Insight beyond the rating.

ABS

Alba 7 SPV S.r.l.

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Recent Actions

8 April 2015
DBRS Assigns Provisional Ratings to Alba 7

23 April 2015
DBRS Finalises Provisional Ratings Assigned to Alba 7

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Ratings

Debt	Par Amount (1)	Subordination (1)(2)	Coupon (per annum)	ISIN	Step-Up Provision	Rating	Rating Action
Class A1 (3)	€255,200,000	67.48%	3m Euribor + 0.63%	IT0005106221	n. a.	AAA (sf)	Provisional Rating - Finalised
Class A2 (4)	€200,000,000	42.00%	3m Euribor + 0.75%	IT0005106247	n. a.	AAA (sf)	Provisional Rating - Finalised
Class B1 (5)	100,000,000	22.88%	3m Euribor + 1.2%	IT0005106254	n. a.	A(low) (sf)	Provisional Rating - Finalised
Class B2 (5)	50,000,000	22.88%	3m Euribor + 1.2%	IT0005106296	n. a.	A(low) (sf)	Provisional Rating - Finalised
Junior Class (6)	€191,660,4891		3m Euribor + 2%	IT0005106304	n. a.	-	-

Notes:

(1) As at the issue date.
(2) Credit enhancement represents a percentage of the collateral portfolio and does not include excess spread and the reserve fund.
(3) Class A1 Notes subordination consists of subordination of the €200 million Class A2 Notes (25.49%), the €150 million Class B Notes (19.11%) and the €191.66 million junior notes (24.42%) net of the proceeds utilised to fund the €12,104,000 reserve fund (1.54%). Excess spread is not included.
(4) Class A2 Notes subordination consists of subordination of the €150 million Class B Notes (19.11%) and the €191.66 million junior notes (24.42%) net of the proceeds utilised to fund the €12,104,000 reserve fund (1.54%). Excess spread is not included.
(5) €150,000,000 Class B Notes consist of Class B1 and Class B2 Notes ranking pari passu and pro rata. Class B Notes subordination consists of subordination of the €191.66 million junior notes (24.42%) net of the proceeds utilised to fund the €12,104,000 reserve fund (1.54%). Excess spread is not included.
(6) Part of the proceeds of the subscription of the €191.66 million junior notes will be used to fund the €12,104,000 reserve fund (1.54%).

Transaction Summary

DBRS Ratings Limited (DBRS) finalised the aforementioned provisional ratings previously assigned to the Class A1 Notes, the Class A2 Notes (collectively the Class A Notes), the Class B1 Notes and the Class B2 Notes (collectively the Class B Notes and together with the Class A Notes and the junior notes the notes) issued by Alba 7 SPV S.r.l. (the issuer), a special-purpose vehicle incorporated under Italian law. The notes have been issued in the context of a securitisation transaction, designed to follow the standard structure under the Italian securitisation law (the transaction) that closed on 23 April 2015. The notes are backed by lease receivables (the receivables or collectively the collateral portfolio), related financial lease contracts granted by Alba Leasing SpA (Alba, the originator or the seller) to individual enterprises (*ditte individuali*), small business, small or medium corporate clients with their registered office in Italy.

The collateral portfolio is a €785 million pool of lease receivables the purchase of which has been funded through part of the proceeds of the subscription of the notes. DBRS has analysed the collateral portfolio selected by Alba as at 1 March 2015 by applying some criteria specified in the transaction documents and consisting of 26.9% real estate lease receivables, 53.9% equipment lease receivables, 17.7% vehicle lease receivables and 1.5% air-naval-rail lease receivables. The collateral portfolio is serviced by Alba (also the servicer).

Notable Features

- The portfolio is static.
- The portfolio comprises lease receivables well balanced between three pools: real estate lease receivables, equipment lease receivables and vehicle lease receivables. The residual exposure to air-naval-rail lease receivables is limited.

- The residual value component is not securitised. Although the final optional instalment is technically assigned to the issuer the related purchase price is only payable upon exercise of the option by the lessor thus maintaining the issuer neutral to the residual value risk.

Strengths

- The transaction structure benefits from a fully-funded €12,104,000 reserve fund that ensures timely payment of interest and may be used repay the notes upon amortisation.
- The weighted-average maturity of the receivables comprising the portfolio is below seven years due to the limited exposure to the real estate sector (that usually envisages longer maturities).
- The portfolio is granular with top 10 obligor group concentration of 6.3% and top 20 below 11%.

Challenges and Mitigating Factors

- 1.95% of the portfolio is fixed rate and a small portion of the floating rate portfolio (2.43%) is indexed to one month Euribor whereas the notes pay a floating rate indexed to three month Euribor, thus exposing the issuer to interest and basis risk. **Mitigant(s)**: the vast majority of the portfolio (96%) pays the same floating rate payable under the notes. DBRS has factored the effect of the interest rate mismatch in accordance with its methodology and the required rating level.
- The portfolio includes air-naval-rail lease receivables. **Mitigant(s)**: such portion is extremely limited (1.5%).

Rating Rationale

The DBRS ratings of the Rated Notes address the payment of interest and full repayment of principal in accordance with the terms and conditions of the notes. DBRS based the rating primarily on:

- The transaction's capital structure and the form and sufficiency of available credit enhancement.
- Relevant credit enhancement in the form of subordination, reserve funds and excess spread. Credit enhancement levels are sufficient to support DBRS's projected expected cumulative net loss (CNL) assumption under various stressed cash flow assumptions for the Rated Notes.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the transaction documents.
- Originator/Servicer's capabilities with respect to originations, underwriting, servicing and financial strength.
- The credit quality of the collateral and ability of the Servicer to perform collection activities on the collateral.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the issuer and the consistency with DBRS's *Legal Criteria for European Structured Finance Transactions*.

Sovereign Assessment

On 27 March 2015 DBRS confirmed the Republic of Italy's long-term foreign and local currency issuer ratings at A (low) and changed the negative trend on the ratings to stable. DBRS also confirmed the short-term foreign and local currency issuer ratings at R-1 (low) and maintained the stable trend. For more information, please refer to the press releases published by DBRS on www.dbrs.com.

