STANDARD & POOR'S RATINGS SERVICES

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Rating Assigned To Italian Lease Transaction Alba 3 SPV's Class A Notes

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OVERVIEW

- We have assigned our 'AA+ (sf)' rating to Alba 3 SPV's class A notes.
- The transaction securitizes a portfolio of lease receivables, broken into three pools: vehicles (pool one), equipment (pool two), and real estate (pool three).
- The transaction features an initial warehouse period, during which the issuer can fund the purchase of further lease receivables through the issuance of additional notes up to a total maximum balance of €283 million. At the end of the warehouse period, the transaction will enter a revolving period, during which the originator may sell further portfolios to the issuer.

MILAN (Standard & Poor's) Dec. 20, 2012--Standard & Poor's Ratings Services today assigned its 'AA+ (sf)' credit rating to Alba 3 SPV S.r.l.'s class A asset-backed floating-rate notes. At the same time, Alba 3 SPV issued unrated class B notes (see list below).

The notes are backed by a portfolio of lease receivables, broken into three pools depending on the underlying assets. The underlying assets are: vehicles (pool one), equipment (pool two), and real estate (pool three).

The originator is Alba Leasing S.p.A., the leasing company resulting from the spin-off of Banca Italease SpA group. It commenced operations on Jan. 1, 2010 with a portfolio of €4.9 billion of performing leases originated by Banca Italease. Alba Leasing is owned by Banca Popolare Emilia Romagna S.C.(36.43%),

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Banco Popolare Società Cooperativa S.C.R.L. (32.79%), Banca Popolare di Sondrio S.C.P.A (20.95%), and Banca Popolare di Milano S.C.R.L. (9.83%). Its main origination channel comprises of its shareholders' local branches located across Italy. At the end of September 2012, it had a market share of 3.81%, ranking seventh among other Italian leasing companies. It focuses on the equipment sector where its market share is 6.95%.

The transaction's main features are:

- The transaction is structured with an initial warehouse period lasting until July 2013; during this phase, the issuer can fund the purchase of further lease receivables through the issuance of additional notes up to a total maximum balance of €283 million.
- At the end of the warehouse period, the transaction will enter a revolving period, during which the originator may sell further portfolios to the issuer. The revolving period will end on the earlier of i) the date on which a purchase termination event occurs, or ii) the payment date falling on June 20, 2014 or such other date determined by the notes subscriber (provided that it is no later than 24 months since closing).
- The transaction has one payment waterfall for principal and interest payments. During the amortization period, if the gross default ratio exceeds some trigger levels, the special-purpose entity (SPE) retains most of the excess spread until the senior classes of notes fully redeem.
- The issuer has not hedged the interest rate risk arising from the mismatch between the interest rate paid under the loans and the interest rate paid under the notes.
- The issuer used part of the proceeds of the class B notes to fund a debt service reserve at closing. The issuer can use the reserve to provide liquidity and credit support to the senior classes of notes.

RATING RATIONALE

Our rating reflects our assessment of the following factors:

Operational Risk

Alba Leasing is a recently established company but, being the result of the spin-off of Banca Italease group, it benefits from significant expertise and knowledge of the Italian leasing market. Our rating on the class A notes reflects, among other factors, our assessment of the company's origination policies, as well as our evaluation of its ability to fulfill its role as servicer under the transaction documents. The transaction has a back-up servicer, which mitigates the risk posed by a servicer discontinuity. Our cash flow model incorporates a stressed servicing fee that we deem to be sufficient to provide an economic incentive for a new servicer to step in. Also, there are mechanisms in place to ensure that borrower payments are promptly diverted into a new account opened in the SPE's name with a suitably rated institution. Alternatively, if a servicer termination event occurs, these payments can be diverted into the transaction's collection account.

Credit Risk

The collateral comprises a revolving pool of lease receivables concentrated in

Northern Italy. We have analyzed credit risk on the basis of our "Criteria Update: Rating Leasing Securitizations In Italy," published on May 3, 2006. In particular, our projected weighted-average gross default assumption is 45.3% at a 'AA+' rating level, with a 10.1% base case assumption, and a weighted-average recovery rate of 14% at a 'AA+' rating level with a base case assumption of 24.7%. We based our assumptions on the originator's historical data, by considering Banca Italease group's previous transactions and by conducting a market comparison.

Cash Flow Risk

Our rating on the class A notes reflects our assessment of the credit and cash flow characteristics of the transaction. We tested the transaction cash flows in a model that simulated the rating stress scenarios. In our modeling approach, we ran several different scenarios at each rating level, combining different interest rate patterns with different prepayments rates. Our analysis indicates that the credit enhancement available to the rated notes is sufficient to withstand the credit and cash flow stresses that we apply at a 'AA+' rating level. We also ran two alternative stress scenarios, under which the class A notes maintained their 'AA+ (sf)' rating, in line with our rating stability criteria (see "Methodology: Credit Stability Criteria" published on May 3, 2010).

Counterparty Risk

Our rating on the class A notes also considers that the transaction adequately mitigates counterparty risk through the replacement mechanisms contained in the transaction documents. We analyzed this counterparty risk by applying our 2012 counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions, published on Nov. 29, 2012 and "Credit FAQ: How Standard & Poor's Applies Its Criteria to Bank Branches In The EU and Eurozone," published on July 27, 2012).

Legal Risk

This is the SPE's first issuance. The transaction documents permit further securitizations subject to rating agency confirmation. We consider the issuer to be a bankruptcy-remote entity, in compliance with our European legal criteria (see "European Legal Criteria For Structured Finance Transactions," published on Aug. 28, 2008).

Nonsovereign Ratings Criteria

The application of our European Economic and Monetary Union (EMU or eurozone) nonsovereign ratings criteria cap the maximum potential ratings in this transaction at 'AA+ (sf)', that is, six notches above our unsolicited long-term sovereign rating on the Republic of Italy (BBB+/Negative/A-2) (see " Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011).

Our 'AA+ (sf)' rating on the class A notes reflects our assessment of the credit and cash flow characteristics of the underlying asset pool, as well as our analysis of the counterparty and operational risks in the transaction. Our analysis indicates that the level of credit enhancement available to the class

A notes is sufficient to mitigate the credit and cash flow risks to a 'AA+ (sf)' rating level.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities.

The Standard & Poor's 17g-7 Disclosure Report included in this credit rating report are available at http://standardandpoorsdisclosure-17g7.com/1197.pdf.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, Nov. 29, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- European Legal Criteria for Structured Finance Transactions, Aug. 28, 2008
- Methodology: Credit Stability Criteria, May 3, 2010
- Criteria Update: Rating Leasing Securitizations In Italy, May 3, 2006

Related Research

- How Standard & Poor's Applies Its Criteria To Bank Branches In The EU And Eurozone, July 27, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2012

RATINGS LIST

RATING ASSIGNED

Alba 3 SPV S.r.l.
Up to €150,000,000 Class A Asset-Backed Floating-Rate Notes Due September 2035
Up To €133,000,000 Class B Asset-Backed Floating-Rate Notes Due September 2035

Class	Rating	Amount at	Amount at end

		closing (mil. €)	of warehouse period (mil. €)
A	AA+ (sf)	79.9	150
B	NR	70.9	133

NR--Not rated.

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