4Mori Sardegna S.r.l.	Aqui SPV S.r.l.	Bari NPL 2, S.r.l.,	BCC NPLS 2018 S.r.l.	BCC NPLS 2018 2 S.r.l.	Maggese S.r.l.	Maior	2Worlds S.r.l.	Red Sea SPV S.r.l.	Juno 2 S.r.l.
12	13	14	15	16	17	18	19	20	21	22
POP NPLs 2019 Sr.l.	Aragorn NPL 2018 Srl	Leviticus SPV S.r.l.	Riviera NPL Srl CF	ELROND NPL 2017 S.r.l.	POP NPLs 2018	Belvedere NPL Srl	Marathon SPV S.r.l.	Siena NPL 2018 S.r.l.	IBLA S.R.L	Prisma SPV S.r.l.

Figure 5. Extra-judicial proceeds (% variation) – November versus average 6 months pre-Covid



Source: Scope calculations on servicing reports.

Figure 6. Share of November note sales proceeds in total gross proceeds



1	2	3	4	5	6	7	8	9	10	11
Juno 1 S.r.l.	4Mori Sardegna S.r.l.	Aqui SPV S.r.l.	Bari NPL 2, S.r.l.,	BCC NPLS 2018 S.r.l.	BCC NPLS 2018 2 S.r.l.	Maggese S.r.l.	Maior	2Worlds S.r.l.	Red Sea SPV S.r.l.	Juno 2 S.r.l.
12	13	14	15	16	17	18	19	20	21	22
POP NPLs 2019 Srl.	Aragorn NPL 2018 Srl	Leviticus SPV S.r.l.	Riviera NPL Srl CF	ELROND NPL 2017 S.r.l.	POP NPLs 2018	Belvedere NPL Srl	Marathon SPV S.r.l.	Siena NPL 2018 S.r.l.	IBLA S.R.L	Prisma SPV S.r.l.

