Rating Report

Alba 9 SPV S.r.l.

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Insight beyond the rating.

Ratings and Issuer's Assets

Debt	Par Amount (EUR) 1	Subordination 1, 2	Coupon	Rating	Rating Action
Class A1 3 IT0005285231	478,600,000	57.0%	Three-month Euribor + 0.32%	AAA (sf)	Provisional Rating - Finalised
Class A2 3 IT0005285249	233,800,000	36.0%	Three-month Euribor + 0.52%	AA (high) (sf)	Provisional Rating - Finalised
Class B IT0005285256	145,800,000	23.0%	Three-month Euribor + 1.01%	A (high) (sf)	Provisional Rating - Finalised
Class C IT0005285264	100,200,000	14.0%	Three-month Euribor + 1.32%	BBB (sf)	Provisional Rating - Finalised
Class J 4 IT0005285272	164,300,000	-	Three-month Euribor + 1.50% + XS	-	-

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 prior to Enforcement; however, interest on both Class A1 and A2 ranks pari passu and pro rata.
4 Part of the proceeds of the subscription of the EUR 164.3 million junior notes will be used to fund the EUR 9.6 million Cash Reserve (the Debt Service Reserve).

	Amount (EUR) 1	Size
Performing Portfolio	EUR 1,113,066,279	100.00%
Cash Reserve 2	EUR 9,600,000	1.00% of Class A, B and C notes
Expenses Account	EUR 25,000	0.0% of collateral

Notes:
1 As at the Issue Date.
2 Cash Reserve (Debt Service Reserve) provides liquidity on each payment date and credit support on the final maturity date.
3 The Expenses Reserve does not form part of the available funds but can be used to pay the issuer's expenses during interest periods.

DBRS Ratings Limited (DBRS) has finalised provisional ratings of AAA (sf), AA (high) (sf), A (high) (sf) and BBB (sf) previously assigned to the Class A1, Class A2, Class B and Class C notes (the rated notes and together with the junior notes, the notes) issued by Alba 9 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). The notes are backed by lease receivables (the receivables or collectively, the portfolio) granted by Alba Leasing S.p.A. (Alba, the seller or the originator) to corporates, small businesses and individual enterprises with their registered offices in Italy.

On or about the transfer date of 3 October 2017, Alba assigned a pool of receivables with an indicative size of EUR 1.1 billion, the purchase of which will be funded through the proceeds of the subscription of the notes. The collateral portfolio will be serviced by Alba (the servicer).

Portfolio Summary (as at 22 September 2017)

Total Outstanding Principal	EUR 1,113,066,279
Number of Contracts	16,075
Average Outstanding Principal	69,242
Auto / Equipment / Real Estate / Other	25.8% / 54.5% / 18.2% / 1.4%
Retail / Corporate / Other	50.2% / 34.6% / 15.2%
Top 1 / 10 / 20 Group Exposure	0.8% / 5.2% / 8.7%

Asset Class	Financial Leases (No Residual Value): Auto, Equipment, Real Estate, Aircraft and Railway
Asset Governing Jurisdiction	Republic of Italy
Sovereign Rating	BBB (high)

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Transaction Parties

Roles	Counterparty	Rating
Issuer	Alba 9 SPV 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 NA, Milan branch	Private Rating
Principal Paying Agent	Citibank NA, London branch	Private Rating
Listing Agent	A&L Goodbody	N/A
Arranger and Lead Manager	Banca IMI S.p.A.	Private Rating
Arranger and Lead Manager	Société Génerale S.A.	(S) A (high) / R-1(mid) (C) AA / R-1(high)

Note: (S) Senior Debt Rating (C) Critical Obligations Rating.

