

# Italian NPL ABS: collection data improves but uncertainties still linger



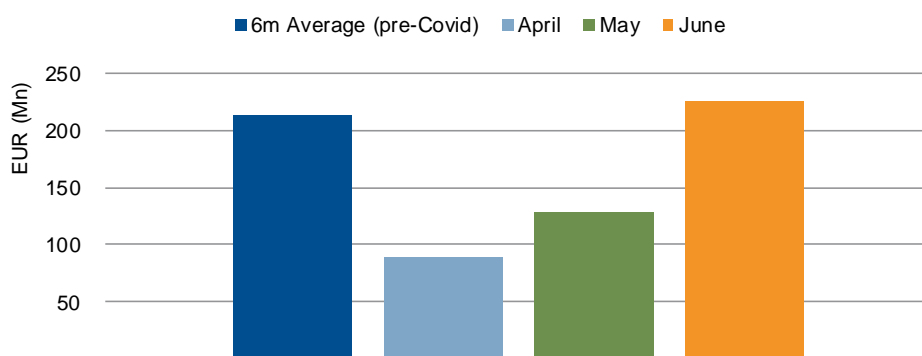
Scope  
Ratings

**Italian NPL securitisations could be starting to get to over Covid-19 effects. June collections were above average volumes registered in the six months preceding Covid-19 (September 2019 to February 2020). Judicial proceeds have bounced back since April's decline, to EUR 83m from EUR 30m, suggesting that collection volumes for the rest of the year should be more aligned with the pre-Covid picture.**

That said, June performance relied on an exceptional volume of note sales – EUR 30m versus EUR 1m registered in April. And since these are typically one-off transactions, the performance improvement could be a temporary boost rather than a stable recovery. Even if June performance does represent the beginning of a gradual process of recovery, the contraction of the economy and the risk of a second Covid-19 wave by year-end adds an element of uncertainty.

**Figure 1** illustrates the magnitude of the impact caused by the pandemic: April and May collections were significantly below the previous six-month average volumes<sup>1</sup>, while June collections were 78% higher than those in May and 6% higher than average volumes pre-Covid-19 (see **Figure 2**). Collections have shown an improving trend since the drastic drop in April (-58%), but the recovery process is uncertain given the volatility since the Covid-19 outbreak.

**Figure 1. Total gross proceeds (pre and post Covid scenarios) – all transactions**



<sup>1</sup>6m Average (pre-Covid) refers to the average volumes that were registered from Sep-19 until Feb-20.  
Source: Scope calculations on servicing reports

**Figure 2** shows that judicial collections have picked up from April's drop, increasing 36% in June versus the six-month pre-Covid average. This is a signal that court activities have restarted after their suspension<sup>2</sup>. Additionally, servicers have significantly increased note sales activity: June proceeds accounted for 19% of total volumes, in comparison with the historical 10-month average of 10% (see **Figure 7**).

However, transaction performance still remains volatile, with nine transactions out of 22 registering a decrease in collection volumes in June compared to the pre-Covid six-month average. Fourteen transactions out of 22 registered an increase in collection volumes. (see **Figures 3 and 4**). Additionally, transaction performance has been volatile in the last three months as some transactions that showed an increase in collections in June saw lower volumes in April and May, and vice versa.

## Analysts

Rossella Ghidoni  
+39 02 94758 746  
[r.ghidoni@scoperatings.com](mailto:r.ghidoni@scoperatings.com)

Paula Lichtensztein  
+49 30 27891 224  
[p.lichtensztein@scoperatings.com](mailto:p.lichtensztein@scoperatings.com)

## Team leader

David Bergman  
+49 30 27891 135  
[d.bergman@scoperatings.com](mailto:d.bergman@scoperatings.com)

## Media

Keith Mullin  
[k.mullin@scopegroup.com](mailto:k.mullin@scopegroup.com)

## Related Research

Italian NPL ABS: May collections pick up but Covid-19 still exerting significant impact (July-20)

57% of Italian NPL securitisations now under-performing (June-20)

Italian NPL securitisation to slow in 2020 as Covid-19 clashes with global markets

