# MORNINGSTAR | DBRS

## Commentary
# European Nonperforming Loan Securitisations Performance - 2022 Update

**DBRS Morningstar**
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## Contents

## Overview

This is DBRS Morningstar's annual commentary on the performance of its publicly rated European nonperforming loan (NPL) securitisations.

Following the outbreak of the Coronavirus Disease (COVID-19) in Q1 2020, the European NPL sector sustained significant disruptions. The pandemic's effects on the judicial system, for instance, delayed the recovery process and negatively affected the performance (measured against the servicers' initial expectations) of existing NPL portfolios leading servicers to formulate more conservative views on their recovery expectations.

In general, the performance trend of NPL securitisations is influenced by a number of factors. Besides onboarding-specific matters that might affect the transaction upon issuance (e.g., the time that the special servicer requires to onboard new portfolios and the potential complexities linked to the migration of the recovery activity), upturns and downturns in real estate market prices and the lengthiness of the judicial recovery process have historically been among the main factors that caused performance variability. Despite the local governments' efforts to streamline the legal framework as observed over the last few years, timing differences among courts in different locations can be material because of procedural overloads. Following the spread of the pandemic, the backlog in the judicial systems increased further as a result of the restrictive measures imposed by local authorities (e.g., court closures) which, in combination with other extraordinary measures (e.g., moratoria on certain foreclosure actions, etc.), caused considerable disruptions in the legal recovery process, with consequent effects on resolution timing.

Barring a few exceptions, the performance of European NPL transactions issued prior to the pandemic witnessed deterioration as the pandemic spread. Although the performance deterioration continued in 2021 and in the first half of 2022, it has occurred at a much slower pace, with a few transactions even reversing their downward trends during this period.

Conversely, transactions that closed after the pandemic began have generally displayed a very strong performance since closing. As portfolio composition for these transactions has remained consistent compared with prior transactions, one of the driving factors behind the relevant difference in performance has been how servicers have adjusted their expectations. The expected timing of the judicial recovery assumptions has been generally increased to reflect the slower speed of legal proceedings and real estate auctions. Additionally, residential real estate values have experienced a recent increase in the jurisdictions relevant for European NPL securitisations.

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Overall, at a gross collections level, 28 out of 46 DBRS Morningstar publicly rated NPL transactions covered in this report (34 Italian, three Spanish, three Portuguese, four Irish, one Cypriot, and one UK, rated up to the first quarter of 2022) have exhibited negative performance against servicers' initial expectations based on the latest available information as of the date of this report. However, if we look only at the transactions issued since the start of the pandemic, out of a total of 20 transactions (13 Italian, two Spanish, two Irish, one Portuguese, one Cypriot, and one UK), just five are exhibiting underperformance against servicers' initial expectations.

DBRS Morningstar has observed different dynamics at the country level, including the following key takeaways for each jurisdiction:

- **Italy:** all transactions rated prior the pandemic are underperforming and have generally continued to underperform in the past 12 months but at a slower pace. Transactions rated after the start of the pandemic are on average overperforming. For most transactions, however, profitability ratios are still higher than 100%, so given the recovery levels on closed loan files are still positive, the underperformance is mainly driven by unforeseen delays in the recoveries.
- **Spain:** two out of the three Spanish NPL transactions we currently rate in this jurisdiction are underperforming compared with the business plan prepared at issuance. These two transactions started with a positive performance, which dropped drastically into the negative terrain after a few interest payment dates (IPDs). The source of the performance degradation seems to be linked more to timing than to value, but it is too early to conclude as we have only received an updated business plan for one of the transactions. The last rated transaction, LSF11 Boson Investments S.à r.l. (Compartment 2) (Boson; rated in 2021), is displaying a strong positive performance to date.
- **Portugal:** during the last 12 months, Hefesto, STC, S.A. (Evora Finance) repaid in full and the senior notes of Ares Lusitani STC S.A. (Gaia) were also repaid. The performance of two of the three Portuguese transactions we currently rate, which have historically had a positive performance, ha dropped below the servicers' initial expectations in gross terms during the last 12 months. However, in the case of Hefesto STC, S.A. (Project Guincho), performance net of recovery costs and servicing fees is still on the positive side. Our last rated transaction, Scalabis STC S.A. (compartment Panda) (Scalabis; rated in 2021), is displaying a strong positive performance to date.
- **Ireland:** three out of the four Irish NPL transactions we currently rate in this jurisdiction are underperforming compared with the business plan prepared at issuance, whose successful implementation is mostly dependent on the sale of the reperforming loans. The most recently rated transaction, Rathlin Residential 2021-1 DAC (Rathlin; rated in 2021), is displaying a strong performance to date.
- **Cyprus:** the only transaction we rate in this jurisdiction, Hestia Financing S.a r.l. (Hestia; rated in 2021), is performing below servicer's initial expectations.
- **UK:** the only transaction we rate in this jurisdiction, WOLF Receivables Financing Plc (Wolf; rated in 2022), is performing above the servicer's initial expectations.

**European Nonperforming Loan Securitisations Performance**

Different dynamics in terms of macroeconomic fundamentals, real estate market trends, transaction features, and performance apply to the countries relevant to our rated NPL securitisations, as detailed in the following sections.
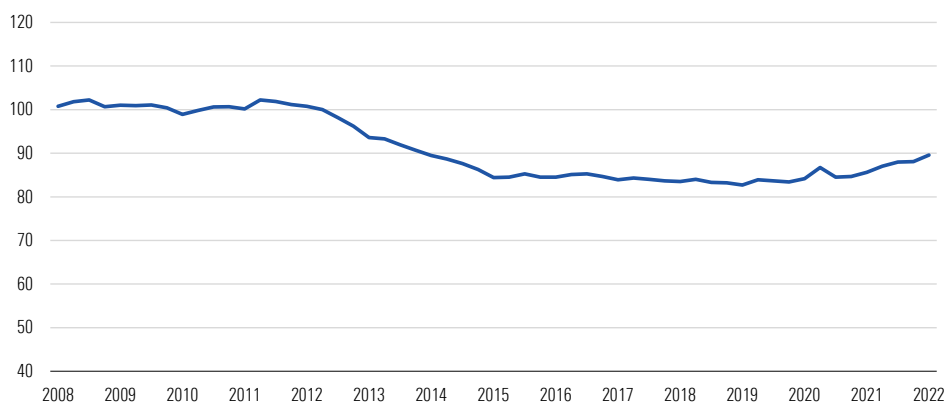
**Italy**

Following the continued disposals implemented by local banks, the Italian NPL stock on banks' balance sheets reduced over time to EUR 59.9 billion as of Q1 2022[1], accounting for approximately 15.6% of the total European NPL exposure. Consistent with this trend, we observed an improved NPL ratio of 3.0% as of March 2022[1] compared with the ratio of 4.0% as of March 2021 and the average ratio of 1.9% at the European level for the same period.

**Macroeconomic Scenario**

The Italian economy was among the most severely affected by the pandemic, with a 9.0% contraction in its GDP growth rate in 2020, a trend that reverted in 2021 with a positive growth rate of 6.6%. Our baseline expectation for 2022 (as of June 2022) is a GDP growth rate of 2.7%. The average unemployment increased to 9.6% in 2021[2] from 9.3% in 2020 and our baseline expectation is for this to reduce to 8.6% in 2022.

**Exhibit 1** Italian House Price Index



Source: Bank for International Settlements (Index 2010=100).

The Italian house price index increased by 4.6% over the last 12 months, as shown in Exhibit 1.

On 29 April 2022, DBRS Morningstar confirmed its rating on the Republic of Italy at BBB (high) with a Stable trend.

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1  Source: EBA Risk Dashboard Q1 2022.
2  Source: OECD.

**Transaction Performance Overview**

To date, we have assigned public ratings to 35 Italian NPL securitisations, one of which closed in April 2022. As a result, we have thus far received meaningful performance data (i.e., more than one data point as of the latest IPD covering at least a six-month time frame since issuance) for 34 transactions that are covered in this report.

Most of the Italian transactions covered in this report (all but four) have been issued under the guidelines of the Garanzia sulla Cartolarizzazione delle Sofferenze (GACS Guarantee). As of the date of this report, the GACS Guarantee has not been required to be enforced on any of these transactions.

As of the latest IPD and in terms of cumulative gross collections, all Italian NPL transactions rated up to H1 2019 (from Popolare Bari NPLs 2016 S.r.l. (Bari 2016) to Juno 2 S.r.l. (Juno)) were performing below the servicers' initial expectations as measured by the gross cumulative collection ratio (GCCR). Conversely, more recent transactions (i.e., those that closed from H2 2019 onward, beginning with Marathon SPV S.r.l. (Marathon)) were performing well except for Iseo SPV S.r.l. (Iseo), BCC NPLs 2019 S.r.l. (BCC 2019), Yoda SPV S.r.l. (Yoda), and Penelope SPV S.r.l. (Penelope) (GCCR underperformance of -8.0%, -5.8%, -0.1%, and -5.8%, respectively, compared with their initial business plans).

**Exhibit 2** Cumulative Gross Collections vs. Servicer Initial Business Plan
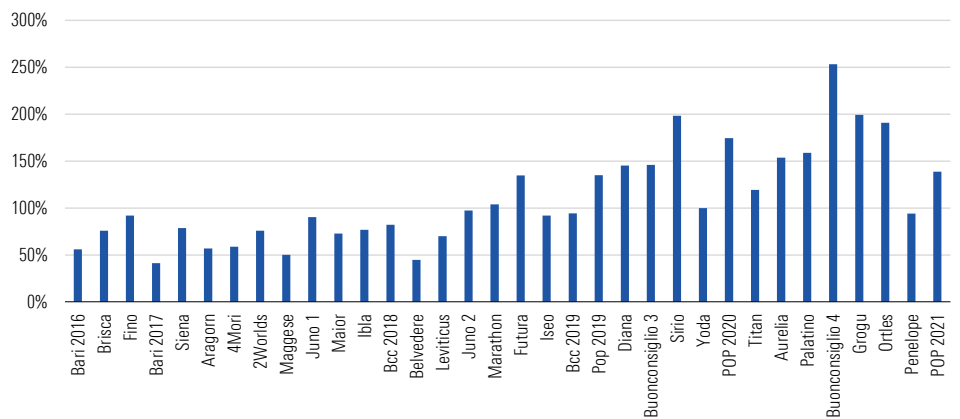


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

For the majority of transactions rated before the pandemic, the performance decay that DBRS Morningstar observed after its outbreak has not reverted to date. For these transactions, on average, the performance as measured by GCCR has worsened in the last year. Conversely, for the transactions rated after the pandemic began, the last year's performance has generally outpaced the prior year. This is further detailed in the "Performance Evolution" section below.

**Exhibit 3** Cumulative Net Collections vs. Servicers' Initial Business Plan
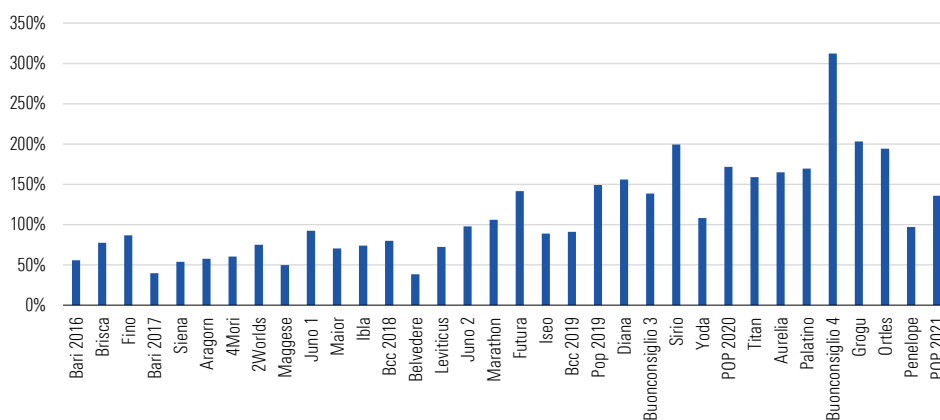


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

In terms of cumulative net collections (i.e., the actual total amount of portfolio collections net of recovery expenses and servicing fees versus the servicer's initial business plan estimates), as of the latest IPD, all Italian NPL transactions displayed a performance trend consistent with that observed in gross portfolio recoveries.

Generally, there are two performance triggers commonly observed in Italian NPL securitisation transactions rated by DBRS Morningstar: the cumulative collection ratio (CCR), whose definition varies across transactions and generally refers to the total amount of gross collections net of recovery expenses compared with the servicer's initial expectations, and the net present value cumulative profitability ratio (NPV ratio), which normally compares the present value of the net cash flows received for fully closed positions against the servicer's initial business plan. Generally, these are considered as mezzanine interest subordination triggers within the relevant transaction structures and trigger levels set at a constant level throughout the life of the transaction. Exceptions to this include 2017 Popolare Bari RMBS S.r.l. (Bari 2017), which only accounts for the NPV ratio, as well as Fino 1 Securitisation S.r.l. (Fino), Siena NPL 2018 S.r.l. (Siena), and Marathon. While, for the latter, the only applicable subordination trigger is the CCR, for Fino and Siena, the relevant performance indicators are based on the comparison between actual collections and a predetermined mezzanine notes trigger schedule. Another feature generally envisaged in Italian transactions is the subordination of a portion of the performance fee (or servicing fee) in case of underperformance. This mechanism is normally linked to the NPV ratio only, but it is also transaction specific both in terms of ratios relevant for the determination of the subordination event and also in terms of portions to be delayed.

**Exhibit 4** Interest Subordination Event Triggers and Performance Fees Subordination

| Transaction Name (sorted by closing date) | Last Update | | | Applicable Ratio for Mezzanine Interest Subordination Trigger | | Mezzanine Interest Subordination Event (Y/N) | Performance Fee Subordination at Last IPD (Y/N) |
|---|---|---|---|---|---|---|---|
| | IPD | CCR (%) | NPV Profitability Ratio (%) | CCR (%) | NPV Profitability Ratio (%) | | |
| Popolare Bari NPLS 2016 S.r.l. | Jun-22 | 56.6 | 94.0 | 90 | 90 | Y | Y |
| Brisca Securitisation S.r.l. | Jun-22 | 78.3 | 109.8 | 90 | 90 | Y | N |
| Fino 1 Securitisation S.r.l. | Jul-22 | based on comparison of actuals vs. predetermined schedule | | | | N | N |
| 2017 Popolare Bari RMBS S.r.l. | Apr-22 | 41.2 | 89.9 | n.a. | 90 | Y | Y |
| Siena NPL 2018 S.r.l. | Jul-22 | based on comparison of actuals vs. predetermined schedule | | | | N | Y |
| Aragorn NPL 2018 S.r.l. | Jan-22 | 63.4 | 105.6 | 90 | 90 | Y | Y |
| 4Mori Sardegna S.r.l. | Jul-22 | 61.4 | 107.3 | 90 | 90 | Y | N |
| 2Worlds S.r.l. | Jul-22 | 82.9 | 111.1 | 85 | 85 | Y | N |
| Maggese S.r.l. | Jul-22 | 50.7 | 95.0 | 90 | 90 | Y | N |
| Juno 1 S.r.l. | Jul-22 | 90.4 | 121.4 | 85 | 85 | N | N |
| Maior SPV S.r.l. | Jul-22 | 71.4 | 101.0 | 90 | 90 | Y | N |
| Ibla S.r.l. | Apr-22 | 74.8 | 137.6 | 85 | 85 | Y | N |
| BCC NPLs 2018-2 S.r.l. | Jul-22 | 81.0 | 107.5 | 80 | 80 | N | N |
| Belvedere SPV S.r.l. | Jun-22 | 26.3 | 100.4 | n.a. | n.a. | n.a. | Y |
| Leviticus SPV S.r.l. | Jul-22 | 71.3 | 107.5 | 70 | 70 | N | N |
| Juno 2 S.r.l. | Jul-22 | 97.4 | 111.5 | 85 | 85 | N | N |
| Marathon SPV S.r.l. | Jul-22 | 103.8 | n.a. | 80 | n.a. | N | N |
| Futura 2019 S.r.l. | Jul-22 | 134.8 | 106.2 | 100 | 100 | N | N |
| Iseo SPV S.r.l. | Jul-22 | 88.7 | 107.7 | 90 | 90 | Y | Y |
| BCC NPLs 2019 S.r.l. | Jul-22 | 91.8 | 108.3 | 90 | 90 | N | N |
| POP NPLs 2019 S.r.l. | Jul-22 | 124.4 | 127.9 | 90 | 90 | N | N |
| Diana SPV S.r.l. | Jun-22 | 157.4 | 108.3 | 90 | 90 | N | N |
| Buonconsiglio 3 S.r.l. | Jul-22 | 142.6 | 115.8 | 90 | 90 | N | N |
| Sirio NPL S.r.l. | Mar-22 | 202.1 | 145.8 | 90 | 90 | N | N |
| Yoda SPV S.r.l. | Jul-22 | 105.7 | 128.9 | 90 | 90 | N | N |
| POP NPLs 2020 S.r.l. | Apr-22 | 173.3 | 118.4 | 90 | 90 | N | N |
| Titan SPV S.r.l. | Jul-22 | 149.2 | 145.3 | 90 | 90 | N | N |
| Aurelia SPV S.r.l. | Jul-22 | 164.0 | 126.1 | 90 | 90 | N | N |
| Palatino SPV S.r.l. | May-22 | 163.7 | 172.9 | 100 | 100 | N | N |
| Buonconsiglio 4 S.r.l. | Jul-22 | 301.4 | 169.3 | 90 | 90 | N | N |
| Grogu SPV S.r.l. | Jul-22 | 203.4 | 163.6 | 90 | 85 | N | N |
| Ortles 21 S.r.l. | Apr-22 | 194.8 | n.a. | 90 | 90 | N | N |
| Penelope SPV S.r.l. | Jun-22 | 95.9 | n.a. | 90 | 90 | N | N |
| Luzzatti POP NPLs 2021 S.r.l. | Apr-22 | 138.4 | 100.0 | 90 | 90 | N | N |

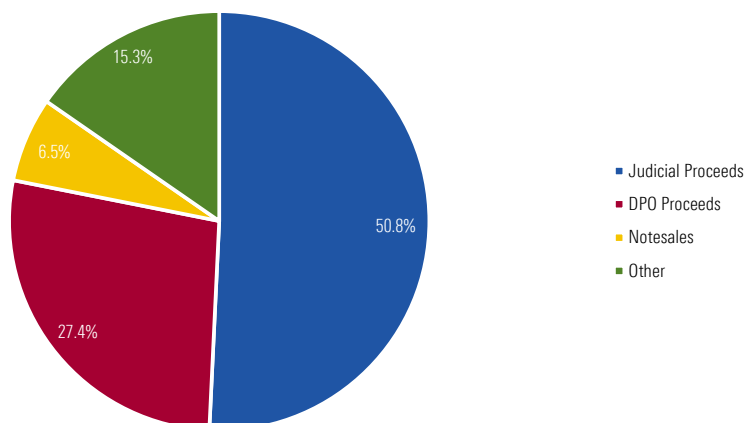Source: DBRS Morningstar, transaction reports.