Relevant Dates

Issue Date	[October 2017]
First Interest Payment Date	27 December 2017
Payment Date	27th day (or the following business day) of March, June, September and December
Quarterly Settlement Date	Last calendar day of February, May, August and November of each year
Final Maturity Date	29 March 2038

Rating Considerations

Notable Features

- The portfolio is static and comprises lease receivables well balanced mostly between three pools: real estate (18%), equipment (54%) and vehicles (26%). 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. 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 (2.9%) and floating-rate receivables indexed to Euribor are split between one- and three-month Euribor (mostly three-month Euribor).
- There is no hedging agreement in place.

Strengths

- The transaction structure benefits from a EUR 9.6 million Cash Reserve (the Debt Service Reserve) which covers against interest shortfalls.
- Subject to a floor of EUR 4.8 million, the Debt Service Reserve amortises to be maintained at 1.0% 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 six years.
- Although most of the lessees are corporate clients, the portfolio is granular with the top 10 obligor group concentration of 5.2% and the top 20 accounting for 8.7%.
- Most of the portfolio is indexed to the same three-month Euribor as the notes.
- Repayment of the notes is fully sequential, which allows a build-up of credit enhancement for the most senior notes in a benign scenario.
- A Back-Up Servicer is appointed at closing to mitigate against potential servicing disruption in case of default of the Servicer.

Challenges and Mitigating Factors

- The transaction is exposed to unhedged interest rate risk and basis risk because 2.9% of the pool is fixed rate and about 0.1% is indexed to a different floating index compared to the notes.

  Mitigant(s): the unhedged interest rate risk is limited (less than 3%) 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 limited (1.5%).
- Commingling Risk: 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.

  Mitigant(s): i) all borrowers pay by direct debit; ii) the limited time the Servicer holds collections (one business day) before transfer of the funds to the transaction account; and the presence of a debt service reserve set at 1% and generally available to cover against interest shortfalls.

