Rating Report
Alba 12 SPV S.r.l.

DBRS Morningstar
November 2021

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Ratings

Debt	Par Amount (EUR)[1]	Tranche Size/ Subordination (%)[2]	Coupon (%)	Rating Action Date	Rating Action	Rating[3]
Class A1 Notes IT0005466112	474,700,000	42.6/57.0	3-month Euribor + 0.7	16 November 2021	Provisional Rating – Finalised	AAA (sf)
Class A2 Notes IT0005466120	225,200,000	20.2/36.6	3-month Euribor + 0.8	16 November 2021	Provisional Rating – Finalised	AAA (sf)
Class B Notes IT0005466138	238,400,000	21.4/15.0	3-month Euribor + 1.1	16 November 2021	Provisional Rating – Finalised	BBB (high) (sf)
Class J Notes IT0005466146	175,100,000	15.7/0	3-month Euribor + 2.0	N/A	Not Rated	N/A

Notes:
1 As at the issue date.
2 Size is expressed in terms of total amount of issued notes. Subordination is expressed in terms of portfolio overcollateralisation and does not include any cash collateral or reserve.
3 The ratings on the Class A1 and Class A2 Notes address the timely payment of interest and the ultimate repayment of principal by the final legal maturity date. The rating on the Class B Notes addresses the ultimate payment of interest and ultimate repayment of principal by the final legal maturity date while junior to other outstanding classes of notes but the timely payment of interest when they are the senior-most tranche, in accordance with Issuer's default definition provided in the transaction documents (Trigger Event).

	Initial Amount (EUR)[1]	Size (%)	Remark
Asset Portfolio[2]	1,103,991,372	100.00	
Reserve Fund	9,383,000	1.0	Of Rated Notes

Notes:
1 As at the issue date.
2 Portfolio outstanding as at the valuation date on 25 September 2021.

Portfolio Summary

Number of Contracts	12,568
Current Principal Balance (excluding residual value)	1,103,991,372
Average Loan Size	87,841
Weighted-Average Original Term (years)	7.7
Weighted-Average Seasoning (years)	1.8
Weighted-Average Remaining Term (years)	5.9
Weighted-Average Margin (floating-rate portfolio)	2.6%
Weighted-Average Interest Rate (fixed-rate portfolio)	2.2%
Pools: Vehicles / Equipment / Real Estate / Naval Air Train	20.8% / 49.7% / 28.0% / 1.6%
Largest / Top 10 / Top 20 Borrower Group Exposure	0.7% / 5.2% / 8.0%
Interest Rate: Floating / Fixed	93.8% / 6.2%
Region: North / Centre / South	63.0% / 13.1% / 23.9%
Borrower (Internal Definition): Retail / Corporate / Large Corporate / Other	48.6% / 39.7% / 11.3% / 0.4%

DBRS Ratings GmbH (DBRS Morningstar) finalised its provisional ratings of AAA (sf) on the EUR 474.70 million Class A1 Notes due by October 2041 (the Class A1 Notes), AAA (sf) on the EUR 225.20 million Class A2 Notes due by October 2041 (the Class A2 Notes; together with the Class A1 Notes, the Class A Notes), and BBB (high) (sf) on the EUR 238.40 million Class B Notes due by October 2041 (the Class B Notes; collectively with the Class A Notes, the Rated Notes) issued by Alba 12 SPV S.r.l. (the Issuer).

EUR 175.10 million Class J Notes due by October 2041 (the Class J Notes or the Junior Notes; together with the Rated Notes, the Notes) are also issued under this transaction, but are not rated by DBRS Morningstar.

This transaction represents the issuance of Notes backed by a pool of receivables related to lease contracts to Italian small and medium-size companies (SMEs) and individual entrepreneurs that were initially granted by Alba Leasing S.p.A. (Alba Leasing; the Originator and Servicer) and subsequently assigned to the Issuer. The portfolio is static and comprises lease receivables well balanced between three pools: vehicles (20.8%), equipment (49.7%), and real estate (28.0%). The residual exposure to other leases (aircrafts, naval, and railway) is limited to 1.6%.

Transaction Parties

Roles	Counterparty	Ratings[1]
Issuer	Alba 12 SPV S.r.l.	
Originator, Servicer, Cash Manager, Reporting Entity	Alba Leasing S.p.A.	
Servicer's Owners	Banco BPM S.p.A. (39.2%) BPER Banca S.p.A. (33.5%) Banca Popolare di Sondrio S.C.p.A. (19.3%) Credito Valtellinese S.p.A. (8.1%)	BBB (low) / R-2 (middle) Private Rating Private Rating A (high) / R-1 (middle)
Backup Servicer, Representative of the Noteholders, Calculation Agent, Corporate Services Provider	Banca Finanziaria Internazionale S.p.A.	
Sub-Backup Servicers	Agenzia Italia S.p.A. Trebi Generalconsult S.r.l.	
Account Bank, Paying Agent	BNP Paribas Securities Services, Milan Branch	Private Rating
Listing Agent	BNP Paribas Securities Services, Luxembourg Branch	Private Rating
Quotaholder	Stichting Sierra	
Stichting Corporate Services Provider	Wilmington Trust SP Services (London) Limited	
Class A1, Class A2, Class B and Class J Notes Underwriter	Alba Leasing S.p.A.	
Joint Arrangers, Class A1 Notes Joint Lead Managers	Intesa Sanpaolo S.p.A. Société Générale, S.A. Banca Akros S.p.A.	BBB (high) / R-1 (low) A (high) / R-1 (middle) BBB (low) / R-2 (middle)

1 Ratings represent Long-Term and Short-Term Issuer Ratings unless otherwise specified.

Relevant Dates

Issue Date	16 November 2021
Initial Rating Date	2 November 2021
Final Portfolio Cutoff Date	25 September 2021
First Payment Date	27 January 2022
Frequency of Payments	Quarterly
Payment Dates	27th day of January, April, July, and October (or following business day)
Interest Periods	From the issue date to the first payment date and each calendar quarter ending on a payment date thereafter
Collection Periods	Each calendar quarter ending on the last calendar day of the month preceding a payment date
Payment Report Dates	Five business days prior to each payment date
Investor Report Dates	The day after each payment date
Legal Maturity Date	27 October 2041

Issuer	Alba 12 SPV S.r.l.
Transaction Jurisdiction of Incorporation	The Issuer is incorporated under Italian law
Asset Governing Jurisdiction	The Originator is incorporated under Italian law and the loan contracts connected to the receivables are governed by Italian law
Sovereign Rating	BBB (high), Stable trend
Asset Comprising the Underlying Collateral Portfolio	Financial rights arising from regular instalments (excluding residual value) of lease contracts granted for the use the following assets: • Pool No. 1: Vehicles • Pool No. 2: Equipment • Pool No. 3: Real Estate • Pool No. 4: Ships and vessels, aeroplanes, or trains

Rating Considerations

DBRS Morningstar's ratings are based on its review of the following analytical considerations:

- The transaction’s capital structure and sufficiency of available credit enhancement (CE).
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the transaction documents.
- The Originator’s financial strength and its capabilities with respect to origination, underwriting, and servicing.
- The credit quality of the collateral and the ability of the Servicer to perform collection activities on the collateral.
- The structure of the priorities of payments.
- The consistency of the legal structure with DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology and the presence of legal opinions addressing the true sale to the trust and nonconsolidation of the Issuer.

Extraordinary Rating Considerations as a Result of COVID-19

The Coronavirus Disease (COVID-19) and the resulting isolation measures have caused an immediate economic contraction, leading in some cases to increases in unemployment rates and income reductions for many borrowers. DBRS Morningstar anticipates that delinquencies may continue to increase in the coming months for many ABS transactions. The ratings are based on additional analysis to expected performance as a result of the global efforts to contain the spread of the coronavirus. For this transaction, DBRS Morningstar increased the expected default rate for obligors in certain industries based on their perceived exposure to the adverse disruptions of the coronavirus.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. These scenarios were last updated on 8 September 2021. DBRS Morningstar analysis considered impacts consistent with the baseline scenario in the below referenced report. For details, see the following commentaries: https://www.dbrsmorningstar.com/research/384150/baseline-macroeconomic-scenarios-for-rated-sovereigns and https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings.

