Rating Report

Alba 8 SPV S.r.l.

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DBRS

Insight beyond the rating.

Ratings and Issuer's Assets

Debt	Par Amount (EUR) 1	Subordination 1, 2	Coupon	Rating	Rating Action
Class A1 3 IT0005201881	335,300,000	67.0%	Three-month Euribor + 0.65%	AAA (sf)	New Rating
Class A2 3 IT0005201899	304,800,000	37.0%	Three-month Euribor + 0.75%	AAA (sf)	New Rating
Class B IT0005201907	127,000,000	24.5%	Three-month Euribor + 1.15%	A (high) (sf)	New Rating
Class C IT0005201915	45,700,000	20.0%	Three-month Euribor + 1.50%	A (sf)	New Rating
Class J 4 IT0005201923	213,300,000	-	Three-month Euribor + 2.00%	-	-

Notes:
1 As at the issue date.
2 Subordination is calculated on the underlying portfolio and does not include the reserves.
3 Class A1 principal is repaid senior to Class A2 principal; however, interest on both Class A1 and A2 rank pari passu and pro rata.
4 Part of the proceeds of the subscription of the EUR 203 million junior notes will be used to fund the EUR 12 million reserve fund (the Debt Service Reserve).

	Amount (EUR) 1	Size
Performing Portfolio	EUR 1,015,940,300	100.00%
Cash Reserve 2	EUR 12,690,000	1.25% of collateral
Expenses reserve	EUR 50,000	0.0% of collateral

Notes:
1 As at the issue date.
2 Cash reserve provides credit support and can be used to off-set credit losses.
3 The expenses reserve does not form part of the available funds but can be used to pay the issuer's expenses outside the payment dates.

DBRS Ratings Limited (DBRS) has assigned the aforementioned ratings to the Class A1 Notes, Class A2 Notes, Class B Notes and Class C Notes (the rated notes and together with the junior notes, the notes) issued by Alba 8 SPV S.r.l. (the issuer), a special-purpose vehicle incorporated under Italian law. The notes were issued in the context of a securitisation transaction designed to follow the standard structure under Italian securitisation law (the transaction) that closed on 20 June 2016. The notes are backed by lease receivables (the receivables or collectively, the portfolio) granted to corporate, small business and individual enterprises with their registered offices in Italy by Alba Leasing S.p.A. (Alba, the seller or the originator).

On or about the issue date, Alba assigned a pool of receivables with an indicative size of EUR 1 billion, the purchase of which was funded through the proceeds of the subscription of the notes. The collateral portfolio will be serviced by Alba (the servicer).

Portfolio Summary (as at 30/4/2016)

Total Outstanding Principal	EUR 1,015,945,300	**Asset Class**	Financial Leases (No RV):
Number of Contracts	15,046		Auto, Equipment, Real Estate, Aircraft and Railway
Average Outstanding Principal	67,522		
Auto / Equipment / RE / Other	18% / 53% / 28% / 1%	**Asset Governing Jurisdiction**	Italy
Retail / Corporate / Other	46% / 52% / 2%		
Top 1 / 10 / 20 Group Exposure	0.8% / 5.6% / 8.2%	**Sovereign Rating**	A (low)

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Transaction Parties

Role(s)	Counterparty	Rating
Issuer	Alba SPV 8 S.r.l	n. a.
Originator / Seller / Servicer / Class J subscriber	Alba Leasing S.p.A.	Internal Assessment
Representative of the Noteholders / Back-up Servicer, Corporate Servicer and Calculation Agent	Securitisation Services S.p.A.	N/A
Sub-Back-up Servicer	Agenzia Italia S.p.A. Trebi Generalconsult S.p.A.	N/A N/A
Account Bank and Italian Paying Agent	Citibank NV, Milan branch	Private Rating
Principal Paying Agent	Citibank NV, London branch	Private Rating
Listing Agent	A&L Goodbody	N/A
Hedging Counterparty	N/A	
Arranger and Lead Manager	Banca IMI S.p.A.	Private Rating
Arranger and Lead Manager	Société Géneral S.A.	(S) A (high) / R-1(mid) (C) AA / R-1(high)

Note: (I) Issuer Rating; (S) Senior Debt Rating; (C) Critical Obligations Rating; if not specified the rating is a Senior Debt Rating or an Issuer Rating.