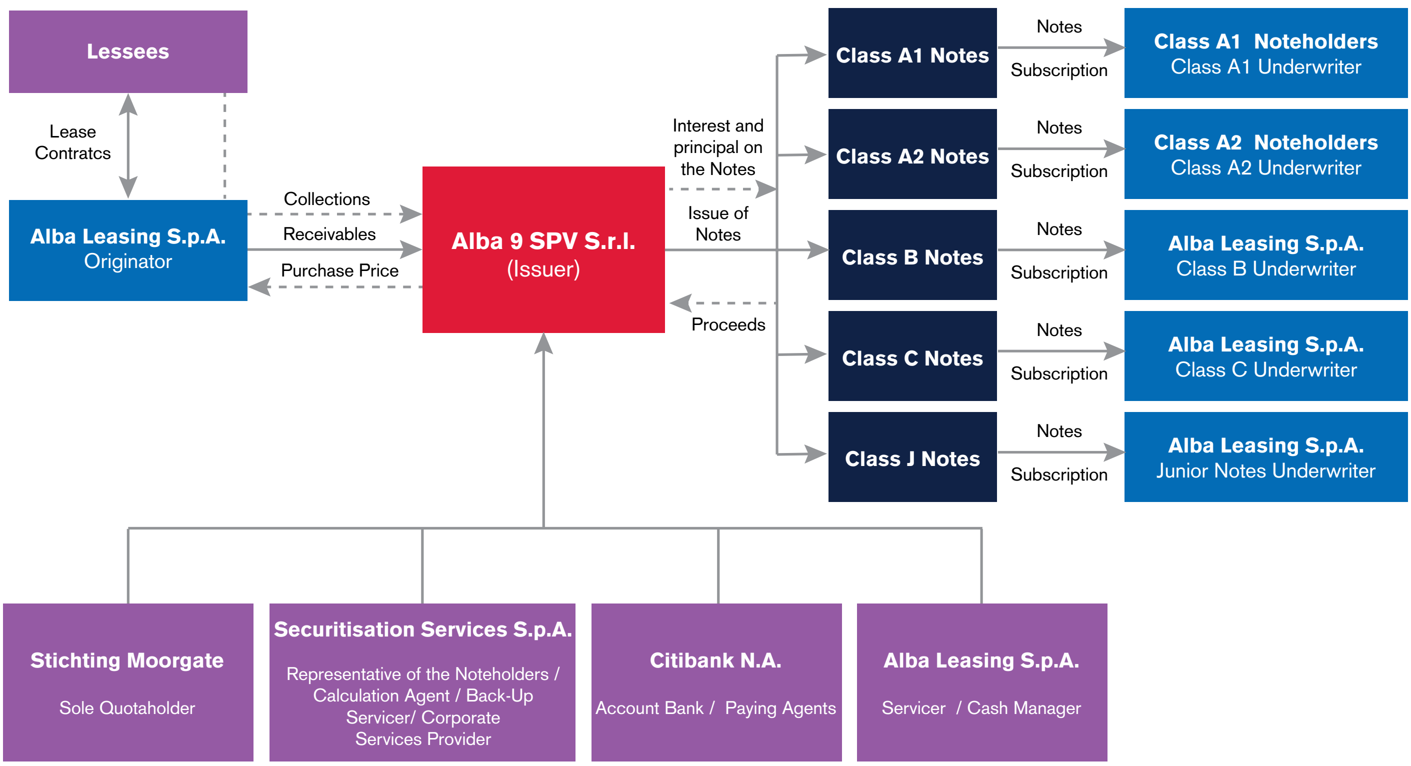
Transaction Structure

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.
Cash Reserve (Debt Service Reserve):	Provides liquidity support to the structure on each payment date and credit support on the final maturity date; released amounts can be applied toward amortisation of the notes

Initial Amount	EUR 9,600,000
Target Amount	Corresponding to 1.00% of the rated notes outstanding balance
Step-Up	N/A
Amortisation	Yes
Floor	EUR 4,792,000 (0.5% of the initial rated notes balance)

Transaction Diagram



Counterparty Assessment

Account Bank

Citibank N.A., Milan Branch (Citi) is the account bank and the Italian paying agent for the transaction. DBRS conducted a private rating on Citi and publicly 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.

Servicing of the Portfolio and Collections

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. All payments are handled through direct debit.

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 possible 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 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, 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 execute the repossession order for terminated contracts and update 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 non-performing loan (NPL) rate of 16%.

  Mitigants: Alba's credit policy is fairly conservative and the gross NPL rate for new production is just over 3%. The overall NPL rate of approximately 9% is consistently below peers.

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 and accrued interest.

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 currently considers the set-off risk insignificant.

Claw-Back Risk

All payments made to the issuer by any party (except for the borrowers) in the year/six-month 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.

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:

- All borrowers pay by direct debit as per the eligibility criteria;
- The limited time the servicer holds collections (one business day) before transfer of the funds to the transaction account; and
- The debt service reserve set at 1% and generally available to cover against interest shortfalls.

Debt Service Reserve

On the Issue Date, the Debt Service Reserve will be funded by Alba with part of the proceeds of subscription of the junior notes.

The Debt Service Reserve will form part of the available funds and may be topped up in accordance with the relevant priority of payments up to its target amount.

The cash reserve will be initially equal to 1.00% of the rated notes and is expected to amortise over the life of the transaction, subject to a floor at EUR 4,792,000 (corresponding to 0.5% of the initial amount of the rated notes) but reduces to zero on the payment date on which the Class A, B and C notes have been be repaid 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 interest on the rated notes.

Priority of Payments

The available funds are distributed through a combined waterfall of interest and principal in the following order of priority:

Pre-Enforcement Priority of Payments

1. Issuer taxes and costs (including the replenishment of the expenses reserve up to its target of EUR 25,000).
2. Fees payable to the transaction parties.
3. Interest due on the Class A1 Notes and Class A2 notes (pro rata and pari passu).
4. Interest due on the Class B notes.
5. Interest due on the Class C notes, prior to a Class C notes Interest Subordination Event (see below).
6. Replenishment of the Debt Service Reserve to its target amount.