Covid-19: no immediate Italian NPL wave but defaults set to rise from 2021

## Scope Ratings GmbH

Via Paleocapa, 7  
I-20121 Milan  
Phone +39 02 30315 814

## Headquarters

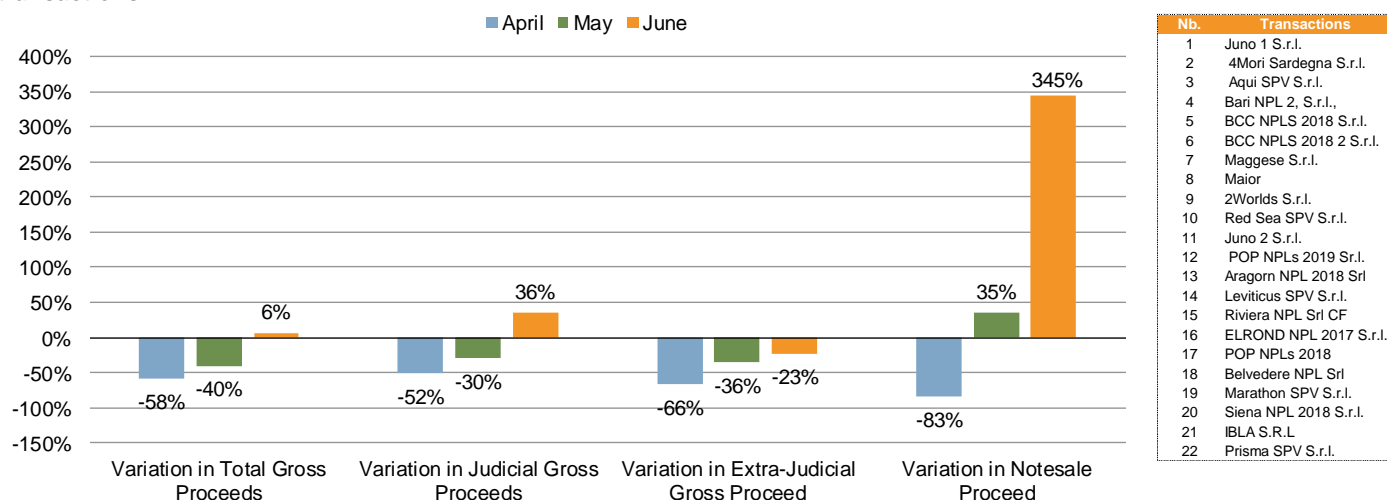
Lennéstraße 5  
10785 Berlin  
Phone +49 30 27891 0  
Fax +49 30 27891 100

[info@scoperatings.com](mailto:info@scoperatings.com)  
[www.scoperatings.com](http://www.scoperatings.com)

<sup>1</sup> Collections registered from Sep-19 until Feb-20.

<sup>2</sup> Please refer to the short commentary "Covid-19: court suspensions delay NPL legal proceedings" (Apr-20).