Relevant Dates

Issue Date	20 June 2016
First Interest Payment Date	27 [July] 2016
Payment Dates	27th day (or the following business day) of each calendar month
Collection periods	Each calendar quarter ending before a payment date
Revolving Period end date	N/A
Final Maturity Date	

Rating Considerations

Notable Features

- The portfolio is static and comprises lease receivables well balanced mostly between three pools: real estate (28%), equipment (53%) and vehicles (18%). The residual exposure to other leases (aircrafts, naval and railway) is limited to 1.5%.
- The residual value component of the underlying financial lease contracts is not securitised. In fact, 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.
- The portfolio is composed of fixed-rate receivables (1.7%) and floating-rate receivables indexed to Euribor are split between one-, three- and six-month Euribor.
- There is no hedging agreement in place.

Strengths

- The transaction structure benefits from a EUR 12.7 million reserve fund (the Debt Service Reserve) that ensures timely payment of interest.
- The Debt Service Reserve amortises to be maintained at 1.2% of the rated notes and the released amount is applicable toward amortisation of the rated notes in accordance with the then applicable priority of payments.
- The limited exposure to real estate leases (unusual in Italian lease transactions) causes the weighted-average maturity of the receivables comprising the portfolio to be below seven years.
- Although most of the lessees are corporate clients, the portfolio is granular with the top ten obligor group concentration of 5.55% and the top 20 slightly in excess of 8%.
- Most of the portfolio is indexed to the same three-month Euribor as the notes' liabilities.

Challenges and Mitigating Factors

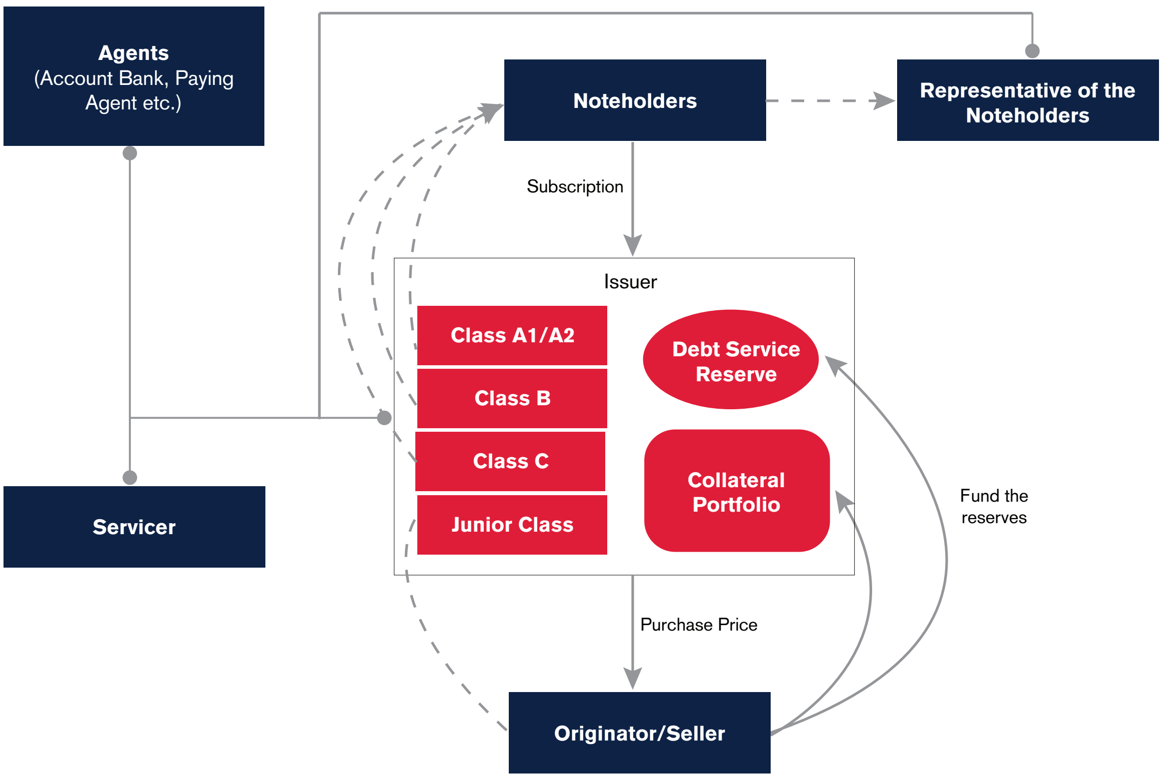
- The transaction is exposed to unhedged interest rate risk and basis risk as 1.7% of the pool is fixed rate and about 8.5% is indexed to a different floating index.
  Mitigant(s): the unhedged part of the pool is limited (less than 10%) and DBRS factored the effect of the interest rate mismatch in accordance with its methodology and the required rating level.
- The portfolio includes air-naval-rail lease receivables for which limited historical data is available.
  Mitigant(s): such portion is extremely limited (1.7%).