The NPV ratio observed as of the latest relevant IPD was higher than 100% for all transactions except for Bari 2016 and Bari 2017 (94.0% and 89.9%, respectively) and Maggese S.r.l. (Maggese; 95.0%), which indicates that servicers are still liquidating assets above their initial expectations for most transactions. Therefore, consistent with the trend observed last year, it appears that the reason behind the Italian NPL underperformance is a workout of the exposures at a slower pace than initially expected, which is especially true since the onset of the pandemic. As evidenced by the reported NPV ratios, total recoveries on fully closed positions are normally in line with or higher

than the initial expectations in most instances. Fully closed files increase at a slower pace than expected, which could currently be masking a future deterioration of the NPV ratio.

As of the latest IPD, 10 out of the 34 transactions rated up to the end 2021 breached their respective CCR subordination triggers, including: Bari 2016 (56.6%), Brisca Securitisation S.r.l. (Brisca; 78.3%), Aragorn NPL 2018 S.r.l. (Aragorn; 63.4%), 4Mori Sardegna S.r.l. (4Mori; 61.4%), 2Worlds S.r.l. (2Worlds; 82.9%), Maggese (50.7%), Maior SPV S.r.l. (Maior; 71.4%), Ibla S.r.l. (Ibla; 74.8%), Belvedere SPV S.r.l. (Belvedere; 26.3%), and Iseo (88.7%).

In terms of the recovery process, DBRS Morningstar notes that the main source of recoveries for Italian NPL transactions is the distribution of judicial proceedings which, on average, account for approximately 51% of the total amount of actual gross collections recorded by special servicers. This is in line with the approach generally envisaged in the servicer business plan prepared at issuance and it is often combined with recoveries achieved via out-of-court settlements and DPOs, which represent about 27% of actual gross collections. Additionally, albeit not envisaged in the initial business plan, Italian NPL servicers also leverage on the sale of pools of receivables underlying the notes as an alternative source of recovery. Although their implementation was generally not contemplated under most of the initial transaction frameworks (such that the legal documentation addressed the matter only to a limited level and their execution implementation is sometimes subject to approval from the representative for the noteholders), they are taking on increasing relevance in the local NPL securitisation market.

**Exhibit 5** Gross Collections Breakdown by Recovery Type



Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

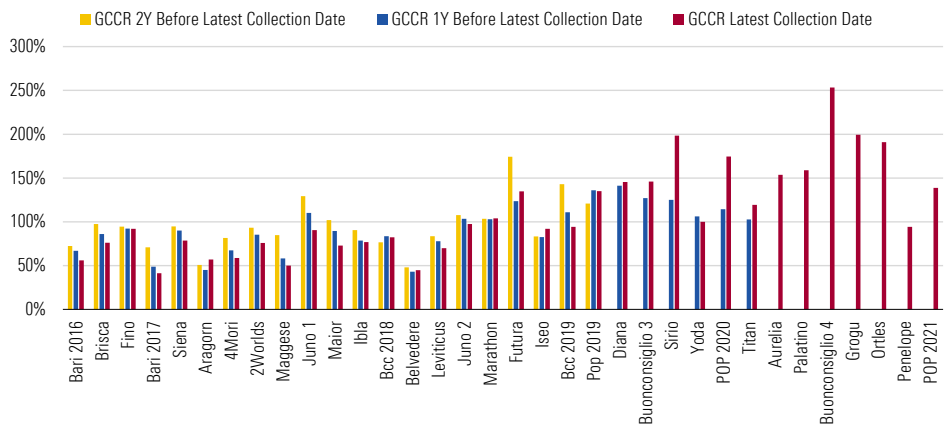**Exhibit 6** Gross Collections Breakdown by Recovery Type by Transaction
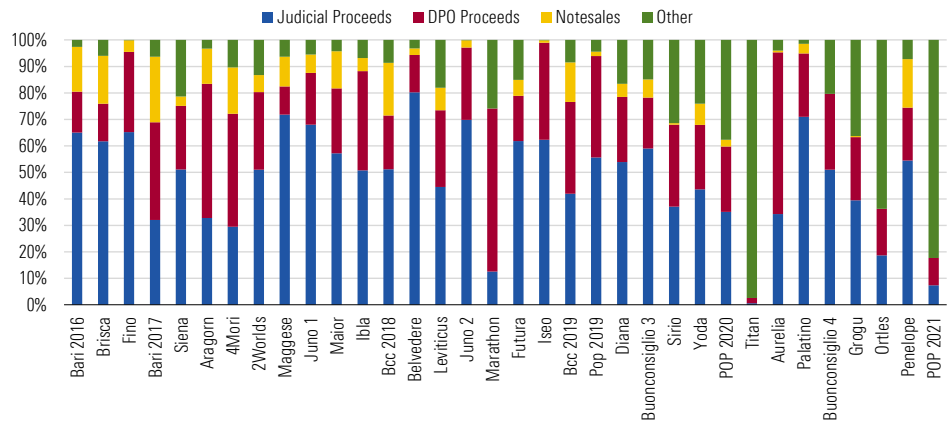


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Consistent with the analysis carried out to date, we will continue to observe the evolution of the gross recoveries composition and closely monitor related effects on performance.

**Performance Evolution**

Based on the latest information received from the servicers, we reviewed the performance of all Italian NPL transactions over the last two years. The data confirms that, for transactions rated up to H1 2019, the recovery ratios have generally continued to deteriorate but at a slower pace compared with previous years, save for a few exceptions.

**Exhibit 7** Cumulative Gross Collection Ratio as of the Latest Collection Date vs. One and Two Years Ago



Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

All transactions rated up to the end of 2019 or before the pandemic began (i.e., 21 transactions, from Bari 2016 to POP NPLs 2019 S.r.l. (Pop 2019)) have continued to underperform in the last 12 months on average and now have an average GCCR of 80%. However, in the months that followed the onset of the pandemic, we saw a quick deterioration in the GCCR with an average reduction of 10.5%. This deterioration continued during the last 12 months but at a slower pace, showing an average GCCR reduction of 4.9% for these transactions. At the transaction level, we see some transactions that even reverted this trend and increased their GCCR in the last year (Aragorn, Belvedere, Marathon, Futura 2019 S.r.l. (Futura), and Iseo).

For the transactions rated in 2020 or later (from Diana SPV S.r.l. (Diana) to Titan SPV S.r.l. (Titan)), we observe a clearly positive evolution in terms of GCCR. The current average GCCR for these transactions is 155.4%, which represents an increase of 36% compared with the average of 119.4% one year ago.

For the transactions rated in 2021 (from Aurelia SPV S.r.l. (Aurelia) to Luzzatti POP NPLs 2021 S.r.l. (Pop 2021)), current performance is very strong with an average GCCR of 182.5%; however, it is too early to assess a trend.

**Updated Business Plans**

To date, we have received at least one updated version of the initial servicer business plan for 28 out of the 34 Italian NPL transactions rated between 2016 and 2021. We received the updated versions of the business plans during the course of 2022, except for the following: Siena (latest received in 2020), 4Mori (latest received in 2021), BCC NPLs 2018-2 S.r.l. (BCC 2018; latest received in 2021), and Belvedere (DBRS Morningstar never received an update for the portion managed by one of the servicers, Prelios S.p.A.). For the remaining transactions (i.e., those closed towards the end of 2021, namely Buonconsiglio 4 S.r.l. (Buonconsiglio 4), Grogu SPV S.r.l. (Grogu), Ortles 21 S.r.l. (Ortles), Penelope, and Pop 2021), an updated business plan is not yet due.

Based on our analysis and, more specifically, on the comparison between the total amount of gross proceeds initially estimated by the servicer and the latest updated business plan forecasts (including actual performance as of the relevant cut-off date), we observed that servicers have generally reduced the amount of total gross recoveries they expect. The average reduction is -8.2%, with the Bari 2017, Bari 2016, and Aragorn transactions experiencing the highest reductions in their updated business plans at 29.6%, 23.8% and 23.2%, respectively.

This is also normally reflected in an overall reduction of the expected portfolio's net proceeds, albeit the source of their reduction also depends on the revision of recovery costs, such as legal and procedural expenses. Additionally, in several cases, the business plan revision resulted in a longer-than-expected weighted-average life (WAL) of the portfolio compared with that expected by the servicer at issuance. The extension of the expected portfolio WAL is credit negative for the securitisation notes as it increases the expected senior costs (including GACS fees) and interest due at transaction level.

**Exhibit 8** Cumulative Gross Collections – Latest Updated Business Plan vs. Servicers' Initial Forecast (Var. %)
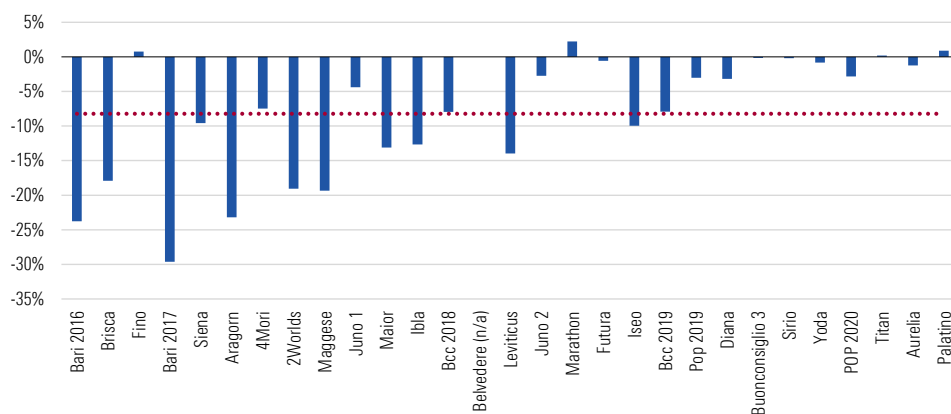


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

As an exception to the general trend observed in respect of the gross collections forecast, Fino, Marathon, Titan, and Palatino SPV S.r.l. (Palatino) provide for slightly increased expectations of 0.8%, 2.2%, 0.2%, and 0.9%, respectively, compared with the initial business plans.

In general, DBRS Morningstar notes that, for transactions showing a positive profitability ratio, even a stable amount of total cumulative gross proceeds in the updated business plan (including actual collections) suggests a reduction in expected future recoveries for the remaining exposures compared with the servicer's initial forecasts.

We anticipate the receipt of further updated business plans in the coming months and will continue to monitor the recovery expectations in terms of timing and collected amounts as well as their development in light of the current economic environment.

For more information on DBRS Morningstar considerations on evolving business plans in Italian NPL transactions, please see the following commentary:

https://www.dbrsmorningstar.com/research/379456/evolving-business-plans-in-italian-npl-transactions.

**Spain**

Following the trend observed last year, the volume of Spanish NPLs on banks' balance sheets continues to increase and, as of Q1 2022, the total NPL stock is EUR 81.4 billion[3] compared with EUR 80.5 billion one year earlier. However, we observed a slightly better NPL ratio of 3.0% in the same period, which is higher than the European average of 1.9%.

**Macroeconomic Scenario**
The coronavirus pandemic strongly affected the Spanish economy. Spain experienced a negative GDP growth rate of 10.8% in 2020[4], a trend that reverted in 2021 with a positive GDP growth rate of 5.1%. Our baseline expectation for 2022 (as of June 2022) is a GDP growth rate of 4.5%. The average unemployment rate decreased to 14.8% by the end of 2021 from 15.5% in 2020[5] and our baseline expectation is for this to reach 13.4% in 2022.

**Exhibit 9** Spanish House Price Index



Source: Bank for International Settlements (Index 2010=100).

In line with the trend observed over the past few years, the Spanish house price index further accelerated its increase by 8.5% in the last 12 months.

On 4 March 2022, DBRS Morningstar confirmed its sovereign rating on the Kingdom of Spain at "A" with a Stable trend.

**Transaction Performance Overview**
To date, we have assigned public ratings to three Spanish NPL securitisations that closed in July 2019 (ProSil Acquisition S.A. (ProSil)), March 2021 (Retiro Mortgage Securities DAC (Retiro)), and December 2021 (Boson), respectively. Thus far, we have received meaningful performance data (i.e., more than one data point as of the latest IPD covering at least a six-month time frame since issuance) for all of these transactions.

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3  Source: EBA Risk Dashboard Q1 2022.

4  Source: OECD.

5  Source: OECD.

Based on the most recent IPD, ProSil and Retiro are performing significantly below the servicers' initial recovery expectations with a GCCR of 50.4% and 66.2%, respectively. In contrast, Boson is strongly overperforming with a GCCR of 251.8%.

**Exhibit 10** Cumulative Gross Collections vs. Servicers' Initial Business Plan
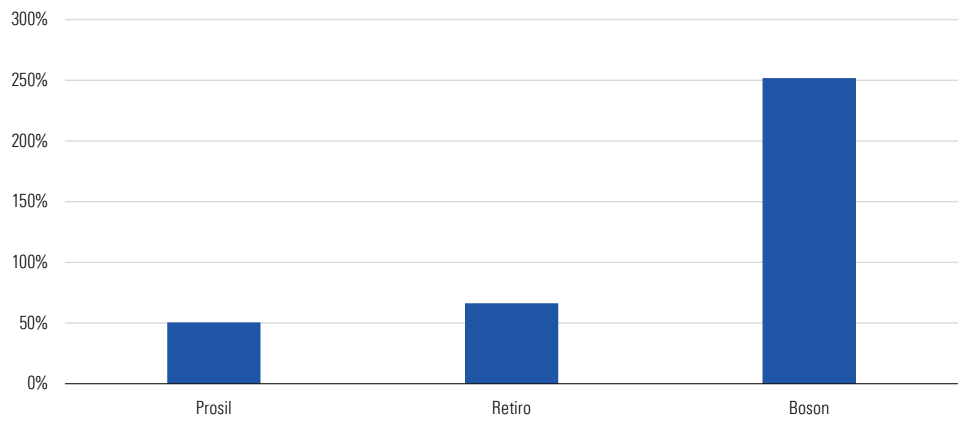


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

**Exhibit 11** Cumulative Net Collections vs. Servicers' Initial Business Plan
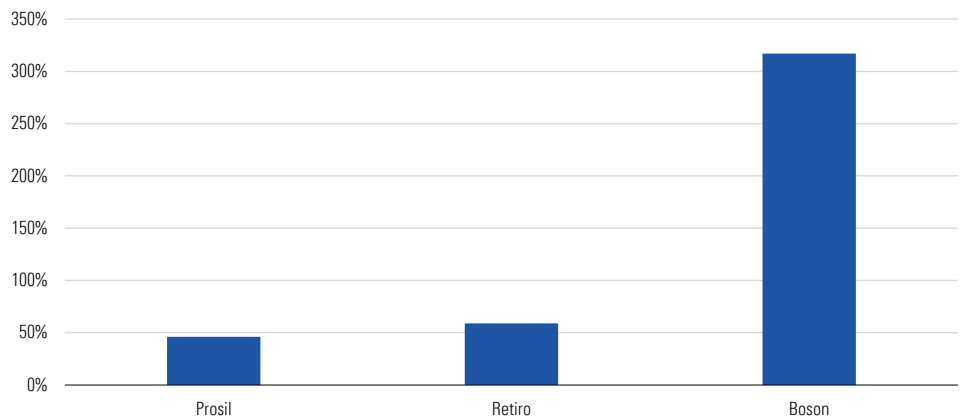


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

In terms of cumulative net collections, these transactions display a performance trend consistent with that observed in gross portfolio recoveries. However, performance compared with the servicer's initial expectations in net terms is even worse for ProSil and Retiro with a net performance of 46.1% and 59.0%, respectively. This means that, so far, current costs are higher than those anticipated in the business plan. Boson, however, displays a net performance of 317.0%.