For more information on DBRS Morningstar considerations for European ABS transactions and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar commentary: https://www.dbrsmorningstar.com/research/360734.

For more information on DBRS Morningstar considerations for European Structured Credit transactions and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar commentary: https://www.dbrsmorningstar.com/research/361098.

Strengths

- The liquidity support provided by the amortising cash reserve (CR) to cover shortfalls of expenses, senior fees, and interest on the Class A1 and Class A2 Notes, and interest on the Class B Notes (if the related interest subordination event has not occurred) as well as principal shortfalls at the final maturity date in October 2041.
- The residual value component of the underlying financial lease contracts has not been 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 keeping the Issuer neutral to the residual value risk.
- The portfolio has a good industry diversification, although it exhibits some concentration in the Building & Development sector (21.4% of the initial portfolio) as per DBRS Morningstar's industry classification. The second- and third-largest industries, Surface Transport and Nonferrous Metals/Minerals, represent 12.2% and 9.2% of the pool, respectively.
- The transaction is not exposed to set-off risk as Alba Leasing is not a bank and does not offer deposits.
- A backup servicer is appointed at closing to mitigate against potential servicing disruption in case of the Servicer's default.

Challenges

- **Limited Historical Data:** The portfolio includes air/naval/rail lease receivables for which limited historical data is available.
  Mitigant: DBRS Morningstar derived conservative assumptions with regard to its base case probability of default (PD). The portion of such product is very limited (1.6% of the initial portfolio).

- **Top Borrower Concentration:** Lease contracts are granted to SMEs and individual entrepreneurs. As per the Originator's internal definition of "borrower", corporates and large corporates account for 39.7% and 11.3% of the initial portfolio, respectively, and retail clients account for 48.6%.
  Mitigant: The portfolio is granular with the exposure to the largest one, 10, and 20 borrower groups representing 0.7%, 5.2%, and 8.0% of the portfolio balance, respectively.
- **Interest Rate Mismatch:** The transaction does not include hedging agreements.
  Mitigant: The Notes and 93.8% of the initial portfolio are floating rate. Floating-rate receivables are mostly indexed to three-month Euribor. DBRS Morningstar factored the effect of the interest rate mismatch in accordance with its methodology and the rating level.
- **Commingling Risk:** Collections in the Servicer's account may be commingled within its estate in case of default.
  Mitigant: Alba Leasing has opened dedicated accounts with Intesa Sanpaolo S.p.A. to collect customers' payments. All borrowers pay by direct debit.

Transaction Structure

Transaction Summary		
Currency	Euros	
Relevant Jurisdictions	The Issuer and the Originator are incorporated in Italy. All financial lease contracts connected to the receivables are regulated by Italian law. The transaction documents (including the underwriting agreement) are regulated by Italian law.	
Reserve Fund	Provides liquidity support over the life of the deal and can be used to repay principal upon amortisation and on the payment date when the Rated Notes can be repaid in full.	
	Initial Amount	EUR 9,383,000
	Target Amount	1.0% of the outstanding amount of the Rated Notes
	Amortisation	Applies with the amortisation of the Notes
	Floor	EUR 4,691,500 (until fully released)

Counterparty Assessment

The Issuer

The Issuer is a special-purpose vehicle (SPV), incorporated and registered in the Republic of Italy as a limited liability company (società a responsabilità limitata) and enrolled in the official list held by the Bank of Italy (elenco delle società veicolo).

The Issuer was established with the exclusive purpose to enter into this securitisation transaction. Within the scope of its role, it is permitted to purchase receivables, issue securitisation notes, enter into the relevant transaction documents, and carry out the activities related to securitisation transactions.

The Issuer has no subsidiaries or employees and it has a unique shareholder (SH), Stichting Sierra, an independent charitable institution in the Netherlands. The Issuer is managed by an independent director appointed by the sole SH.

The Issuer has not carried on any business or activities other than those incidental to its incorporation, authorisation, and other activities incidental to the exercise of its rights and compliance with its obligations under the transaction. The Issuer does not directly conduct any activity and thus has no employees of its own; however, it appointed the transaction parties to conduct all activities necessary to its existence and the management of this securitisation transaction.

Pursuant to the terms of the transaction documents, the corporate services provider and the stichting corporate services provider will source certain other corporate and administration services to the Issuer in consideration for the payment by the Issuer of an annual fee. Likewise, the Issuer has mandated the other transaction parties to conduct all the activities necessary to the continuation of this transaction.

With the deed of pledge, in addition and without prejudice to the segregation provided by the Italian law, the Issuer has mandated the representative of the noteholders to enforce its own contractual rights, arising in relation to the assets backing the Notes and the transaction documents, to the benefit of the noteholders and the other parties of the transaction documents, in particular, in case any of the transaction parties should breach the contractual terms.

Account Bank

BNP Paribas Securities Services, Milan Branch (BNPSS) was appointed the Issuer's account bank and paying agent for the transaction. All the Issuer's funds, including the reserve fund and the collections transferred by the Servicer within one business day of receipt, are held on accounts opened and maintained in the name of the Issuer with the account bank.

DBRS Morningstar does not publicly rate BNPSS, but conducted a private rating assessment and publicly rates BNPSS' ultimate parent company, BNP Paribas SA, as follows.

BNP Paribas SA

Debt Rated	Long-Term Rating	Long-Term Rating Trend	Short-Term Rating	Short-Term Rating Trend
Senior Debt	AA (low)	Stable	R-1 (middle)	Stable
Deposits	AA (low)	Stable	R-1 (middle)	Stable
Issuer Rating	AA (low)	Stable	R-1 (middle)	Stable
Critical Obligations	AA (high)	Stable	R-1 (high)	Stable

DBRS Morningstar concluded that BNPSS meets the requirements to act as account bank. The transaction documents contains downgrade provisions with respect to the account bank consistent with DBRS Morningstar's criteria. The rating thresholds applicable to the account bank are commensurate with the ratings assigned to the Rated Notes.

In the context of this transaction, the account bank provided certain representations and warranties, including:

- Confirmed that the transaction accounts (including the collection account but excluding the expenses account) have been treated and maintained in accordance with the segregation provisions set forth under Italian securitisation law.
- Acknowledged that any sum standing to the credit of such is not part of the assets of the account bank and is segregated so that such sums can be attached only by the noteholders.

- Undertook to keep any such amount segregated and to keep appropriate and separate evidence in its accounting books.
- Acknowledged and agreed that it shall have no right to set off any amounts due for any reason whatsoever from the Issuer.
- Undertook to promptly inform the Issuer of the receipt of any request asserting any right or claim from any third party in relation to the Issuer's accounts.

DBRS Morningstar notes that some of these undertakings may not be enforceable in case of insolvency or liquidation of the account bank. However, the downgrade provisions are deemed satisfactory mitigating factors consistent with DBRS Morningstar criteria.

Originator and Receivables' Seller

Alba Leasing as the receivables' seller assigned the receivables backing the Notes. The receivables are related to financial lease contracts (contratti di locazione finanziaria) granted by Alba Leasing to SMEs as well as to individual enterprises with their registered offices in Italy. Securitised leases are originated by Alba Leasing in its normal course of business.

DBRS Morningstar conducted an updated operational review of Alba Leasing's Italian leasing operations in July 2021. DBRS Morningstar considers Alba Leasing's origination and servicing practices to be consistent with other Italian leasing companies.

Alba Leasing is an Italian leasing company established at the beginning of 2010. The SH group is composed of four major Italian co-operative banks including, in order of ownership share:

- Banco BPM S.p.A. (39.2%),
- BPER Banca S.p.A. (33.5%),
- Banca Popolare di Sondrio S.C.p.A. (19.3%), and
- Credito Valtellinese S.p.A. (8.1%).

Credito Valtellinese S.p.A. is the most recent bank to invest in Alba Leasing, becoming a SH in August 2014.

