

RATING ACTION:

ARC RATINGS ASSIGNS A PUBLIC, FINAL LONG-TERM 'BBB(SF)' RATING TO THE CLASS A NOTES ISSUED BY BCC NPLS 2022 S.R.L, WITH STABLE OUTLOOK

Lisbon, 10 May 2022 – ARC Ratings, S.A. (ARC) has assigned a public, final long-term 'BBB(sf)' rating to the Class A Notes issued by BCC NPLs 2022 S.R.L, with stable outlook.

ISSUER	TRANCHE	COUPON	AMOUNT	RATING CLASS	RATING	OUTLOOK	NEXT REVIEW DATE
BCC NPLs 2022 S.r.l.	Senior Notes Class A	6M* Euribor +0.5%	EUR 142M	Non-Performing Loan	BBB(sf)	Stable	10 May 2023
BCC NPLs 2022 S.r.l.	Mezzanine Notes Class B	6M Euribor +9.5%	EUR 19.5M	Non-Performing Loan	NR	NR	-
BCC NPLs 2022 S.r.l.	Junior Notes Class J	6M Euribor +1.0%	EUR 6.5M	Non-Performing Loan	NR	NR	-

* Capped at the rate described below and floored at zero

TRANSACTION OVERVIEW

This transaction is a cash securitisation of non-performing loan (NPL) contracts originated in Italy. The portfolio includes non-performing loans originated by 71 Banks which, in its majority, form part of the ICCREA Banking Group. This transaction is an Italian Government GACS transaction.

The portfolio includes non-performing loans with a Gross Book Value (GBV) of EUR 644.4 million. The cut-off date of the portfolio is 31 December 2021 for the 78.5% of the pool, while the remaining 21.5% is between 31/03/2022, 06/04/2022 and 15/04/2022. In terms of Real Estate Value (REV) the secured part of the portfolio is made up of mainly residential (45.2%) and commercial/industrial (35.7%) properties in Italy. The maturity of the notes is in January 2047.

ANALYTICAL CONTACT DETAILS

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The capital structure includes 3 classes of notes that amortize sequentially, with the Senior Class A rated by ARC. The interest payment of Class B will be subordinated to the principal payments of Class A if the Cumulative Collection Ratio and the PV Profitability Ratio are below 90% of the business plan. Additionally, if:

- the Cumulative Collection Ratio and the PV Profitability Ratio are below 90% of the business plan, 20% of the servicing fees will be subordinated to Senior Class A.
- the Cumulative Collection Ratio and the PV Profitability Ratio are above or equal 90% and below 95% of the business plan, 10% of servicing fees will be subordinated to Senior Class A.
- the Cumulative Collection Ratio and the PV Profitability Ratio are above or equal 95% and below 100% of the business plan, 5% of servicing fees will be subordinated to Senior Class A.

The rating of the Class A Note relates to the timely payment of interest and ultimate repayment of principal.

RATING RATIONALE

The main rating drivers are ARC's expected recoveries from the asset portfolio, their timing and the initial collection amount (EUR 1.14million). ARC has analysed not only the Italian macroeconomic situation but the specifics of the real estate market to derive its assumptions. Another relevant rating driver is the special servicer's historical records and its experience with these types of assets. Counterparty risk analysis was performed following the Global Structured Finance Criteria (September 2021).

The rating considers the different credit enhancement mechanisms providing protection to the rated notes: The cash reserves, the interest rate hedging agreement and the subordination triggers.

ARC has applied a different type of analysis to each class of the non-performing loans, they were classified as secured and unsecured. The recoveries were calculated based on the appraisal values provided by the servicer. For the secured portion, these recoveries were haircut based on the liquidity, historical value declines and the view of ARC on the Italian real estate market. For the unsecured exposures we used the historical data provided by the servicer plus ARC's proprietary data. We calculated a base-case scenario that then was stressed according to the Class A Note's respective target rating level, considering the weighted average seasoning of the portfolio of 5.3 Years.

KEY RATING DRIVERS

Cash Reserve: A cash reserve representing 3.0% of the total outstanding balance of Class A (EUR 4.3M), protects the transaction from temporary cash shortfalls, covering senior expenses and interest on class A. The reserve is financed through a limited recourse loan that will be repaid proportionally to the Class A principal payments and ranks senior to Class A and B payments in the waterfall. The cash reserve would be sufficient to pay approximately 10 periods of the Class A interest payments at the maximum cap rate.

Relatively high portion of real estate assets with updated valuations: 72.6% of the properties included in the secured non-performing loans segment have a valuation date within 2021 – 2022, while 11.2% were valued during 2020, and the remaining 16.7% between 2003 and 2019.

Properties and Debtors' location: In terms of GBV, 45.5% of the debtors are located in the North of Italy, with 20.8% concentrated in Lombardy. The properties follow a similar distribution, with 40.4% located in the Northern regions, with a concentration of 15.7% in Lombardia. ARC considers that the economic conditions and the speed of court proceedings tend to be better in the Northern Italian regions. The unsecured part has a more uniform distribution, in terms of GBV, 38.9% of the portfolio resides in the northern regions of the country, with the highest concentration of 20.1% in Lombardia, while 38.3% is located in the Centre and the remaining 22.8% is spread among in the southern regions and the islands. Italy's northern regions are characterized by higher economic activity and a more efficient financial system compared to the rest of the country.