Transaction Diagram

Transaction Summary

Currencies:	Issuer's assets and liabilities are denominated in euros (EUR).	
Relevant Jurisdictions:	Lease contracts are governed by Italian law. The transaction documents are governed by Italian law (including the subscription agreement) and the issuer is incorporated under the law of the Republic of Italy.	
Interest Rate Hedging:	N/A	
Basis Risk Hedging:	N/A	
Cash Reserve (Debt Service Reserve):	Provides full credit support to the structure and can be used to offset credit losses during the life of the transaction; furthermore release amounts can be applied toward amortisation of the notes	
	Initial Amount	EUR 12,690,000
	Target Amount	EUR 12,690,000 Corresponding to 1.25% of the rated notes
	Step-up	N/A
	Amortisation	Yes Maintained at 1.25% of the rated notes
	Floor	EUR 4,064,000

Transaction Diagram



Counterparty Assessment

Account Bank

Citibank N.A., Milan Branch (Citi) is the account bank and the Italian paying agent for the transaction and DBRS publically rates Citibank N.A.'s long-term senior debt at A (high) with a Stable trend. DBRS thus concluded that Citi meets DBRS's criteria to act in such capacities. The transaction documents contain downgrade provisions with respect to Citi's role as account bank, consistent with DBRS criteria.

Hedging Counterparty

N/A

Servicing of the portfolio and collections

Alba is the originator and will service the receivables on mandate by the issuer in accordance with their customary practices. DBRS does not publically rate Alba, but conducted an internal assessment and reviewed their practices to conclude that Alba meets DBRS's minimum criteria to act as originator and servicer.

The servicer is mandated by the issuer to collect payments by lessees and other proceeds related to the receivables (collections). Lessee payments include interest and principal under the receivable but may also include other payments such as taxes and other charges payable by them in connection with the lease contract but which are not securitised and do not form part of the receivables.

The receivables and hence the collections do not include: (1) the value added tax (VAT) payable by the lessees together with the instalments, and (2) any other amount or charge which may be paid by the lessees together with the periodic 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. On the other hand, interest (including interest yielding over the residual value) is payable to the issuer and will remain available to it as available funds.

The receivables also include recoveries under terminated lease contracts including the right to receive the net proceeds of sale of the underlying asset up to the issuer's outstanding claim under the relevant receivables, although any excess including any component of recoveries that form part of the residual will be payable back to the seller. Since the leased assets remain in the seller's estate until full payment of the residual value instalment default of the seller may be detrimental to the issuer's capacity to timely receive proceeds of asset sale which may remain trapped in the defaulted entity's estate. However, as long as the lease contract is performing the lessor's default should not be a valid cause of termination of the lease contract and the asset will remain in the lessee's capacity.

The servicer receives payments by securitised borrowers into its collection accounts held in its own name, mostly with an Italian banking institution. The transaction documentation requires Alba to remit collections to the issuer's accounts (held and maintained with the account bank) on a daily basis which generally ensures that collections are transferred to the issuer's account within the following business day from the moment funds are cleared on the servicer's account.

Collections on the servicer's accounts may be commingled with the servicer's estate in case of default. Although the actual commingling period is limited to few business days, the amount at risk may be increased by the concentration of the payment dates around the end of the month and by the lengthy process of redirection of some form of payments such as the postal payment or the bank transfer that require the actual notification of the borrowers.

Collections may be further supplemented by payments or indemnifications made by Alba as the transaction originator, seller or servicer, as the case may be, in accordance with the transaction documents.

Additional sources of funds available to the issuer are represented by the cash reserve (Debt Services Reserve).

The available funds must be disbursed by the issuer, as per the terms of the transaction documents, on specified dates (the payment dates). Funds processed on a given payment date are payments related to a specific monthly period ended prior to the payment date (the collection period) and amounts collected but referred to the following collection period should only be processed on the relevant payment date.

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 notes.

The Originator Risk
Set-Off Risk
Upon an insolvency of the originator, borrowers may invoke the right to set off the amount they owe the originator at any given time, by any amounts due and payable to them from the originator.

Alba has provided standard representations and warranties that no borrower is entitled to exercise any right of set-off. Service charge and insurance premia are payable by the lessee on a pay-as-you-go basis and may be collected by the originator (in its role as the servicer) only to be immediately transferred to the relevant third party.

In addition, Alba does not offer deposit service and does not finance through bond issuances, hence DBRS considers the set-off risk insignificant, at the moment.

Claw-Back Risk
All payments made to the issuer by any party (except for the borrowers) in the year/six months suspect period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back. The relevant payment will be set aside and clawed back if the receiver gives evidence that the issuer had knowledge of the state of insolvency when the payments were made. The question as to whether or not the issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

Reserve Fund (Debt Service Reserve)
On the issue date, the Debt Service Reserve was funded by Alba with part of the proceeds of subscription of the junior class.