Since its creation, Alba Leasing has grown steadily and, as of the end of 2020, had a portfolio of leasing contracts totalling approximately EUR 4.91 billion, supported by a Tier 1 capital ratio close to 9.45%. The company is supported by a highly skilled workforce, with lengthy experience in the Italian leasing market. Its entire senior management team has been with the company since its inception.

As of the end December of 2020, Alba Leasing had originated over 9,000 new leasing contracts valued at EUR 1.123 billion, lower than previous years' origination volumes by value; however, this can be attributed to the coronavirus pandemic.

New business for 2020 mainly focused on equipment leasing and real estate leasing with 43% and 38% originated in terms of volume by number of contracts, respectively. Alba Leasing also originated 15% of contracts related to automotive leasing.

Further information about the origination procedures can be found in the Appendix.

Alba Leasing, as the Originator and the receivables' seller, renders certain representations and warranties related to the receivables assigned on or about the issue date, including:

- Verification of the existence, validity, and enforceability of the receivables;
- None of the transferred receivables was a defaulted receivable or a delinquent receivable (i.e., with one instalment in arrears for more than 30 days) as at the moment of the assignment;
- The relevant financial rights relating to the receivables can be assigned and were validly assigned to the Issuer;
- None of the assigned contracts provides for the explicit option for early settlement;
- The assigned receivables are exempt from set-off claims from third parties and from lessors;
- The seller has exclusive title to the receivables and the corresponding assets;
- The receivables and the relevant assets comply with all relevant regulations (including planning and building regulations for the real estate pool);
- The Originator has not entered into any swap or other derivative with the assigned lessees;
- The receivables and their related loan contracts respect the eligibility criteria set out in the transaction documents; and
- The assets are not under enforcement proceedings or similar legal actions by third parties.

The Issuer retains the right to bring indemnification claims against the seller and Originator if purchased receivables do not exist, cease to exist, or prove not to have been legally valid upon assignment. However, the Issuer is exposed to obligors' credit risk as well as liquidity risk (in relation to timely availability of funds) and the seller does not grant any guarantees or warrants the full and timely payment by the obligors of any sums payable.

Servicing and Management of Collections

The Issuer appointed Alba Leasing to service the receivables in accordance with the terms' servicing agreement. Pursuant to the servicing mandate, Alba Leasing has undertaken to manage the relationship with lessees (utilizzatori) and to invoice, collect, solicit, or instruct its payments under the receivables on behalf of the Issuer, but in accordance with their own practice.

The Servicer manages delinquent receivables, directly conducting or outsourcing the arrears management process and the amicable collection process to specialised parties based on the credit and collection policies agreed with the Issuer in the transaction documents. More details are included in the Appendix of this report under "Servicing".

The Servicer is also responsible for timely identification of defaulted receivables in accordance with the definition included in the transaction documents. For this transaction, the definition requires classification as defaulted receivable upon the earlier of (1) an internal definition (i.e., internal classification as unlikely-to-pay (inadempienza probabile) or termination (sofferenza)), or (2) an instalment in arrears[1] for more than 180 days or six arrears monthly instalments (or next equivalent

1. According to the transaction definitions, an instalment is considered in arrears when it is totally or partially unpaid and remains such for more than 30 days. Instalments unpaid for less than 30 days are considered current (in bonis).

for other frequencies). After classification of the receivable to defaulted, the Servicer conducts the recovery process. More details are included in the Appendix of this report under “Servicing”.

The credit and collection process regulates the criteria the Servicer applies to terminate the underlying lease contracts on behalf of the Issuer and the write-off. In the context of the ordinary recovery process, the Servicer disposes of the asset and proceeds from the sale of the asset must be applied first toward the securitised receivables (that do not include the residual value instalment) and the remaining portion, if any, will be retained by the seller to offset the residual value exposure.

The Servicer receives payments by lessees and the other payments related to the receivables (collections) on a dedicated collection account held with Intesa SanPaolo S.p.A., which DBRS Morningstar rates publicly as follows:

Intesa SanPaolo S.p.A.

Debt Rated	Long-Term Rating	Long-Term Rating Trend	Short-Term Rating	Short-Term Rating Trend
Senior Debt	BBB (high)	Stable	R-1 (low)	Stable
Deposits	BBB (high)	Stable	R-1 (low)	Stable
Issuer Rating	BBB (high)	Stable	R-1 (low)	Stable
Critical Obligations	A	Stable	R-1 (low)	Stable

The Servicer has procured that, as long as payments by lessees are made (or received in case of direct debit) on the Servicer collection account (held by the Servicer), separate accounting will be maintained for such account. Collections received on the Servicer collection account are transferred on a daily basis to the collection held by the Issuer with the account bank.

Banca Finanziaria Internazionale S.p.A. (Banca Finanziaria Internazionale) is the named “warm” backup servicer on the transaction. Banca Finanziaria Internazionale has been actively engaged with both Alba Leasing and the backup subservicers, Trebi Generalconsult S.r.l. (IT systems) and Agenzia Italia S.p.A. for loan management. The subservicers 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 this transaction.

Banca Finanziaria Internazionale 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 and timelines, and all activities are to be completed within 15 to 30 days of invocation. A full data dictionary and data mapping of the portfolio is in process and follows the close of the transaction. Banca Finanziaria Internazionale will have access to loan-by-loan data, regularly updated as defined in the transaction documents.

As part of the operational review process, Banca Finanziaria Internazionale provided information to DBRS Morningstar regarding the operations, management experience, and existing portfolio (both active servicing and backup). DBRS Morningstar considers the backup servicing arrangement to be ‘warm’.

DBRS Morningstar believes that Banca Finanziaria Internazionale is adequately positioned to assume the servicing role from Alba Leasing should a transfer event occur.

Collections include:

- Payment of regular lease instalments (including principal and interest but not residual value) under the securitised lease contracts by lessees (or their guarantors).
- Indemnities paid by insurance companies in relation to securitised lease contracts to the extent that the indemnity covers the outstanding securitised debt (including overdue interest), typically paid by the insurance company to the seller as the appointed beneficiary of the policy.
- Recoveries paid by lessees (or their guarantors) under defaulted receivables, to the extent that the collected amount does not exceed the outstanding securitised debt (including overdue interest).
- Payments of indemnities by the originator and/or the seller in relation to breach of representation or warranties rendered.
- Proceeds of sale of receivables, including repurchase by the seller.

The Servicer transfers collections to the Issuer's accounts held with the account bank by the next business day after receiving the amounts or when the amount has been identified and recognised. If the Servicer becomes insolvent, collections may be commingled within the defaulted entity's estate.

The Servicer is also responsible for periodically reporting the status of the portfolio and the collections made during the reporting period (the Servicer report). The report is delivered to some transaction parties and to the Issuer.

Other Funds

The Issuer's principal source of funds is the collections made under the portfolio, including other ancillary amounts payable in connection to the portfolio, such as payments of indemnities by the seller and/or the Originator (in this case, Alba Leasing in both roles).

However, the Issuer's funds include other amounts such as:

- The reserve fund; and
- Interest earned on the Issuer's accounts (when the interest rate is positive).

The Reserve Funds

On the issue date, the EUR 9,383,000 reserve fund (Debt Service Reserve) is funded by the Originator (as the Class J Notes subscriber) through part of the proceeds of subscription of the Class J Notes.

The reserve is initially equal to 0.85% of the collateral portfolio and forms part of the available funds on each payment date when it can be used to pay senior expenses, interest on the Class A Notes, and the interest on the Class B Notes prior to the occurrence of the relevant subordination event (as detailed in the next section), but does not offset potential credit loss caused by defaulted receivables as it cannot be used to reach the target of repayment of principal under the Rated

Notes. On the last payment date when all of the Rated Notes can be repaid in full, the reserve can be used to repay the Rated Notes (including the Class B Notes).

The reserve fund amortises with the amortisation of the Notes. It is initially set at 1.0% of the Rated Notes and, on each payment date, has to be replenished to its target corresponding to 1.0% of the outstanding amount of the Rated Notes (before the principal repayment on that payment date) but never less than EUR 4,691,500, corresponding to 0.5% of the initial amount of the Rated Notes.