Transaction Parties and Relevant Dates

Transaction Parties

Type	Name	Rating
Issuer	Alba 7 SPV S.r.l.	n. a.
Originator/Seller	Alba Leasing SpA	Internal Assessment
Servicer	Alba Leasing SpA	Internal Assessment
Back-up Servicer	Securitisation Services SpA	n. a.
Back-up Servicer Facilitator	n. a.	
Junior Notes Subscriber	Alba Leasing SpA	Internal Assessment
Servicer's Owners	Banca Popolare dell'Emilia Romagna Banco Popolare Banca Popolare di Sondrio Banca Popolare di Milano Credito Valtellinese	Private Rating BBB / R-2(high) n. a. Private Rating BBB(low) / R-2(low)
Account Bank	BNP Paribas Securities Services, Milan branch	Private Rating
Hedging Counterparty	n. a.	
Cash Manager	Alba Leasing SpA	Internal Assessment
Paying Agent	BNP Paribas Securities Services, Milan branch	Private Rating
Custodian	n. a.	
Listing Agent	BNP Paribas Securities Services, Luxembourg branch	Private Rating
Representative of the Noteholders	Securitisation Services SpA	n. a.
Calculation Agent	Securitisation Services SpA	n. a.
Corporate Administrator	n. a.	
Corporate Servicer	Securitisation Services SpA	n. a.
Quotaholder(s)	SVM Securitisation Vehicles Management S.r.l.	n. a.
Arrangers and Joint Lead Managers	Banca IMI SpA Société Génerale SA	Private Rating AA(low) / R-1(mid)

Relevant Dates

Type	Date
Issue Date	23 April 2015
First Interest Payment Date	29 June 2014
Payment Dates	27th day of March, June, September and December (or following Business Day)
Payment Frequency	Quarterly
Portfolio Assignment Date	30 March 2015
Portfolio Valuation Date	1 March 2015
Collection Periods	From the portfolio valuation date to the end of May and each calendar quarter thereafter
Interest Periods	From the issue date to the first payment date and each quarterly period ending on a payment date (excluded) thereafter
Revolving Period Maturity Date	n. a.
Call Date	n. a.
Early Amortisation Date	n. a.
Ramp-up Completion Date	n. a.
Legal Final Maturity Date	September 2038

Origination and Servicing

DBRS conducted an operational review of Alba Leasing SpA's (Alba or the company) Italian leasing operations in November 2014 in Milan, Italy. DBRS considers Alba's origination and servicing practices to be consistent with other Italian leasing companies.

Alba is an Italian leasing company established at the beginning of 2010. The shareholders' group is composed by the five major Italian cooperative banks including, in order of ownership share, Banca Popolare dell'Emilia Romagna, Banco Popolare S.C., Banca Popolare di Sondrio, Banca Popolare di Milano and Credito Valtellinese (Creval). Creval is the most recent bank to invest in Alba becoming a shareholder in August 2014.

Since its creation, Alba has grown steadily and as of end-2014 has a portfolio of leasing contracts totalling approximately €5 billion. The company is supported by a highly skilled staff, with strong experience in the Italian leasing market and its entire senior management team has been with the company since its inception.

As of October 2014, Alba had originated 7,900 new leasing contracts valued at €776.4 million and was on track to match or exceed the average annual production of approximately €820 million. New business is mainly focused on equipment leasing (58% in terms of originated volume) and 34% is related to real estate.

As of end-June 2014, Alba's gross non-performing loan (NPL) rate was approximately 9%, consistent with the overall Italian leasing market. As expected, the gross NPL rate for leases originated before 2010 was higher at nearly 16% versus the 2.3% reported for newer originations.

Origination and Underwriting

Origination and sourcing

Alba's origination strategy is focused predominantly on the banking sector between shareholder (SH) banks and partner banks defined as small, regional or provincial banks not affiliated with any particular banking group. SH banks represent around 90% of all new originations with the remaining production sourced through partner banks and a small percentage directly through Alba. Nationally, Alba benefits from an 11% market share in terms of partner branches, and the partner banks' heaviest concentrations ranging from 15% to 20% are in the northern regions of Lombardy and Emilia-Romagna as well as in Sicily and Basilicata in the south.

The origination process differs according to the bank's relationship with Alba. There is a heavy focus on equipment leasing which makes up over half of Alba's leasing portfolio and new production. Spreads on new originations are consistent with the Italian market and origination targets are based on the leasing market growth prospects.

For SH banks, which benefit from a single bank portfolio and stronger commercial and marketing relationships, the Alba model is customised to suit the various banks' needs in order to maximise potential opportunities. For partner banks, the origination model provides a single structure which manages all partner banks with responsibilities assigned geographically. SH banks have a dedicated account manager for each banking group and a regional client manager dedicated to a particular bank. Partner banks have non-dedicated account managers and client managers supervising all the banks within a respective area. Alba maintains 68 commercial outlets among the SH banks with approximately 48% of outlets based in a Banco Popolare branch. Banca Popolare dell'Emilia Romagna branches house another 25% of outlets with the remaining outlets split between Banca Popolare di Sondrio and Creval. Two outlets are associated with partner banks including one in Sicily.

In order to effectively manage the credit quality of the leasing portfolio, Alba's credit process is based on several key factors. The company places significant focus on the control of concentration risk from the beginning of the origination process, mainly favouring small and medium-sized contracts. The monitoring and management of risky positions is also maintained through processes and credit policy shared and agreed with the SH banks.

Underwriting Process

The underwriting process is not centralised. SH and partner banks have a degree of autonomy in the underwriting process, based on the type of agreement signed with Alba. Within the company some underwriting powers are delegated to Alba's network. Nevertheless, dual sign-off between the account manager and the loan network manager is required for all lease contracts and Alba approval is required for larger contracts.

Based on the origination channel and credit amount, product features and related processes may vary. Credit limits for SH banks range from €100,000 for vehicle leases to €200,000 for equipment leases and €400,000 for real estate contracts. The *Presto Leasing* product is used for the SH banks and includes a 50% guarantee in favour of Alba. Assessment of credit risk and approval phases are run by the SH banks, and final approval is subject to Alba and the evaluations carried out by the company's credit experts. Upon termination of the lease for failure to pay, the bank will be required to indemnify Alba for an amount equal to 50% of the final loss payable following the recovery process with the amount based on the net loss.

Partner banks utilise the "Specialist Loan" product which includes insurance and a full in-house credit evaluation by Alba. The credit review includes Alba's scoring system, Sprint, for leases up to €150,000 and a more intensive, manual process for larger leases. As of October 2014, approximately 55% of new originations involve the Presto Leasing product.