Figure 7. Share of collections per recovery strategy

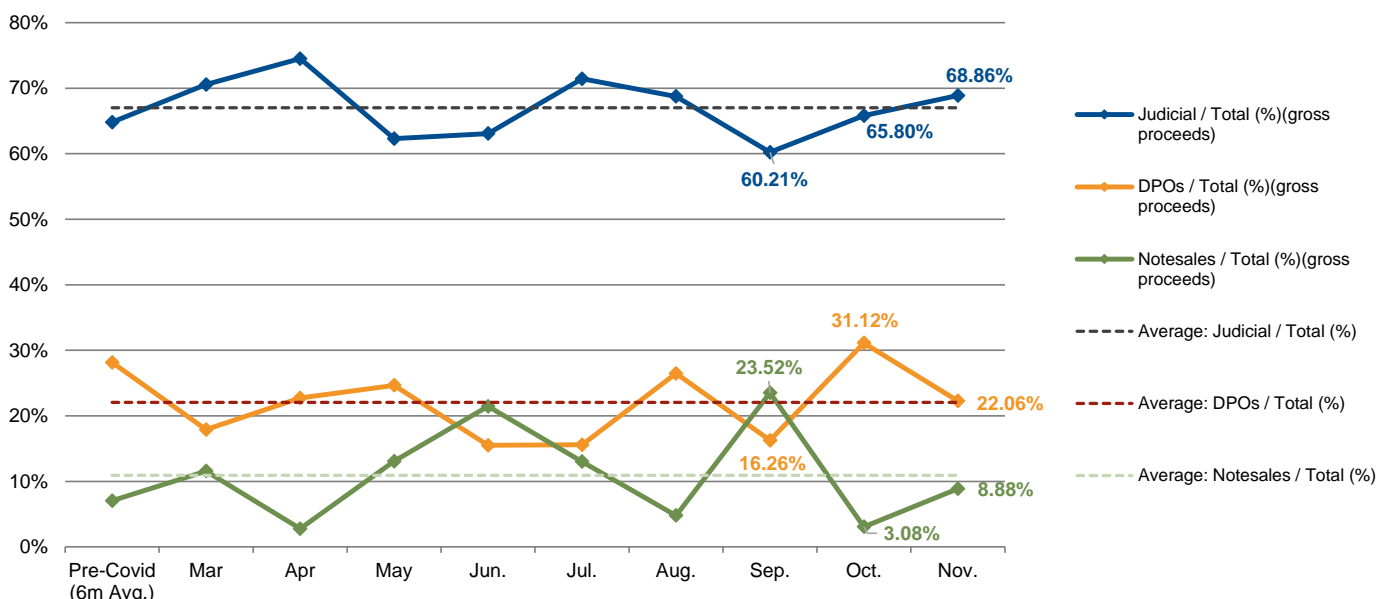
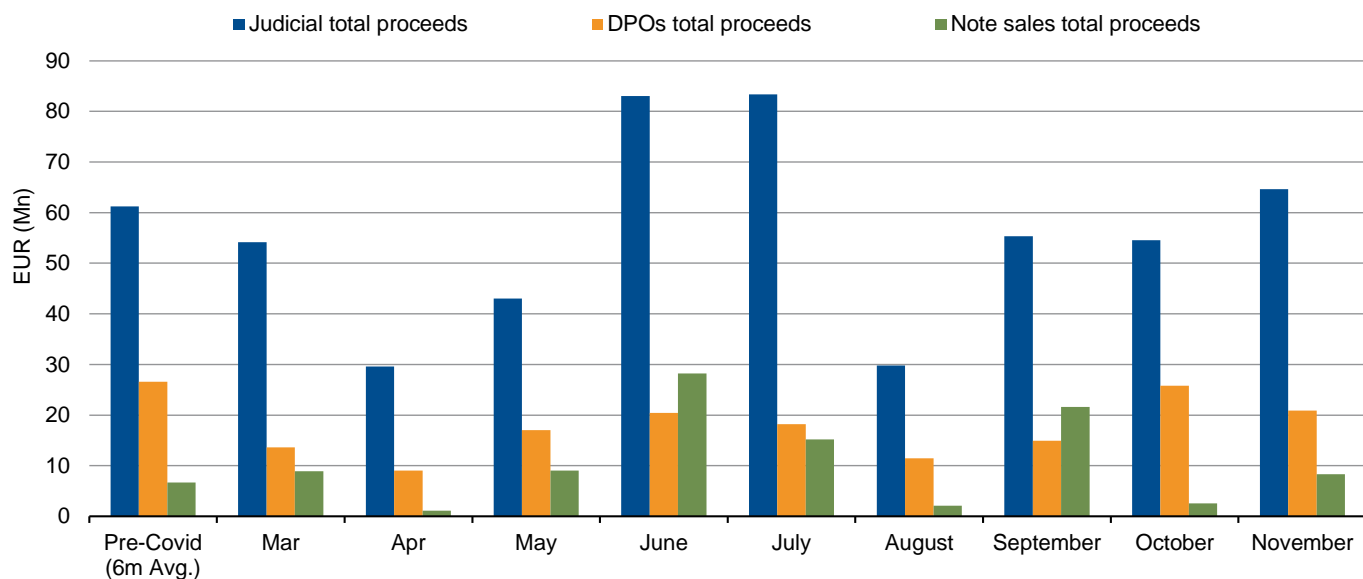


Figure 8. Judicial and extra-judicial proceeds



Source: Scope calculations on servicing reports.



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Footnotes:

Figure 1: 6m Average (pre-Covid) refers to the average volumes registered from Sep-19 to Feb-20.

Figure 2: The % variation is computed comparing collections between Apr and Nov with average volumes registered pre-Covid (i.e. the six months from Sep-19 to Feb-20). Based on their closing dates, the average was computed only for the period Dec-19-Feb-20 for transactions nos.19,12 and for the period Oct-19-Feb-20 for transaction no. 22. The variation in total gross proceeds was computed on a set of 22 transactions, while the variation in judicial, extra-judicial and note sale proceeds was computed on a set of 19 transactions (excluding transactions nos. 20, 21, 22), based on the availability of collections per type of recovery strategy.