Use of Funds

The principal source of payment of interest and of repayment of principal on the Notes will be the collections made in respect of the receivables arising out of lease contracts (including recoveries under defaulted receivables and indemnities payable by the Originator and/or seller).

The Issuer pays the transaction parties (including the directors and the entities providing it with all services) and the noteholders only on set dates (the payment dates). All the transaction parties have agreed to be paid on the payment dates and with limited recourse to the Issuer's available funds on a specific date. To allocate funds to its creditors, the Issuer applies a priority of payments specified in the transaction documents. The Issuer has delegated the corporate servicer to pay its small expenses necessary for its daily activity from an expenses account of EUR 25,000 that is replenished on each payment date.

On each payment date, the Issuer allocates collections relating to the collection period ending before the payment date and the other available funds. The amount of funds available is determined with the information provided by the Servicer in its periodic report.

Prior to its liquidation, the Issuer applies a single combined priority of payments as summarised below.

1	Fees and expenses (including replenishment of the expenses account);
2	Interest on the Class A1 and Class A2 Notes, pari passu and pro rata;
3	Interest on the Class B Notes prior to the Class B Interest Subordination Event;
4	Replenish the reserve fund up to its target, prior to a release date;
5	To pay principal under the Class A1 Notes up to the target for amortisation;
6	To pay principal under the Class A2 Notes up to the target for amortisation, after the full redemption of the Class A1 Notes;
7	Interest on the Class B Notes after the Class B Interest Subordination Event;
8	To pay principal under the Class B Notes up to the target for amortisation, after the full redemption of the Class A Notes;
9	Any residual amount to the payment account after the occurrence of the Cash Trapping Condition;
10	To pay any other amount due and payable to the transaction parties (including indemnities) other than the deferred purchase price;
11	Interest on the Junior Notes;
12	Pay principal under the Junior Notes, after the full redemption of the Class A Notes and Class B Notes and so that the outstanding amount of the Junior Notes is not lower than EUR 100,000; and
13	To pay the Originator the deferred purchase price.

Target Amortisation Amount: Principal amount outstanding of the Notes minus the collateral portfolio minus the Debt Service Reserve amount.

Class B Interest Subordination Event: Gross cumulative default ratio higher than 35.0%.

Cash Trapping Condition: Gross cumulative default ratio is higher than the following ratios:

Payment Date	Applicable Level
1st and 2nd	3.25%
3rd	3.75%
4th	4.5%
5th	5.0%
6th	6.0%
7th and 8th	6.5%
9th and thereafter	7.5%

Liquidation of the Issuer

If on any payment date, the Issuer misses any payment of interest under the most senior class of notes (given that Class A1 and Class A2 Notes rank pari passu with respect to payment of interest) or upon occurrence of some other circumstances specified in the transaction documents (Trigger Event), a liquidation priority of payments is applied thereafter.

Some of the liquidation events are summarised below (the list is not exhaustive and, for complete details, the transaction documents or prospectus should be reviewed):

- Missed interest payment of interest under the most senior class of Notes (not remedied within five business days).
- Failure to repay principal under the Notes by the legal final maturity date.
- Insolvency of the Issuer.
- Breach of obligations not remedied within 30 calendar days.
- Breach of representation and warranties by the Issuer.
- Unlawfulness.

The events of liquidation summarised below are Issuer events of default or follow the full repayment of the Notes and, thus, are generally not relevant for the ratings.

1	Fees and expenses;
2	Interests on the Class A1 and Class A2 Notes, pari passu and pro rata;
3	Principal on the Class A1 and Class A2 Notes, pari passu and pro rata;
5	Interests on the Class B Notes;
6	Principal on the Class B Notes;
7	To pay any other amount due and payable to the transaction parties (including indemnities) other than the deferred purchase price;
8	Interest on the Junior Notes;
9	Principal on the Junior Notes; and
10	To pay the Originator the deferred purchase price.

The liquidation priority of payments is also applied in the event of a cleanup call on the Originator's option or upon a legal or tax event.

Optional Redemption

Pursuant to the transaction documents, unless previously redeemed in full, the Issuer may redeem all the Rated Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the prior consent of the Junior Noteholders, in part) when the aggregate of the outstanding portfolio is equal to or less than 10.0% of the initial amount.

The Collateral Portfolio

The receivables backing the Notes are monetary obligations of lessees arising from financial lease contracts (contratti di locazione finanziaria) stipulated between Alba Leasing, as the lessor, and the lessees (utilizzatori) for the use of some assets of various types.

Pursuant to the lease contracts, the Originator 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 that includes the residual value of the asset (riscatto) and the related interest component. All lease contracts related to receivables comprising the collateral portfolio include such option and are thus financial leases (leasing finanziari).

The lessees have a duty to maintain the leased asset (pay the maintenance costs) and pay the relevant taxes. All contracts also require full-coverage insurance to protect the asset that has the Originator as its beneficiary and that the lessees must pay for. In certain cases, Alba Leasing mediates the sale of the insurance cover (but does not directly provide any insurance service) and may collect the periodic premium with the monthly instalment that then swipes to the insurer. Taxes and other costs or fees are usually paid with the lease instalment, although they do not form part of the assigned receivables.

Receivables can be broadly grouped based on the nature of the underlying assets into:

- Auto or vehicle leases,
- Equipment leases,
- Real estate leases, and
- Ship and vessel (naval), aircraft, and railway leases.

On or about the transfer date, Alba Leasing transferred about EUR 1,103.99 million 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. Residual values, although formally transferred to the Issuer, 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.

As of 25 September 2021, the collateral pool comprised 12,568 contracts with an average size of EUR 87,841. The pool is granular, where the largest obligor group accounts for 0.7% of the outstanding principal and the top 20 obligors (at the group level) represent 8.0%.

The portfolio is static and the amortisation will start on the first payment date on 27 January 2022.

Eligibility Criteria

The Originator selects the initial portfolio by applying eligibility criteria, including the following selection criteria:

- Entered into by Alba Leasing as lessor;
- Governed by Italian law;
- Granted to companies based or professionals residing in the Republic of Italy;
- Denominated in euros;
- With the first instalment already paid by the debtor;
- Not classified as "defaults" and with no more than one instalment in arrears by 30 days;
- Effective date of the leasing after 1 January 2010;
- Payment date of the last instalment not falling after 1 June 2036;
- Have at least two outstanding instalments;
- Paying on a monthly, bimonthly, quarterly, or semiannual basis;
- Paying a fixed or floating interest rate (the latter indexed to one-month, three-month, or six-month Euribor);
- Current balance higher than EUR 5,000; and
- Loans with a French amortisation plan.

The following loans are excluded from selection:

- Leases benefitting from payment holiday,
- One instalment (canone anticipato) of the relevant amortisation plan has not been regularly paid,
- Leases granted in favour of employees of Alba Leasing or companies connected to it,
- Leases disbursed pursuant to certain contributions or subsidies made by third entities (including Legge Sabatini and Legge Sabatini -bis, InnovFin guarantee granted by the European Investment Fund), and
- Debtors with SAE Codes 247 (monetary mutual funds), 245 (banking system), 300 (Bank of Italy), 248 (electronic money institutions), and 101 (Cassa Depositi e Prestiti S.p.A.).