All documentation regarding the client, corporate and guarantor(s) is collected by the originating bank together with a completed questionnaire for compliance with anti-money laundering regulations. A check is made against the Bank of Italy credit bureau together with a review of the leasing association (Assilea) database.

Alba uses the credit scoring system called "Sprint" developed by the Italian agency, CRIF, which provides a variety of scoring model and credit products for the Italian banking industry. Sprint is a traffic light-based system that classifies new applications as green, yellow or red. Sprint is primarily used for leases sourced from the partner banks and under €150,000. The scoring system is also used to support the credit decision for leases up to €250,000. Applications classified as 'red' are always declined although the case may be reviewed starting with the credit officer, but only those refusals caused for a technical reason such as an error in the inputting of data can be reclassified. The subsequent approval of cases originally scored as 'red' are rare.

For leases greater than €150,000, the process involves an evaluation of both the single client and its group including affiliated companies and holdings. Alba also reviews the supplier of the assets being leased (vehicles, equipment). The board delegates the valuation and lease approval process within certain limits, and the deadline for make a decision and execution of the leasing contracted is 120 days, after which, the contract is expired. This credit process also involves a review of information from external sources such as the national credit bureau and other government agencies. As with other Italian leasing companies and banks, internal ratings are assigned to corporates and SME's and the type of ratings assigned vary depending on the company type with nine rating categories available for corporates.

Alba, as a necessary condition for the underwriting of the lease, requests an "all risk" insurance policy for its secured leases (real estate, equipment and vehicles). Insurance coverage may be provided by Alba's insurer partner or by any other insurer chosen by the lessee, with the approval of Alba.

Lease approval is delegated to the account manager by the Alba board. Client managers and loan network managers do not have approval authority. However, loan network manager and account manager can jointly approve applications up to €1 million of total risk (for those banks with the necessary underwriting agreement). This is the maximum amount which Alba delegates to the network. For amounts over €1 million of total risk, Alba directly approves all the applications, and limits are based on total exposure. The following chart shows the approval limits by delegated party.

Approval Body	**Approval Limit (Total Risk)**
Loan Network Manager + Account Manager	€1,000,000
Senior Credit Analyst	€1,500,000
Loan Disbursement Manager	€2,500,000
Credit Officer	€4,000,000
Credit Committee	€10,000,000
Board of Directors	> €10,000,000

Summary strengths

- Seasoned management team averaging over 20 years' experience mainly in the Italian leasing sector and all senior managers have been with Alba since its creation in 2010.
- No use of brokers or real estate agents and approximately 90% of new originations sourced through shareholder banks.
- Sound IT platform including sophisticated credit scoring and rating models as well as commitment to continuous development evidenced by new system to monitor contract rates and compliance with Italian usury law.

Summary weaknesses

- Underwriting outsourced to the originating bank.
  Mitigant(s): Agreements between Alba and SH and partner banks defining credit guidelines and approval process. Dual sign-off required for all lease contracts with Alba approval required for larger contracts.

Servicing

General servicing activities including lease administration and payment processing are heavily automated. Customer contact is managed primarily in the branch offices associated with the respective bank which has the original relationship with the client. The majority of payments are handled through direct debit or bank transfer.

Alba produces a daily report including the list of delinquent borrowers. Following notification of a missed or rejected payment, the servicing system automatically issues a reminder letter to the client. Telephone calls are also initiated and continued until the payment is received. A second reminder letter is sent to the borrower once a lease is 20 days past due, and external collectors are engaged around day 30. Once a contract is 60 days past due, it is transferred to a client manager to assess the risks and possibly recovery actions and pre-termination letters are mailed once a lease is 90 days past due. Unless a reasonable recovery solution is presented, lease contracts are generally terminated about 15 days after the pre-termination letter. Legal enforcement may also be initiated for larger contracts.

The collection strategy differs depending on the risks associated with the contract initially based on the total exposure to a particular client group. Standard risks are defined as gross exposure under €250,000. In such cases the early stage collection process includes telephone reminders and automated letters. Middle stage collection includes visits to the client, at home if necessary, carried out by external collectors. The late stage collection role is given to an internal client manager who will manage the case with a standardised approach for each client and contract. The internal manager can elect the most appropriate recovery actions strategy according to each case.

In high risk cases, the recovery management is assigned to a qualified manager who will develop a customised approach for the client. The client manager will have direct contact with the customer and may employ other strategies such as home collection where appropriate.
Alba’s remarketing department is responsible for the recovery, storage and relocation of assets subject to the lease agreements. The team also determines the estimated costs for removal of the assets, performs site visits and inspections, manages the voluntary handover of assets for expired leases and/or executes the repossession order for terminated contracts and updates the evaluations on recovered assets. External parties support the recovery process and Alba maintains a panel of specialists for each leasing product.

Summary strengths

- Good arrears management practices with customer contact initiated immediately upon notification of a missed payment.
- Good securitisation experience with regular issuance of ABS leasing transactions since 2011.

Summary weaknesses

- Higher default rates for leases originated prior to 2010 with the gross NPL rate of 16%.
  Mitigant(s): Alba’s credit policy is fairly conservative and the gross NPL rate for new production is significantly lower at less than 3%. The overall NPL rate of approximately 9% is consistent with peers.

Opinion on Back-Up Servicer: Securitisation Services SpA is the named warm back-up servicer on the transaction. Securitisation Services has been actively engaged with both Alba and the backup sub-servicers, Trebi Generalconsult S.r.l. (IT systems) and Agenzia Italia S.p.A. for loan management. The sub-servicers have been selected because they have the adequate skills, employees, professional qualifications and experience necessary to manage the types of leases and receivables included in the Alba transaction.

Securitisation Services has drafted a ‘crisis plan’ outlining the activities to be undertaken upon invocation of the backup agreement following servicer termination. The plan includes details on the operational processes as well as timelines and all activities are to be completed within 15-30 days of invocation. A full data dictionary and data mapping of the portfolio is in process and following the close of the transaction, Securitisation Services will have access to loan-by-loan data, regularly updated as defined in the transaction documents.

Securitisation Services is a registered Article 107 servicing company under Italian law (since 2001) and is currently providing securitisation and tax reporting services as well as ongoing portfolio surveillance as ‘master servicer’ for over 50 Italian securitisations totalling approximately €11 billion. Securitisation Services is also the primary servicer for nine Italian transactions totalling €1.6 billion and the named back-up servicer in 18 transactions including mortgages, leases, SME and covered bonds. Securitisation Services currently employs around 60 people and senior management and department heads average 20 and 10 years’ experience respectively.