Figure 3: The variations in total proceeds (%) were computed comparing November collections with average volumes pre-Covid (i.e. the six months from Sep-19 to Feb-20). Based on their closing dates, the average was computed only for the period Dec-19-Feb-20 for transactions nos. 12 and 19. The average drop was computed only considering those transactions with a negative variation, while the average increase was computed only considering transactions with a positive variation.

Figure 4: The chart refers to a sample of 19 transactions out of the 22, since monthly collections by recovery strategy were not available for transactions nos. 20, 21, 22. The variation in judicial proceeds (%) was computed comparing November collections with average pre-Covid volumes (i.e. the six months from Sep-19 to Feb-20). Based on their closing dates, the average was computed only for the period Dec-19-Feb-20 for transactions nos. 12 and 19. The average drop was computed only for transactions showing a negative variation, while the average increase was computed only considering those transactions with a positive variation.

Figure 5: DPO refers to discounted payoff strategies. The chart refers to a sample of 19 transactions out of the 22, since monthly collections by recovery strategy were not available for transactions nos. 20, 21, 22. The decrease and increase in DPO proceeds (%) were computed comparing November collections with average pre-Covid volumes (i.e. the six months from Sep-19 until Feb-20). Based on their closing dates, the average was computed only for the period Dec-19-Feb-20 for transactions nos 12 and 19, The average drop was computed only considering transactions with a negative variation, while the average increase was computed only considering transactions with a positive variation. Transaction no. 19 does not report DPOs as collection type. The increase for transaction n.4 stands at +794%.

Figure 6: The chart refers to a sample of 19 transactions out of the 22, since monthly collections by recovery strategy were not available for transactions nos. 20, 21, 22.

Figure 7: The chart refers to a sample of 19 transactions out of the 22, since monthly collections by recovery strategy were not available for transactions nos. 20, 21, 22. "Pre-Covid (6m Avg.)" refers to the average pre-Covid collections registered from Sep-19 until Feb-20.

Figure 8: The chart refers to a sample of 19 transactions out of the 22, since monthly collections by recovery strategy were not available for transactions nos. 20, 21, 22. "Pre-Covid (6m Avg.)" refers to average pre-Covid collections (Sep-19 until Feb-20).



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I. Appendix – NPL securitisations rated by Scope