The cash reserve forms part of the available funds and may be topped up in accordance with the relevant priority of payments up to its target.

The cash reserve initially equals 1.25% of the rated notes (also corresponding to 1.25% of the collateral portfolio) and is expected to amortise over the life of the transaction with the amortisation of the notes to be maintained at 1.25% of the rated notes, subject to a floor of EUR 4,064,000 (corresponding to 0.5% of the initial amount of the rated notes) until the payment date when the it can be applied to repay the rated notes in full.

The release amount paid out of the reserve on each payment date will be applied toward repayment of the rated notes unless used to pay senior expenses or senior interest.

Priority of Payments
The available funds are distributed through two separate waterfalls of interest and principal in the following order of priority:

Pre-Enforcement Interest Priority of Payments
1. Issuer taxes and costs.
2. Issuer expenses (including the replenishment of the expenses reserve up to its target of EUR 25,000).
3. Fees payable to the transaction parties.
4. Interest under the Class A1 Notes and Class A2 Notes (pro rata and pari passu).
5. Interest under the Class B Notes, prior to a Class B Notes Interest Subordination Event.
6. Interest under the Class C Notes, prior to a Class C Notes Interest Subordination Event.
7. Replenishment of the Debt Service Reserve to its target of 1.2% of the rated notes (including the payment).
8. Principal repayment under Class A1 Notes up to the target (†).
9. Principal repayment under Class A2 Notes up to the target (†) (only upon redemption in full of the Class A1 Notes).
10. Interest under the Class B Notes, upon a Class B Notes Interest Subordination Event.
11. Principal repayment under Class B Notes up to the target (†) (only upon redemption in full of the Class A Notes).
12. Interest under the Class C Notes, upon a Class C Notes Interest Subordination Event.
13. Principal repayment under Class C Notes up to the target (†) (only upon redemption in full of the Class B Notes).
14. To provision any residual amount to the Payments Account, upon occurrence of a Cash Trapping Condition.

Other junior items
Note: (†) The target for repayment of principal is calculated as the difference between (1) the outstanding principal of the notes and (2) the sum of (a) the portfolio excluding defaulted receivables and (b) the reserve target.

Defaulted receivables are receivables which have been in arrears for more than 180 days or with at least six monthly (three bimonthly, two quarterly) overdue instalments.

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) the initial principal outstanding amount of the receivables assigned on the issue date exceeds 15%.

Class C 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) the initial principal outstanding amount of the receivables assigned on the issue date exceeds 10%.

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) the initial principal outstanding amount of the receivables assigned on the issue date exceeds the percentages summarised in the table below:

Payment date	Threshold
October 2016	1.75%
January 2017	1.75%
April 2017	2.25%
July 2017	3%
October 2017	3.5%
January2018	4.5%
April 2018	5%
July 2018	5%
October 2018	6%
Thereafter	6%

If the Cash Trapping Condition is met, funds after item 13 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 (including the replenishment of the expenses reserve up to its target of EUR 25,000).
3. Fees payable to the transaction parties.
4. Interest under the Class A1 Notes and Class A2 Notes (pro rata and pari passu).
5. Principal repayment under Class A1 Notes.
6. Principal repayment under Class A2 Notes (only upon redemption in full of the Class A1 Notes).
7. Interest under the Class B Notes.
8. Principal repayment under Class B Notes (only upon redemption in full of the Class A Notes).
9. Interest under the Class C Notes.
10. Principal repayment under Class C Notes (only upon redemption in full of the Class B Notes).

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.

Origination and Servicing

DBRS conducted an operational review of Alba Leasing SpA's (Alba or the company) Italian leasing operations in April 2016. 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 of 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-2015 has a portfolio of leasing contracts totalling approximately EUR 4.9 billion. The company is supported by 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 end-December 2015, Alba had originated 11,557 new leasing contracts valued at EUR 1.17 billion, exceeding previous years' origination volumes. New business is mainly focused on equipment leasing (70% in terms of originated volume by number of contracts) and 26% is related to automotive. Unlike some other Italian leasing companies, Alba does not originate contracts associated with renewable energy, particularly photovoltaic (solar power) systems.

As of end-December 2015, Alba's total portfolio gross non-performing loan (NPL) rate was approximately 9.18%, below the overall Italian leasing market which average 16%. The NPL rate reported for all new production at Alba was significantly lower at 3.40%.

Collateral Summary

The receivables are monetary obligations of lessees arising from financial lease contracts (*contratti di locazione finanziaria*) stipulated between Alba (as the lessor) and commercial customers (lessees) for the use of some assets of various types. Receivables can be broadly grouped based on the nature of the underlying assets into (1) auto or vehicle leases, (2) equipment leases, (3) real estate leases and (4) aircraft, naval or railway leases.