7. Principal repayment of the Class A1 notes up to the target (†).
8. Principal repayment of the Class A2 notes up to the target (†) (only upon redemption in full of the Class A1).
9. Principal repayment of the Class B notes up to the target (†) (only upon redemption in full of the Class A1 and Class A2 notes).
10. Interest due on the Class C notes, upon a Class C notes Interest Subordination Event.
11. Principal repayment of the Class C notes up to the target (†) (only upon redemption in full of the Class B notes).
12. To provision any residual amount to the payments account, upon occurrence of a Cash Trapping Condition.
13. 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 debt service reserve target amount.

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 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) 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) initial principal outstanding amount of the receivables assigned on the Issue Date, exceeds the percentages summarised in the table below:

Payment Date	Threshold
27 December 2017	1.75%
27 March 2018	1.75%
27 June 2018	2.25%
27 September 2018	3.00%
27 December 2018	3.50%
27 March 2019	4.50%
27 June 2019	5.00%
27 September 2019	5.00%
27 December 2019	6.00%
Thereafter	6.00%

If 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.

Enforcement Events are recognised as issuer events of default 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.
- Unlawfulness for the issuer.

Origination and Servicing

DBRS conducted an operational review of Alba's Italian leasing operations in July 2017. 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 four major Italian cooperative banks including, in order of ownership share, Banco BPM, Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio, 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 the end of 2016 had a portfolio of leasing contracts totalling approximately EUR 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 the end of December 2016, Alba had originated 14,273 new leasing contracts valued at EUR 1.38 billion, exceeding previous years' origination volumes. New business is mainly focused on equipment leasing and real estate leasing with 65% and 24% of originations, respectively, in terms of volume by number of contracts. Alba also originated 9% of contracts relating to automotive leasing.

As of the end of December 2016, Alba's total portfolio gross NPL rate was approximately 9.1%, below the overall Italian leasing market, which averages 17.9%. The NPL rate reported for all new production at Alba was significantly lower at 3.2%.

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 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 transfer date, Alba transferred about EUR 1 billion of receivables selected in accordance with some criteria (eligibility criteria). The initial 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 paid 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:

- Have been entered by Alba Leasing as lessor of the assets.
- The effective date of the leasing is 1 January 2010 or after.
- Denominated in euros.
- At least the down payment has been paid by the relevant lessee.
- Payable via direct debit.
- Frequency of instalments is monthly, bimonthly, quarterly, four-monthly or semi-annual.

- Related lease contracts envisage fixed rate or floating rate one-month or 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 or are overdue for no more than 30 days.
- 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 22 September 2017, the main characteristics of which are summarised below.

Portfolio Overview	Total Portfolio	%
Outstanding principal	1,113,066,279	
Pool N.1 Transport Asset	287,657,162	25.84%
Pool N.2 Equipment	606,584,737	54.50%
Pool N.3 Real Estate	202,581,586	18.20%
Pool N.4 Air Naval Rail	16,242,794	1.46%
Residual Value	39,812,595	
Original Financed Amount	1,407,414,919	
Out. Princ Fixed Portfolio	32,650,444	2.93%
Out. Princ Floating Portfolio	1,080,415,835	97.07%
WA Fixed Rate (on Fixed portfolio)	2.32%	
WA Spread Rate (on Floating portfolio)	2.73%	
WA Residual Life (years)	5.67	
WA Seasoning (years)	0.97	
Number of Contracts	16,075	
Average Outstanding Principal (contracts)	69,242	
Number of Debtors (lessees)	10,736	
Number of Debtors (groups)	10,395	
Max. Financed amount	7,200,000	
Max. Outstanding Principal	7,015,710	
Top Lessee (Group)		0.78%
Top 5 Lessees (Group)		2.94%
Top 10 Lessees (Group)		5.24%
Top 20 Lessees (Group)		8.71%
Original WA Loan to Value*		85.48%
Current WA Loan to Value*		72.71%

*Loan to Value is calculated excluding residual value.