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

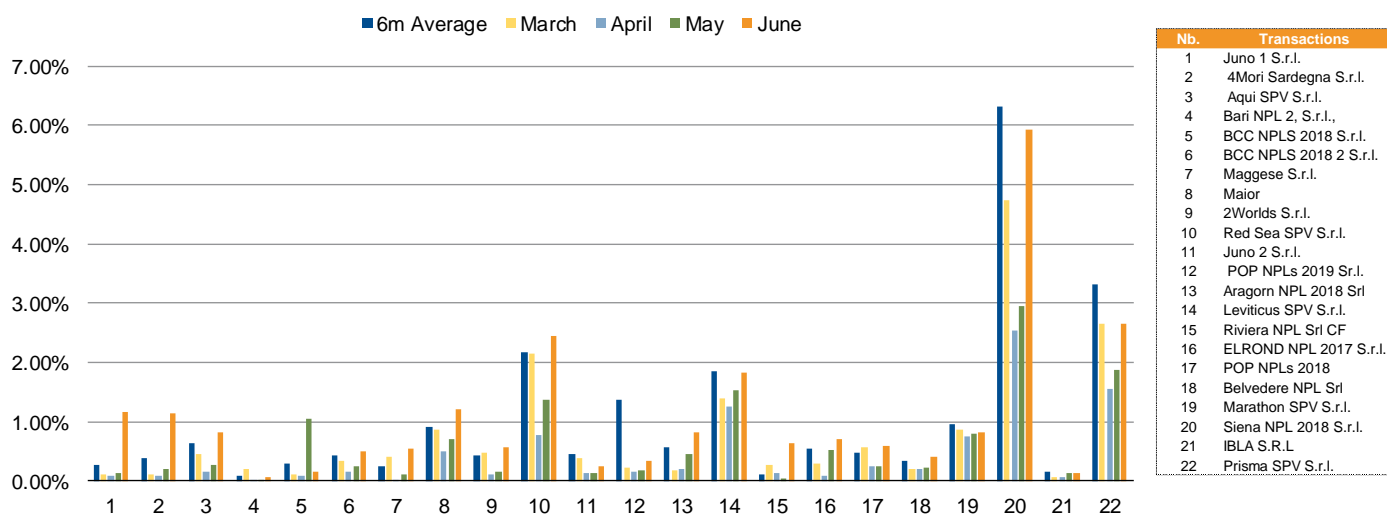


\*The % of Variation is computed comparing April, May and June collections with the average volumes that were registered pre-Covid (i.e. the six months from Sep-19 until Feb-20). Based on the closing dates of transactions nos.19,12,22, the average was computed only for the period Dec-19-Feb-20 for transactions nos.19,12 and for the period Oct-19-Feb-20 for transaction no. 22. The variation in total gross proceeds was computed on a set of 22 transactions, while the variation in judicial, extra-judicial and note sale proceeds was computed on a set of 19 transactions (excluding transactions nos. 20, 21, 22), based on the availability of collections per type of recovery strategy.

Source: Scope calculations on servicing reports

Below we provide further performance details of Italian NPL securitisations rated by Scope on a deal-by-deal basis<sup>3</sup>. **Figures 3 and 4** show that the decrease in collections impacted most transactions until May, but the trend started to revert in June.

**Figure 3. Total gross proceeds: pre and post-Covid scenarios (% of original gross-book-value)\***

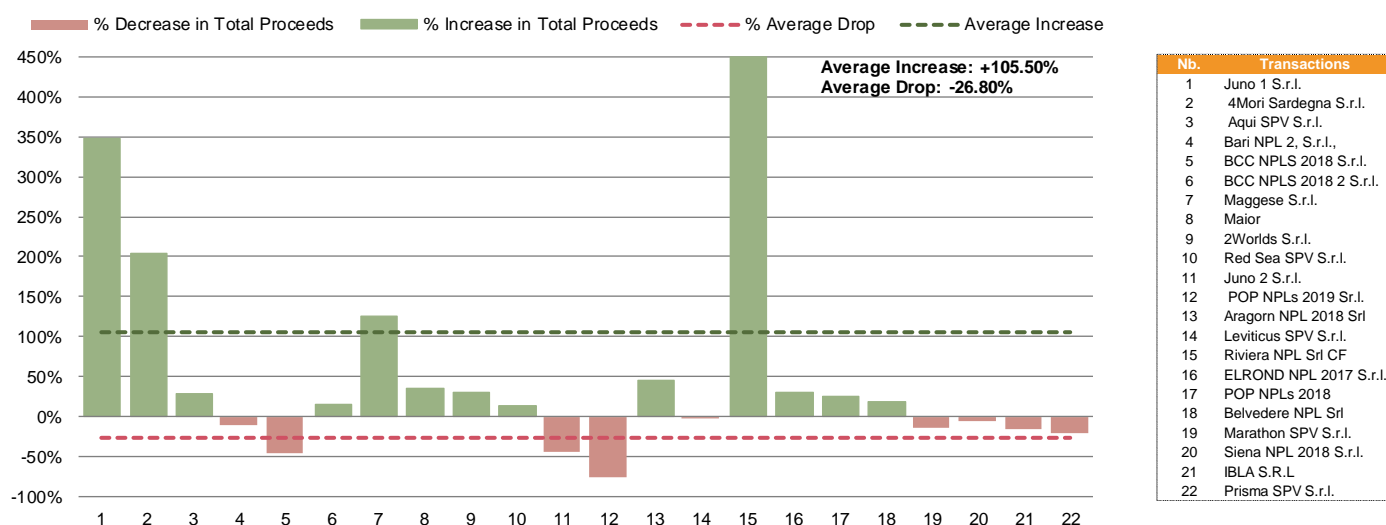


\* The "6m Average" refers to the average collections that were registered from Sep-19 until Feb-20, in a pre-Covid scenario. Based on the closing dates of transactions nos. 19,12,22, the 6m average refers to the average of Dec-19-Feb-20 collections for transactions nos.19,12 and to the average of Oct-19-Feb-20 for transaction no. 22.