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, but the issuer does not benefit from a real pledge over the asset and has no direct right over it. Thus the enforcement of the security is doubtful in case of default of the originator, since 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. However, the validity and enforceability of a lease contract (to which the issuer is not a party) and of the assigned receivable should not be affected by the sole insolvency of the originator.

The lease contracts envisage that the lessees have a duty to maintain the leased asset (pay the maintenance costs) and pay the relevant taxes. Taxes and other costs are usually paid with the lease instalment although do not form part of the assigned receivables.

On or about the issue date, Alba transferred about EUR 1 billion of receivables selected in accordance with some criteria (eligibility criteria). The price to be paid for the assignment will be calculated as the aggregated principal outstanding of the selected leases, excluding all amounts related to residual value, which although formally transferred are not purchased unless and until the lessees have exercised their options. The purchase price payable on the issue date only comprises the principal excluding residual and was paid by the issuer with the proceeds of subscription of the notes.

Eligibility Criteria

The receivables are selected in accordance with eligibility criteria, which are detailed in the transaction documents and the main feature of which are summarised as follows:

- Legally valid before 1 January 2010.
- At least the down payment has been paid by the relevant lessee.
- 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, three-month or six-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.

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.

Pool Characteristics

DBRS has analysed the collateral portfolio selected by Alba as at 30 March 2016 the main characteristics of which are summarised below.

		Auto	Equipment	Real Estate	Other
Outstanding Amount	1,015,940,300	180,336,892	540,091,517	280,453,232	15,058,658
	100.0%	17.8%	53.2%	27.6%	1.5%
Number of Contracts	15,046	5,355	8,844	784	63
Number of Borrowers' Groups	9,730	3,443	5,843	755	52
Average Contract Size	67,522	33,676	61,069	357,721	239,026
Residual Value	55,544,741	5,991,082	11,068,676	36,862,816	1,622,167
Residual Value (%)	5.5%	3.3%	2.0%	13.1%	10.8%

	Exposure	Contracts
Top Group Exposure	0.78%	1
Top 10 Group Exposure	5.55%	113
Top 15 Group Exposure	7.09%	291
Top 20 Group Exposure	8.17%	308

Borrower Type	
Retail	46.0%
Corporate	37.8%
Lareg Corporate	14.4%
Financial Institution	0.3%
Not Available	1.6%

Geographical Distribution	
Abruzzo	2.6%
Basilicata	0.7%
Calabria	1.0%
Campania	5.6%
Emilia-Romagna	17.3%
Friuli-Venezia Giulia	0.8%
Lazio	6.2%
Liguria	1.1%
Lombardy	31.4%
Marche	2.1%
Molise	0.7%
Piedmont	4.8%

Geographical Distribution	
Apulia	2.8%
Sardinia	0.3%
Sicily	3.9%
Tuscany	5.7%
Trentino-South Tyrol	2.0%
Umbria	0.8%
Aosta Valley	0.1%
Veneto	10.1%
North	67.6%
Cetre	17.4%
South	15.0%

Indexation	
1-mo Euribor	8.5%
3-mo Euribor	89.8%
6-mo Euribor	0.004%
Fixed Rate	1.7%

Rating Analysis

The ratings are based on a review by DBRS of the following analytical considerations:
- Transaction capital structure, proposed ratings and form and sufficiency of available credit enhancement.
- Credit enhancement levels are sufficient to support DBRS-projected expected cumulative net losses under various stress scenarios.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested. For this transaction, the rating addresses the payment of timely interest on a monthly basis and principal by the legal final maturity date.
- Alba's capabilities with regard to originations, underwriting, servicing and their financial strength.
- DBRS conducted an operational risk review of Alba's premises in Milan and deems it to be an acceptable servicer.
- The transaction parties' financial strength with regard to their respective roles.
- The credit quality and industry diversification of the collateral and historical and projected performance of the seller's portfolio.
- The sovereign rating of the republic of Italy, currently at A (low).
- The transaction's consistency of the legal structure with DBRS's Legal Criteria for European Structured Finance Transactions methodology and the presence of legal opinions that address the true sale of the assets to the issuer and non-consolidation of the special-purpose vehicle with the seller.

Portfolio Performance Data

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. The set of historical data analysed by DBRS is detailed below:
- Quarterly dynamic arrears data from 2006 to Q4 2015.
- Quarterly dynamic default data from 2006 to Q4 2016.
- Quarterly dynamic prepayment data from 2006 to Q4 2015.
- Quarterly static default data from 2003 to Q4 2016.
- Quarterly static recovery data from 2006 to Q4 2016.