Rating Analysis

The ratings are based on a review by DBRS of the following analytical considerations:

- Transaction capital structure, 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 ratings address the payment of timely interest on a quarterly basis and principal by the legal final maturity date.
- Alba's capabilities with regard to originations, underwriting, servicing and its 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 BBB (high).
- 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 S.p.A before 2003 and assigned to Alba in 2010. The set of historical data analysed by DBRS is detailed below:

- Quarterly dynamic arrears data from 2010 to Q1 2017.
- Quarterly dynamic default data from 2010 to Q1 2017.
- Quarterly dynamic prepayment data from 2009 to Q1 2017.
- Quarterly static default data from 2004 to Q1 2017.
- Quarterly static recovery data from 2009 to Q1 2017.

DBRS also received early settlement data and a set of loan-by-loan data in relation to the loan pool as of 22 September 2017 and its related contractual amortisation profile.

DBRS considers that the information available to it for the purposes of providing these ratings 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.

Exhibit 1: Default - Auto leases

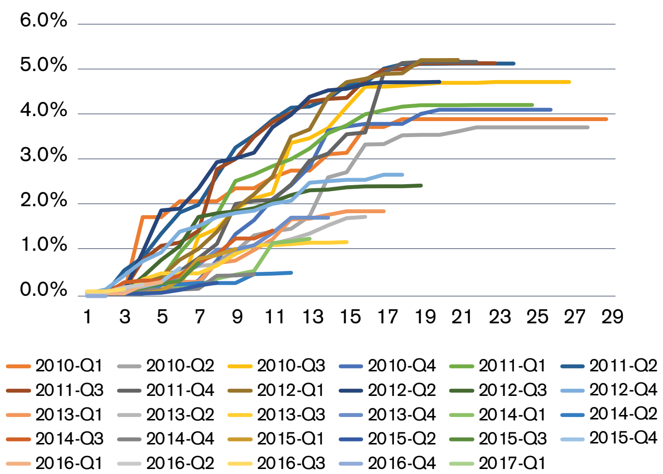


Exhibit 2: Default - Equipment leases

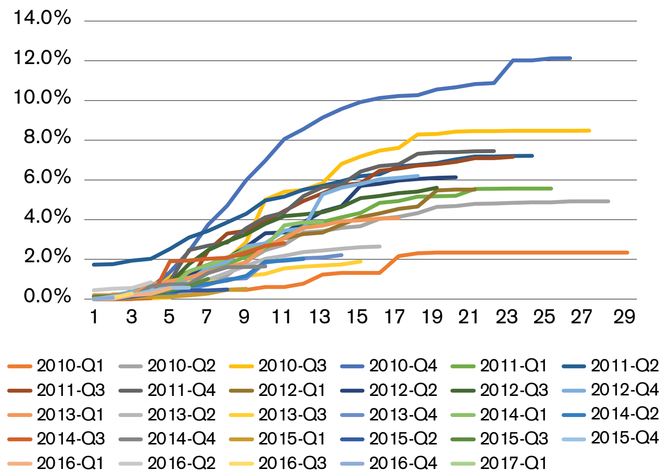
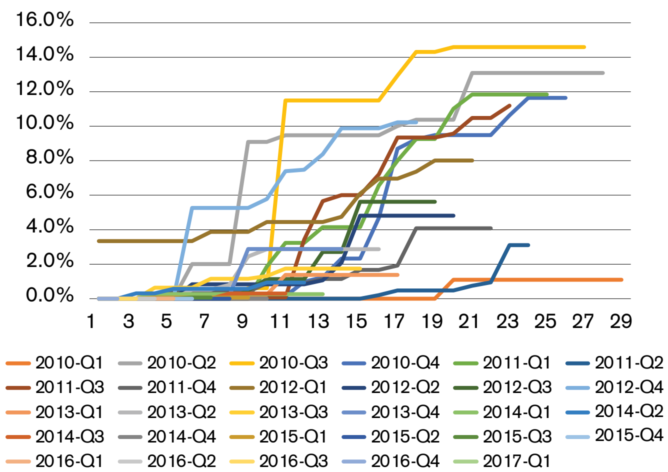


Exhibit 3: Default - Real estate leases



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.