As part of the operational review process, Securitisation Services provided information to DBRS regarding the operations, management experience and existing portfolio (both active servicing and back-up). The back-up servicing arrangement is considered ‘warm’ by DBRS.

DBRS believes that Securitisation Services is adequately positioned to assume the servicing role from Alba should a transfer event occur.

Collateral Analysis

Data Quality

The information used includes data listed below sourced by the originator, Alba Leasing SpA, through the transaction arrangers, Banca IMI SpA and Société Générale SA.

DBRS was provided with historical dynamic and static data on the entire leasing portfolio originated by Alba Leasing since 2010 and on the legacy portfolio originated by Italease SpA before 2003 and assigned to Alba in 2010. DBRS also received detailed stratification tables related to the portfolio selected by Alba as at 1 March 2015.

The set of historical data analysed by DBRS is detailed below:

- Quarterly dynamic arrears data from 2006 to Q4 2014.
- Quarterly dynamic default data from 2006 to Q4 2014.
- Quarterly dynamic prepayment data from 2006 to Q4 2014.
- Quarterly static default data from 2003 to Q4 2014.
- Quarterly static recovery data from 2006 to Q4 2014.

DBRS was provided with the aforementioned data sets separately for (1) vehicle leases sourced trough Presto Leasing, (2) vehicle leases sourced trough other channels, (3) equipment leases sourced trough Presto Leasing, (4) equipment leases sourced through other channels, (5) real estate leases and (6) naval, rail and aircraft leases.

DBRS understands that the default definition applied is the same definition utilised in the transaction documents.

DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

Collateral Analysis

The Collateral Portfolio

On 30 March 2015, Alba transferred a pool of receivables deriving from financial lease contracts originated by Alba (the collateral portfolio).

The receivables are monetary obligations of borrowers arising from financial lease contracts (*contratti di locazione finanziaria*) stipulated between Alba and the lessees (*utilizzatori*) for the lease of some assets (*beni*). The originator, Alba, retains full title over the assets, which can be transferred to the relevant lessees upon exercise of the purchase option through the payment of the final instalment which includes the residual value of the asset (*riscatto*) and the related interest component. All lease contracts related to receivables comprising the collateral portfolio envisage such option and are thus financial leases (*leasing finanziari*). The originator has undertaken to grant the issuer a security interest over the assets related to the assigned receivables, although the issuer does not have any direct right over such assets and the enforcement of the security is doubtful in case of default of the originator. In fact, although the validity of a lease contract (to which the issuer is not a party) should not be affected by the sole insolvency of the originator[1] thus protecting from the disposal of the asset as part of the insolvency estate, following a default of the lessee the termination of the contract would lead to commingling of the asset within the defaulted originator's estate, leaving the issuer with an unsecured claim toward the originator's insolvency estate.

The price payable upon assignment will be calculated as the aggregated principal outstanding of the selected receivables but excluding residual value of the asset. Although the receivables may include the right to receive the residual value instalment (which may or may not be assigned depending on the maturity of the relevant instalment as compared to the last assigned instalment), the issuer will only be required to pay the purchase price of optional instalment (i.e. the residual value) upon exercise of the option by the relevant lessee. To further stress the fact that payment of the purchase price of the last instalment is subject to the receipt of the collections from the lessees such funds are treated outside the ordinary priority of payments used to distribute the issuer available funds.

Alba has selected the collateral portfolio as at 1 March 2015 according to the criteria set out in the transaction documents which are summarised below. The aggregated outstanding principal of the receivables comprising the portfolio is €784,756,489, excluding all amounts related to residual value, which although formally transferred are not purchased until the lessees have exercised their options. The purchase price payable on the issue date would be equal to the outstanding principal excluding the last instalment. Upon exercise of the related option by the relevant lessees (also in case of early payment) the issuer will be required to pay an additional purchase price equal to the optional instalment paid by the lessees. DBRS has analysed the collateral and summarised the main characteristics below.

[1] Art. 72 *quater* of the Italian insolvency law specifies that insolvency of the lessor is not sufficient reason to terminate a lease contract.

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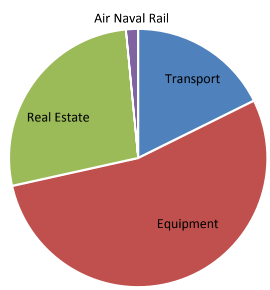
23 April 2015

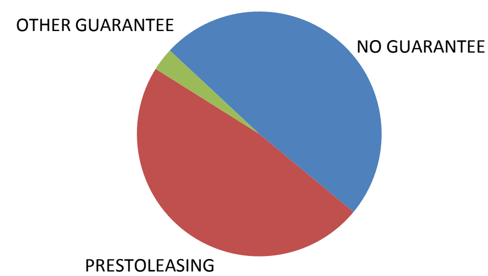
Portfolio Summary

	Pools				Total Portfolio
	Transport	**Equipment**	**Real Estate**	**Air Naval Rail**	
Outstanding principal (without residual)	138,719,673	422,635,654	211,482,047	11,919,114	**784,756,489**
Number of Contracts	5,083	7,306	464	47	**12,900**
Number of Debtors (lessees)	2,968	4,871	449	35	**8,092**
Number of Debtors (groups)	2,924	4,688	448	35	**7,815**
Average Receivable Size	27,291	57,848	455,780	253,598	60,834
Residual Value	5,117,510.43	6,835,787.87	29,078,861.12	290,807.24	**41,322,967**
Financed Amount	184,751,810.75	571,881,319.69	255,174,596.76	14,885,452.66	**1,026,693,180**
Fixed Rate Portion	2.9%	1.7%	1.7%	1.5%	1.9%
Floating Rate Portion	97.1%	98.3%	98.3%	98.5%	98.1%
WA Fixed Rate	4.4%	4.4%	3.3%	4.0%	4.1%
WA Spread	4.3%	4.0%	3.7%	4.0%	4.0%
Wavg Residual Life (years)	3.82	4.19	13.14	5.18	6.55
Wavg Seasoning (years)	0.87	1.04	1.29	1.05	1.08