The performance-related triggers for the deferral of interest due on the mezzanine notes relevant to these transactions (i.e., the net CCR and the NPV ratio) as of the July 2021 IPD are shown in Exhibit 12.

**Exhibit 12** Interest Subordination Event Triggers and Performance Fees Subordination

| Transaction Name (sorted by closing date) | Last Update | | | Applicable Ratio for Mezzanine Interest Subordination Trigger | | Mezzanine Interest Subordination Event (Y/N) | Performance Fee Subordination at Last IPD (Y/N) |
|---|---|---|---|---|---|---|---|
| | IPD | CCR (%) | NPV Profitability Ratio (%) | CCR (%) | NPV Profitability Ratio (%) | | |
| ProSil | Jul-22 | 47.0 | 88.7 | 90 | 90 | Y | Y |
| Retiro (split by subportfolio) | Jul-22 | 101.8 (Wind) 143.7 (Tag) 57.6 (Normandia) 39.3 (Tambo) | n.a. | n.a. | n.a. | n.a. | N (Wind) N (Tag) N (Normandia) Y (Tambo) |
| Boson | May-22 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

Source: DBRS Morningstar, transaction reports.

For ProSil, as of the latest IPD, the CCR ratio was in breach at 47.0% compared with the threshold of 90%, which triggered the deferral of the interest payment on the mezzanine notes. The NPV profitability ratio amounted to 88.7% in the same period, which also triggered the deferral of a share of the servicing fees.

Retiro and Boson do not have any interest subordination triggers as mezzanine bond interest is always paid after the senior bond principal. As Retiro's CCR is lower than 80%, a share of its servicing fee is also currently deferred. There is no servicing fee deferral mechanism linked to performance in Boson.

In terms of the recovery process, the main sources of portfolio proceeds for these transactions are real estate sales into the open market, which account for 69.6% of the total amount of actual gross collections recorded by the special servicers. The remaining share of the total gross collections derive from amicable agreements, judicial recoveries, and loan sales that account for 15.8%, 10.0%, and 4.6%, respectively.

**Exhibit 13** Gross Collections Breakdown by Recovery Type
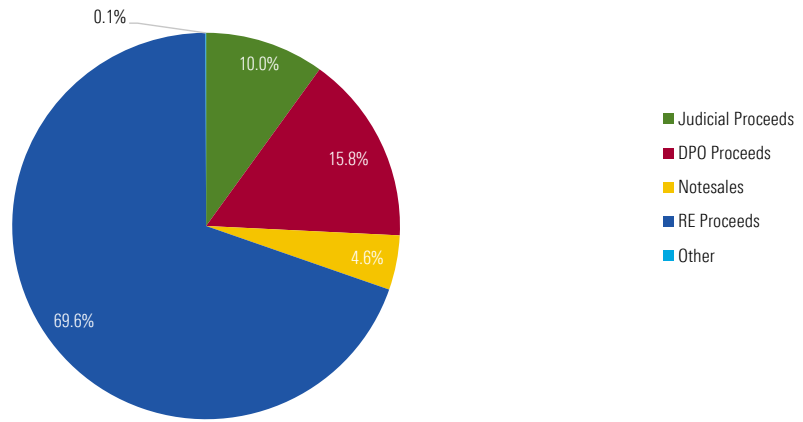


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

**Exhibit 14** Gross Collections Breakdown by Recovery Type by Transaction
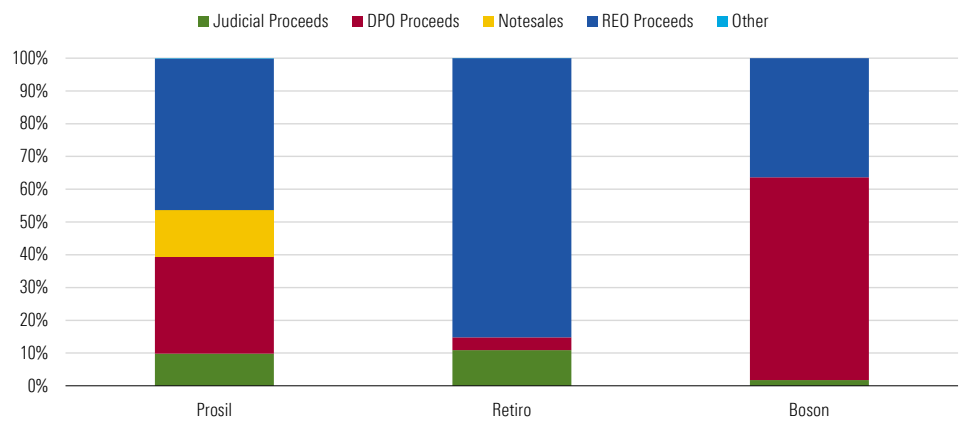


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Consistent with the analysis carried out to date, we will continue to observe the evolution of the gross recoveries composition and closely monitor related effects on profitability.

**Performance Evolution**

Based on the latest information received from the servicers, we reviewed the current performance and compared it with the last two years, where possible.

**Exhibit 15** Cumulative Gross Collection Ratio as of the Latest Collection Date vs. One and Two Years Ago
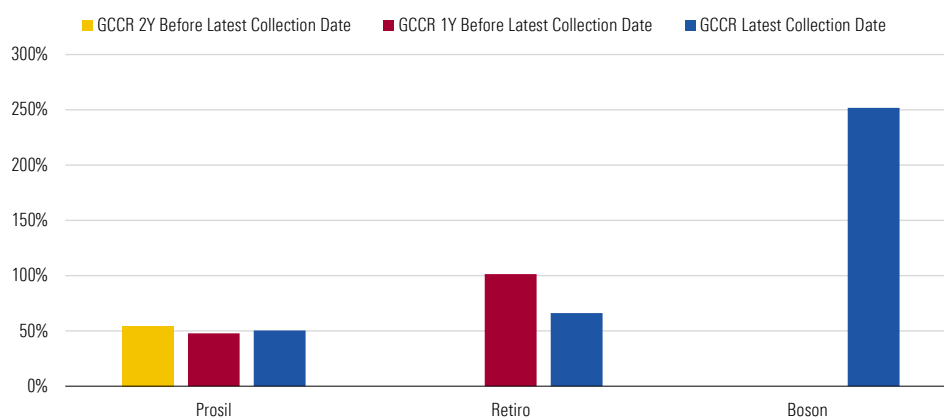


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Measured by GCCR, ProSil has performed better during the last 12 months. The transaction's GCCR is now at 50.4%, slightly higher than the level observed one year ago at 47.8% but still lower than that observed two years ago at 54.4%.

Retiro's GCCR was at 101.4% one year ago and it is now at 66.2%, so its performance compared with the servicer's initial expectations has drastically deteriorated during the last 12 months. Looking at the evolution of actual collections in absolute amounts, there is no sign of relevant drops in any of the categories, so the source of performance deterioration seems to be linked to an increasingly demanding business plan which foresaw a substantial increase in recoveries for the past 12 months and which the actual workout activity has not been able to reach in the last few months.

**Updated Business Plans**

DBRS Morningstar only received an updated business plan for ProSil. In 2022, the servicer provided a second updated version of the business plan, which displayed an overall reduction of the total amount of portfolio collections expected compared with the forecast prepared at closing (-5.1%).
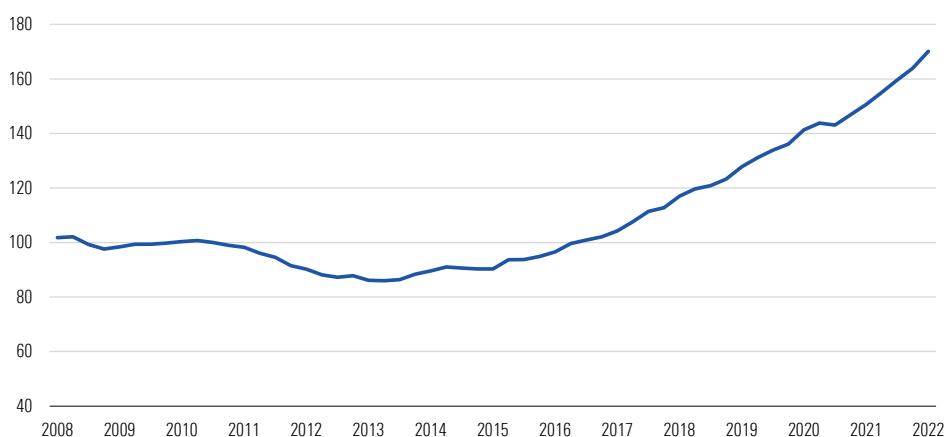
**Portugal**

Consistent with the trend observed over the previous year, the volume of Portuguese NPLs on banks' balance sheets has continued to decrease with a total stock of approximately EUR 7.8 billion as of Q1 2022[6]. Portuguese NPLs exhibited an improved NPL ratio of 3.5% in the same period, which is lower than the ratio of 4.5% observed in Q1 2021 but still higher than the European average of 1.9%.

**Macroeconomic Scenario**
Similar to countries like Italy and Spain, the coronavirus pandemic strongly affected the Portuguese economy. Portugal recorded a negative GDP growth rate of 8.4% in 2020[7], which reverted in 2021 with a positive GDP growth rate of 4.9%. Our baseline expectation for 2022 (as of June 2022) is a GDP growth rate of 5.6%. The average unemployment rate decreased to 6.6% by the end of 2021[8] from 7.1% in 2020 and our baseline expectation is for this to further reduce to 5.9% in 2022.

**Exhibit 16** Portuguese House Price Index



Source: Bank for International Settlements (Index 2010=100).

In line with the trend observed over the past few years, the Portuguese house price index increased by 12.9% in the last 12 months.

On 26 August 2022, DBRS Morningstar upgraded the rating on the Republic of Portugal to A (low) from BBB (high) and changed the trend to Stable from Positive .

**Transaction Performance Overview**
To date, we have assigned public ratings to four Portuguese NPL securitisations. We discontinued ratings on one transaction (Evora Finance, which closed in November 2017 and was repaid in full in January 2022). As a result, we have meaningful performance data (i.e., more than one data point as of the latest IPD covering at least a six-month time frame since issuance) for the three outstanding transactions.

6  Source: EBA Risk Dashboard Q4 2021.

7  Source: OECD.

8  Source: OECD.

Based on the most recent IPD, Project Guincho and Gaia are performing at or below the servicers' initial gross recovery expectations with a GCCR of 99.0% and 75.5%, respectively. Scalabis is strongly overperforming with a GCCR of 160.8%.

**Exhibit 17** Cumulative Gross Collections vs. Servicers' Initial Business Plan
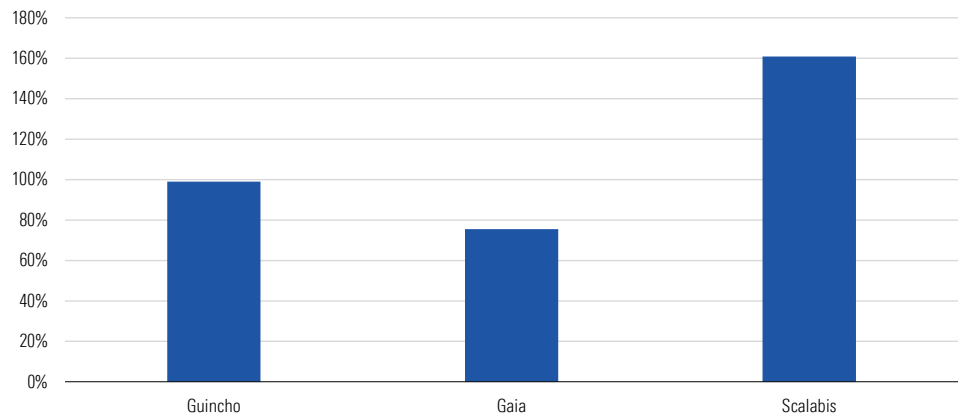


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

In terms of cumulative net collections, Gaia and Scalabis display a performance trend consistent with that observed in gross portfolio recoveries. However, performance in net terms is positive for Project Guincho at 115.0% even though its GCCR is below 100%. This means that, so far, costs are lower than those anticipated in the business plan.

**Exhibit 18** Cumulative Net Collections vs. Servicers' Initial Business Plan



Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Similar to Italian NPL transactions, all DBRS Morningstar-rated Portuguese NPL transactions include performance-related triggers for the deferral of interest due on the mezzanine notes, notably the CCR and the NPV ratio as well as a servicing fee subordination mechanism that is generally based on the latter.
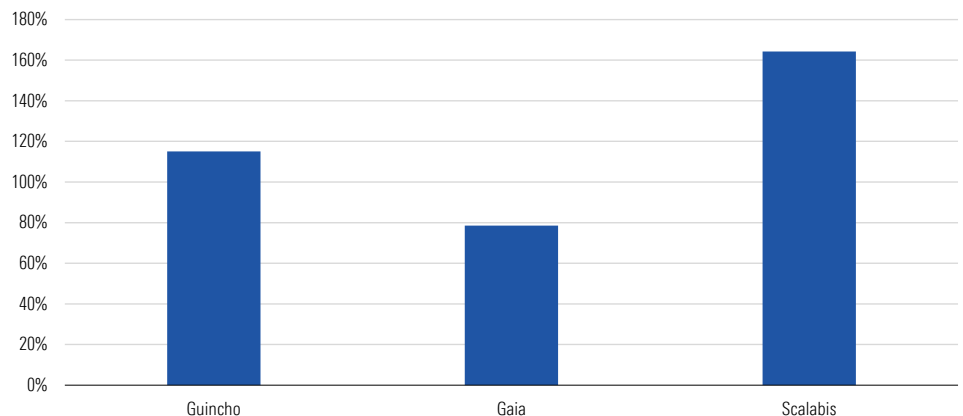
**Exhibit 19** Interest Subordination Event Triggers and Performance Fees Subordination

| Transaction Name (sorted by closing date) | Last Update | | | Applicable Ratio for Mezzanine Interest Subordination Trigger | | Mezzanine Interest Subordination Event (Y/N) | Performance Fee Subordination at Last IPD (Y/N) |
|---|---|---|---|---|---|---|---|
| | IPD | CCR (%) | NPV Profitability Ratio (%) | CCR (%) | NPV Profitability Ratio (%) | | |
| Guincho | May-22 | 114.5 | 167.8 | 90 | 90 | N | Y |
| Gaia | May-22 | 79.4 | 100.5 | 90 | 90 | Y | Y |
| Scalabis | Jul-22 | 164.0 | 1075.5 | 90 | 90 | N | N |

Source: DBRS Morningstar, transaction reports.

The NPV ratio observed as of the May 2021 IPD was higher than 100% for all transactions, which indicates that servicers are liquidating assets above their initial expectations. The mezzanine interest deferral trigger was breached for Gaia, given that the CCR is below 100%, however, this mechanism has no effect as the senior notes were fully repaid in November 2021. A portion of the servicing fee is subordinated for both Project Guincho and Gaia. For the former, despite the overall healthy performance ratios, the performance of the unsecured segment (which is a very small portion of the whole transaction) is 94%, which is below the relevant threshold (set at 100%); therefore, some of the fees linked to the workout of this segment are being deferred.

In terms of the recovery process, the main source of portfolio recoveries for the Portuguese NPL transactions is a combination of the distribution of judicial proceedings as well as amicable and unsecured recoveries, which account for 28.6%, 27.8%, and 38.3% of recoveries, respectively. The remaining share of total recoveries derive from the sale of real estate assets into the open market (5.4%)[9]. This is in line with the approach envisaged in the business plans prepared at issuance. The use of alternative resolution strategies, such as note sales, was observed to a lesser extent than in other jurisdictions.

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9  Gross recoveries deriving from amicable agreements registered by Ares Lusitani STC S.A. (Gaia) include EUR 5.7 million of gross collections referring to a portfolio sale in October 2020.