DBRS also received dynamic arrear and early settlement data and a set of loan-by-loan data in relation to the loan pool as of 30/04/2016 and its related contractual amortisation profile.

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

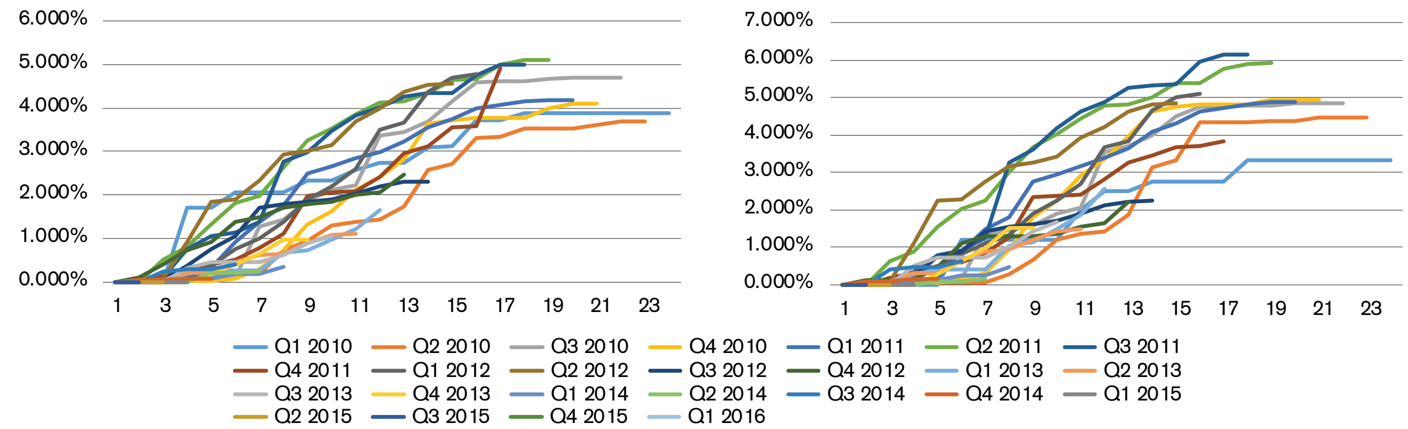
Vintage Default and Recovery Data

DBRS received quarterly static default data on the lease portfolio originated by Alba. Data is grouped into vintages by the date of origination of the loan. As the portfolio is static with substantial seasoning, vintages of certain origination years were either excluded or discounted by DBRS to extrapolate the base-case default rate.

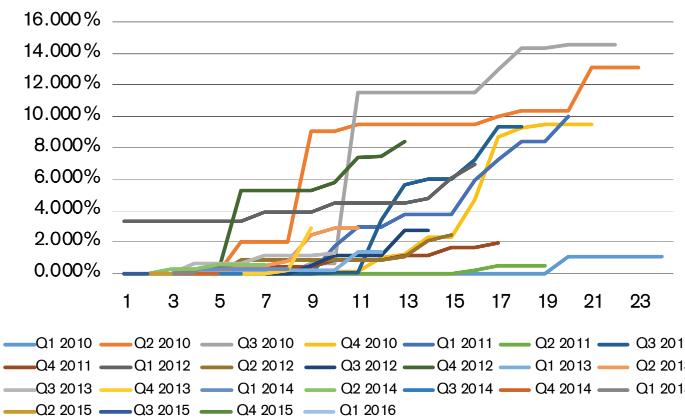
Some of the gross loss data for the Alba portfolios is pictured below.