Source: Scope calculations on servicing reports.

<sup>3</sup> Analysis has been conducted on 22 transactions out of the 27 rated by Scope, considering monthly collections reports available from January 2020 onwards.

**Figure 4. Total gross proceeds (% variation) – June versus average of 6 months pre-Covid\***

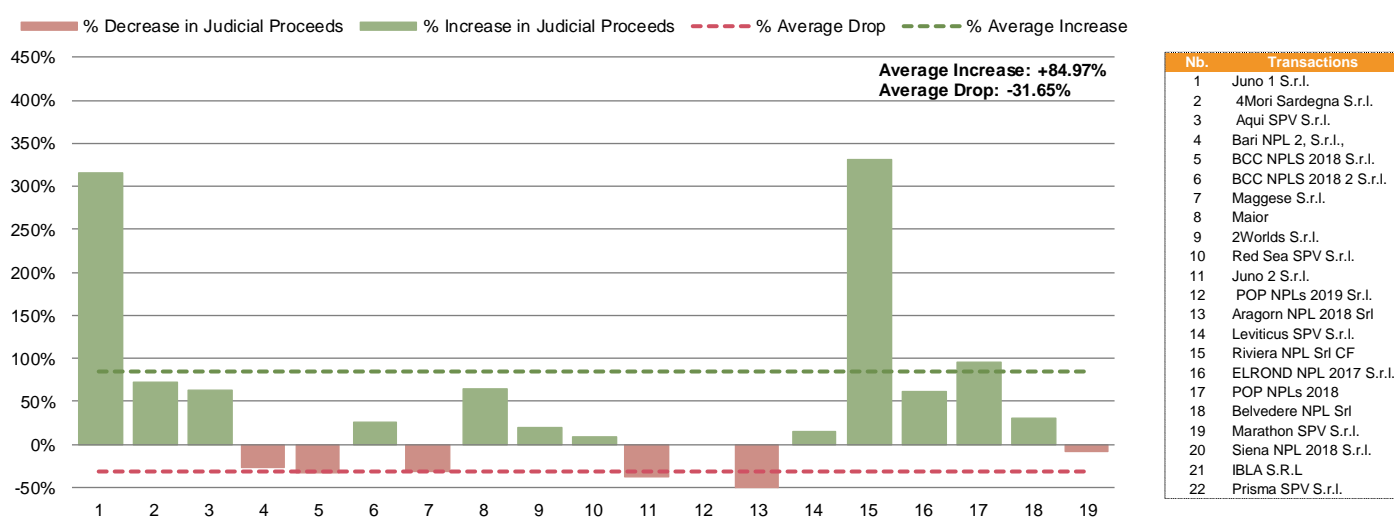


\* The decrease and increase in total proceeds (%) have been computed comparing June collections with average volumes pre-Covid (i.e. the six months from Sep-19 until Feb-20). Based on the closing dates of transactions nos. 19,12,22, June collections have been compared with the average of Dec-19-Feb-20 collections for transactions nos.19,12 and with the average of Oct-19-Feb-20 for transaction no. 22. The average drop has been computed only considering those transactions with a negative variation, while the average increase has been computed only considering transactions with a positive variation.

Source: Scope calculations on servicing reports

**Figure 5 and 6** show that in June, both judicial and extra-judicial proceeds continued to be impacted by Covid-19, showing a material degree of dispersion in overall performance. Eleven out of 19 transactions registered lower collections from extra-judicial routes, while only six transactions registered lower volumes from judicial resolutions, compared to pre-Covid. **Figure 7** shows that in June, judicial collections reverted from their previously decreasing trend, sustained by the restart of court activity.