Exhibit 4: Recoveries - Auto leases

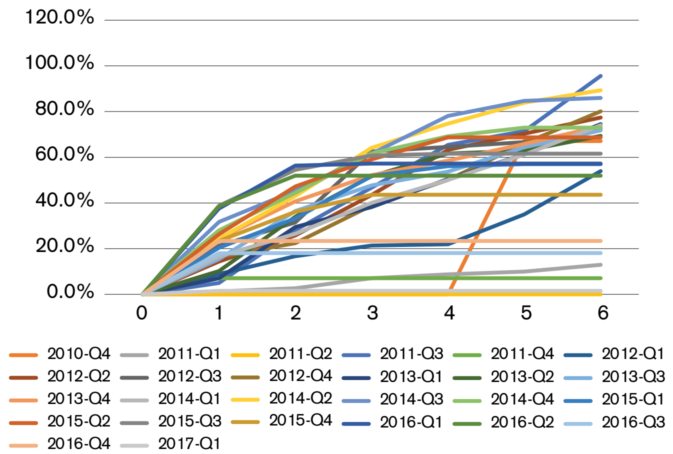


Exhibit 5: Recoveries - Equipment leases

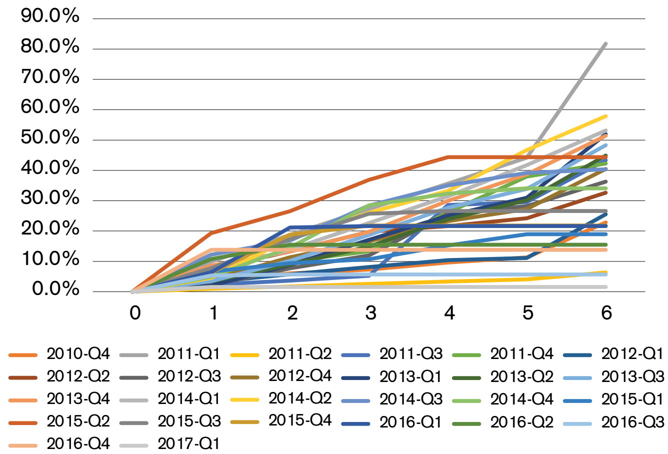
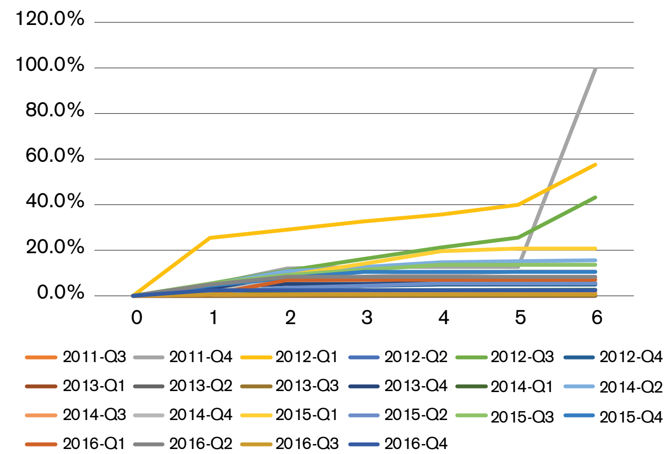