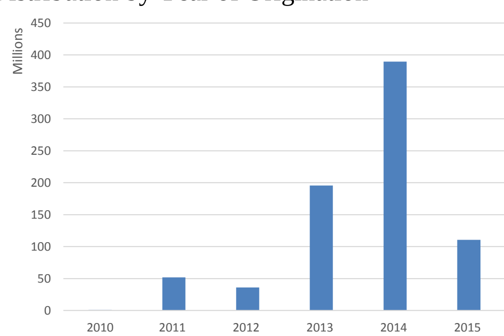
Composition by Pool



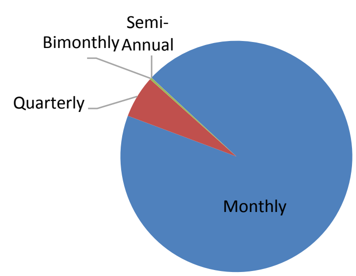
Distribution by Contract Type



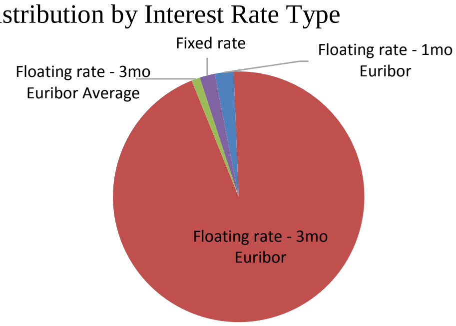
Distribution by Year of Origination



Distribution by Payment Frequency



Distribution by Interest Rate Type



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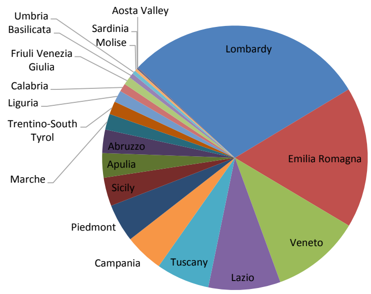
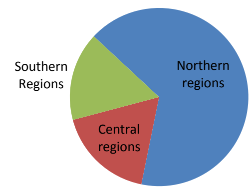
Geographical Distribution





Eligibility Criteria

The receivables comprising the collateral portfolio have been selected by Alba in accordance with specific eligibility criteria outlined in the transaction documents (the eligibility criteria). Some of the criteria are outlined below but the list is not exhaustive.

- Related lease contracts stipulated by Alba as lessor.
- Related lease contracts envisage the option for the faculty (but not the obligation) for the lessees to purchase the assets at the end of the contract (financial lease contract).
- Legally valid before 1 January 2010.
- Denominated in euros.
- Governed by Italian law.
- At least the down payment has been paid by the relevant lessee.
- Related instalments are payable via direct debit or bank transfer.
- Frequency of instalments is monthly, bimonthly, quarterly, four-monthly, biyearly.
- Related lease contracts envisage fixed rate or floating rate one month Euribor or three month Euribor.
- Lessees have declared their registered office in Italy.
- Underlying assets belong to one of the following categories:
  - Real estate assets located in Italy,
  - Motor vehicles,
  - Equipment assets or
  - Trains, ships, vessels, or aircrafts.
- All past instalments have been timely paid.
- The related lease contracts envisage the obligation for the lessees to insure the underlying asset and to transfer the right to receive any indemnity to Alba.
- The underlying assets have been completed and delivered to the relevant lessees.
- The repayment of principal is according to a French amortisation plan.
- Any instalment contains both principal and interest components.
- Contracts have been stipulated by lessees in the context of their ordinary business.

Receivables should be excluded if at least one of the conditions listed below are met upon assignment:

- Lessees are employees or shareholders of Alba.
- Any instalment has been in arrears for more than 30 days.

Further characteristics of the receivables comprising the collateral portfolio, specified by the representations and warranties rendered by the seller in the transaction documents, are summarised below:

- Receivables have been selected by Alba in compliance with the eligibility criteria.
- Lease contracts have been executed and disbursed in compliance with the relevant regulations.
- Lease contracts comply with usury law.

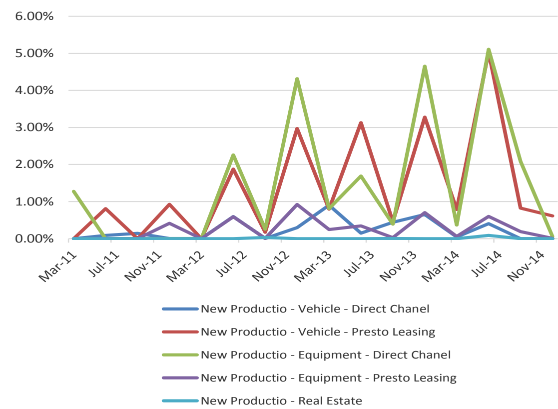
Clean-up call option

When the collateral portfolio (including defaulted receivables) has reduced to less than 10% of the initial purchase price, the originator has the option (but not the obligation) to repurchase the entire portfolio. Such faculty is subject to the capacity of the issuer to repay in full all of the then outstanding principal of the rated notes (Class A Notes and Class B Notes).

Historical Performance

Prepayments

DBRS received dynamic quarterly prepayment data over the Alba lease portfolio from 2010 and up to the end of 2014. The graph on the right shows the annualised constant prepayment rate (CPR), calculated as the aggregated prepaid amount in each quarter divided by the outstanding at the beginning of the quarter and subsequently annualised.



Arrears

DBRS received dynamic quarterly delinquency data over the entire lease portfolio from 2010 and up to the end of 2014. DBRS understands that defaulted receivables (according to the definition applied in the transaction) are excluded.