**Exhibit 20** Gross Collections Breakdown by Recovery Type
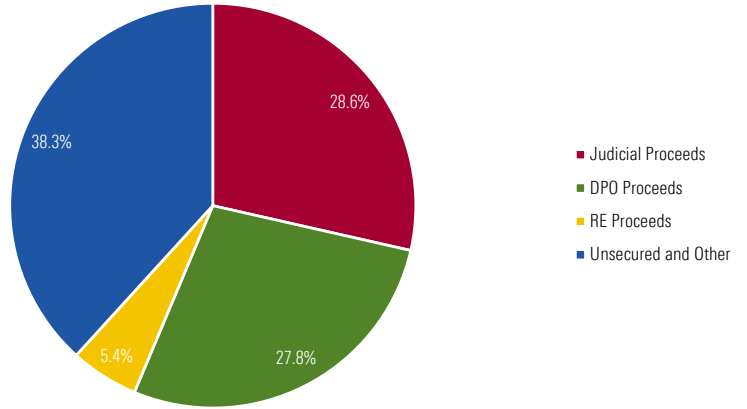


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

**Exhibit 21** Gross Collections Breakdown by Recovery Type
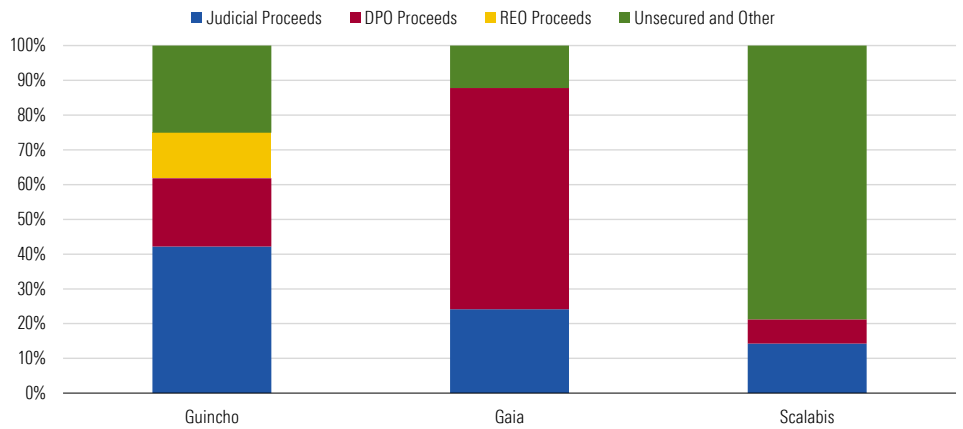


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

### Performance Evolution

Based on the latest information available, we reviewed the performance of all Portuguese NPL transactions, which confirms that the recovery ratios have generally deteriorated compared with last year.

**Exhibit 22** Gross Cumulative Collection Ratio as of the Latest Collection Date vs. One and Two Years Ago
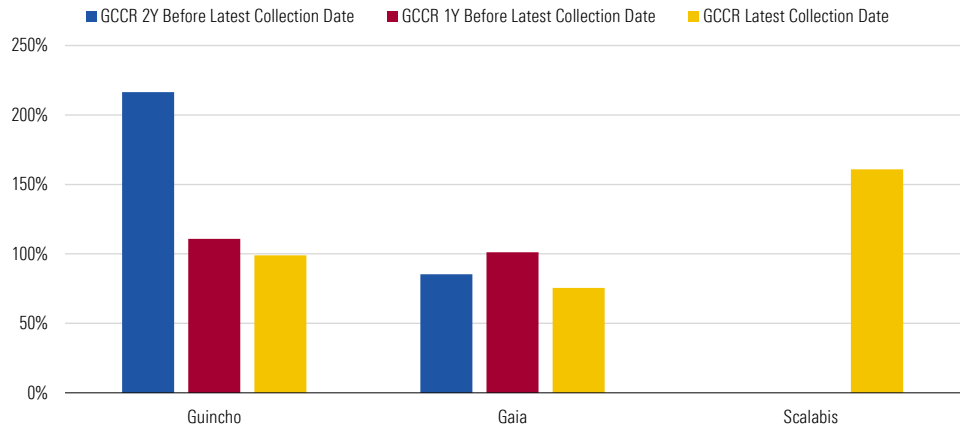


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

The performance of the more seasoned transactions, Project Guincho and Gaia, has deteriorated compared with the previous year with a current CGCR of 99.0% and 75.5%, respectively, compared with 110.8% and 101.1% one year ago. Two years ago, the GCCR of these two transactions was 216.5% and 85.3%.

**Updated Business Plans**

To date, DBRS Morningstar received a revised portfolio business plan for all Portuguese NPL transactions. Based on an analysis of the latest forecasts received (all during 2022), we noticed that the total gross collections have again not followed a homogeneous trend.

**Exhibit 23** Cumulative Gross Collections – Latest Updated Business Plan vs. Servicers' Initial Forecast (Var. %)
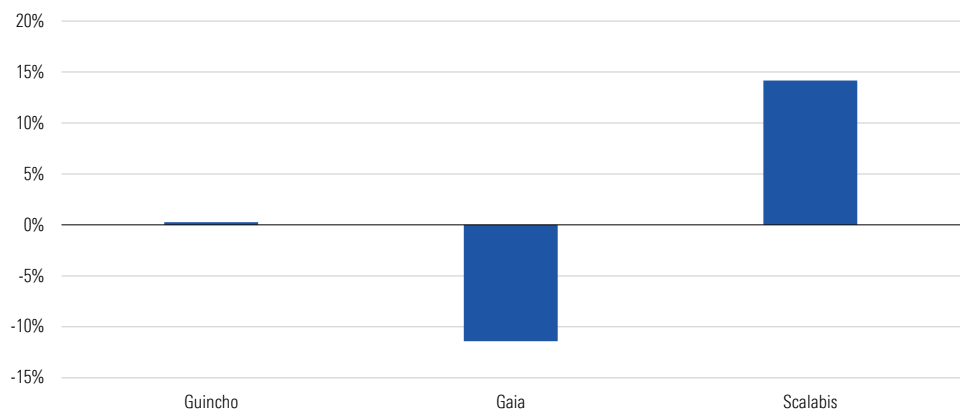


Source: DBRS Morningstar, transaction documentation and information provided by the special servicers.

Project Guincho's updated business plan is aligned with initial expectations (+0.3% deviation) while the updated business plan for Gaia is lower than initial expectations (-11.4% deviation) and the updated business plan for Scalabis is higher than initial expectations (+14.2% deviation).

**Ireland**

The Irish NPL stock on banks' balance sheets has continued to reduce during the last 12 months and, as at Q1 2022, was approximately EUR 7.3 billion[10] compared with EUR 8.8 billion as at Q1 2021. We also observed a slightly improved NPL ratio of 2.7% compared with 3.7% one year ago, still higher than the current average ratio of 1.9% at the European level.

**Macroeconomic Scenario**

Ireland experienced a GDP growth rate of 6.2% in 2020 and 13.6% in 2021[11]. Our baseline expectation for 2022 (as of June 2022) is a GDP growth rate of 4.5%. The average unemployment increased to 6.3% in 2021[12] from 5.9% in 2020 and our baseline expectation is for this to reduce to 5.3% in 2022.

**Exhibit 24** Irish House Price Index
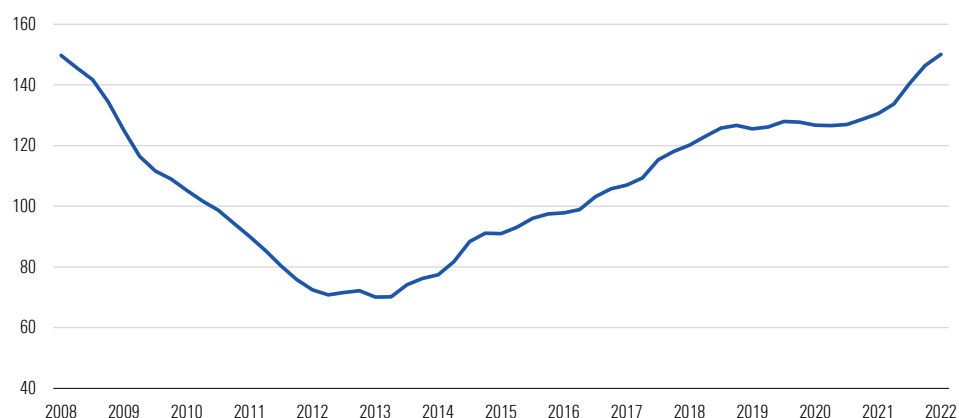


Source: Bank for International Settlements (Index 2010=100).

Consistent with the trend observed over the previous year, the Irish house price index increased by 15.0% in the last 12 months.

On 15 July 2022, DBRS Morningstar confirmed its sovereign rating on the Republic of Ireland at AA (low) with a Stable trend.

**Transaction Performance Overview**

To date, we have assigned public ratings to eight Irish NPL securitisations, four of which are still outstanding. The rating discontinuations, namely European Residential Loan Securitisation 2016-1 DAC, European Residential Loan Securitisation 2017-NPL1 and 2017-PL1 DAC, European Residential Loan Securitisation 2018-1, and Grand Canal Securities 2 DAC reflect the full redemption of the notes. As a result, we have meaningful performance data (i.e., more than one data point as of the latest IPD covering at least a six-month time frame since issuance) for the four outstanding transactions.

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10 Source: EBA Risk Dashboard Q1 2022.

11 Source: OECD.

12 Source: OECD.

For Irish NPL transactions, gross recoveries and ratios are defined after deducting direct recovery expenses but prior to servicing and administrator fees. Based on the most recent information available, all transactions except for Rathlin are performing below the servicers' initial gross recovery expectations as follows: European Residential Loan Securitisation 2019-NPL1 DAC (ERLS 2019-1) with a GCCR of 71.6%, European Residential Loan Securitisation 2019-NPL2 DAC (ERLS 2019-2) with a GCCR of 58.4%, and European Residential Loan Securitisation 2020-NPL1 DAC (ERLS 2020-1) with a GCCR of 77.4%. The transaction performances deteriorated shortly after issuance and have since been recovering at a slower pace than the servicers' initial expectations. In ERLS 2019-1, there was a disposal of reperforming loans, which accounted for a sizeable portion of the portfolio's balance. In contrast with the more seasoned outstanding transactions, the more recent transaction, Rathlin, is performing above the servicer's initial expectations with a GCCR of 204.8%.

**Exhibit 25** Cumulative Gross Collections vs. Servicers' Initial Business Plan
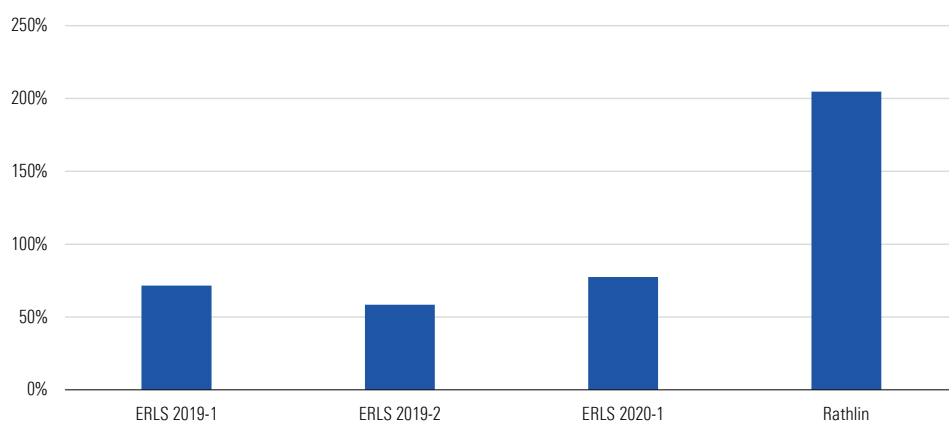


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Unlike other European NPL securitisations, the structure of Irish NPL transactions does not envisage the existence of performance-related interest subordination triggers. However, such triggers are not required as the interest payments of mezzanine and junior notes are already subordinated since closing to the full principal repayment of the more senior class of notes. In addition, there are note-specific reserves funded at closing for mezzanine and junior notes, also an unusual feature in other jurisdictions.

In terms of the workout process, different from other NPL transactions, portfolio recoveries also include collections deriving from interest and principal payments on reperforming loans. The relevance of each type of gross proceed varies at the transaction level. The recovery strategy is implemented through a combination of property liquidations and scheduled payments/redemptions.

The sale of reperforming loans that are part of the securitised pool is a common practice and one of the main strategies underlying the business plans prepared by the servicers. These sales have, inter alia, minimum sale price thresholds agreed in the transaction documentation since closing. Among the transactions covered in this report, only ERLS 2019-1 has had such a sale, but this mechanism was also used in previously rated transactions that are now discontinued. For ERLS 2019-2, ERLS

2020-1, and Rathlin, we have not seen any sales of reperforming loans, but we will keep monitoring future portfolio sales as well as their impact on performance and future expectations.

The analysis of the actual collections classification below excludes the most recent transaction, Rathlin, as this data is currently not yet available.

**Exhibit 26** Gross Collections Breakdown by Recovery Type
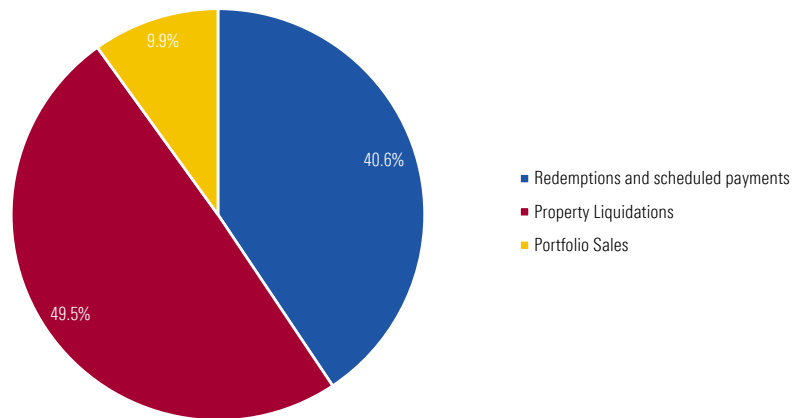


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

**Exhibit 27** Gross Collections Breakdown by Recovery Type
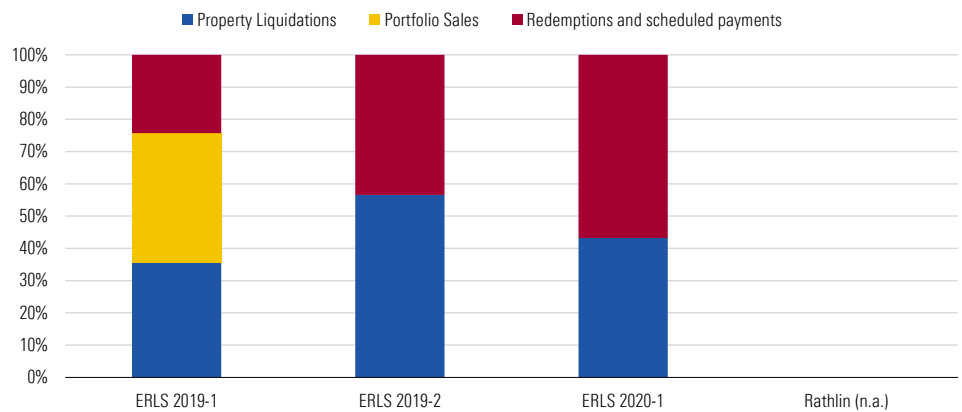


N.B. Rathlin information is not currently available.
Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

**Performance Evolution**

Based on the latest information received from the servicers, we reviewed the current performance and compared it with the last two years, where possible.

**Exhibit 28** Gross Cumulative Collection Ratio as of the Latest Collection Date vs. One and Two Years Ago
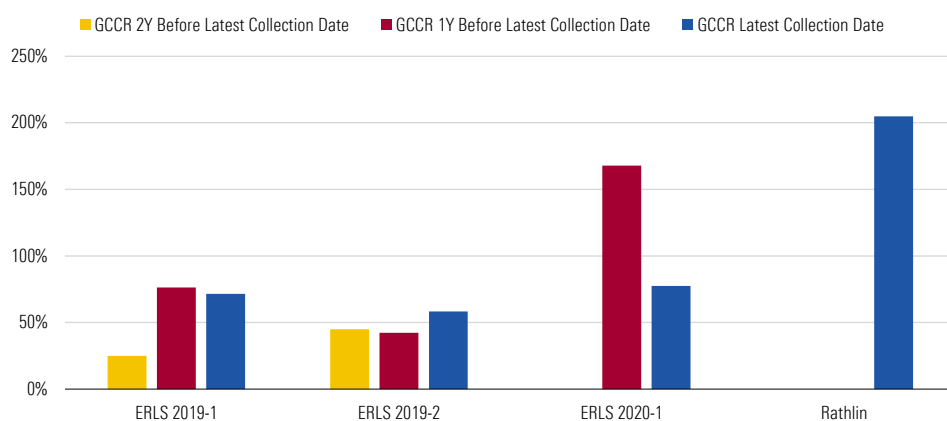


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Measured by GCCR, ERLS 2019-2's performance has improved during the last 12 months. The transaction now has a GCCR of 58.4%, slightly higher than the level observed a year ago at 42.2% and also two years ago at 44.9%.