**Figure 5. Judicial gross proceeds (% variation) – June versus average 6 months pre-Covid\***

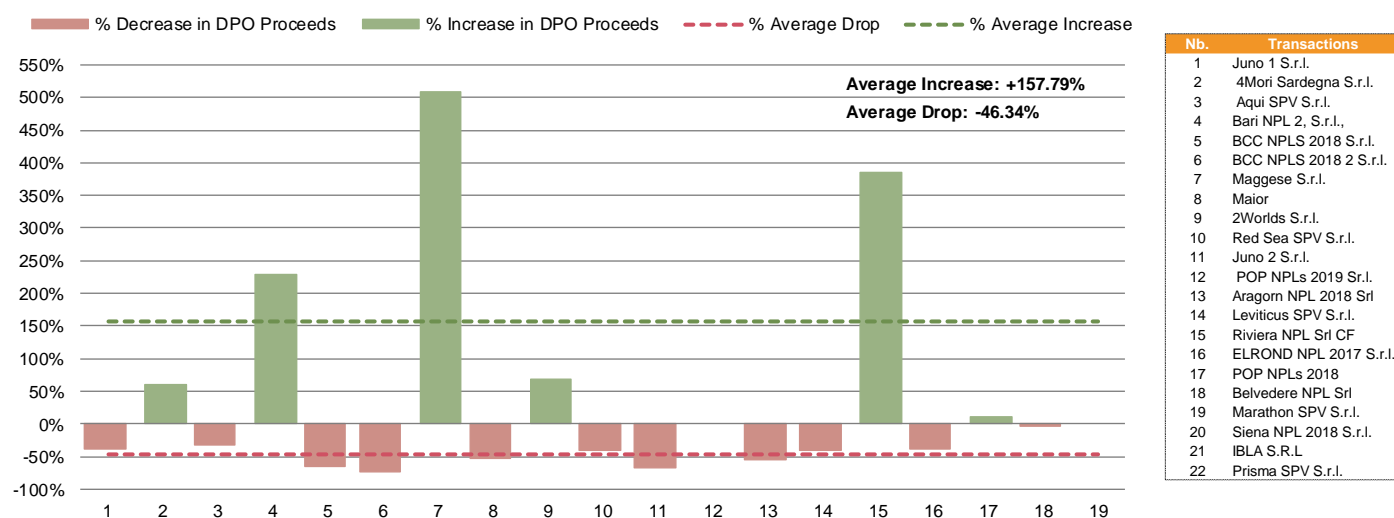


\*The chart refers to a sample of 19 transactions out of the 22, since monthly collections by recovery strategy were not available for transactions nos. 20, 21, 22. The decrease and increase in judicial proceeds (%) have been computed comparing June collections with average pre-Covid volumes (i.e. the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

Source: Scope calculations on servicing reports

The three transactions registering a sharp increase in extra-judicial collections in June (**Figure 6**) had between 80% and 100% of the proceeds cashed in from a few borrowers. Collections stemming from big exposures do not necessarily indicate a consistent recovery trend as they are typically one-off events. Additionally, transaction performance has been volatile, since some of the transactions with increased volumes in April and May registered a decrease in collections in June and vice versa

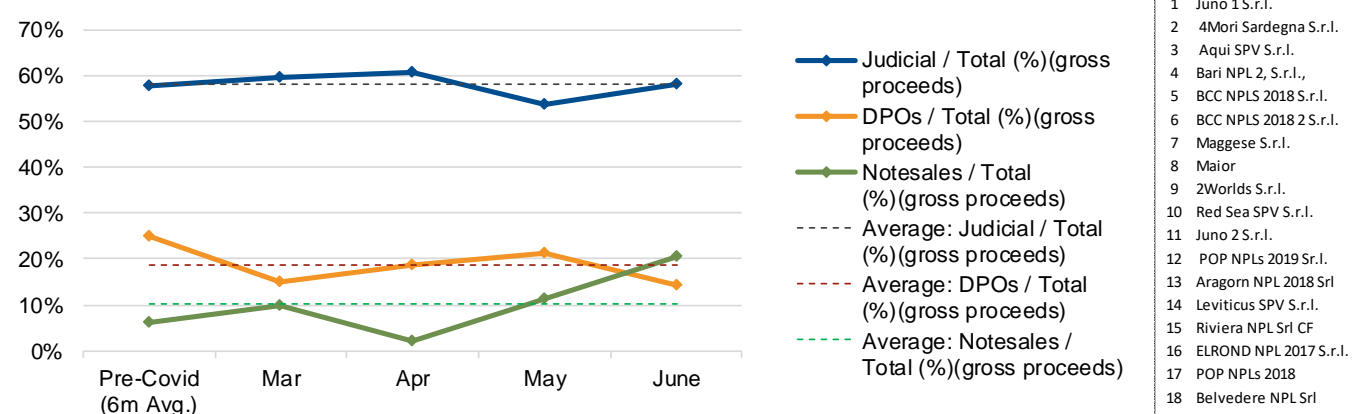
**Figure 6. Extra-judicial proceeds (% variation) – June versus average 6 months pre-Covid\***