Historical data received from the special servicer: ARC received, from the special servicer (doValue), specific data that provided a foundation for the analysis of the timing and level of the recovery rates for both the secured and the unsecured part of the portfolio. The information includes more than 100,000 data points that also include information such as the property type, legal procedures and property location.

Interest rate cap: The SPV has entered into an interest rate cap spread mechanism with Intesa Sanpaolo S.p.a that allows the SPV to receive the difference between 6 months Euribor and the strike price. The notional covers the balance of Class A notes and amortizes as defined at closing. The 6m Euribor cap increases from 0.05% at closing to 2.0% in January 2034.

Real estate recovery: ARC considers that the post-pandemic recovery will reach the Italian real estate market in the next 3 to 5 years.

Business plan and senior notes protection through performance triggers: ARC was provided with a detailed business plan from the special servicer included in the transaction. This included a detailed disclosure of the forecasted gross and net income as well as the different levels of fees in the waterfall when applicable. The transaction documentation includes provisions for the underperformance of the servicer that increase the available funds to repay Class A at a faster pace.

Performance Incentives for the Special Servicer: Historically the special servicer has outperformed on the recoveries vs. the original services of the portfolio. The fee structure is designed to generate an alignment of interest between the special servicer and the transaction noteholders.

Portfolio Granularity: in GBV terms the top 1, 5 and 10 borrowers represent 2.6%, 8.4% and 12.3% of the portfolio, located evenly over the peninsula. The borrowers over EUR 200,000

are 11.2% of the total portfolio which shows a relatively higher granularity than other NPL transactions.

Real estate market liquidity risks: ARC has considered the risk of a fire sale (specifically for each different asset type) in the analysis. This is one of the main sources of stresses applied to the transaction.

Appraisal Uncertainty: After repossession the value of the properties can suffer a further adjustment due to continued deterioration of the asset which makes the appraisal value more volatile than in other cases.

High proportion of commercial/industrial properties during a post – pandemic period: Commercial/Industrial assets represent 37.5% of the portfolio in terms of GBV. ARC has stressed the property values according to its methodology and taken into account the pandemic/post-pandemic situation for these type of properties (one of the main asset types affected by the Covid-19 situation).

Costs incurred by the issuer in relation to the property acquisition: Property maintenance costs may increase if the time between the repossession of the asset and the sale is significant. Some assets may even see this time further increased by properties needing a change of administrative status (for example from residential to commercial), depending also on the location of the asset.

SENSITIVITY ANALYSIS

Sensitivity Analysis	Class A
Stressed Scenario Description	Rating Level
2% additional decrease in stressed collections	BBB(sf)
5% additional decrease in stressed collections	BBB-(sf)

KEY TIPPING POINTS

<u>Positive Turning Points</u>	<u>Negative Turning Points</u>
<ul style="list-style-type: none"> - Faster than expected recovery of the Italian real estate market. 	<ul style="list-style-type: none"> - Macroeconomic slowdown caused by the combination of international geopolitical tensions, commodities market volatility, slow reforms implementation, end of dismissal moratorium and very high public debt.

RELATED CRITERIA AND RESEARCH

ARC Ratings' Global Structured Finance Rating Criteria (September 2021).

ARC Ratings' European Non Performance Loans Criteria (October 2021).

The rating was assigned by ARC Ratings, S.A. and endorsed by ARC Ratings (UK) Limited in accordance with Statutory Instrument 2019 n° 266 - The Credit Rating Agencies (Amendment etc.) (EU Exit).