ERLS 2019-1 and ERLS 2020-1 have performed worse in the last 12 months. The transactions' GCCR was 76.3% and 167.9%, respectively, a year ago and are now at 71.6% and 77.4%, respectively, so their performance has deteriorated during the last 12 months, more drastically for ERLS 2020-1. For the latter, looking at the evolution of actual collections, there is no sign of relevant drops in any categories, so the source of the performance degradation seems to be linked to an increasingly demanding business plan, which foresaw an uptick in collections but which the actual workout has not been able to reach in the last few months. The relevant increase in ERLS 2019-1 between one year ago and two years ago was significantly influenced by the aforementioned sale of the reperforming loan portion of the portfolio.

**Updated Business Plans**

DBRS Morningstar has not received an updated business plans for these transactions since their issuance as, in the transaction documents, there is no provision for the servicers to deliver periodic updates to the business plan, unlike what is standard in other jurisdictions.

**Cyprus**

The Cypriot NPL stock on bank' balance sheets has continued to reduce during the last 12 months and, as at Q1 2022, was approximately EUR 1.3 billion[13] compared with EUR 3.1 billion at Q1 2021. DBRS Morningstar also observed a drastically improved NPL ratio of 3.9% compared with the ratio of 10.9% observed one year ago, now much closer to the average European level of 1.9%.

**Macroeconomic Scenario**

Moving similarly to the European Union (EU) average, Cyprus experienced a negative GDP growth rate of 5.0% in 2020 and reverted to a positive GDP growth of 5.5% in 2021[14]. Our baseline expectation for 2022 (as of June 2022) is a GDP growth rate of 3.4%. The average unemployment rate was stable, increasing slightly to 7.5% in 2021[15] from 7.6% in 2020, and our baseline expectation is for this to reduce to 6.9% in 2022.

**Exhibit 29** Cypriot House Price Index
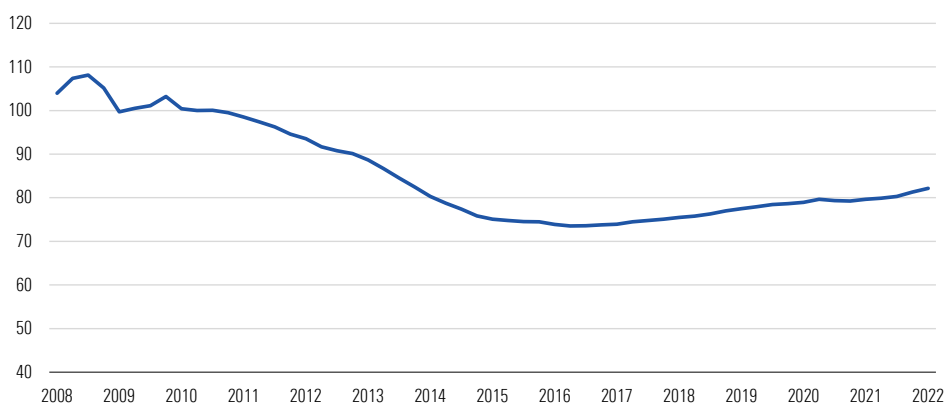


Source: Bank for International Settlements (Index 2010=100).

Consistent with the trend observed over the previous year, the Cypriot house price index increased by 3.2% over the last 12 months.

On 8 April 2022, DBRS Morningstar upgraded its sovereign rating on the Republic of Cyprus to BBB from BBB (low) and changed the trend to Stable from Positive.

**Transaction Performance Overview**

To date, we have assigned public ratings to one Cypriot NPL securitisation, Hestia, in December 2021.

Based on the most recent information available, the transaction is currently underperforming compared with the servicer's initial expectations, with a GCCR at 51.7%. There is no information available about the transaction's net collections performance.

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13 Source: EBA Risk Dashboard Q1 2022.
14 Source: World Bank.
15 Source: World Bank.

**Exhibit 30** Cumulative Gross Collections vs. Servicers' Initial Business Plan
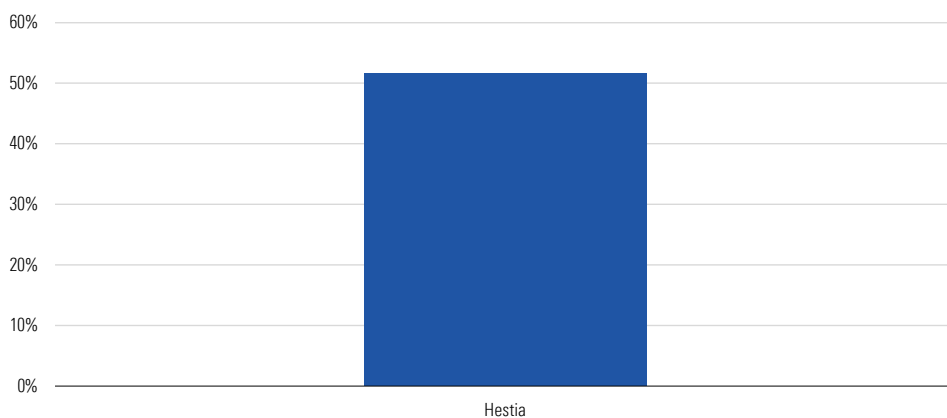


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Unlike in other European NPL securitisations, for Hestia, the mezzanine note subordination depends on a "cash sweep event", which is triggered by the comparison between actual collections and a predetermined schedule.

Thus far, the cash sweep event has occurred; therefore, there is no leakage of funds away from the senior notes.

**Performance Evolution**
It is too soon to have meaningful data about this transaction's performance trend.

**Updated Business Plans**
DBRS Morningstar has not received an updated business plan for this transaction. According to the transaction documents, an annual update of the business plan is required from the servicer, but it is not due yet as less than a year has elapsed since the closing of the transaction.

## UK

### Macroeconomic Scenario

The UK experienced a negative GDP growth rate of 9.3% in 2020 and a positive growth rate of 7.4% in 2021[16]. Our baseline expectation for 2022 (as of June 2022) is a GDP growth rate of 3.7%. The average unemployment rate remained stable at 4.6% in 2020 and 4.5% in 2021[17] and our baseline expectation is for this to reduce to 3.9% in 2022.

**Exhibit 31** UK House Price Index
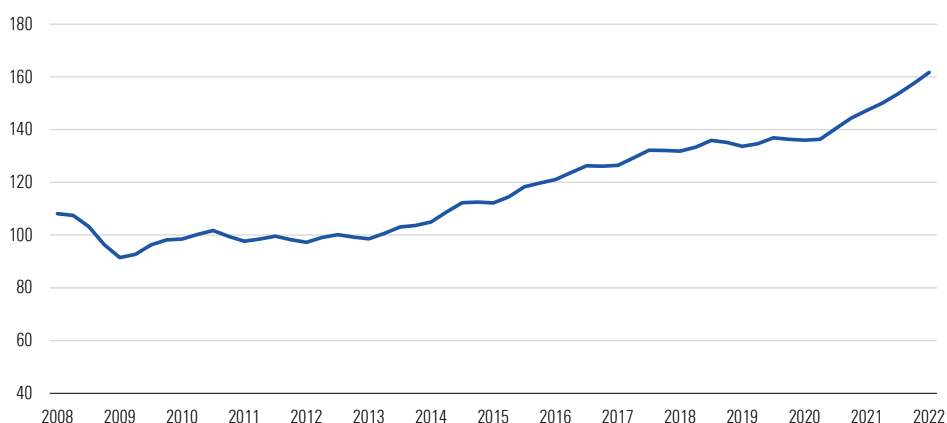


Source: Bank for International Settlements (Index 2010=100).

Consistent with the trend observed over the previous year, the UK house price index increased by 9.8% over the last 12 months.

On 13 May 2022, DBRS Morningstar confirmed its sovereign rating on the United Kingdom of Great Britain and Northern Ireland at AA (high) with a Stable trend.

### Transaction Performance Overview

To date, we have assigned public ratings to one UK NPL securitisation, Wolf, in April 2022.

Based on the most recent information available, the transaction is currently overperforming compared with the servicer's initial expectations, with a GCCR at 110.5%. There is no information available about the transaction's net collections performance but, given the nature of this transaction (fully reperforming restructured loans), the servicer's fees and expenses are relatively very low.

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16 Source: OECD.
17 Source: OECD.

**Exhibit 32** Cumulative Gross Collections vs. Servicers' Initial Business Plan
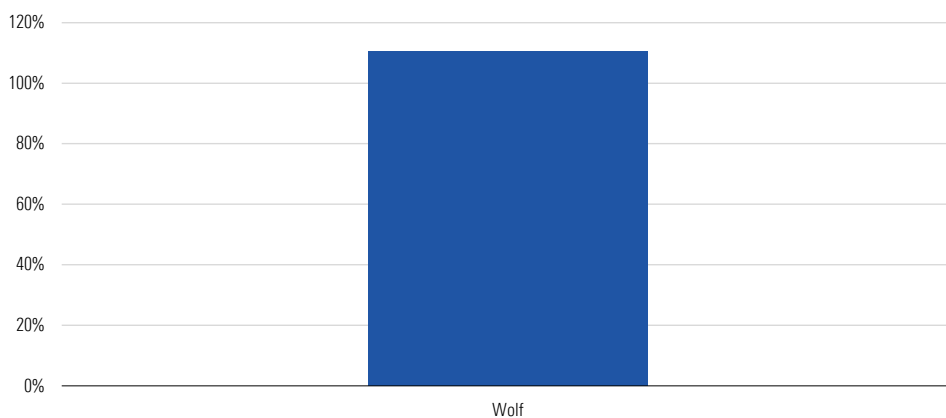


Source: DBRS Morningstar, transaction documentation, and information provided by the special servicers.

Similar to other European NPL securitisations, for Wolf, the mezzanine note subordination depends on the CCR with a trigger level at 90%. So far, the interest subordination trigger has not been breached and mezzanine interest is being paid ahead of senior class principal. Additionally, a portion of the servicing fee could be deferred; the fee deferral mechanism includes a trigger level calculated by a formula that integrates the CCR. So far, servicing fees are paid in full.

**Performance Evolution**

It is too soon to have meaningful data about the transaction's performance trend.

**Updated Business Plans**

DBRS Morningstar has not received an updated business plan for this transaction. According to the transaction documents, an annual update of the business plan is required from the servicer, but it is not due yet as less than a year has elapsed since the closing of the transaction.

**European NPL Transactions: Current Outlook and Expectations on Future Developments**

In addition to the differences generally observed among European NPL transactions (such as structural features, collateral characteristics, recovery strategy, and actual performance), over the last 2.5 years, we also had the opportunity to closely monitor the evolution of the NPL sector and the transactions' level of resilience in the context of a distressed market environment.

Most of the European NPL transactions experienced some form of disruption as a consequence of the coronavirus pandemic, but the performance deterioration observed during the early periods of restrictive social measures and lockdowns has either slowed down or reversed over the last few months. The full rollout of the vaccination program and the gradual reduction of the backlog, which was affecting the legal systems at a local level, have allowed the servicers to restore the ordinary implementation of their judicial strategies. Along with this, governments' timely interventions may have abated and to some extent halted the expected rise in NPLs across Europe due to the pandemic-induced volatility.

Transactions closed after the start of the pandemic have generally exhibited a positive performance compared with servicers' initial expectations (due to servicers' more conservative views on recovery assumptions and the good performance of the residential housing market, among others), increasing their resilience to potential adverse future events.

The current expectation of an economic slowdown, mainly driven by an inflationary environment and increasing interest rates, poses a risk to the short- and medium-term performance of DBRS Morningstar-rated NPL transactions. In addition to the macroeconomic effects on borrowers' financial situation (such as the rising cost of living), increasing interest rates would also affect the floating coupons on the rated notes and may at some point even reach the strike rates of the hedging mechanisms that are normally in place to cover interest rate risk. For transactions experiencing severe underperformance, rated notes could become underhedged as their amortisation has been slower than initially anticipated as reflected in the notional balance schedules of the hedging mechanisms.

In the coming months, we will continue to closely monitor the reported performance of European NPL transactions to assess the effects of the macroeconomic developments on local economies and real estate markets with exposure to NPL transactions.