Exhibit 6: Recoveries - Real estate leases



Arrears and Prepayment Data

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

Exhibit 7: Arrears Data

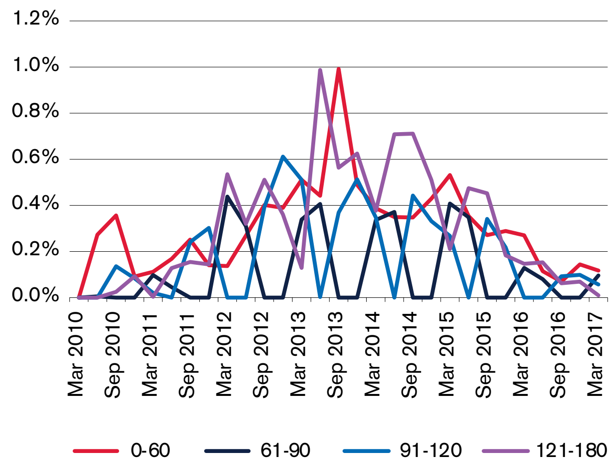
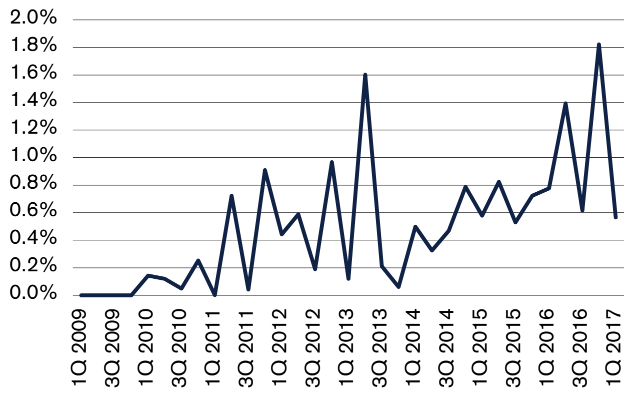


Exhibit 8: Prepayments Data



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 a 0% and 8% constant principal repayment (CPR) rate 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 96.9% pays the same floating rate, three-month Euribor.

Roughly 2.9% of the receivables comprising the portfolio pay a fixed rate and this exposes the transaction to a limited component of interest rate risk.

The rest of the portfolio (0.1%) is indexed to one-month Euribor 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 is approximately 8% (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 treated 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*.

After considering the quality and trend of the data, DBRS assumes a base case recovery assumption of 16.4% for the pool 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	AA (High)
	50	AAA	AA (High)	AA (low)

Class A2

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

Class B

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

Class C

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

Appendix

Origination and Underwriting

Origination and sourcing

Alba's origination strategy is focused predominantly on the banking sector between shareholder banks (SH) and partner banks defined as small, regional or provincial banks not affiliated with any particular banking group. SH banks represent around 71% of all new originations with the remaining production sourced through partner banks and a small percentage directly through other channels. 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 manager supervising all the banks within a respective area. Alba maintains 67 commercial outlets among the SH banks with approximately 43% of outlets based in a Banco BPM branch. Banca Popolare dell'Emilia Romagna branches house another 27% of outlets with the remaining outlets split between Banca Popolare di Sondrio and Creval.

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 validated by 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 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 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 71% 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.

  Mitigants: Agreements between Alba, 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.

Opinion on Back-Up Servicer

Securitisation Services S.p.A. is the named “warm” back-up servicer on the transaction. Securitisation Services will step in as Back-Up Servicer once a servicer replacement event occurred. According to the servicing agreement a servicer replacement event occurs if:

- The Servicer has been declared insolvent;
- Non-payment within five business days of any sum due;
- Breach of representation and warranties which is not remedied within 20 business days;
- Written communication from the Issuer or the Representative of the Noteholders of any event which might affect the capacity of the Servicer to perform its obligations.

Securitisation Services has been actively engaged with both Alba and the back-up 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 back-up 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 securitisation 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). DBRS considers the back-up servicing arrangement 'warm'.

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.*

Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions*
- *Operational Risk Assessment for European Structured Finance Servicers*
- *Operational Risk Assessment for European Structured Finance Originators*
- *Unified Interest Rate Model for European Securitisations*
- *Rating CLOs and CDOs of Large Corporate Credit*

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,* which is available at www.dbrs.com under Methodologies. Alternatively, please contact info@dbrs.com.

Notes:
All figures are euros unless otherwise noted.