Portfolio Summary

DBRS Morningstar has analysed the initial portfolio selected by Alba Leasing as at 25 September 2021. The main characteristics of the portfolio are summarised below:

Portfolio Collateral Balance Summary (as of 25 September 2021)	
Number of Loans	12,568
Number of Borrowers	8,935
Number of Borrower Groups	8,609
Outstanding Balance	1,103,991,372
Average Loan Size	87,841
Weighted-Average Remaining Term (years)	5.9
Weighted-Average Seasoning (years)	1.8
Weighted-Average Original Term (years)	7.7
Weighted-Average Coupon (fixed rate loans)	2.2%
Weighted-Average Margin (floating rate loans)	2.6%
Residual Value (% on Outstanding Balance)	5.9%

Collateral Type	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
P1 – Vehicles	229,128,100	20.8%	4,886	38.9%
P2 – Equipment	548,206,006	49.7%	6,629	52.7%
P3 – Real Estate	309,490,368	28.0%	1,014	8.1%
P6 – Air/Naval/Train	17,166,898	1.6%	39	0.3%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Lessee Type (Internal Definition)	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Retail	536,680,760	48.6%	8,486	67.5%
Corporate	438,262,025	39.7%	3,406	27.1%
Large Corporate	125,100,068	11.3%	598	4.8%
Other	3,948,520	0.4%	78	0.6%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Interest Rate Type	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Floating Rate	1,035,793,045	93.8%	11,515	91.6%
Fixed Rate	68,198,328	6.2%	1,053	8.4%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Interest Rate Index	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Three-month Euribor	817,578,472	74.1%	9,573	76.2%
Three-month Euribor (Minus margin)	195,610,767	17.7%	1,815	14.4%
One-month Euribor	22,603,806	2.0%	127	1.0%
Fixed Rate	68,198,328	6.2%	1,053	8.4%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Lessee Region	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Lombardy	340,653,573	30.9%	3,703	29.5%
Emilia Romagna	133,549,942	12.1%	1,316	10.5%
Veneto	115,997,402	10.5%	1,127	9.0%
Campania	88,603,441	8.0%	1,158	9.2%
Lazio	62,017,468	5.6%	756	6.0%
Piedmont	56,830,674	5.1%	661	5.3%
Apulia	53,731,352	4.9%	699	5.6%
Sicily	45,895,997	4.2%	622	4.9%
Tuscany	43,362,605	3.9%	505	4.0%
Abruzzo	33,903,723	3.1%	497	4.0%
Marche	26,274,059	2.4%	242	1.9%
Trentino Alto Adige	24,657,869	2.2%	290	2.3%
Others (each <2%)	78,513,268	7.1%	992	7.9%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Amortisation Type	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
French	1,103,991,372	100.0%	12,568	100.0%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Principal / Interest Payment Frequency	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Monthly	1,073,437,936	97.2%	12,457	99.1%
Bimonthly	227,939	0.0%	4	0.0%
Quarterly	30,106,786	2.7%	102	0.8%
Semiannual	218,712	0.0%	5	0.0%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Payment Type	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
SEPA Direct Debit	1,103,991,372	100.0%	12,568	100.0%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Origination Channel	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Bank	877,495,711	79.5%	9,379	74.6%
Intermediaries	139,179,058	12.6%	1,842	14.7%
Agents	57,824,520	5.2%	956	7.6%
Direct	29,492,083	2.7%	391	3.1%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

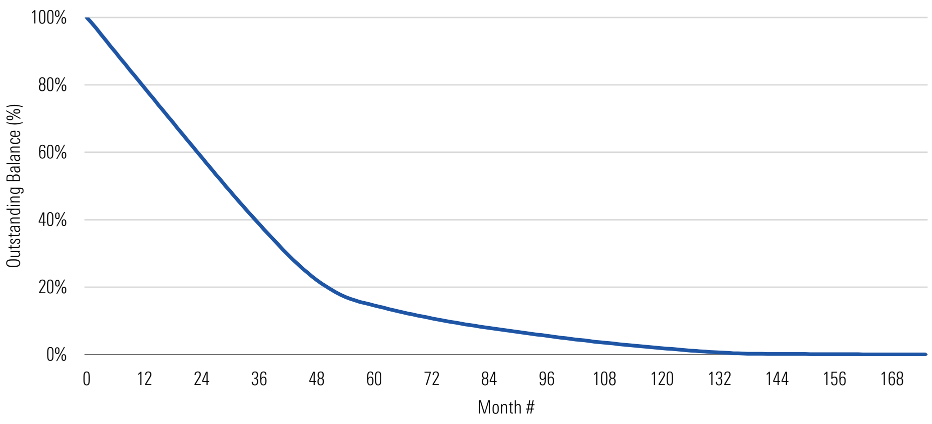
Payment Holidays	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
No	1,103,991,372	100.0%	12,568	100.0%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Lessee Industry Sector Classification	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Building & Development	236,261,171	21.4%	2,274	18.1%
Surface Transport	134,579,505	12.2%	1,967	15.7%
Nonferrous Metals/Minerals	101,050,266	9.2%	727	5.8%
Business Equipment & Services	81,902,007	7.4%	985	7.8%
Healthcare	74,021,706	6.7%	971	7.7%
Industrial Equipment	65,300,495	5.9%	724	5.8%
Retailers (except Food & Drug)	45,988,576	4.2%	614	4.9%
Chemicals & Plastics	32,738,250	3.0%	347	2.8%
Food Products	32,248,631	2.9%	378	3.0%
Farming/Agriculture	32,165,346	2.9%	473	3.8%
Ecological Services & Equipment	29,282,794	2.7%	351	2.8%
Steel	26,054,299	2.4%	225	1.8%
Automotive	24,587,432	2.2%	290	2.3%
Others (each <2%)	187,810,894	17.0%	2,242	17.8%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Largest Lessee Groups Exposures

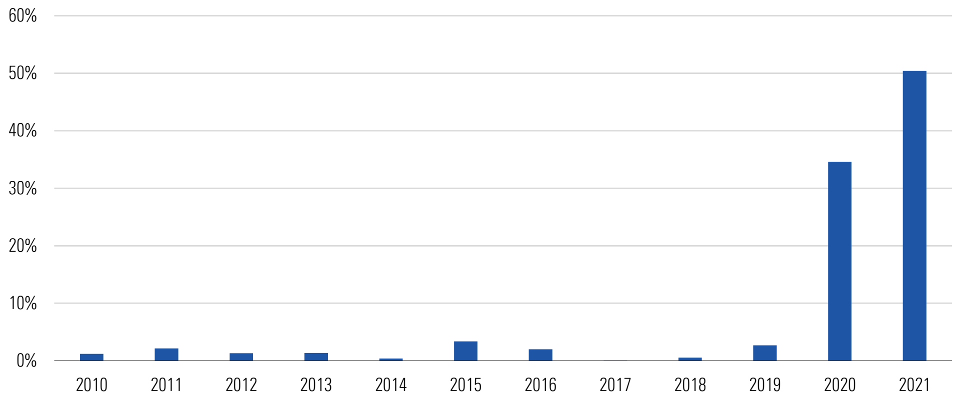
Industry Sector Classification	Region	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Business Equipment & Services	Emilia Romagna	7,823,586	0.7%	1	0.0%
Building & Development	Lombardy	7,327,346	0.7%	3	0.0%
Retailers (except Food & Drug)	Abruzzo	6,651,113	0.6%	27	0.2%
Nonferrous Metals/Minerals	Emilia Romagna	6,544,570	0.6%	2	0.0%
Building & Development	Veneto	6,003,741	0.5%	1	0.0%
Business Equipment & Services	Lombardy	5,541,249	0.5%	2	0.0%
Building & Development	Trentino Alto Adige	4,708,886	0.4%	4	0.0%
Drugs	Lombardy	4,525,099	0.4%	12	0.1%
Building & Development	Emilia Romagna	4,459,176	0.4%	6	0.0%
Food Products	Veneto	4,121,328	0.4%	1	0.0%
Top 10		**57,706,094**	**5.2%**	**59**	**0.5%**
Top 20		**88,627,422**	**8.0%**	**117**	**0.9%**
Top 50		**154,372,538**	**14.0%**	**304**	**2.4%**
Top 100		**225,626,455**	**20.4%**	**492**	**3.9%**

Exhibit 1 Portfolio Amortisation Profile



Source: DBRS Morningstar.

Exhibit 2 Origination Year



Source: DBRS Morningstar.

Rating Analysis

The DBRS Morningstar ratings on the Notes address the timely payment of interest and the full repayment of principal in accordance with the terms of the transaction documents. DBRS Morningstar based the ratings primarily on the following:

- The transaction's capital structure and the form and sufficiency of available credit enhancement in the form of subordination, reserve funds, and excess spread.
- The ability of the transaction's structure and triggers to withstand stressed cash flow assumptions to timely pay interest and ultimately repay the principal under the Notes before the legal maturity date according to the terms of the transaction documents.
- Alba Leasing's capabilities with respect to originations and underwriting.
- Alba Leasing's financial situation and its capabilities with respect to servicing.