\* DPO refers to discounted payoff strategies. The chart refers to a sample of 19 transactions out of the 22, since monthly collections by recovery strategy were not available for transactions nos. 20, 21, 22. The decrease and increase in DPO proceeds (%) have been computed comparing June collections with average pre-Covid volumes (i.e. the six months from Sep-19 until Feb-20). Based on the closing dates of transactions nos. 19,12, June collections have been compared with the average of Dec-19-Feb-20. The average drop was computed only considering transactions with a negative variation, while the average increase was computed only considering transactions with a positive variation. Transaction no. 19 does not report DPOs as collection type.  
Source: Scope calculations on servicing reports

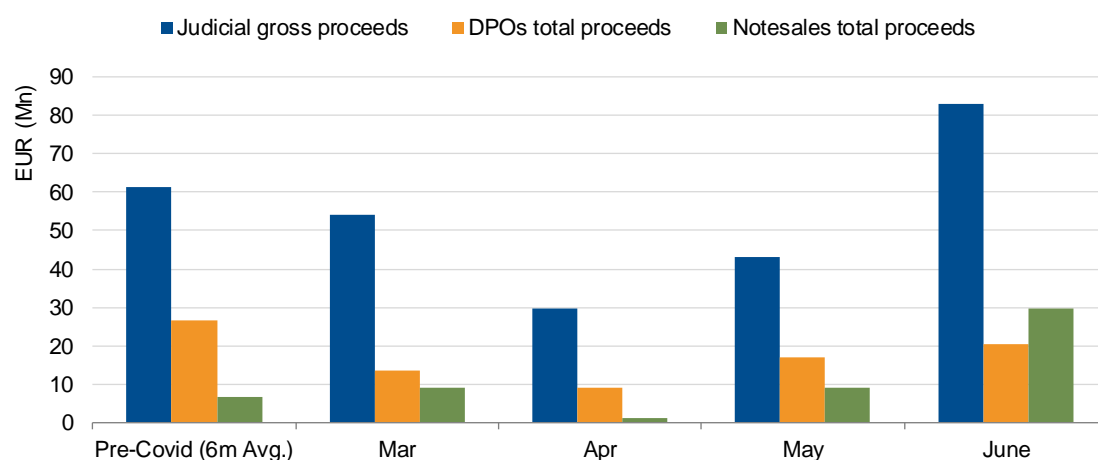
**Figure 7** shows that servicers have significantly increased their reliance on note sales. While judicial and DPOs strategies show a lower deviation from their historical average, the share of note sales of total proceeds almost doubled in June compared to the historical average (September 2019 to June 2020). Note sales strategies have so far negatively impacted transaction profitability. Scope will closely monitor future note sales to track whether this continues to be the case.