Default: Auto leases

Default: Equipment leases



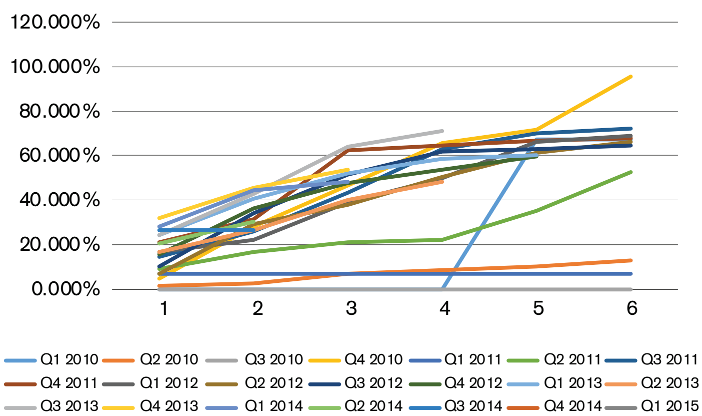
Default: Real estate leases



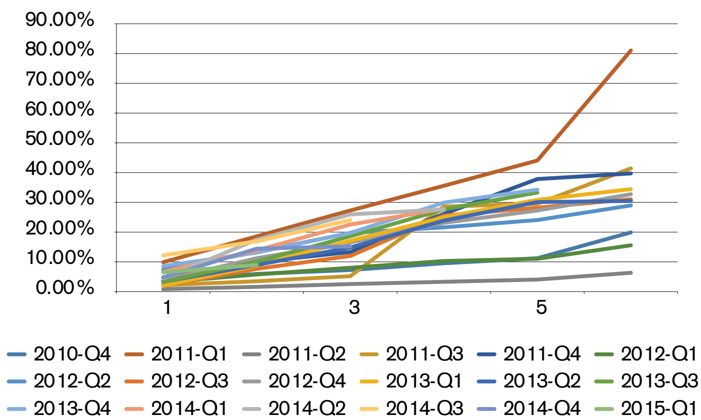
DBRS understands that the default definition used in the data is consistent with the definition in the transaction documents.

DBRS also received recovery data by quarterly vintage including further details on the recoveries from sale of the asset (but excluding recoveries from re-lease, which is classified as payment by lessees). Some of the recovery data for the Alba portfolios is pictured below.

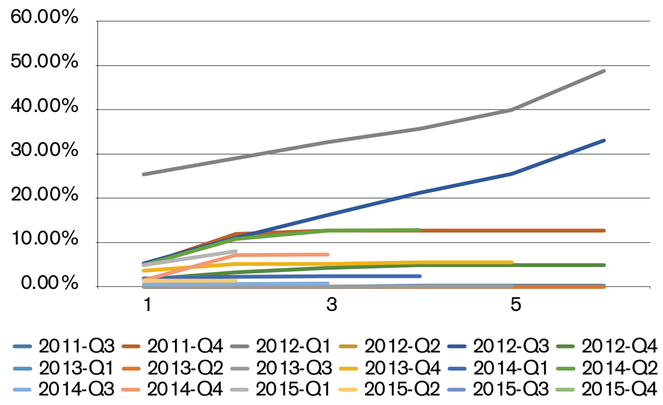
Recoveries: Auto leases



Recoveries: Equipment leases



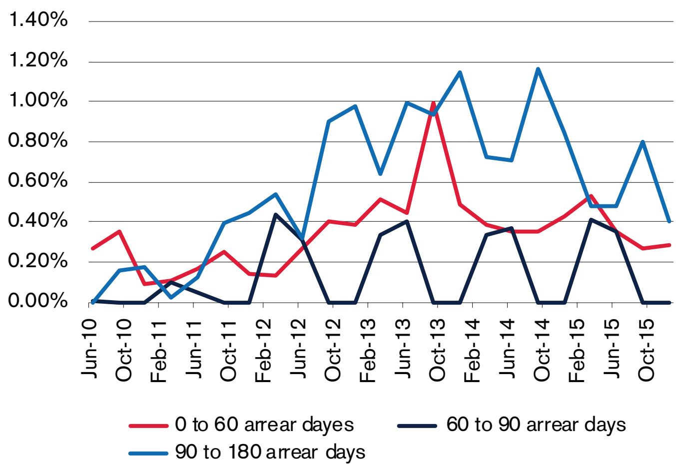
Recoveries: Real estate leases



Arrears and Prepayment Data

DBRS received dynamic arrears data and static vintage prepayment data related to Alba's portfolio.

Arrears Data



Commingling Risk

Although diverging opinions exist, the legal framework in Italy (Law 130 as recently amended) provides for segregation of the issuer's funds although deposited on an account held by the servicer in its own name. Such segregation provision extends to the other transaction parties, but the risk of default of the banking institutions holding the accounts may still endanger the issuer's funds.

There is no specific commingling reserve in place in the Alba transaction and the only actual mitigating factors are:

- The limited time the servicer will handle collections (less than two business days): and
- The debt service reserve set at 1.25% and generally available to ensure timely interest payments for some time.

Set-off Risk

Alba does not hold deposits by customers and does not issue bonds. Further sources of set-off exposure, e.g. insurance policies and service charges do not represent a source of set-off exposure since Alba is not responsible for providing any service and, if it collects payments made by the lessees together with their instalments it is only to transfer the amount back to the service providers. Thus DBRS deems the set-off risk related to the default of Alba irrelevant.

Prepayment risk

Early settlement is not a right of the lessees and must therefore be negotiated with the lessor. Although early settlement is a common market practice, it usually entails payment of an indemnity to the lessor and it thus shows limited impact. Prepayments do not actually entail specific damage for the lessor and the issuer other than missed interest collections which is for the issuer compensated by repayment of the notes and reduction of the issuer's liabilities on the next payment date.