- The presence of Banca Finanziaria Internazionale, Agenzia Italia S.p.A,. and Trebi Generalconsult S.r.l, respectively, as the appointed backup servicer and sub-backup servicers, and their capabilities in that respect.
- DBRS Morningstar conducted an updated operational risk review of Alba Leasing in July 2021 and deems it an acceptable Originator and Servicer.
- The credit quality of the collateral and ability of the Servicer to perform collection activities on the collateral.
- The sovereign rating of the Republic of Italy, currently at BBB (high) with a Stable trend.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the Issuer and the consistency with DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology.

Default and Recovery Assumptions

Asset Analysis

DBRS Morningstar used the SME Diversity Model to determine a lifetime default rate at the assigned rating levels. The SME Diversity Model takes key loan-by-loan information of the securitised portfolio by incorporating the individual amortisation plans as well as individual borrower industries and base case annual PDs derived from DBRS Morningstar's analysis of the historical data provided. The SME Diversity Model employs a Monte Carlo simulation to determine cumulative default rates (or hurdle rates) at each rating stress level.

Average Annualised Default Rate

The average annualised default rate is determined from the historical data supplied by the Originator. DBRS Morningstar used additional dynamic arrears data provided by the Originator to determine a conservative annualised default rate. A sovereign adjustment was applied as the DBRS Morningstar Long-Term Local and Foreign Currency Issuer Ratings of the Republic of Italy (rated BBB (high) with a Stable trend) are below AA (low).

For this transaction, DBRS Morningstar considered a base case PD of 2.4% for vehicles leases, 2.4% for equipment leases, and 1.5% for real estate leases, which is based on the performance data provided by the Originator over the eight years and up to 2019, by number of loans and split by type of lease. In addition, given the limited information on air, naval, and train leases, DBRS Morningstar assumed a base case PD of 10.1%.

As per its *European Structured Credit Transactions' Risk Exposure to Coronavirus (COVID-19) Effect* commentary published on 18 May 2020, DBRS Morningstar anticipated that certain economic activities would be affected by the coronavirus outbreak. The list of economic activities most affected are available in the above report. As a result, DBRS Morningstar applied additional adjustments to reflect the expectations of a higher annualised default rate.

As a result, DBRS Morningstar applied additional adjustments to reflect the expectations of a higher PD. DBRS Morningstar considered an adjustment factor of 2.0 times (x) the base case PD for borrowers in the "High" risk industries and an adjustment factor of 1.5x the base case PD for borrowers in "Mid-High" risk industries. Based on the detailed NACE code mapping, the current exposure to the coronavirus industry risk levels is as follows:

COVID-19 Risk Level	Current Balance (EUR)	Current Balance (%)	No. Loans	No. of Loans (%)
Low to Mid	819,875,121	74.3%	9,341	74.3%
Mid-High	36,769,531	3.3%	460	3.7%
High	247,346,720	22.4%	2,767	22.0%
Total	**1,103,991,372**	**100.0%**	**12,568**	**100.0%**

Borrower concentration is taken into account within the SME Diversity Model. In exceptional cases, DBRS Morningstar may require additional analysis to be conducted to ensure that the risk associated with specific borrowers is accounted for appropriately. DBRS Morningstar determined that there were no borrowers that required additional analysis in the portfolio for this transaction.

DBRS Morningstar employs a two-factor correlation model as the basis for the SME default modelling. This correlation structure is implemented in the SME Diversity Model, allowing for explicit concentration in obligor and industries while using a Monte Carlo process to generate the stressed default rates. To take into account the increased concentration risk inherent in SME pools related to obligor and industry, DBRS Morningstar applies a rating level-based correlation stress using the DBRS Morningstar Diversity Model.

Due to lessee concentrations and the application of the SME Diversity Model, DBRS Morningstar applied adjusted multiples below the lower range used at a AAA (sf) level.

Overall Rating Parameter Inputs for the DBRS Morningstar Diversity Model

The inputs used to calculate the portfolio default rate are:

Parameters	
Adjusted Weighted-Average Life of Portfolio	3.2 years
Assumed Annualised PD for Vehicles Leases	2.4%
Assumed Annualised PD for Equipment Leases	2.4%
Assumed Annualised PD for Real Estate Leases	1.5%
Assumed Annualised PD for Air/Naval/Train Leases	10.1%
COVID-19 PD Adjustment "High" Risk Sectors	2x
COVID-19 PD Adjustment "Mid-High" Risk Sectors	1.5x
AAA (sf) Inter-Industry Correlation	11.4%
AAA (sf) Intra-Industry Correlation	28.4%
BBB (high) (sf) Inter-Industry Correlation	6.6%
BBB (high) (sf) Intra-Industry Correlation	16.6%

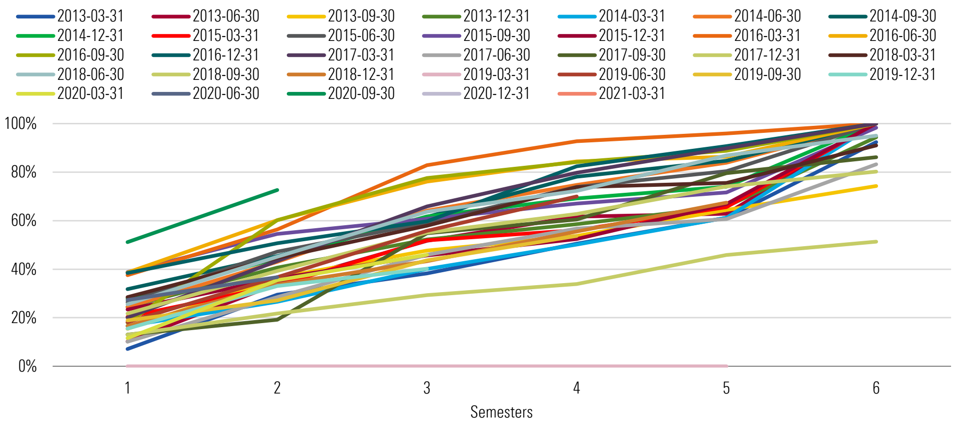
The portfolio lifetime total default rates for the ratings (based on the inputs described in the table above) are indicated below:

Rating Level	Lifetime Total Default Rate (%)
AAA (sf)	37.7
BBB (high) (sf)	21.2
Expected	10.4

Recovery Rate and Recovery Delay

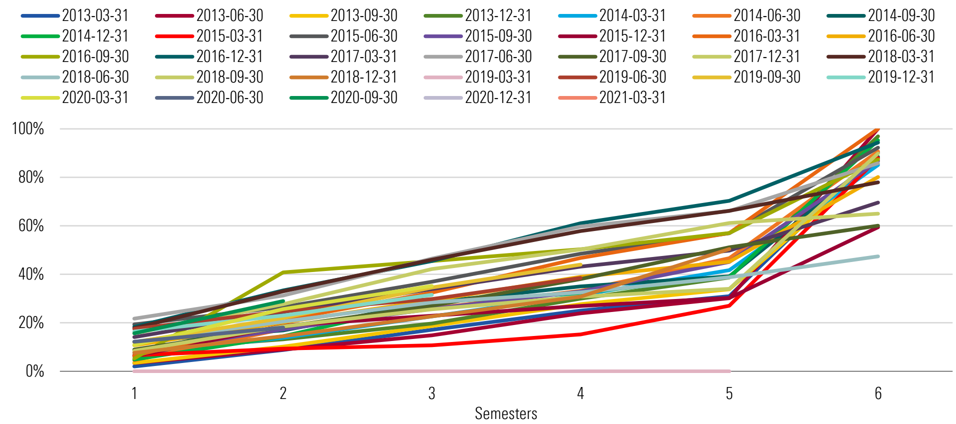
DBRS Morningstar received quarterly vintage recovery data with further breakdowns by vehicles, equipment, real estate, and air/naval/train on an aggregated basis and detailed by the recovery sources of insurance, lessee's payment, and asset sale. The aggregated recovery data for the three main products are presented below.