**Figure 7. Share of judicial and extra-judicial proceeds in total gross proceeds\***



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

**Figure 8. Judicial and extra-judicial proceeds\***



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

Source: Scope calculations on servicing reports

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

## I. Appendix –NPL securitisations rated by Scope

Deal name/Link to Rating report	Issuance	Seller	Servicer (master and special)	GBV (million)	Scope class A rating		Scope class B rating		Coupon A/B	GACS (Y/N)
					At closing	Current	At closing	Current		
<a href="#">Elrond NPL 2017 Srl</a>	17-Jul-17	Credito Valtellinese SpA, Credito Siciliano SpA	Cerved Credit Management SpA, s	1,422	BBB-	B+	B+	CCC	6mE+0.5%/6mE+6%	Y
<a href="#">Bari NPL 2017 Srl</a>	17-Dec-17	Banca Popolare di Bari SpA, Cassa di Risparmio di Orvieto SpA	Prelis Credit Servicing SpA	345	BBB	BB-	B+	CC	6mE+0.3%/6mE+6%	Y
<b>GBV of GACS eligible securitisations rated by Scope 2017 (EUR million)</b>				<b>1,767</b>						
<a href="#">Siena NPL 2018 Srl</a>	18-May-18	Monte dei Paschi di Siena SpA, MPS Capital Services Banca per le Imprese SpA, MPS Leasing & Factoring SpA	Juliet SpA, Italfondario SpA, Credito Fondiario SpA, Prelis Credit Servicing SpA	24,070	BBB+	BBB+	Not Rated	Not Rated	3mE+1.5%/3mE+8%	Y
<a href="#">Aragorn NPL 2018 Srl</a>	18-Jun-18	Credito Valtellinese SpA, Credito Siciliano SpA	Credito Fondiario SpA, Cerved Credit Management SpA	1,671	BBB-	B+	B	CC	6mE+0.5%/6mE+7%	Y
<a href="#">Red Sea SPV Srl</a>	18-Jun-18	Banco BPM SpA and Banca Popolare di Milano SpA	Prelis Credit Servicing SpA	5,097	BBB	BBB-	Not Rated	Not Rated	6mE+0.6%/6mE+6%	Y
<a href="#">4Mori Sardegna Srl</a>	18-Jun-18	Banco di Sardegna SpA	Prelis Credit Servicing SpA	1,045	A-	A-*	BB-	B+	6mE+0.9%/6mE+8%	Y
<a href="#">2Worlds Srl</a>	18-Jun-18	Banco di Desio e della Brianza SpA, Banca Popolare di Spoleto SpA	Cerved Credit Management SpA, C	1,002	BBB	BBB-	B	B-	6mE+0.4%/6mE+8%	Y
<a href="#">BCC NPLs 2018 srl</a>	18-Jul-18	21 co-operative banks co-ordinated by Iccrea SpA and two banks belonging to ICCREA Banca SpA	Prelis Credit Servicing SpA	1,046	BBB-	BB-	B+	CC	6mE+0.4%/6mE+6%	Y
<a href="#">Juno 1 Srl</a>	18-Jul-18	Banca Nazionale del Lavoro SpA	Prelis Credit Servicing SpA	957	BBB+	BBB+	Not Rated	Not Rated	6mE+0.6%/6mE+8%	Y
<a href="#">Maggese Srl</a>	18-Jul-18	Cassa di Risparmio di Asti SpA, Cassa di Risparmio di Biella e Vercelli-Biverbanca SpA	Prelis Credit Servicing SpA	697	BBB	BBB-	Not Rated	Not Rated	6mE+0.5%/6mE+6%	Y
<a href="#">Maior SPV Srl</a>	18-Aug-18	Unione di Banche Italiane SpA and IW Bank SpA	Prelis Credit Servicing SpA	2,749	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+6%	Y
<a href="#">IBLA Srl</a>	18-Sep-18	Banca Agricola Popolare di Ragusa SpA	Italfondario SpA	349	BBB	BBB	B	B	6mE+0.6%/6mE+8%	Y
<a href="#">AQUI SPV Srl</a>	18-Nov-18	BPER Banca SpA, Cassa di Risparmio di Saluzzo SpA and Cassa di Risparmio di Bra SpA	Prelis Credit Servicing SpA	2,082	BBB-	BBB-	Not Rated	Not Rated	6mE+0.5%/6mE+7%	Y
<a href="#">POP NPLs 2018 Srl</a>	18-Nov-18	17 banks	Cerved Credit Management SpA, C	1,578	BBB	BBB	B	B	6mE+0.3%/6mE+6%	Y
<a href="#">Riviera NPL Srl</a>	18-Dec-18	Banca Carige SpA and Banca del Monte di Lucca SpA	Italfondario SpA, Credito Fondiario SpA	964	BBB-	BBB-	B+	B+	6mE+0.65%/6mE+7%	Y
<a href="#">BCC NPLs 2018-2 Srl</a>	18-Dec-18	73 co-operative banks	Italfondario SpA	2,004	BBB	BBB-	B+	B	6mE+0.3%/6mE+6%	Y
<a href="#">Belvedere SPV Srl</a>	21-Dec-18	Gemini SPV Srl, Sirius SPV Srl, Antares SPV Srl, 1702 SPV Srl, Adige SPV Srl	Bayview Italia S.r.l., Prelis Credit Servicing S.p.A.	2,541	BBB	BBB	Not Rated	Not Rated	6mE+3.25%/6%	N
<b>GBV of GACS eligible securitisations rated by Scope 2018 (EUR million)</b>				<b>45,311</b>						
<b>GBV of securitisations rated by Scope 2018 (EUR million)</b>				<b>47,852</b>						
<a href="#">Leviticus SPV Srl</a>	19-Feb-19	Banco BPM SpA	Credito Fondiario SpA	7,385	BBB	BBB	Not Rated	Not Rated	6mE+0.6%/6mE+8%	Y
<a href="#">Juno 2 Srl</a>	19-Feb-19	Banca Nazionale del Lavoro SpA	Prelis Credit Servicing SpA	968	BBB+	BBB+	Not Rated	Not Rated	6mE+0.6%/6mE+8%	Y
<a href="#">Prisma</a>	18-Oct-19	Unicredit SpA	Italfondario SpA, doValue SpA	6,057	BBB+	BBB+	B-	B-	6mE+1.5%/6mE+9%	Y
<a href="#">Marathon SPV Srl</a>	5-Dec-19	Marte SPV Srl, Pinzolo SPV Srl	Hoist Italia Srl, Securitisation Services SpA	5027	BBB+	BBB+	BB	BB	1.8%/8%	N
<a href="#">Iseo SPV Srl</a>	16-Dec-19	UBI Banca SpA	Italfondario SpA, doValue SpA	858	BBB	BBB	Not Rated	Not Rated	6mE+0.5%	Y
<a href="#">Futura 2019 Srl</a>	16-Dec-19	Futura SPV Srl	Guber Banca SpA	1,256	BBB	BBB	Not Rated	Not Rated	6mE+0.3%	N
<a href="#">BCC NPLs 2019 S.r.l.</a>	19-Dec-19	68 banks	Italfondario SpA, doValue SpA	1,324	BBB+	BBB+	B-	B-	6mE+0.3%/6mE+6.5%	Y
<a href="#">POP NPLs 2019 S.r.l.</a>	23-Dec-19	12 banks	Prelis Credit Servicing SpA, Fire SpA	826.7	BBB	BBB	CCC	CCC	6mE+0.3%/6mE+9.5%	Y
<b>GBV of GACS-eligible securitisations rated by Scope 2019 (EUR million)</b>				<b>17,419</b>						
<b>GBV of securitisations rated by Scope 2019 (EUR million)</b>				<b>23,702</b>						
<a href="#">Diana SPV Srl</a>	20-Jun-20	Banca Popolare di Sondrio SpA	Prelis Credit Servicing SpA	1,000	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+9.0%	Y
<a href="#">Spring SPV Srl</a>	20-Jun-20	BPER Banca SpA, Banco di Sardegna SpA, Cassa di Risparmio di Bra SpA	Prelis Credit Servicing SpA	1,377	BBB	BBB	Not Rated	Not Rated	6mE+0.5%/6mE+9.5%	Y
<b>GBV of GACS-eligible securitisations rated by Scope 2020 (EUR million)</b>				<b>2,376</b>						
<b>Total GBV of securitisations rated by Scope (EUR million)</b>				<b>75,697</b>						