Deal name/Link to Rating report	Issuance	Seller	Servicer (master and special)	GBV (mn)	Scope class A rating		Scope class B rating		Coupon A/B	GACS (Y/N)
					At closing	Current	At closing	Current		
Elrond NPL 2017 Srl	17-Jul-17	Credito Valtellinese SpA, Credito Siciliano SpA	Cerved Credit Management SpA, Securitisation Services SpA	1,422	BBB-	B+	B+	CCC	6mE+0.5%/6mE+6%	Y
Bari NPL 2017 Srl	17-Dec-17	Banca Popolare di Bari SpA, Cassa di Risparmio di Orvieto SpA	Prelios Credit Servicing SpA	345	BBB	BB-	B+	CC	6mE+0.3%/6mE+6%	Y
GBV of GACS eligible securitisations rated by Scope 2017 (EUR million)				1,767						
Siena NPL 2018 Srl	18-May-18	Monte dei Paschi di Siena SpA, MPS Capital Services Banca per le Imprese SpA, MPS Leasing & Factoring SpA	Juliet SpA, Italfondario SpA, Credito Fondiario SpA, Prelios Credit Servicing SpA	24,070	BBB+	BBB+	Not Rated	Not Rated	3mE+1.5%/3mE+8%	Y
Aragom NPL 2018 Srl	18-Jun-18	Credito Valtellinese SpA, Credito Siciliano SpA	Credito Fondiario SpA, Cerved Credit Management SpA	1,671	BBB-	B+	B	CC	6mE+0.5%/6mE+7%	Y
Red Sea SPV Srl	18-Jun-18	Banco BPM SpA and Banca Popolare di Milano SpA	Prelios Credit Servicing SpA	5,097	BBB	BBB-	Not Rated	Not Rated	6mE+0.6%/6mE+6%	Y
4Mori Sardegna Srl	18-Jun-18	Banco di Sardegna SpA	Prelios Credit Servicing SpA	1,045	A-	BBB+	BB-	B	6mE+0.9%/6mE+8%	Y
2Worlds Srl	18-Jun-18	Banco di Desio e della Brianza SpA, Banca Popolare di Spoleto SpA	Cerved Credit Management SpA, Cerved Master Services SpA	1,002	BBB	BBB-	B	B-	6mE+0.4%/6mE+8%	Y
BCC NPLs 2018 srl	18-Jul-18	21 co-operative banks co-ordinated by Iccrea SpA and two banks belonging to ICCREA Banca SpA	Prelios Credit Servicing SpA	1,046	BBB-	BB-	B+	CC	6mE+0.4%/6mE+6%	Y
Juno 1 Srl	18-Jul-18	Banca Nazionale del Lavoro SpA	Prelios Credit Servicing SpA	957	BBB+	BBB+	Not Rated	Not Rated	6mE+0.6%/6mE+8%	Y
Maggesi Srl	18-Jul-18	Cassa di Risparmio di Asti SpA, Cassa di Risparmio di Biella e Vercelli-Biverbanca SpA	Prelios Credit Servicing SpA	697	BBB	BBB-	Not Rated	Not Rated	6mE+0.5%/6mE+6%	Y
Maior SPV Srl	18-Aug-18	Unione di Banche Italiane SpA and IW Bank SpA	Prelios Credit Servicing SpA	2,749	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+6%	Y
IBLA Srl	18-Sep-18	Banca Agricola Popolare di Ragusa SpA	Italfondario SpA	349	BBB	BBB	B	B	6mE+0.6%/6mE+8%	Y
AQUI SPV Srl	18-Nov-18	BPER Banca SpA, Cassa di Risparmio di Saluzzo SpA and Cassa di Risparmio di Bra SpA	Prelios Credit Servicing SpA	2,082	BBB-	BB+	Not Rated	Not Rated	6mE+0.5%/6mE+7%	Y
POP NPLs 2018 Srl	18-Nov-18	17 banks	Cerved Credit Management SpA, Cerved Master Services SpA	1,578	BBB	BBB-	B	B-	6mE+0.3%/6mE+6%	Y
Riviera NPL Srl	18-Dec-18	Banca Carige SpA and Banca del Monte di Lucca SpA	Italfondario SpA, Credito Fondiario SpA	964	BBB-	BB+	B+	CCC	6mE+0.65%/6mE+7%	Y
BCC NPLs 2018-2 Srl	18-Dec-18	73 co-operative banks	Italfondario SpA	2,004	BBB	BBB-	B+	B	6mE+0.3%/6mE+6%	Y
Belvedere SPV Srl	21-Dec-18	Gemini SPV Srl, Sirius SPV Srl, Antares SPV Srl, 1702 SPV Srl, Adige SPV Srl	Bayview Italia S.r.l., Prelios Credit Servicing S.p.A.	2,541	BBB	BB+	Not Rated	Not Rated	6mE+3.25%/6%	N
GBV of GACS eligible securitisations rated by Scope 2018 (EUR million)				45,311						
GBV of securitisations rated by Scope 2018 (EUR million)				47,852						
Leviticus SPV Srl	19-Feb-19	Banco BPM SpA	Credito Fondiario SpA	7,385	BBB	BBB	Not Rated	Not Rated	6mE+0.6%/6mE+8%	Y