# Appendix

### Appendix 1 – Italian NPL Transactions Publicly Rated by DBRS Morningstar

| Transaction Short Name | Pop Bari 2016 | Brisca | Fino 1 | Pop Bari 2017 | Siena NPL | Aragorn | 4 Mori | 2 Worlds | Maggese | Juno 1 | Maior | Ibla | BCC NPLS 2018-2 | Belvedere | Leviticus | Juno 2 | Marathon | ISEO | Futura | Pop NPLs 2019 | BCC NPLS 2019 | Diana | Buonconsiglio 3 | Yoda | POP NPLS 2020 | Titan | Sirio | Aurelia | Palatino | Buonconsiglio 4 | Grogu | Ortles | Penelope | Pop 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Closing Date (mm/dd/yyyy) | 8/12/2016 | 7/5/2017 | 7/31/2017 | 12/5/2017 | 5/10/2018 | 6/14/2018 | 6/22/2018 | 6/25/2018 | 7/26/2018 | 7/26/2018 | 8/1/2018 | 9/19/2018 | 12/20/2018 | 12/21/2018 | 2/6/2019 | 2/8/2019 | 12/5/2019 | 12/16/2019 | 12/16/2019 | 12/18/2019 | 12/19/2019 | 6/17/2020 | 12/14/2020 | 12/18/2020 | 12/23/2020 | 12/28/2020 | 1/15/2021 | 6/22/2021 | 6/25/2021 | 12/14/2021 | 12/15/2021 | 12/17/2021 | 12/29/2021 | 12/23/2021 |
| Country | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy | Italy |
| GBV (EUR mm) | 479.89 | 937.93 | 5,376.01 | 319.83 | 24,071.82 | 1,670.57 | 1,044.64 | 1,001.65 | 697.18 | 956.51 | 2,748.77 | 348.60 | 2,004.31 | 2,540.60 | 7,384.79 | 968.20 | 5,027.51 | 857.58 | 1,255.61 | 826.66 | 1,324.53 | 999.72 | 679.05 | 6,033.17 | 919.90 | 335.35 | 1,228.10 | 1,509.51 | 865.27 | 578.72 | 3,076.54 | 1,834.28 | 9,724.49 | 790.48 |
| Number of properties | 1,402 | N.A. | 26,913 | N.A. | 48,523 | 13,601 | 5,154 | 2,506 | 1,070 | 3,428 | 24,980 | 2,437 | 12,820 | 11,408 | N.A. | N.A. | N/A | 11,531 | 3,254 | 5,385 | 13,242 | 8,990 | 4,743 | 28,354 | 7,246 | 247 | 13,345 | 6,530 | 8,503 | 6,892 | 22,121 | 8,887 | 69,834 | 6,380 |
| Number of Loans | 2,514 | 6,545 | 63,172 | 4,296 | 547,893 | 8,232 | 25,080 | 13,572 | 2,855 | 5,313 | 24,430 | 4,867 | 22,041 | 31,266 | 49,397 | 3,609 | 412,795 | 8,537 | 16,152 | 16,718 | 15,944 | 4,813 | 6,528 | 74,312 | 8,128 | 939 | 22,471 | 10,411 | 5,559 | 9,001 | 51,618 | 33,448 | 119,802 | 10,809 |
| Number of Borrowers | 915 | 2,069 | 20,295 | 1,467 | 80,050 | 4,161 | 11,068 | 4,006 | 739 | 1,313 | 11,681 | 1,610 | 10,089 | 13,678 | 19,755 | N.A. | N.A. | 6,401 | 9,639 | 6,633 | 8,596 | 2,981 | 3,674 | 22,282 | 3,978 | 668 | 14,313 | 3,304 | 2,188 | 4,809 | 9,734 | 13,510 | 38,310 | 6,016 |
| Name of Originating Bank/Seller | Banca Popolare di Bari S.c.p.A. | Gruppo Banca Carige | Unicredit S.p.A. | Banca Popolare di Bari S.c.p.A. | BMPS (Banca Monte dei Paschi) | Credito Valtellinese S.p.A. & Credito Siciliano S.p.A. | Banco di Sardegna S.p.A. | Banco Desio & Banca Popolare di Spoleto | Cassa di Risparmio di Asti & di Biella e Vercelli | Banca Nazionale del Lavoro S.p.A. | Unione di Banche Italiane, IWBank S.p.A., & UBI | Banca Agricola Popolare di Ragusa S.C.p.A. | Secondary Issuance (73 Italian Banks) | Secondary issuance (Multiple banks) | Banco BPM | Banca Nazionale del Lavoro S.p.A. | Secondary Issuance (18 Banks) | UBI Banca | Secondary issuance (53 Italian Banks) | Secondary Issuance (12 Italian Banks) | Secondary Issuance (68 Italian Banks) | Banca Popolare di Sondrio S.C.p.A. (BPS) | Multi originator | Intesa Sanpaolo S.p.A | Multi Originator | Alba Leasing S.p.A. | Unione di Banche Italiane S.p.A. | Banco BPM S.p.A. (BPM) | Multi originator | Multioriginator, different Italian Banks | Intesa Sanpaolo S.p.A. | Crédit Agricole Italia S.p.A., Crédit Agricole FriulAdria S.p.A. and Credito Valtellinese S.p.A. | Intesa Sanpaolo S.p.A. | 12 Italian Banks |
| Name of servicer | Prelios Credit Servicing S.p.A. | Prelios Credit Servicing S.p.A. | doBank S.p.A. | Prelios Credit Servicing S.p.A. | Credito Fondiario, Italfondiario, Juliet, Prelios | Cerved Credit M & Credito Fondiario | Prelios Credit Servicing S.p.A. | Cerved Credit Management | Prelios Credit Servicing S.p.A. | Prelios Credit Servicing S.p.A. | Prelios Credit Servicing S.p.A. | Italfondario S.p.A. | Italfondario S.p.A. | Prelios & Bayview | Credito Fondiario S.p.A. | Prelios Credit Servicing S.p.A. | Hoist Italia | doValue S.p.A. | Guber Banca S.p.A. | Prelios Credit Solutions S.p.A. & Fire S.p.A. | doValue S.p.A. | Prelios Credit Servicing S.p.A. | Guber Banca S.p.A. | Intrum Italy S.p.A. | Credito Fondiario S.p.A.,Fire S.p.A. | Prelios Credit Servicing S.p.A. | Prelios Credit Servicing S.p.A. | CF Liberty Servicing S.p.A. and Credito Fondiario S.p.A. | Credito Fondiario S.p.A. | Prelios Credit Servicing S.p.A. | Intrum Italy S.p.A./Prelios Credit Solutions S.p.A. | doValue S.p.A./Cerved Credit Management S.p.A | Intrum Italy S.p.A. | doValue S.p.A. |
| Issued Under GACS Guidance? | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | No | Yes | No | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes | Yes |
| DBRS Rating - Senior at Issuance | BBB (high) (sf) | BBB (high) (sf) | BBB (high) (sf) | BBB (low) (sf) | BBB (sf) | BBB (low) (sf) | BBB (low) (sf) | BBB (low) (sf) | BBB (low) (sf) | BBB (low) (sf) | BBB (low) (sf) | BBB (low) (sf) | BBB (low) (sf) | BBB (high) (sf) | BBB (sf) | BBB (low) (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (high) (sf) | BBB (sf) | A (low) (sf) | BBB (sf) |
| DBRS Rating - Senior (Current) | CCC (sf) | CCC (sf) | BBB (high) (sf) | CCC (low) (sf) | BB (high) (sf) | CCC (sf) | BB (high) (sf) | CCC (high) (sf) | CCC (sf) | BBB (low) (sf) | BB (sf) | BBB (low) (sf) | BB (high) (sf) | BB (low) (sf) | BB (sf) | BBB (low) (sf) | BBB (sf) | BBB (low) (sf) | BBB (high) (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (high) (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (sf) | BBB (high) (sf) | BBB (sf) | A (low) (sf) | BBB (sf) |
| % GBV - Senior | 26.4% | 28.5% | 12.1% | 25.3% | 30.5% | 22.2% | 28.8% | 24.5% | 14.2% | 22.9% | 24.4% | 23.8% | 19.5% | 21.1% | 5.7% | 20.9% | 26.8% | 23.5% |  |  |  |  | 21.4% | 21.8% | 25.7% | 28.8% | 19.1% | 28.8% | 28.8% | 20.3% | 15.0% | 18.5% | 10.1% | 24.2% |
| Class A size / Servicer GDP | 64.1% | 68.0% | 41.5% | 67.2% | 39.4% | 65.9% | 57.9% | 64.6% | 69.7% | 60.7% | 65.3% | 51.0% | 57.5% | 60.0% | 58.9% | 58.8% | 50.9% | 64.8% | 58.8% | 66.1% | 54.9% | 59.2% | 62.9% | 58.4% | 60.9% | 58.9% | 61.8% | 56.0% | 58.3% | 61.6% | 58.3% | 59.8% | 40.9% | 62.5% |
| HC - Senior | 20.30% | 18.70% | 23.90% | 18.10% | 33.30% | 17.70% | 23.80% | 21.90% | 16.60% | 23.20% | 22.00% | 26.40% | 23.50% | 24.00% | 23.00% | 20.40% | 36.00% | 17.94% | 22.17% | 25.70% | 23.35% | 22.13% | -21.35% | -21.80% | -25.73% | -28.76% | -19.08% | -28.76% | -28.76% | 20.40% | 20.67% | 22.48% | 29.74% | 22.04% |
| Class A cash reserve as % of Class A | 3.3% | 4.2% | 5.0% | 4.0% | 3.5% | 5.0% | 5.2% | 4.5% | 4.0% | 4.0% | 4.0% | 7.5% | 3.0% | 4.0% | 4.6% | 4.0% | 3.0% | 4.0% | 4.5% | 4.5% | 3.0% | 4.5% | 4.0% | 4.0% | 4.0% | 5.0% | 4.0% | 4.5% | 4.5% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| DBRS Rating - Mezz at Issuance | B (high) (sf) | B (low) (sf) | BB (high) (sf) | B (low) (sf) | N/R | CCC (sf) | B (sf) | B (low) (sf) | N/R | N/R | N/R | CCC (sf) | CCC (sf) | N/R | N/R | N/R | B (high) (sf) | N/R | N/R | CCC (sf) | CCC (sf) | N/R | N/R | N/R | CCC (sf) | N/R | N/R | N/R | N/R | N/R | N/R | N/R | N/R | N/R |
| DBRS Rating - Mezz (Current) | CC (sf) | CC (sf) | BB (high) (sf) | C (sf) | N/R | CC (sf) | B (low) (sf) | CC (sf) | N/R | N/R | N/R | CCC (sf) | CCC (sf) | N/R | N/R | N/R | BB (low) (sf) | N/R | N/R | CCC (sf) | CCC (sf) | N/R | N/R | N/R | CCC (sf) | N/R | N/R | N/R | N/R | N/R | N/R | N/R | N/R | N/R |
| % GBV - Mezz | 2.9% | 3.3% | 0.6% | 3.2% | 3.5% | 4.0% | 1.2% | 3.0% | 3.5% | 2.7% | 2.2% | 2.6% | 3.0% | 2.8% | 3.0% | 5.0% | 0.7% | 2.9% | 2.9% | 3.0% | 4.0% | 3.5% | 3.1% | 3.5% | 2.7% | 4.5% | 2.8% | 2.6% | 2.7% | 2.9% | 1.2% | 2.2% | 1.5% | 3.2% |
| HC - Mezz | 13.5% | 5.5% | 19.5% | 8.7% | N/R | 0.0% | 15.4% | 10.6% | N/R | N/R | N/R | 0.0% | 0.0% | N/R | N/R | N/R | 27% | N/R | N/R | 0% | 0% | N/R | N/R | N/R | 0% | N/R | N/R | N/R | N/R | N/R | N/A | N/A | N/A | N/A |

**Portfolio Characteristics (% of GBV)**

| Transaction Short Name | Pop Bari 2016 | Brisca | Fino 1 | Pop Bari 2017 | Siena NPL | Aragorn | 4 Mori | 2 Worlds | Maggese | Juno 1 | Maior | Ibla | BCC NPLS 2018-2 | Belvedere | Leviticus | Juno 2 | Marathon | ISEO | Futura | Pop NPLs 2019 | BCC NPLS 2019 | Diana | Buonconsiglio 3 | Yoda | POP NPLS 2020 | Titan | Sirio | Aurelia | Palatino | Buonconsiglio 4 | Grogu | Ortles | Penelope | Pop 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Secured | 51.4% | 60.9% | 49.5% | 51.5% | 51.0% | 73.7% | 49.9% | 58.1% | 57.4% | 34.8% | 39.9% | 87.2% | 70.9% | 42.9% | 62.0% | 57.7% | 0.0% | 91.9% | 43.6% | 56.0% | 73.0% | 64.7% | 72.2% | 51.1% | 64.3% | 90.5% | 53.7% | 44.4% | 79.9% | 60.2% | 54.3% | 49.0% | 75.1% | 53.7% |
| >1st Lien | 12.0% | 6.9% | 2.4% | 4.6% | 6.8% | 8.1% | 3.0% | 13.5% | 5.9% | 2.7% | 6.7% | 7.9% | 0.9% | 8.4% | 4.9% | 3.0% |  | 3.6% | 8.2% | 2.6% | 7.8% | 3.1% | 3.9% | 2.3% | 4.1% | 0.0% | 6.1% | 5.9% | 18.7% | 6.3% | 3.6% | 4.1% | 0.6% | 5.7% |
| Unsecured | 36.6% | 32.2% | 48.1% | 43.9% | 42.2% | 18.3% | 47.1% | 28.4% | 36.7% | 62.5% | 53.4% | 4.9% | 29.1% | 48.7% | 33.1% | 39.3% | 100.0% | 4.5% | 48.2% | 41.4% | 19.2% | 35.3% | 24.0% | 46.6% | 31.6% | 9.5% | 40.2% | 49.7% | 1.4% | 39.7% | 45.7% | 51.0% | 24.9% | 46.3% |
| Of Unsecured, Promissary Notes or ODA |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 19.6% |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Individual borrower | 19.4% | 27.8% | 7.0% | 11.1% | 19.0% | 10.0% | 23.2% | 27.1% | 19.1% | 1.1% | 16.7% | 25.9% | 14.3% | 12.0% | 14.7% | 7.7% | 57.4% | 99.5% | 22.0% | 22.7% | 20.7% | 21.5% | 73.6% | 10.6% | 25.3% | 0.6% | 7.0% | 12.1% | 27.3% | 26.8% | 18.8% | 25.3% | 24.8% | 31.6% |
| Corporate /SME Borrower | 80.6% | 72.2% | 93.0% | 88.9% | 81.0% | 90.0% | 76.8% | 72.9% | 80.9% | 98.9% | 83.3% | 74.1% | 85.7% | 88.0% | 85.3% | 92.3% | 42.6% | 0.5% | 78.0% | 72.2% | 79.3% | 78.5% | 26.4% | 89.4% | 74.7% | 99.4% | 93.0% | 87.9% | 72.7% | 73.2% | 81.2% | 74.7% | 75.2% | 68.4% |
| Joint ownership |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5.0% |  |  |  |  |  |  |  |  |  |  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

**Portfolio Characteristics (% of OMV)**

| Transaction Short Name | Pop Bari 2016 | Brisca | Fino 1 | Pop Bari 2017 | Siena NPL | Aragorn | 4 Mori | 2 Worlds | Maggese | Juno 1 | Maior | Ibla | BCC NPLS 2018-2 | Belvedere | Leviticus | Juno 2 | Marathon | ISEO | Futura | Pop NPLs 2019 | BCC NPLS 2019 | Diana | Buonconsiglio 3 | Yoda | POP NPLS 2020 | Titan | Sirio | Aurelia | Palatino | Buonconsiglio 4 | Grogu | Ortles | Penelope | Pop 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Top Region | Abruzzo (32.4%) | Liguria (37.1%) | Lazio (15.6%) | Abruzzo (31.1%) | Toscana (17.8%) | Lombardia (46.2%) | Sardegna (87.0%) | Umbria (39.0%) | Piemonte (76.07%) | Veneto (17.0%) | Lombardia (43.5%) | Sicilia (99.3%) | Marche (20.1%) | Lombardia (27.3%) | Lombardia (38.8%) | Lazio (21.0%) | Lombardia (23.7%) | Lombardia (37.1%) | Lombardia (17.5%) | N/A | Tuscany (20.0%) | Lombardy (74.5%) | Veneto (24.3%) | Lombardy (16.1%) | N/A | Lombardy (25.2%) | Lombardy (38.2%) | Lombardy (36.9%) | Liguria (20.2%) | N/A | N/A | Emilia Romagna (26.0%) | N/A | Lombardy (40.0%) |
| North | 8.5% | 71.6% | 39.2% | 18.0% | 31.7% | 58.0% | 1.6% | 44.5% | 97.5% | 51.2% | 58.8% | 0.5% | 32.7% | 49.0% | 72.5% | 35.5% | 45.1% (1) | 52.3% | 68.4% | 22.2% | 42.7% | 84.4% | 64.2% | 44.7% | 61.8% | 71.8% | 53.8% | 69.2% | 53.7% | 42.0% | 43.3% | 66.9% | 54.0% | 5.7% |
| Centre | 24.7% | 19.2% | 26.2% | 18.0% | 32.6% | 19.0% | 11.3% | 53.9% | 0.3% | 22.0% | 20.8% | 0.2% | 40.3% | 24.0% | 19.1% | 34.2% | 25.9% (1) | 18.7% | 12.3% | 8.6% | 37.3% | 9.4% | 20.8% | 27.8% | 12.7% | 16.2% | 24.6% | 22.5% | 24.2% | 41.9% | 41.6% | 17.8% | 24.6% | 46.3% |
| South & Island | 65.9% | 9.2% | 34.5% | 64.0% | 35.7% | 23.0% | 87.1% | 1.6% | 2.2% | 21.4% | 20.4% | 99.3% | 27.0% | 27.0% | 8.4% | 30.3% | 29.0% (1) | 29.0% | 11.1% | 69.2% | 20.0% | 6.2% | 15.0% | 25.6% | 25.5% | 12.0% | 21.5% | 8.4% | 20.9% | 16.1% | 15.1% | 15.3% | 24.6% |  |
| Info NA |  |  |  |  |  |  |  |  |  | 5.5% |  |  |  |  |  |  |  |  | 8.2% |  |  |  |  | 1.8% |  |  |  |  | 1.2% | 0.0% | 0.0% | 0.0% | 0.0% | 31.6% |
| Residential | 45.1% | 57.5% | 51.9% | 41.2% | 37.4% | 43.8% | 49.8% | 41.1% | 47.0% | 26.4% | 57.2% | 50.0% (1) | 37.5% | 53.0% | 40.0% | 34.5% | NA | 88.7% | 47.0% | 54.0% | 44.2% | 44.4% | 33.8% | 37.5% | 47.2% | 0.9% | 38.9% | 43.0% | 59.0% | 52.2% | 44.5% | 44.0% | 56.4% | 48.9% |
| Commercial | 45.7% | 25.9% | 42.6% | 43.1% | 36.2% | 37.0% | 36.4% | 37.9% | 37.6% | 47.1% | 31.2% | 25.0% (1) | 31.0% | 30.0% | 15.7% | 35.1% | NA | 3.3% | 33.5% | 28.4% | 34.2% | 33.0% | 47.7% | 55.9% | 31.8% | 96.9% | 46.0% | 41.2% | 26.1% | 30.3% | 45.5% | 32.4% | 41.5% | 34.3% |
| Land | 5.0% | 8.4% | 5.5% | 11.4% | 9.0% | 10.8% | 6.5% | 5.3% | 9.3% | 13.8% | 7.8% | 9.0% (1) | 23.3% | 12.0% | 15.6% | 10.1% | NA | ND | 13.9% | 6.6% | 13.7% | 11.8% | 15.4% | 5.6% | 10.2% | 0.8% | 9.0% | 9.5% | 10.6% | 9.7% | 7.6% | 16.9% | 2.0% | 8.3% |
| Other | 4.2% | 8.2% | 0.0% | 4.3% | 17.4% | 8.4% | 7.4% | 15.7% | 6.1% | 12.7% | 3.8% | 16.0% (1) | 8.2% | 5.0% | 28.7% | 20.2% | NA | 8.0% | 6.6% | 11.1% | 7.9% | 10.8% | 3.1% | 1.0% | 10.9% | 1.4% | 6.1% | 6.3% | 4.3% | 7.9% | 2.4% | 6.7% | 0.1% | 8.5% |