Exhibit 3 Vehicles – Total Recoveries



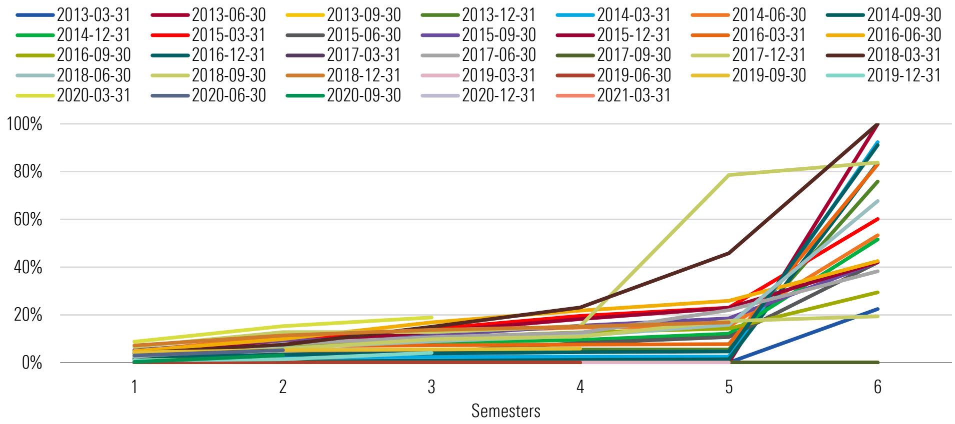
Source: DBRS Morningstar.

Exhibit 4 Equipment – Total Recoveries



Source: DBRS Morningstar.

Exhibit 5 Real Estate – Total Recoveries



Source: DBRS Morningstar.

After considering the quality and trend of data, DBRS Morningstar established a portfolio base case recovery rate of 43.0% (i.e., loss severity of 57.0%). Recoveries from the 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 DBRS Morningstar's *Rating CLOs and CDOs of Large Corporate Credit* methodology. Recoveries from payments by lessees are also computed as unsecured claims. Recovery timing is assumed to be 27 months.

The portfolio recovery rate for rating level is indicated below:

Rating Level	Recovery Rate (%)
AAA (sf)	27.0
BBB (high) (sf)	33.5
Expected	43.0

Other Risk Factors

Clawback Risk

In the Italian legal and regulatory framework, upon default of an entity (a company or a bank) subject to Italian insolvency law, the official receiver may revoke and claw back payments made by the defaulted entity during the period immediately preceding the default. This is permitted to avoid selective repayment of specific creditors above others. The time during which clawback rights can be exercised may be extended up to two years depending on the framework. The initial and subsequent assignments of the receivables may be subject to the same proceedings following a seller event of default.

The risk upon assignment is unavoidable, but is mitigated by the fact that the official receiver is generally required to prove that the issuer or its agents were aware of the incumbent default. Furthermore, although in the general regulatory framework the suspicious period is six months and might be extended to one year, the Italian Securitisation Law provides for a reduction to three from six months and to six months from one year under the applicable framework.

DBRS Morningstar understands that the repurchase of receivables by the seller or sale to third parties may also be clawed back following the default of the relevant party, and in such circumstances, the securitisation should not benefit from the reduced period provided by the Italian Securitisation Law.

Set-Off Risk and Prepayment Losses

Upon insolvency of a lender, borrowers can invoke the right to set off the amount they owe the lender by any amounts due and payable to them by the lender. Alba Leasing is not a bank and does not offer to take deposits, thus removing the main source of set-off risk. Alba Leasing's operations are highly specialised and focused on lease financing, hence it does not provide its customers with financial services that could be an alternative source of exposure that could be set off (e.g., insurance policies). Alba Leasing has also undertaken the obligation not to enter into derivative agreements with securitised customers.

Borrowers can pay some amounts (typically setup fees, management fees, insurance premium, etc.) upfront with financing provided by the lender that includes the paid amounts in the financed amount. Insurance premiums and management fees, although paid upfront, cover the entire life of the loan and, in case of prepayment, the unused amount is payable back to the borrower. Such credit that generates upon early settlement can be retained from the prepaid amount. Alba Leasing periodically receives payments of fees (e.g., insurance policy fees) paid by lessees with the lease instalments, but such component is not securitised and DBRS Morningstar understands that there is no current relevant risk of retention or set-off.

Commingling Risk

The Italian Securitisation Law provides for segregation of the Issuer's assets (including funds collected or held on behalf of the Issuer); however, the prompt and timely availability of such funds to the Issuer may be affected by several factors in scenarios when the Servicer or the Servicer's account bank(s) are insolvent (e.g., discretional decisions that might be made by the insolvency receiver, timing of court enforcement proceedings, etc.). In fact, the default of a banking institution holding account(s) may entail a number of diversified scenarios, some of which can be seriously detrimental to the capacity of the bank to pay back any segregated amounts in a timely way.

DBRS Morningstar understands that Alba Leasing will continue to collect customers' payments according to its ordinary operations, but has designated a dedicated account opened and maintained with Intesa SanPaolo S.p.A. to benefit from segregation provided by Italian Securitisation Law.

The effectiveness of such segregation provisions is disputed as the principal is in contrast with other regulation. However, the next business days' sweeping of collections and the combined role of Servicer and backup servicer are mitigating factors to the risk loss from commingling of funds. Furthermore, the lessee payments are received via direct debit thus easing the redirection if Alba Leasing needs to be replaced.

The existence of a fully funded reserve (1.0% of the Rated Notes) further mitigates the risk of Issuer insolvency, ensuring timely payment of interest under liquidity stress.

Summary of the Cash Flow Scenarios

DBRS Morningstar's cash flow tool assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds, and interest rates. Based on a combination of these assumptions, DBRS Morningstar applied a total of 18 cash flow scenarios to test the performance of the Rated Notes.

Prepayment Speeds and Prepayment Stress

DBRS Morningstar tested within its cash flow analysis scenarios between 0% and 8% constant prepayment rates.

Interest Rate Risk, Basis Risk, and Excess Spread

The Rated Notes pay floating-rate interest indexed to three-month Euribor, but the portfolio is a mix of floating-rate contracts (93.8%) and fixed-rate contracts (6.2%). The Issuer has not entered into any interest rate hedging agreement; therefore, it will be exposed to the interest rate mismatch between assets and liabilities. The Issuer will also be exposed to potential liquidity risks caused by the timing mismatch between payments on the Rated Notes (quarterly) and payments collected on the portfolio (a mixture of bimonthly, monthly, quarterly, and semiannual receipts). A timing mismatch could result in a temporary shortfall, which could lead to the default of the Rated Notes. DBRS Morningstar considers this risk to be mitigated by the availability of the CR to cover potential interest shortfalls.

Since the residual value instalments are not securitised but the interest component (including the interest on the residual value) is entirely assigned to the Issuer, the interest rate paid under the receivables tends to increase over time due to increase of the residual value in proportion to the securitised amount. In fact, the securitised amount amortises whereas the residual value does not amortise until the receivable is fully repaid.

Interest Rate Stresses

The purpose of the interest rate stress scenarios is to determine whether the transaction has any systemic interest rate risk exposure. Interest rate risk can arise from multiple scenarios, including where a transaction is exposed to floating-rate liabilities and fixed-rate assets without benefitting from an interest rate hedge. The higher the target rating, the more extreme the level of interest rate stress that is used. For example, the interest rates assumed under the increasing interest rate stress scenario are higher for a target rating of AAA (sf) than they are for AA (sf). DBRS Morningstar applied its standard interest rate stresses as detailed in its methodology *Interest Rate Stresses for European Structured Finance Transactions* (24 September 2021).

Timing of Defaults

DBRS Morningstar 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 over a period of three years.

Period	Front (%)	Mid (%)	Back (%)
1	50	20	20
2	30	50	30
3	20	30	50

Risk Sensitivity

DBRS Morningstar expects a lifetime base case PD and loss given default 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 ratings to various changes in the base case default rates and loss severity assumptions relative to the base case assumptions that DBRS Morningstar used to assign the ratings.