Juno 2 Srl	19-Feb-19	Banca Nazionale del Lavoro SpA	Prelios Credit Servicing SpA	968	BBB+	BBB+	Not Rated	Not Rated	6mE+0.6%/6mE+8%	Y
Prisma	18-Oct-19	Unicredit SpA	Italfondario SpA, doValue SpA	6,057	BBB+	BBB+	B-	B-	6mE+1.5%/6mE+9%	Y
Marathon SPV Srl	05-Dec-19	Marte SPV Srl, Pinzolo SPV Srl	Hoist Italia Srl, Securitisation Services SpA	5027	BBB+	BBB+	BB	BB	1.8%/8%	N
Iseo SPV Srl	16-Dec-19	UBI Banca SpA	Italfondario SpA, doValue SpA	858	BBB	BBB	Not Rated	Not Rated	6mE+0.5%	Y
Futura 2019 Srl	16-Dec-19	Futura SPV Srl	Guber Banca SpA	1,256	BBB	BBB	Not Rated	Not Rated	6mE+0.3%	N
BCC NPLs 2019 S.r.l.	19-Dec-19	68 banks	Italfondario SpA, doValue SpA	1,324	BBB+	BBB+	B-	B-	6mE+0.3%/6mE+6.5%	Y
POP NPLs 2019 S.r.l.	23-Dec-19	12 banks	Prelios Credit Servicing SpA, Fire SpA	826.7	BBB	BBB	CCC	CCC	6mE+0.3%/6mE+9.5%	Y
GBV of GACS-eligible securitisations rated by Scope 2019 (EUR million)				17,419						
GBV of securitisations rated by Scope 2019 (EUR million)				23,702						
Diana SPV Srl	20-Jun-20	Banca Popolare di Sondrio SCpA	Prelios Credit Servicing SpA	1,000	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+9.0%	Y
Spring SPV Srl	20-Jun-20	BPER Banca SpA, Banco di Sardegna SpA, Cassa di Risparmio di Bra SpA	Prelios Credit Servicing SpA	1,377	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+9.5%	Y
BCC NPLs 2020 S.r.l.	30-Nov-20	88 BCCs, Banca Ifis S.p.A., Banca Popolare Valconca S.p.A.	doValue SpA	2,347	BBB	BBB	CC	CC	6mE+0.25%/6mE+8.0%	Y
Relais SPV S.r.l.	11-Dec-20	Unicredit Leasing S.p.A.	doValue SpA	1,583	BBB	BBB	Not Rated	Not Rated	6mE+1.5%/6mE+9.5%	Y
Buonconsiglio 3 S.r.l.	14-Dec-20	38 banks	Guber Banca SpA, Zenith Service S.p.A.	679	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+9.5%	Y
Sirio NPL S.r.l.	16-Dec-20	UBI Banca SpA	Prelios Credit Servicing SpA	1,228	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+9.5%	Y
Yoda SPV S.r.l.	18-Dec-20	Intesa Sanpaolo SpA	Intrum Italy SpA, Banca Finint SpA	6,033	BBB	BBB	Not Rated	Not Rated	3mE+0.5%/3mE+9.5%	Y
POP NPLs 2020 Srl	23-Dec-20	15 banks	Credito Fondiario SpA, Fire SpA	920	BBB	BBB	CC	CC	6mE+0.3%/6mE+12.0%	Y
Titan SPV Srl	28-Dec-20	Alba Leasing SpA, Release SpA, Banco BPM SpA	Prelios Credit Servicing SpA	335	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+8.0%	Y
Summer SPV S.r.l.	30-Dec-20	BPER Banca SpA, Banco di Sardegna SpA	Fire SpA	322	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+12.0%	Y
GBV of GACS-eligible securitisations rated by Scope 2020 (EUR million)				15,824						
Total GBV of securitisations rated by Scope (EUR million)				89,145						



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Scope Ratings GmbH

Headquarters Berlin

Lennéstraße 5
D-10785 Berlin

Phone +49 30 27891 0

Oslo

Karenslyst allé 53
N-0279 Oslo

Phone +47 21 62 31 42

Frankfurt am Main

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

Phone +49 69 66 77 389 0

Madrid

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

Phone +34 914 186 973

Paris

23 Boulevard des Capucines
F-75002 Paris

Phone +33 1 8288 5557

Milan

Regus Porta Venezia
Via Nino Bixio, 31
20129 Milano MI

Phone +39 02 30315 814

Scope Ratings UK Limited

111 Buckingham Palace Road
UK-London SW1W 0SR

info@scoperatings.com

www.scoperatings.com

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