(1) %s calculated on GBV

**Subordination Triggers**

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cumulative Collection Ratio | <90% | <90% | <70%, <75% | NC | <50% | <100% (1st yr), <90% thereafter | <90% | <85% | <90% | <85% | <90% | <=85% | <=80% | <90%, <75% | <70% | <85% | <80% | <90% | <100% | <90% | <90% | <90% | <90% | <90% | <90% | <90% | <90% | <100% | <90% | <90% | <90% | <90% | <90% | |
| NPV Cumulative Profitability Ratio | <90% | <90% | NC | <90% | NC | <100% (1st yr), <90% thereafter | <90% | <85% | <90% | <85% | <90% | <=85% | <=80% | <90%, <75% | <70% | <85% | NC | <90% | <100% | <90% | <90% | <90% | <90% | <90% | <90% | <90% | <100% | <90% | <85% | <90% | <90% | <90% | <90% | |
| Subordination event refers to.. | Class B int | Class B int | Class B & C Int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Servicer Fees | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int | Class B int and Servicer Fees | Class B int | Class B int | Class B int | Class B int | Class B int | | |
| Discount rate used in NPV calculation | 3.50% | 3.50% | N/A | 3.50% | N/A | 3.50% | 8.20% | 5.10% | 3.50% | 5.00% | 5.00% | 10.00% | 3.50% | 3.50% | 5.14% | 4.00% | N/A | 4.75% | 4.00% | 5.00% | 3.50% | 5.00% | 5.00% | N/A | 5.50% | 6.00% | 5.00% | 5.50% | 6.00% | | | | | |
| Servicer GDP/GBV | 41.10% | 41.90% | 29.16% | 37.63% | 30.76% | 46.28% | 38.39% | 44.60% | 35.15% | 23.42% | 35.07% | 47.86% | 41.50% | 21.00% | 33.13% | 35.81% | 11.20% | 60.30% | 21.42% | 31.65% | 48.83% | 39.69% | 36.04% | 28.65% | 43.14% | 45.80% | 38.18% | 40.47% | 26.75% | 33.00% | 25.67% | 31.00% | 24.73% | 38.67% |
| DBRS - Class A GDP/GBV | 32.74% | 34.09% | 21.55% | 30.80% | 20.52% | 38.06% | 29.40% | 34.78% | 28.95% | 17.97% | 27.36% | 35.21% | 31.74% | 15.97% | 25.46% | 28.51% | 7.17% | 49.49% | 16.24% | 23.51% | 37.43% | 30.90% | 28.34% | 22.40% | 32.04% | 32.63% | 30.90% | 31.30% | 21.65% | 26.27% | 20.36% | 24.03% | 17.37% | 30.15% |
| Servicer GDP/OMV | 45.74% | 36.33% | 42.72% | 57.33% | 39.50% | 45.83% | 39.88% | 63.12% | 48.75% | 41.45% | 33.13% | 56.30% | 34.90% | 44.81% | 45.60% | 44.33% | NA | 63.35% | 50.04% | 51.19% (2) | 38.69% | 44.78% | 32.82% | 43.64% | 54.17% | 65.07% | 34.99% | 67.48% | 32.82% (2) | 33.88% | 34.03% | 65.84% | 36.39% | 49.84% |
| DBRS - Class A GDP/OMV | 36.43% | 29.55% | 31.57% | 46.91% | 26.36% | 37.69% | 30.54% | 49.23% | 40.14% | 31.81% | 25.84% | 41.43% | 26.70% | 34.08% | 35.04% | 35.29% | NA | 51.98% | 37.94% | 38.03% (2) | 29.65% | 34.87% | 25.82% | 34.12% | 40.23% | 46.36% | 28.32% | 52.19% | 26.56% (2) | 26.97% | 27.00% | 51.03% | 25.57% | 38.85% |
| WAL of BP | 4.90 | 3.67 | 4.05 | 3.98 | 4.03 | 5.27 | 4.50 | 3.79 | 3.44 | 4.63 | 3.85 | 4.25 | 4.90 | 3.49 | 4.18 | 4.82 | 3.89 | 4.68 | 3.71 | 5.40 | 6.22 | 4.4 | 5.66 | 3.58 | 4.83 | 6.00 | 3.10 | 4.72 | 4.1 | 5.02 | 4.39 | 4.72 | 2.77 | 5.80 |

(2) % calculated on first lien value

**Appendix 2 – Other EU NPL Transactions Publicly Rated by DBRS Morningstar**

| Transaction Short Name | ERLS 2016-1 | ERLS 2017-NPL1 | Evora | Grand Canal 2 | ERLS 2018-1 | Guincho | Gaia | ERLS 2019-NPL1 | Prosil | ERLS 2019-NPL2 | ERLS 2020-NPL1 | Retiro | Scalabis STC S.A. | Rathlin Residential 2021-1 DAC | Boson | Hestia | Wolf |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Closing Date (mm/dd/yyyy) | 12/1/2016 | 4/28/2017 | 11/2/2017 | 11/30/2017 | 3/21/2018 | 15/11/2018 | 4/4/2019 | 7/19/2019 | 7/29/2019 | 11/20/2019 | 11/20/2020 | 3/31/2021 | 8/13/2021 | 10/28/2021 | 12/9/2021 | 12/10/2021 | 4/22/2022 |
| Country | Ireland | Ireland | Portugal | Ireland | Ireland | Portugal | Portugal | Ireland | Spain | Ireland | Ireland | Spain | Portugal | Ireland | Spain | Cyprus | United Kingdom |
| GBV (EUR mm) | 536.48 | 419.82 | 580.57 | 517.67 | 356.09 | 480.75 | 234.29 | 455.90 | 494.71 | 1338.34 | 381.80 | 678.40 | 1896.33 | 645.66 | 626.83 | 2201.28 | 315.40 |
| Number of Loans | 2,745 | 1,228 | 20,169 | 2,381 | 1,940 | 7,472 | 9,791 | 1,342 | 2,924 | 6,921 | 1,753 | 3,634 | 131,466 | 3,364 | 5,566 | 36,861 | 356,927 |
| Number of Borrowers | 2,511 | 1,228 | 9,351 | 2,315 | 1,788 | 2,455 | 4,139 | 1,342 | 2,612 | 5,243 | N/A | N/A | 68,225 | 2,634 | n.a. | 6,016 | 357,102 |
| Name of Originating Bank | Irish Nationwide Building Society (INBS) | Bank of Scotland (Ireland) Limited, Start Mortgages DAC, NUA Mortgages Limited | Caixa Economica Montepio Geral | INBS and Springboard Mortgages Limited (Springboard) | INBS | Banco Santander Totta, S.A. | Caixa Económica Montepio Geral, Caixa Económica Bancária, S.A. (Montepio) | Permanent TSB Plc | Abanca Corporación Bancaria, S.A. and Abanca Corporación División Inmobiliaria S.L. | Permanent TSB Plc | Permanent TSB Plc | Multiple originators | LX Investment Partners II S.A.R.L. and LX Investment Partners III S.A.R.L. | Ulster Bank Ireland DAC | Banco de Sabadell S.A. | Bank of Cyprus | Lowell Portfolio 1 Limited |
| Name of servicer | Start Mortgages/ Hudson Advisors | Start Mortgages/ Hudson Advisors | Whitestar / HipoGes | Mars Capital Finance / Acenden | Start Mortgages/ Hudson Advisors | Whitestar / HipoGes | Altamira | Start Mortgages/ Hudson Advisors | HipoGes | Start Mortgages/ Computershare | Start Mortgages/ Hudson Advisors | Redwood MS Limited (prev. Mars Capital), VicAsset Holdings, RTA Management | Algebra Capital Lda | Pepper Asset Servicing (PAS) | Servihabitat Servicios Inmobiliarios, S.L.U. | Themis Portfolio Management Limited | Lowell Financial Limited |
| DBRS Morningstar Rating - Senior | A (sf) | A (sf) | BBB (sf) | A (sf) | A (sf) | BBB (low) (sf) | BBB (low) (sf) | A (sf) | BBB (low) (sf) | A (sf) | A (sf) | A (sf) | BBB (sf) | A (low) (sf) | A (low) (sf) | BBB (low) (sf) | A (sf) |
| DBRS Morningstar Rating - Senior (Current) | Discontinued | Discontinued | Disc (Repaid) | Disc (Repaid) | Discontinued | A (sf) | Disc (Repaid) | A (sf) | BB (high) (sf) | A (sf) | A (sf) | A (sf) | BBB (sf) | A (low) (sf) | A (low) (sf) | BBB (low) (sf) | A (sf) |
| % GBV - Senior | 50.80% | 43.50% | 21.20% | 44.60% | 60.50% | 17.50% | 20.30% | 44.30% | 34.40% | 46.40% | 40.20% | 38.30% | 4.22% | 49.30% | 31.91% | 21.58% | 31.90% |
| Class A size / Servicer GDP | N/A | N/A | 56.20% | 51.40% | 52.10% | 53.80% | 45.10% | 46.60% | 52.30% | 56.70% | 50.50% | 41.20% | 44.06% | 57.40% | 40.79% | 44.04% | 51.71% |
| HC - Senior | N/A | N/A | 23.60% | 31.70% | 26.70% | 30.00% | 36.40% | 47.30% | 29.90% | 39.90% | 48.70% | 44.20% | 40.31% | 23.61% | 38.22% | 33.06% | 37.52% |
| Class A cash reserve as % of Class A | 3.30% | 4.50% | 3.50% | 3.00% | 3.00% | 3.70% | 4.00% | 6.50% | 4.50% | 4.00% | 5.50% | 5.00% | 3.00% | 4.00% | 5.00% | 4.50% | 4.50% |
| DBRS Morningstar Rating - Mezz at Issuance | BBB (sf) | BBB (sf) | B (low) (sf) | BBB (low) (sf) | BBB (sf) | CCC (sf) | CCC (sf) | BBB (high) (sf) | N/R | BBB (high) (sf) | N/R | BBB (sf) | N/R | BB (sf) | BBB (high) (sf) | NR | NR |
| DBRS Morningstar Rating - Mezz (Current) | Discontinued | Discontinued | Disc (Repaid) | Disc (Repaid) | Discontinued | CCC (sf) | A (sf) | BBB (high) (sf) | N/R | BBB (high) (sf) | N/R | BBB (sf) | N/R | BB (sf) | BBB (high) (sf) | NR | NR |
| % GBV - Mezz | 2.30% | 4.00% | 3.40% | 1.80% | 5.20% | 2.90% | 3.20% | 7.50% | 6.10% | 4.50% | 8.5% | 11.40% | 1.32% | 3.80% | 3.19% | 78.36% | 25.36% |
| HC - Mezz | N/A | N/A | 4.90% | 26.70% | 20.90% | 2.80% | 22.90% | 42.10% | N/A | 35.50% | N/A | 38.90% | N/A | 11.00% | 37.03% | N/A | N/A |

| Portfolio Characteristics (% of GBV) | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Secured | 100.00% | 100.00% | 35.70% | 100.00% | 100.00% | 37.60% | 41.00% | 100.00% | 95.30% | 100.00% | 100.00% | 92.60% | 9.50% | 99.60% | 100.00% | 96.32% | 0.00% |
| >1st Lien | 0.00% | 0.00% | 11.00% | 0.00% | 0.00% | 13.80% | 0.00% | 0.00% | 3.80% | 0.00% | 0.00% | 7.40% | 0.00% | 0.00% | 0.20% | n.a. | 0.00% |
| Unsecured | 0.00% | 0.00% | 53.30% | 0.00% | 0.00% | 48.60% | 59.00% | 0.00% | 0.60% | 0.00% | 0.00% | 0.00% | 90.50% | 0.40% | 0.00% | 3.68% | 100.00% |
| Individual borrower | 100.00% | 100.00% | 35.40% | 100.00% | 100.00% | 18.00% | 49.70% | 100.00% | 66.00% | 100.00% | 100.00% | 66.90% | 31.00% | 100.00% | 97.30% | 54.72% | 100.00% |
| Corporate /SME Borrower | 0.00% | 0.00% | 64.60% | 0.00% | 0.00% | 82.00% | 50.30% | 0.00% | 34.00% | 0.00% | 0.00% | 33.10% | 69.00% | 0.00% | 2.70% | 45.28% | 0.00% |
| Buy To Let % | 13.60% | 2.50% | N.D. | 12.20% | 12.40% | N.D. | N.D. | 2.00% | N.D. | 30.90% | 30.20% | | | N.D. | `7.4% | | |
| % of performing loans | 34.50% | 1.40% | 0.00% | 16.20% | 37.80% | 0.00% | 0.00% | 5.20% | 0.00% | 3.70% | 4.90% | 8.10% | 0.00% | 20.97% | 1.30% | N/A | 0.00% |
| % of Portfolio REO | 15.80% | 10.00% | 0.00% | N.D. | 5.00% | 0.00% | N.D. | 10.00% | N.D. | 2.50% | N.D. | 53.50% | 0.00% | N.D. | 5.42% | .0.00% | |
| Residential | 100.00% | 100.00% | 72.00% | 100.00% | 100.00% | 43.50% | 64.90% | 100.00% | 72.60% | 100.00% | 100.00% | 61.70% | 39.20% | 100.00% | 93.82% | 57.30% | n.a |
| Commercial | 0.00% | 0.00% | 5.00% | 0.00% | 0.00% | 33.50% | 27.00% | 0.00% | 17.60% | 0.00% | 0.00% | 29.00% | 37.00% | 0.00% | 4.31% | 17.20% | n.a |
| Land | 0.00% | 0.00% | 15.00% | 0.00% | 0.00% | 23.00% | 8.10% | 0.00% | 9.80% | 0.00% | 0.00% | 8.70% | 21.90% | 0.00% | 1.60% | 25.50% | n.a |
| Other | 0.00% | 0.00% | 8.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.60% | 1.90% | 0.00% | 0.27% | n.a. | n.a |
| Top Region | Dublin (31.0%) | Dublin (33.1%) | Lisboa (38.9%) | Dublin (19.9%) | Dublin (25.3%) | Lisboa (24.8%) | Lisboa (25.5%) | Dublin (23.6%) | Pontevedra (14.32%) | Dublin (26.9%) | Dublin (26.0%) | Catalonia and the Valencian Community (26.3% and 27.1%) | Lisboa (33.1%) | Dublin (32.5%) | Catalonia (40.8%) | Nicosia (36.3%) | North West (13.9%) |
| WA 6M pay rate (above 3m arrears) | 26.30% | 38.60% | N/A | 35.10% | 28.00% | N/A | N/A | 36.10% | N/A | 34.50% | 36.30% | 15.10% | N/A | 41.50% | N/A | N/A | >80% |
| WA Seasoning | 11.7 | 11 | 10 | 11.4 | 13.1 | N/A | 5 | 12.4 | N/A | 12.8 | 13.6 | N/A | 9.2 | N/A | 13.8 | N/A | 3 |
| WA Remaining Term (years) | 14.62 | 13.6 | N/A | 17.4 | 14.7 | N/A | N/A | 16.1 | N/A | 14.1 | 14.8 | N/A | N/A | 15.4 | 13.7 | N/A | N/A |
| WA Coupon | 4.00% | 1.20% | N/A | 4.00% | 3.90% | N/A | N/A | 3.00% | N/A | 2.50% | 2.40% | N/A | N/A | 1.90% | 2.57% | N/A | N/A |
| % of GBV above 100% LTV | 49.00% | 37.20% | N/A | 57.60% | 34.90% | N/A | N/A | 43.90% | N/A | 43.00% | 50.90% | N/A | N/A | 58.00% | 78.20% | 72.48% | N/A |
| Servicer GDP/GBV | N/A | N/A | 37.70% | 86.70% | 116.00% | 32.50% | 45.00% | 105.30% | 65.80% | 91.80% | 79.70% | 93.10% | 9.60% | 85.80% | 78.23% | 48.99% | 61.68% |
| DBRS Morningstar - Class A GDP/GBV | 91.90% | N/A | 28.10% | 55.10% | 85.10% | 23.00% | 28.60% | 55.20% | 46.10% | 55.20% | 46.20% | 52.00% | 5.70% | 58.90% | 42.66% | 32.80% | 38.54% |
| Servicer GDP/OMV | N/A | N/A | 66.90% | 103.60% | 110.90% | 66.60% | 85.90% | 64.60% | 89.70% | 74.90% | 88.80% | 85.30% | 377.95% | 86.20% | 86.81% | 64.52% | N/A |
| DBRS Morningstar - Class A GDP/OMV | 56.40% | 0.00% | 49.80% | 65.80% | 81.40% | 47.20% | 54.70% | 37.50% | 62.90% | 50.20% | 51.40% | 47.60% | 225.60% | 59.20% | 47.34% | 43.19% | N/A |

## Appendix 3 – Characteristics of Italian Transactions

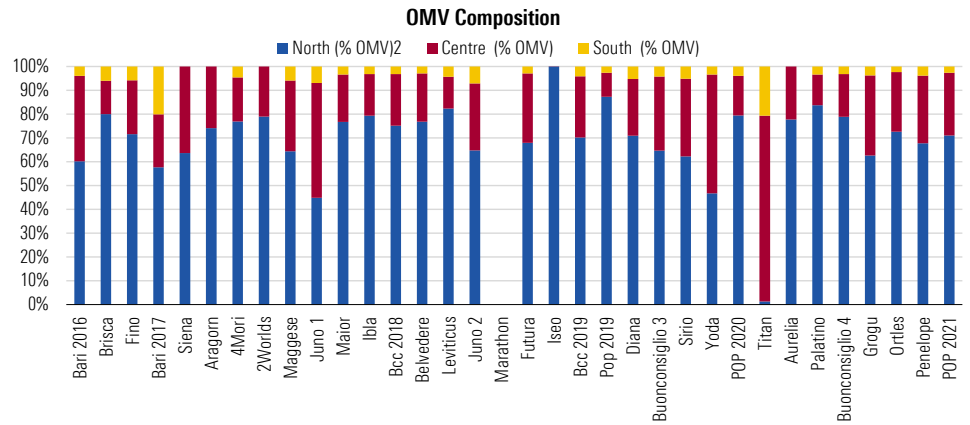**Exhibit 33** Secured/Unsecured
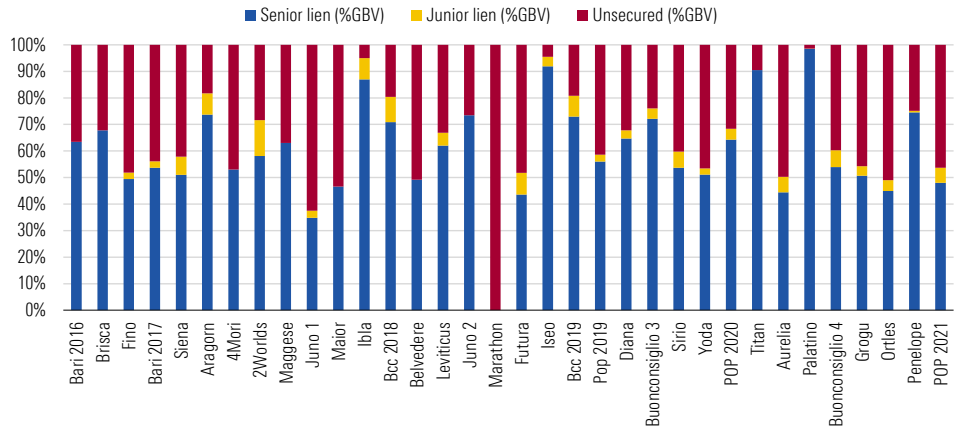


Source: DBRS Morningstar.