Default and Recovery Data

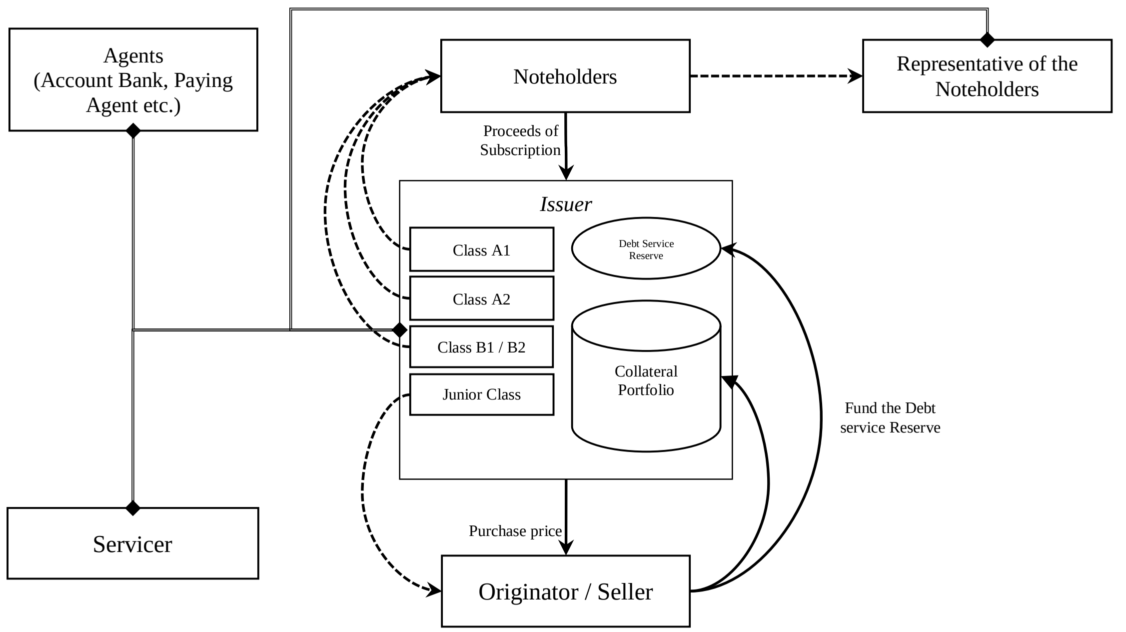
DBRS received quarterly static default analysis quarterly static recovery data on the entire lease portfolio from 2010 and up to the end of 2014. Data is grouped into vintages by the date of origination of the loan. DBRS understands that the default definition applied to cut the data is the same definition utilised in the transaction documents.

Alba 7 SPV S.r.l.

Report Date
23 April 2015

Transaction Structure

Transaction Diagram



Source of Available Funds

Funds available to the issuer primarily represent lessees' payments with regard to the lease contracts (excluding for avoidance of doubt the VAT component and the optional payment of the last instalment including the residual value of the asset) and include payments in respect of principal, interest and fees (altogether the collections).

The receivables and hence the collections do not include: (1) the VAT payable by the borrowers together with the monthly instalments, (2) any other amount which may be paid by the borrowers together with the monthly instalments and is related to taxes or other expenses payable to maintain the good state of the underlying assets.

Although receivables may include the optional payment of the last instalment of the related lease contract (*riscatto*), the residual value (and the related interest component) is not part of the issuer available funds to be processed according to the relevant priority of payments. In fact, the residual value, if collected, is expected to be paid back to the originator on the next payment date separately from the available funds and disregarding the relevant priority of payments.

These collections may be further supplemented by amounts or indemnities payable by Alba (as the originator or the seller as the case may be) to the issuer or recoveries in relation to defaulted receivables driving from the sale or the re-lease of any underlying asset up to satisfaction of the issuer's credit related to the relevant receivable.

Funds available to the issuer (the available funds) are as follows:

- Collections (including recoveries from lessees made under the defaulted receivables and payments supplemented by the originator/seller).
- The reserve funds (Debt Service Reserve) standing to the credit of the issuer's account.

- The amounts standing to the credit of the payments account (deriving from excess accumulated on the previous payment dates that may be trapped within the structure in accordance with the terms of the transaction documents).

The issuer is not usually allowed to make any payment except on a specific set of periodic dates (the payment dates), and the flow of funds between the issuer's accounts and the payments to and from such accounts occurs only on or about a payment date (with the exception of the Expenses Account that can be used by the issuer freely up to its capacity). The interest payable under the notes is calculated on the period ranging from a payment date (or from the issue date in case of the initial period) to, but excluding, the next one (an interest period) but, to ensure that the issuer is able to meet its payment obligations on a specific payment date, the issuer available funds considered only include collections related to a specific period that usually does not match the interest period but ends prior to end of the of the interest period. Such time mismatch allows the funds to be paid and cleared into the issuer's accounts and sufficient time for the servicer to produce a summary of the collections (usually contained in the servicer report) and the other agents to report on the other funds available to the issuer.

Priority of payments

On each payment date the issuer available funds must be disbursed by the issuer, as per the terms of the transaction documents, in accordance with priority of payments applicable in the circumstances as at the relevant payment date. The priorities of payments are described below. In the current transaction the structure usually envisages a unique payment priority where principal and interest funds are fully commingled.

Pre- Enforcement Priority of Payments

(1) Issuer taxes and costs.
(2) Issuer expenses and replenishment of the Expenses Account up to its target of €25,000.
(3) Fees payable to the Representative of Noteholders.
(4) Fees payable to other counterparties to the transaction documents (including servicing fees).
(5) Interest under the Class A Notes.
(6) Interest under the Class B Notes, prior to a Class B Notes Interest Subordination Event.
(7) Replenishment of the Debt Service Reserve to its target (see section Debt Service Reserve).
(8) Principal repayment under Class A1 Notes.
(9) Principal repayment under Class A2 Notes.
(10) Interest under the Class B Notes, upon a Class B Notes Interest Subordination Event (a).
(11) Principal repayment under Class B Notes upon redemption in full of the Class A Notes.
(12) To provision any residual amount to the Payments Account, upon occurrence of a Cash Trapping Condition (b).
(13) Other junior items

(a) **Class B Notes Interest Subordination Event** means the event that occurs on a payment date when the ratio (Gross Cumulative Default Ratio) between (1) the aggregated gross principal amount of defaulted receivables and (2) initial principal outstanding amount of the receivables assigned on the issue date, exceeds 15%.

(b) **Cash Trapping Condition** means the event that occurs on a payment date when the ratio (Gross Cumulative Default Ratio) between (1) the aggregated gross principal amount of defaulted receivables and (2) initial principal outstanding amount of the receivables assigned on the issue date, exceeds the percentages summarised in the table below:

Payment Dates	Relevant percentage
June 2015	1.75%
September 2015	1.75%
December 2015	2.25%
March 2016	3.00%
June 2016	3.50%

September 2016	4.50%
December 2016 onward	5.00%

In case the Cash Trapping Condition is met funds after item 12 of the aforementioned priority of payments will be trapped and credited to the payments account of the issuer. Such funds will be available to the issuer on the next payment date and will be part of the available funds on that date.

Following an Enforcement Event the issuer available funds will be processed in accordance with the Post-Enforcement Priority of Payments summarised below.