Cash Flow Analysis

DBRS's cash flow model assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds and interest rates. Several different prepayment scenarios were evaluated when assessing the sufficiency of credit enhancement for the requested rating levels. DBRS evaluated scenarios whereby prepayments were assumed to be between 0% and 8% constant principal repayment (CPR) in conjunction with loss timing curves.

Based on a combination of these assumptions, a total of 18 cash flow scenarios were applied to test the performance of the rated notes.

Interest Rate Risk, Basis Risk and Excess Spread
The issuer's liabilities for the rated notes are indexed to the three-month Euribor. The majority of the portfolio (90%) pays the same floating rate, three-month Euribor.

Roughly 1.7% of the receivables comprising the portfolio pay a fixed rate and exposes the transaction to a limited component of interest rate risk.

The rest of the portfolio (8.5%) is indexed to either one-month or six-month Euribor (the latter is almost absent from the pool) and exposes the issuer to limited basis risk.

There is no hedging structure in place and DBRS assessed the effect of the interest rate changes in accordance with its Unified Interest Rate Model.

Interest Rate Stresses
DBRS applied its standard interest rate stresses as detailed in its *Unified Interest Rate Model Methodology for European Securitisations*.

Base Case Default
The expected base case gross default was calculated as a weighted-average sum of sector-specific adjusted defaults, and it is approximately 8.4% (excluding sovereign stress and other additional losses specifically listed).

Recovery Rate
The expected recovery rate was calculated as a weighted-average sum of sector-specific adjusted recoveries. Recoveries from payments by lessees are fully credited in accordance with DBRS methodologies. However, recoveries from sale or re-lease of the underlying asset are treaded following a default of the lessor as unsecured claims from a defaulted entity as specified in the DBRS methodology *Rating CLOs and CDOs of Large Corporate Credit*.

The weighting of such recoveries was assumed to be 13.5% in the AAA scenarios and 16.25% in the 'A' scenarios.

The recovery assumptions for the pool were approximately 14.6% in the AAA scenarios and 15% in the 'A' scenarios (both excluding sovereign stress and other additional losses or haircut specifically listed). The average recovery time lag was assumed to be 24 months.

Prepayment Speeds and Prepayment Stress
Three 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 three 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%

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
Loss Severity (%)	0	AAA	AAA	AAA
	25	AAA	AAA	AAA
	50	AAA	AAA	AAA

Class A2

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

Class B

		Increase in Default Rate (%)		
		0	25	50
Loss Severity (%)	0	A(high)	A(high)	A(low)
	25	A(high)	A	BBB(high)
	50	A(low)	BBB(high)	BBB(high)

Class C

		Increase in Default Rate (%)		
		0	25	50
Loss Severity (%)	0	A	A(low)	BBB(high)
	25	A(low)	BBB(high)	BBB
	50	BBB(high)	BBB	BBB

Appendix

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 a 9% 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 manager 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

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 EUR 100,000 for vehicle leases to EUR 200,000 for equipment leases and EUR 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 EUR 150,000 and a more intensive, manual process for larger leases.

All documentation regarding the client, corporate and guarantor(s) are 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 EUR 150,000. The scoring system is also used to support the credit decision for leases up to EUR 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 EUR 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 making 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 SMEs 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 EUR 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 EUR 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	EUR 1,000,000
Senior Credit Analyst	EUR 1,500,000
Loan Disbursement Manager	EUR 3,000,000
Credit Officer	EUR 4,000,000
Credit Committee	EUR 8,000,000
Board of Directors	> EUR 8,000,000

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, 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 recovery actions and pre-termination letters may be 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 EUR 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 re-location 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 consistently below 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 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 EUR 11 billion. Securitisation Services is also the primary servicer for nine Italian transactions totalling EUR 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.

Methodologies Applied

The principal methodology applicable to assign ratings to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations* (30 September 2015).

Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions* (19 February 2016).
- *Operational Risk Assessment for European Structured Finance Servicers* (31 December 2015).
- *Operational Risk Assessment for European Structured Finance Originators* (15 December 2015).
- *Unified Interest Rate Model for European Securitisations* (12 October 2015).
- *Rating CLOs and CDOs of Large Corporate Credit* (9 February 2016).

The rating methodologies and criteria used in the analysis of this transaction can be found at http://www.dbrs.com/about/methodologies. Alternatively, please contact info@dbrs.com.

Surveillance Methodology

The transaction is monitored by DBRS in accordance with its Master European Structured Finance Surveillance Methodology (6 April 2016), which is available at www.dbrs.com under Methodologies. Alternatively, please contact info@dbrs.com.

Notes:
All figures are euros unless otherwise noted.

This report is based on information as of 20 June 2016, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.