Class A1 Notes

Increase in Loss Given Default (%)	Increase in Default Rate (%)		
	0	**25**	**50**
0	AAA (sf)	AAA (sf)	AAA (sf)
25	AAA (sf)	AAA (sf)	AA (high) (sf)
50	AAA (sf)	AAA (sf)	AA (sf)

Class A2 Notes

Increase in Loss Given Default (%)	Increase in Default Rate (%)		
	0	**25**	**50**
0	AAA (sf)	AAA (sf)	AA (sf)
25	A (high) (sf)	A (low) (sf)	A (high) (sf)
50	A (high) (sf)	BBB (high) (sf)	BBB (low) (sf)

Class B Notes

Increase in Loss Given Default (%)	Increase in Default Rate (%)		
	0	**25**	**50**
0	BBB (high) (sf)	BB (high) (sf)	BB (high) (sf)
25	BBB (low) (sf)	BB (high) (sf)	BB (low) (sf)
50	BB (high) (sf)	BB (low) (sf)	B (sf)

Appendix

Origination and Underwriting

Origination and Sourcing

Alba Leasing's origination strategy is focused predominantly on the banking sector between SH banks and partner banks defined as small, regional, or provincial banks not affiliated with any particular banking group. SH bank funding represented around 65% of all new originations in 2020 (down from 85% in 2009) with the remaining production sourced through partner banks and directly through other channels. Alba Leasing has diversified its sources of funding year by year, reducing the funding support granted by SH through the use of the market that has helped finance new production.

For SH banks, which benefit from a single bank portfolio and stronger commercial and marketing relationships, the Alba Leasing model is customised to suit the various banks' needs to maximise potential opportunities. For partner banks, the origination model provides a single structure that 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 nondedicated account managers and client manager supervising all the banks within a respective area. Alba Leasing maintains commercial outlets among the SH banks with other outlets based in a Banco BPM branch. Banca Popolare dell'Emilia Romagna branches, Banca Popolare di Sondrio, and Creval branches also house outlets.

To effectively manage the credit quality of the leasing portfolio, Alba Leasing'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-size contracts. The monitoring and management of risky positions is also maintained through processes and credit policy shared and agreed with the SH banks.

Underwriting Process

The underwriting process is not centralised. SH and partner banks have a degree of autonomy in the underwriting process, based on the type of agreement signed with Alba Leasing. Within the company, some underwriting powers are delegated to Alba Leasing's network. Nevertheless, dual sign-off between the account manager and the loan network manager is required for all lease contracts and Alba Leasing 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. SH banks use the Presto Leasing product, which includes a 10% to 70% guarantee in favour of Alba Leasing. Assessment of credit risk and approval phases are run by the SH banks, and final approval is subject to Alba Leasing 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 Leasing for an amount equal to 10% to 70% of the final loss payable following the recovery process with the amount based on the net loss.

Partner banks use the Specialist Loan product, which includes insurance and a full in-house credit evaluation by Alba Leasing. The credit review includes Alba Leasing's scoring system, Sprint, for leases up to EUR 150,000 and a more intensive, manual process for larger leases that is judgmental based on a specific tool.

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 Leasing 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 less than EUR 150,000. The scoring system is also used to support the credit decision for leases up to EUR 300,000 per client/group. Applications classified as red are always declined, although the case may be reviewed starting with the credit officer, but only refusals caused by a technical reason (i.e., an error in the data input) can be reclassified. The subsequent approval of cases originally scored as red are rare.

For leases more than EUR 150,000, the process involves an evaluation of both the single client and its group, including affiliated companies and holdings. Alba Leasing 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 executing 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 Leasing, 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 Leasing's insurer partner or by any other insurer chosen by the lessee, with Alba Leasing's approval.

The Alba Leasing board Lease delegates approval to the account manager. Client managers do not have approval authority; however, Loan Network Managers have the lowest approval authority of EUR 250,000 and, together with Account Managers, can jointly approve applications up to EUR 1 million of total risk (for banks with the necessary underwriting agreement). This is the maximum amount that Alba Leasing delegates to the network.

Summary Strengths

- Seasoned management team averaging over 20 years of experience, mainly in the Italian leasing sector, and all senior managers have been with Alba Leasing since its creation in 2010.
- No use of brokers or real estate agents and approximately 65% of new originations sourced through SH banks.
- Sound IT platform, including sophisticated credit scoring and rating models, as well as commitment to continuous development evidenced by a new system to monitor contract rates and compliance with Italian usury law.

Summary Weaknesses

- Underwriting outsourced to the originating bank.
  Mitigants: Agreements between Alba Leasing and SH and partner banks defining credit guidelines and approval process. Dual sign-off required for all lease contracts with Alba Leasing 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 that has the original relationship with the client. The majority of payments are handled through direct debit or bank transfer.

Alba Leasing, in its capacity as Servicer, transfers all collections to the account bank held by BNPSS within one business day of receipt. If Alba Leasing becomes insolvent, the collections may be commingled within the defaulted entity's estate.

DBRS Morningstar does not publicly rate BNPSS, but conducted a private rating assessment and publicly rates BNPSS' ultimate parent company, BNP Paribas SA. DBRS Morningstar concludes that BNPSS meets the requirements to act as account bank.

Alba Leasing 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 call 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 possibly recovery actions and pretermination 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 pretermination 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 of less than 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 Leasing's remarketing department is responsible for the recovery, storage, and relocation of assets subject to the lease agreements. The team also determines the estimated costs for removal of the assets, performs site visits and inspections, manages the voluntary handover of assets for expired leases, and/or executes the repossession order for terminated contracts and updates the evaluations on recovered assets. External parties support the recovery process and Alba Leasing 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 nonperforming loan (NPL) rate of 16%.
  Mitigants: Originations prior to 2010 were not originated by Alba Leasing but by its predecessor, Italease. Since Alba Leasing, a more conservative credit policy has been established and the gross NPL rate for new production is just over 3%. The overall NPL rate of approximately 7.80% is consistently below peers at 13.75%.

Methodologies Applied

DBRS Morningstar applied the following primary methodologies to assign ratings to this transaction:

- Rating European Consumer and Commercial Asset-Backed Securitisations (29 October 2021), https://www.dbrsmorningstar.com/research/387042/rating-european-consumer-and-commercial-asset-backed-securitisations.

Other methodologies referenced in this transaction are listed below:

- *Rating CLOs Backed by Loans to European SMEs* (28 June 2021) and DBRS Morningstar SME Diversity Model 2.5.0.0, https://www.dbrsmorningstar.com/research/380640/rating-clos-backed-by-loans-to-european-smes.
- *Legal Criteria for European Structured Finance Transactions* (29 July 2021), https://www.dbrsmorningstar.com/research/382171/legal-criteria-for-european-structured-finance-transactions.
- *Rating European Structured Finance Transactions Methodology* (30 July 2021), https://www.dbrsmorningstar.com/research/382486/rating-european-structured-finance-transactions-methodology.

- *Interest Rate Stresses for European Structured Finance Transactions* (24 September 2021), https://www.dbrsmorningstar.com/research/384920/interest-rate-stresses-for-european-structured-finance-transactions.
- *Operational Risk Assessment for European Structured Finance Originators* (16 September 2021), https://www.dbrsmorningstar.com/research/384512/operational-risk-assessment-for-european-structured-finance-originators.
- *Operational Risk Assessment for European Structured Finance Servicers* (16 September 2021), https://www.dbrsmorningstar.com/research/384513/operational-risk-assessment-for-european-structured-finance-servicers.
- *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (3 February 2021), https://www.dbrsmorningstar.com/research/373262/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

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

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings" of the *Global Methodology for Rating Sovereign Governments* methodology at: https://www.dbrsmorningstar.com/research/381451/rating-sovereign-governments.

Surveillance

The transaction is monitored by DBRS Morningstar in accordance with its *Master European Structured Finance Surveillance Methodology*, which is available at www.dbrsmorningstar.com under Methodologies. Alternatively, please contact info@dbrsmorningstar.com.

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