Post-Enforcement Priority of Payments

(1) Issuer taxes and costs.
(2) Issuer expenses and replenishment of the Expenses Account up to its target of €25,000.
(3) Fees payable to the Representative of Noteholders.
(4) Fees payable to other counterparties to the transaction documents (including servicing fees).
(5) Interest under the Class A Notes.
(6) Principal repayment under Class A Notes.
(7) Interest under the Class B Notes.
(8) Principal repayment under Class B Notes upon redemption in full of the Class A Notes.
(9) Other junior items

Enforcement Events are recognised as issuer events of defaults such as:

- Missed payment of interest under the most senior classes of notes in accordance with the terms and conditions of the notes.
- Illegality.
- Breach of representations and warranties by the issuer.
- Insolvency or liquidation of the issuer.
- Liquidation for taxation reasons.

Defaulted receivables are receivables which (1) have been in arrears for more than 180 days or (2)(a) with at least six overdue instalments if monthly payments are envisaged or (b) with at least three overdue instalments if bimonthly payments are envisaged or (c) with at least two overdue instalments if quarterly payments are envisaged or (d) with at least one overdue instalment if bi-yearly payments are envisaged.

The Reserve Fund (Debt Service Reserve)

On the issue date the €12,104,000 reserve fund (Debt Service Reserve) has been funded by the originator (as the junior notes subscriber) with part of the proceeds of subscription of the €191.66 million junior notes, an amount initially equal to 2% of the initial outstanding of the Class A and Class B Notes and 1.54% of the initial outstanding of the collateral portfolio.

The reserve fund will not amortise as long as the Class A Notes are outstanding. On the payment date following the full repayment of the Class A Notes the reserve fund will be reduced to €9,078,000, equal to 1.5% of the initial outstanding of the Class A and Class B Notes, and the released amount will be applied toward repayment of the Class B Notes. The residual amount of the reserve fund will not be further reduced until the payment date when the available funds including the reserve fund are sufficient to repay the Class B notes in full in accordance with the priority of payments.

The reserve fund may also be released (and its target reduced to zero) on a payment if the issuer and the Representative of the Noteholders confirm that there are no more relevant collections from the portfolio.

Transaction Accounts

Servicer's Accounts

The servicer receives lessees' payments on behalf of the issuer on an account opened and maintained in its own name with a banking institution (the servicer's collection account). The banking institution holding the servicer's collection account has acknowledged that the funds standing to the credit of such account are segregated from its own estate and payable to the issuer upon demand in accordance with segregation provisions of the Italian securitisation law.

The servicer has undertaken to transfer collections to the issuer's collection account on daily basis from the clearance of funds on its own collection accounts.

Issuer's Collection Account

The servicer remits collections to the issuer's collection account (Collection Account) opened and maintained in name of the issuer at the Account Bank on a daily basis.

Other Issuer Accounts

Furthermore, the issuer will open and maintain the following current accounts with the Account Bank:

- Payments Account.
- Investment Account
- Debt Service Reserve Account (where the reserve fund is deposited).

The issuer also holds the following current accounts with another Unicredit SpA:

- Expenses Account (where the €25,000 Expenses reserve is deposited).
- Quota Capital Account (that is not strictly related to the transaction and the priority of payments).

Cash Flow Analysis

Summary of the Cash Flow Scenarios

The DBRS cash flow model assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds and interest rates. Based on a combination of these assumptions, a total of 18 cash flow scenarios were applied to test the performance of the rated Notes (see table below).

Scenario	Pre-payments	Default timing	Interest Rat
1	Slow	Front	Upward
2	Slow	Front	Downward
3	Slow	Base	Upward
4	Slow	Base	Downward
5	Slow	Back	Upward
6	Slow	Back	Downward
7	Mid	Front	Upward
8	Mid	Front	Downward
9	Mid	Base	Upward
10	Mid	Base	Downward
11	Mid	Back	Upward
12	Mid	Back	Downward
13	Fast	Front	Upward
14	Fast	Front	Downward
15	Fast	Base	Upward
16	Fast	Base	Downward
17	Fast	Back	Upward
18	Fast	Back	Downward

Interest Rate Risk, Basis Risk and Excess Spread

The vast majority of the collateral portfolio (96%) pays the same floating rate payable under the notes (three months Euribor with fixing on the 27th of March, June, September and December). The remaining part of the portfolio pays fixed rate or is indexed to one month Euribor. The interest rate risk and the basis risk are limited at 4.4% of the portfolio whereas the largest portion of receivables are in natural hedge with the notes.

Interest Rate Stresses

DBRS applied its standard interest rate stresses as detailed in its Unified Interest Rate Model methodology.

Yield Compression

DBRS has received detailed information on a preliminary portfolio, including the amortisation schedule and a yield vector and has considered the information provided to assess and model the portfolio yield. To take into consideration the potential adverse effect of prepayment and default on the yield a 15% spread or yield compression as applicable has been applied.

Base Case Default and Recovery

The expected base case gross default was calculated as a weighted-average sum of sector-specific adjusted defaults and it is approximately 9.86% (excluding sovereign stress and other additional losses specifically listed). The expected recovery rate was calculated as a weighted-average sum of sector-specific adjusted recoveries and it is approximately 26% (including recoveries from the sale of the assets). The average recovery time lag was assumed to be 24 months.

Rating Specific Recoveries

Recoveries from the assets may be commingled within the originator's estate in case of default. DBRS has factored the risk by applying a haircut to such component of the recoveries and treating such recoveries as unsecured claims from a defaulted institution.

Prepayment Speeds and Prepayment Stress

Various prepayment speed scenarios have been assumed ranging from 0% to 8%.

Timing of Defaults

DBRS estimated the default timing patterns and created base, front and back-loaded default curves. The weighted-average life of the collateral portfolio is expected to be about two years and the front-loaded, base and back-loaded default distributions are listed below.

Year	Mid Losses	Front Loaded Losses	Back Loaded Losses
1	15%	30%	5%
2	30%	40%	20%
3	35%	20%	40%
4	20%	10%	35%
5	0%	0%	0%

Risk Sensitivity

DBRS expects a lifetime base case probability of default (PD) and loss given default (LGD) for each rated pool based on a review of historical data. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative effect on credit ratings. The tables below illustrate the sensitivity of the rating to various changes in the base case default rates and loss severity assumptions relative to the base case assumptions used by DBRS in assigning the ratings.