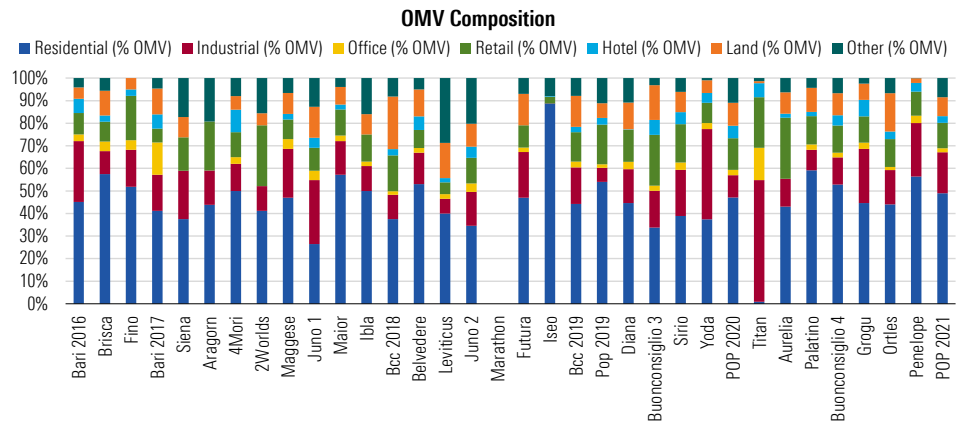**Exhibit 34** Type of Borrower
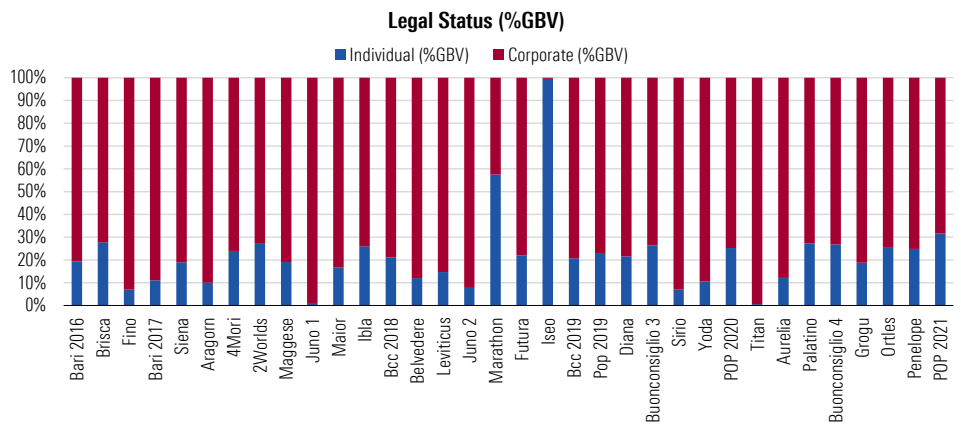


Source: DBRS Morningstar.
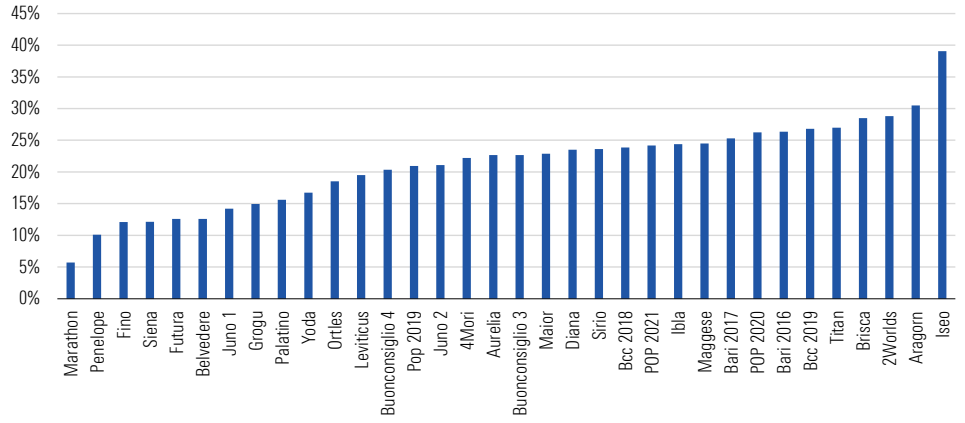
**Exhibit 35** Distribution by Court



N.B.: Marathon is a fully unsecured transaction, so it does not have associated real estate value.
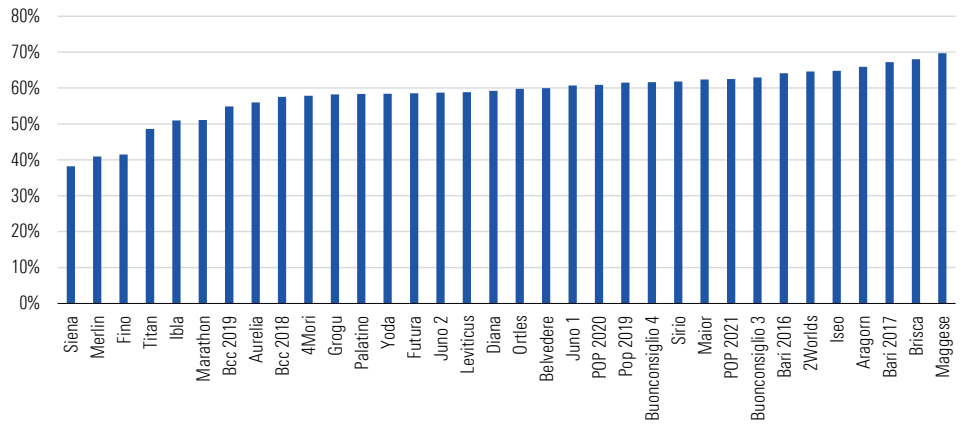Source: DBRS Morningstar.

**Exhibit 36** Property Type



N.B.: Marathon is a fully unsecured transaction, so it does not have associated real estate value.
Source: DBRS Morningstar.

**Exhibit 37** Class A Note to GBV (from lowest to highest)



Source: DBRS Morningstar.

**Exhibit 38** Class A Note to Servicer Initial Business Plan (from lowest to highest)



Source: DBRS Morningstar.

## Appendix 4 – Performance Evolution

**Italy**

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [18] ( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| Popolare Bari NPLS 2016 | 2016 | May-21 | 56.0% | 1: 58%, 2: 21%, 3: 5%, 4: -1%, 5: -12%, 6: -7%, 7: -12%, 8: -28%, 9: -27%, 10: -33%, 11: -36%, 12: -44% |
| Brisca Securitisation S.r.l. | 2017 | May-21 | 76.0% | 1: 47%, 2: 35%, 3: 35%, 4: 24%, 5: 10%, 6: -3%, 7: -9%, 8: -14%, 9: -14%, 10: -24% |
| Fino 1 Securitisation S.r.l. | 2017 | Mar-21 | 91.9% | 1: -13%, 2: -13%, 3: -15%, 4: -14%, 5: -8%, 6: -4%, 7: -4%, 8: -2%, 9: -2%, 10: 0%, 11: -2%, 12: -6%, 13: -6%, 14: -7%, 15: -7%, 16: -8%, 17: -8%, 18: -8%, 19: -8%, 20: -8% |
| Popolare Bari NPLS 2017 | 2017 | Jun-21 | 41.3% | 1: -15%, 2: -31%, 3: -18%, 4: -15%, 5: -29%, 6: -39%, 7: -51%, 8: -55%, 9: -59% |
| Siena NPL 2018 S.r.l. [19] | 2018 | Jun-21 | 78.7% | 1: 0%, 2: 0%, 3: 0%, 4: 0%, 5: 0%, 6: 0%, 7: -2%, 8: 0%, 9: -3%, 10: -5%, 11: -5%, 12: -9%, 13: -11%, 14: -10%, 15: -13%, 16: -19%, 17: -19%, 18: -21% |
| Aragorn NPL 2018 S.r.l. | 2018 | Jun-21 | 57.0% | 1: -32%, 2: -11%, 3: -18%, 4: -49%, 5: -54%, 6: -55%, 7: -49%, 8: -43% |
| 4Mori Sardegna S.r.l. | 2018 | Jun-21 | 58.8% | 1: -3%, 2: -18%, 3: -12%, 4: -19%, 5: -30%, 6: -33%, 7: -39%, 8: -41% |
| 2Worlds S.r.l. | 2018 | Jun-21 | 75.9% | 1: 2%, 2: 0%, 3: -4%, 4: -7%, 5: -15%, 6: -15%, 7: -17%, 8: -24% |

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18 Semannual collection periods except for Fino 1 Securitisation S.r.l., Siena NPL 2018 S.r.l., and Marathon SPV S.r.l. for which figures refer to quarterly collection periods.

19 The figures are based on the business plan delivered in 2020 for the purpose of a transaction amendment. Please note that the actual collections include portfolio proceeds from January 2017 onwards, while the cut-off date relevant to the securitisation transaction was 30 September 2017.

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [18] ( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| Maggese S.r.l. | 2018 | Jun-21 | 50.1% | -9% (1), -1% (2), 0% (3), -15% (4), -34% (5), -42% (6), -49% (7), -50% (8) |
| Juno 1 S.r.l. | 2018 | Jun-21 | 90.4% | 194% (1), 94% (2), 58% (3), 29% (4), 25% (5), 10% (6), -6% (7), -10% (8) |
| Maior SPV S.r.l. | 2018 | Jun-22 | 72.8% | 30% (1), 12% (2), 8% (3), 2% (4), -9% (5), -10% (6), -18% (7), -27% (8) |
| Ibla S.r.l. | 2018 | Jun-22 | 76.8% | -11% (1), -6% (2), -9% (3), -12% (4), -21% (5), -19% (6), -23% (7) |
| BCC NPLs 2018-2 S.r.l. | 2018 | Jul-22 | 82.2% | 34% (1), 10% (2), -23% (3), -13% (4), -17% (5), -14% (6), -18% (7) |
| Belvedere SPV S.r.l | 2018 | Apr-22 | 44.8% | -20% (1), -23% (2), -52% (3), -52% (4), -57% (5), -58% (6), -55% (7) |
| Leviticus SPV S.r.l. | 2019 | Jul-22 | 70.0% | 1% (1), -5% (2), -16% (3), -16% (4), -22% (5), -29% (6), -30% (7) |
| Juno 2 S.r.l. | 2019 | Jan-22 | 97.4% | 20% (1), 31% (2), 8% (3), 14% (4), 4% (5), 4% (6), -3% (7) |
| Marathon SPV S.r.l. | 2019 | Jul-22 | 103.9% | 8% (1), 6% (2), 3% (3), 3% (4), 2% (5), 2% (6), 3% (7), 3% (8), 3% (9), 3% (10), 4% (11) |
| Futura 2019 S.r.l. | 2019 | Jul-22 | 134.8% | 74% (1), 33% (2), 24% (3), 40% (4), 35% (5) |

European Nonperforming Loan Securitisations Performance - 2022 Update | September 2022

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [18] ( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| Iseo SPV S.r.l. | 2019 | Jul-22 | 92.0% | -17%, -24%, -17%, -11%, -8% (points 1–5) |
| BCC NPLs 2019 S.r.l. | 2019 | Jul-22 | 94.2% | 43%, 57%, 11%, 13%, -6% (points 1–5) |
| POP NPLs 2019 S.r.l. | 2019 | Jul-22 | 135.1% | 21%, 29%, 38%, 37%, 35% (points 1–5) |
| Diana SPV S.r.l. | 2020 | Apr-22 | 145.3% | 24%, 41%, 58%, 45% (points 1–4) |
| Buonconsiglio 3 | 2020 | Jul-22 | 146.0% | 27%, 23%, 46% (points 1–3) |
| Sirio | 2020 | Jun-22 | 198.5% | 25%, 69%, 99% (points 1–3) |
| Yoda | 2020 | Jul-22 | 99.9% | 6%, 4%, 10%, 4%, 0% (points 1–5) |
| Pop 2020 | 2020 | Jul-22 | 174.5% | 14%, 54%, 74% (points 1–3) |
| Titan | 2020 | Jul-22 | 119.3% | 3%, -1%, 19% (points 1–3) |
| Aurelia | 2021 | Jul-22 | 153.7% | 56%, 54% (points 1–2) |

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [18] ( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| Palatino | 2021 | Jul-22 | 159.0% | 43% → 59% (periods 1, 2) |
| Buonconsiglio 4 | 2021 | Jul-22 | 253.2% | 153% (period 1) |
| Grogu | 2021 | Jul-22 | 199.3% | 99% (period 1) |
| Ortles | 2021 | Jun-22 | 190.9% | 91% (period 1) |
| Penelope | 2021 | Jul-22 | 94.2% | 3% → -6% (periods 1, 2) |
| Pop 2021 | 2021 | Mar-22 | 138.8% | 39% (period 1) |

## Spain

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [20] ( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| ProSil Acquisition S.A. | 2019 | Jun-22 | 50.4% | -11%, -3%, -30%, -46%, -47%, -49%, -51%, -52%, -52%, -51%, -50%, -50% (periods 1–12) |
| Retiro | 2021 | Jun-22 | 66.2% | 1%, -13%, -27%, -32%, -34% (periods 1–5) |
| Boson | 2020 | Apr-22 | 251.8% | 354% → 152% (periods 1, 2) |

20 Quarterly collection periods.

## Portugal

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [21] ( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| Hefesto STC, S.A. (Project Guincho) | 2018 | May-22 | 99.0% | 139% (1), 148% (2), 116% (3), 41% (4), 11% (5), 8% (6), -1% (7) |
| Ares Lusitani STC, S.A. (Gaia) | 2019 | May-22 | 75.5% | -21% (1), -15% (2), -1% (3), 1% (4), -15% (5), -25% (6) |
| Scalabis | 2021 | Jul-22 | 160.8% | 80% (1), 84% (2), 72% (3), 61% (4) |

## Ireland

| Deal Name | Issue Year | Last IPD Collection Date [22] | GCCR as of Last IPD Collection Date | Performance Evolution Delta [23] ( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| European Residential Loan Securitisation 2019-NPL1 DAC | 2019 | Jun-22 | 70.1% | 107%, 76%, -76%, -72%, -69%, -67%, -74%, -72%, -20%, -19%, -20%, -22%, -24%, -27%, -26%, -30%, -29%, -29% (periods 1-36) |
| European Residential Loan Securitisation 2019-NPL2 DAC | 2019 | Jun-22 | 44.9% | 250%, 122%, -31%, -55%, -60%, -64%, -65%, -64%, -64%, -60%, -56%, -52%, -47%, -44%, -45%, -43% (periods 1-32) |
| European Residential Loan Securitisation 2020-NPL1 DAC | 2020 | Jun-22 | 44.9% | 511%, 383%, 174%, 149%, 157%, 93%, 75%, 68%, 76%, 70%, 0%, 0%, -8%, -21%, -21%, -19%, -21%, -19%, -25%, -23% (periods 1-20) |
| Rathlin | 2021 | Jun-22 | 42.2% | 87% (1), 89% (2), 120% (3), 104% (4), 99% (5), 101% (6), 102% (7), 110% (8), 105% (9) |

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21 Semi-annual collection periods except for Scalabis for which figures refer to quarterly collection periods

22 As of the cut-off date of this report
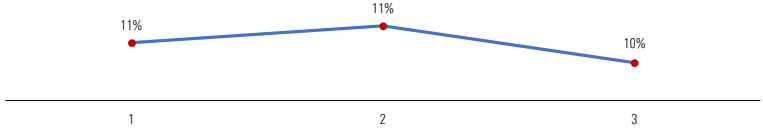
23 Monthly collection periods

## Cyprus

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [24]<br>( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| Hestia | 2021 | Jun-22 | 51.7% | -48% |

## UK

| Deal Name | Issue Year | Last IPD Collection Date | GCCR as of Last IPD Collection Date | Performance Evolution Delta [25]<br>( [Actual Cumulative Gross Collection] / [Servicer's Gross Initial Business Plan] ) -1 |
|---|---|---|---|---|
| Wolf | 2022 | Jun-22 | 110.5% | 11% / 11% / 10% |

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24 Quarterly collection periods, however, there is no information available for the previous two IPDs.

25 Monthly collection periods

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