APPENDIX
LIST OF ORIGINATORS

BANCA PER LO SVILUPPO DELLA COOPERAZIONE DI CREDITO S.P.A. E, IN FORMA ABBREVIATA 'BANCA SVILUPPO S.P.A.' CASSA DI RISPARMIO DI ASTICREDITO COOPERATIVO MEDIOCRATI - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI BUCCINO E DEI COMUNI CILENTANI - SOCIETA' COOPERATIVACREDITO COOP.VO ROMAGNOLO - BCC DI CESENA E GATTEO - S.C.EMIL BANCA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA CENTRO-CREDITO COOPERATIVO TOSCANA-UMBRIA SOC.COOPERATIVABANCA CREMASCA E MANTOVANA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVACREDITO COOPERATIVO FRIULI (ABBREVIATO CREDIFRIULI) - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DELL'ADRIATICO TERAMANO - SOCIETA' COOPERATIVABANCA DEL CATANZARESE - CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI CAGLIARI SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO AGRIGENTINO - SOCIETA' COOPERATIVAICCREA BANCA SPAVIVAL BANCA - BANCA DI CREDITO COOPERATIVO DI MONTECATINI TERME, BIENTINA E S. PIETRO IN VINCIO S.C.BANCA DI ANCONA E FALCONARA MARITTIMA CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA 2021 - CREDITO COOPERATIVO DEL CILENTO, VALLO DI DIANO E LUCANIA - SOCIETA' COOPERATIVABANCA VERONESE CREDITO COOPERATIVO DI CONCAMARISE SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI ROMA SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO BRIANZA E LAGHI - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI ALTOFONTE E CACCAMO - SOCIETA' COOPERATIVABANCA DI ANGHIARI E STIA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI AVETRANA - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO PORDENONESE E MONSILE - SOCIETA' COOPERATIVABANCA DI PESCIA E CASCINA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVABCC CAMPANIA CENTRO - CASSA RURALE ED ARTIGIANA - SOCIETA' COOPERATIVACASSA RURALE ED ARTIGIANA DI BINASCO - CREDITO COOPERATIVO SOCIETA' COOPERATIVABANCA DELLE TERRE VENETE CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI BUSTO GAROLFO E BUGUGGIATE - SOCIETA' COOPERATIVACASSA RURALE ED ARTIGIANA DI CANTU' BANCA DI CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI CAPACCIO PAESTUM E SERINO- SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO ABRUZZESE - CAPPELLE SUL TAVO SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI VENEZIA, PADOVA E ROVIGO - BANCA ANNIA SOCIETA' COOPERATIVACREDITO PADANO BANCA DI CREDITO COOPERATIVO - SOCIETA' COOPERATIVACREDITO COOPERATIVO VALDARNO FIORENTINO BANCA DI CASCIA - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI CITTANOVA - SOCIETA' COOPERATIVACREDITO COOPERATIVO RAVENNATE, FORLIVESE E IMOLESE SOCIETA' COOPERATIVABANCA DI FILOTTRANO - CREDITO COOPERATIVO DI FILOTTRANO E CAMERANO - SOCIETA' COOPERATIVABANCA DI PISA E FORNACETTE CREDITO COOPERATIVO - SOCIETA' COOPERATIVA PER AZIONILA BCC DEL CROTONESE - CREDITO COOPERATIVO SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO VALLE DEL TORTO - SOCIETA' COOPERATIVACHIANTEBANCA - CREDITO COOPERATIVO S.C.B.C.C. DEL

GARDA - BANCA DI CREDITO COOPERATIVO COLLI MORENICI DEL GARDA - SOCIETA' COOPERATIVABCC CREDITO COOPERATIVO NETTUNOBANCA DI CREDITO COOPERATIVO DEL METAURO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI PACHINO - SOCIETA' COOPERATIVACREDITO COOPERATIVO CASSA RURALE ED ARTIGIANA DI PALIANO SOCIETA' COOPERATIVABANCA VERSILIA LUNIGIANA E GARFAGNANA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI PERGOLA E CORINALDO SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO VICENTINO - POJANA MAGGIORE (VICENZA) - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI PONTASSIEVE - SOCIETA' COOPERATIVACASSA RURALE ED ARTIGIANA DELL'AGRO PONTINO - BANCA DI CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI PRATOLA PELIGNA (L'AQUILA) -SOCIETA' COOPERATIVACENTROMARCA BANCA - CREDITO COOPERATIVO DI TREVISO E VENEZIA, SOCIETA' COOPERATIVA PER AZIONIBANCA DI CREDITO COOPERATIVO DI RECANATI E COLMURANO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DELLA PROVINCIA ROMANA SOCIETA' COOPERATIVABANCA DI VERONA E VICENZA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DEL VALDARNO - CREDITO COOPERATIVO - SOCIETA' COOPERATIVATERRE ETRUSCHE DI VALDICHIANA E DI MAREMMA - CREDITO COOPERATIV - S.C.CREDITO COOPERATIVO DI SAN CALOGERO E MAIERATO - BCC DEL VIBONESE SOCIETA' COOPERATIVACASSA RURALE - BANCA DI CREDITO COOPERATIVO DI TREVIGLIO - SOCIETA' COOPERATIVABANCA ALTA TOSCANA CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DON RIZZO - CREDITO COOPERATIVO DELLA SICILIA OCCIDENTALE - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DEI COLLI ALBANI - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO 'G. TONIOLO' DI SAN CATALDO (CALTANISSETTA) SOCIETA' COOPERATIVABANCA SAN FRANCESCO CREDITO COOPERATIVO - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO SAN MICHELE DI CALTANISSETTA E PIETRAPERZIA - SOCIETA' COOPERATIVA PER AZIONIBANCA DI CREDITO COOPERATIVO TERRA DI LAVORO - S. VINCENZO DE' PAOLI SOCIETA' COOPERATIVA PER AZIONIRIVIERABANCA - CREDITO COOPERATIVO DI RIMINI E GRADARA - SOCIETA' COOPERATIVABANCA DI CREDITO COOPERATIVO DI SAN MARCO DEI CAVOTI E DEL SANNIO-CALVI - SOCIETA' COOPERATIVABANCA MEDIOCREDITO DEL FRIULI VENEZIA GIULIA S.P.A. ICCREA BANCAIMPRESA S.P.A.

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