Class A1

		Increase in Default Rate %		
		0	25	50
Increase in LGD %	0	AAA	AAA	AA(high)
	25	AAA	AA(high)	AA
	50	AA(high)	AA	A(high)

Class A2

		Increase in Default Rate %		
		0	25	50
Increase in LGD %	0	AAA	AA(high)	AA(low)
	25	AA(high)	AA(low)	A(high)
	50	AA(low)	A(high)	A(low)

Class B

		Increase in Default Rate %		
		0	25	50
Increase in LGD %	0	A(low)	A(low)	BBB(high)
	25	A(low)	BBB(high)	BBB(low)
	50	BBB(high)	BBB(low)	BB

Legal Structure

Laws Impacting Transaction

The Notes and the transaction documents are governed by Italian law.

The receivables comprising the collateral portfolio have been assigned to the issuer in a true sale transaction (*cessione a titolo oneroso*) in accordance with Italian Securitisation Law[2] which makes reference to the provisions of article 58 paragraphs 2-4 of the Banking Act. The ownership of the receivables is conveyed to the issuer by way of an assignment agreement that envisages the initial assignment of the collateral portfolio. The assignment has been perfected against both debtors and third party upon (1) publication of a notice of such assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and (2) registration of such notice of assignment with the competent companies' register (*Registro delle Imprese*).

By operation of Italian law, upon the issue of the notes, the issuer's right, title and interest in and to the receivables comprised in the assigned portfolio is segregated from all the other assets of the issuer, and, both prior to and on any insolvency proceedings of the issuer, the amounts deriving therefrom will only be available to satisfy the obligations of the issuer to the holders of the Notes, each of the parties to the transaction documents and any other creditor to whom the issuer has incurred costs, fees and expenses in respect of the securitisation.

A security interest in favour of the holders of the notes (acting through the Representative of the Noteholders) was created by an Italian law pledge to (1) any existing or future monetary claim and right and any sum to which the issuer (as pledgor) is or will be entitled to under or in connection with the transaction documents and (2) the credit balance of each account of the issuer opened and maintained in relation to the transaction.

The transaction counsel and the originator's counsel rendered an opinion with respect to (1) corporate good standing of originator and issuer, (2) enforceability of documents against originator and issuer, (3) validity and perfection of the sale from the Seller to the issuer as well as of the formalities thereof in order for the assignment of the portfolio to be enforceable against the debtors and any other third party and (4) tax regime of the issuer and the notes.

Set-off risk

Upon insolvency of an originator, borrowers can usually invoke the right to set off the amount they owe the originator at any given time, by any amounts due and payable to them by the originator.

Alba is not a bank and does not offer to take deposits from retail clients. Furthermore Alba's Italian operation is highly specialised and focused on consumer financing thus not providing retail clients with financial services (e.g. insurance products) that could be a source set-off risk.

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[2] Law No. 130 dated 1999, and recently amended by Law Decrees No. 145 of 23 December 2013 (subsequently converted into law as Law No. 9 of 21 February 2014) and No. 91 of 24 June 2014 (converted into Law No. 116 of 11 August 2014).

Commingling risk
The Servicer is expected to receive and collect payments on behalf of the issuer on its own account (the servicer's collection account). Should the servicer default, the issuer's funds might be commingled within the defaulted servicer's estate.

The Italian securitisation law (as recently amended) provides for segregation of the issuer's assets including funds collected on behalf of the issuer. However, prompt and timely availability of such funds is not to be taken for granted as it might be affected by several factors in scenarios following insolvency of the servicer or the servicer's account bank(s) (such as discretional decisions that might be made by the insolvency receiver, timing of court enforcement proceedings). In particular, the default of the banking institution holding the account(s) may entail a number diversified scenarios some of which can be seriously detrimental to the capacity of the bank to destitute the segregated amounts timely and entirely.

The risk is mitigated by the existence of a sizeable reserve fund and by the undertaking to transfer funds daily to the issuer's collection account.

Claw-back risk
In the Italian legal and regulatory framework, upon default of an enterprise (company or a bank) that is subject to Italian insolvency law, the official receiver may revoke and claw-back payments made by the defaulted entity during the period immediately preceding the default. This is permitted in order to avoid selective repayment of specific creditors above others. The time during which claw-back right can be exercised may be extended up to two years depending on the framework.

The assignments of the receivables may be subject to the same proceedings following an event of default of the Seller, however the official receiver should generally be required to prove that the issuer or its agents were aware of the incumbent default and that the price paid was not fair. Although in the general regulatory framework the suspicious period is six months and might be extended to one year, the Italian Securitisation Law provides for a reduction from six to three months and from one year to six months under the applicable framework. DBRS understands that the repurchase of Receivables by the Seller or sale to third parties may also be clawed back following the default of the relevant party and in such circumstances the securitisation should not benefit from the reduced period provided by the Italian Securitisation law.

Transaction Counterparty Risk

Originator and Servicer

Alba is both the originator (seller) and the servicer for the transaction and might be replaced as servicer upon insolvency or intervention by the Italian regulators. DBRS has conducted a private rating on Alba and concluded that it meets DBRS minimum criteria to act as originator and servicer.

Alba is expected to manage the issuer's funds on its own accounts.

Claw-back risk derived from the initial assignment of receivables is subject to an unavoidable three to six months claw-back period whereas the repurchase of receivables (also Defaulted Receivables) could be clawed back within the standard terms (six months or one year), however the risk is mitigated by the obligation to provide the issuer with recent solvency certificates. Furthermore, the repurchase of receivables is limited by provisions of the transaction documents.

Account Bank

BNP Paribas Securities Services, Milan branch (also BNP) is the Account Bank for the transaction. DBRS conducted private ratings on BNP and concluded that the parties meet DBRS minimum criteria to act in such capacity.

The transaction documents contain downgrade provisions with respect to BNP's role as Account Bank consistent with DBRS criteria.

Methodologies Applied

The following are the primary methodologies DBRS applied to assign a rating to the above referenced transaction, which can be found on www.dbrs.com under the heading Methodologies, Alternatively, please contact info@dbrs.com, or contact the primary analysts whose information is listed in this report:

- *Rating European Consumer and Commercial Asset-Backed Securitisations.*
- *Legal Criteria for European Structured Finance Transactions.*
- *Operational Risk Assessment for European Structured Finance Servicers.*
- *Unified Interest Rate Model for European Securitisations.*

Monitoring and Surveillance

Please refer to DBRS's *Master European Structured Finance Surveillance Methodology*.

Note:
All figures are in euros unless otherwise noted.

This report is based on information as of April 2015, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.