\*Under review for downgrade.



## Italian NPL ABS: on the way of recovery although uncertainty remain

### Scope Ratings GmbH

#### Headquarters Berlin

Lennéstraße 5  
D-10785 Berlin

Phone +49 30 27891 0

#### London

3rd Floor  
111 Buckingham Palace Road  
London SW1W 0SR

Phone +44 20 3457 0444

#### Frankfurt am Main

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

Phone +49 69 66 77 389 0

#### Madrid

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

Phone +34 914 186 973

#### Paris

23 Boulevard des Capucines  
F-75002 Paris

Phone +33 1 8288 5557

#### Milan

Via Paleocapa 7  
IT-20121 Milan

Phone +39 02 30315 814

#### Oslo

Haakon VII's gate 6  
N-0161 Oslo

Phone +47 21 62 31 42

[info@scoperatings.com](mailto:info@scoperatings.com)

[www.scoperatings.com](http://www.scoperatings.com)

### Disclaimer

© 2020 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Analysis GmbH, Scope Investor Services GmbH and Scope Risk Solutions GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5 D-10785 Berlin.

Scope Ratings GmbH, Lennéstraße 5, 10785 Berlin, District Court for Berlin (Charlottenburg) HRB 192993 B, Managing Director: Guillaume Jolivet.