MORNINGSTAR DBRS

Rating Report
Alba 14 SPV S.r.l.

Morningstar DBRS
May 2024

Contents

Ilaria Maschietto
Vice President
European Structured Credit Ratings
+49 69 8088 3516
ilaria.maschietto@morningstar.com

Paolo Conti
Senior Vice President, Sector Lead
European ABS Ratings
+34 917 93 33 97
paolo.conti@morningstar.com

Mark Wilder
Senior Vice President, Lead
European Structured Finance Ratings, Operational Risk
+44 20 7855 6638
mark.wilder@morningstar.com

Christian Aufsatz
Managing Director
European Structured Finance Ratings
+44 20 7855 6664
christian.aufsatz@morningstar.com

Credit Ratings

Debt	Par Amount (EUR)[1]	Tranche Size/Subordination (%)[2]	Coupon (%)	Credit Rating Action Date	Credit Rating Action	Credit Rating[4]
Class A Notes IT0005594616	550,300,000	65.4/34.0	Three-month Euribor + 0.82	30 May 2024	Provisional Rating – Finalised	AAA (sf)
Class B Notes IT0005594624	175,100,000	20.8/13.0	Three-month Euribor + 1.3	30 May 2024	Provisional Rating – Finalised	A (high) (sf)
Class J Notes IT0005594632	115,639,000	13.8%/0%	Three-month Euribor + 2.0[3]	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. Additional return, if any, is paid to the Class J noteholder after the variable interest and margin.
4. The credit rating on the Class A Notes addresses the timely payment of interest and the ultimate repayment of principal by the legal final maturity date. The credit rating on the Class B Notes addresses the ultimate payment of interest and the ultimate repayment of principal by the legal final maturity date while they are junior to other outstanding classes of notes but the timely payment of interest when they are the senior-most tranche, in accordance with Alba 14 SPV S.r.l.'s default definition provided in the transaction documents (Trigger Event).

For additional information on the meaning and scope of the financial obligations identified in these credit ratings, please see Appendix 4.

	Initial Amount (EUR)[1]	Size (%)	Remark
Asset Portfolio[2]	833,728,757	100.00	
Reserve Fund	7,254,000	1.0	Of Rated Notes

Notes:
1. As at the issue date.
2. Portfolio outstanding as at the valuation date on 23 March 2024.

Portfolio Summary

Number of Contracts	9,918
Current Principal Balance (EUR; excluding residual value)	833,728,757
Average Loan Balance (EUR)	84,062
Weighted-Average Original Term (years)	6.5
Weighted-Average Seasoning (years)	1.6
Weighted-Average Remaining Term (years)	4.9
Weighted-Average Margin (floating-rate portfolio; %)	2.6
Weighted-Average Interest Rate (fixed-rate portfolio; %)	5.8
Pools: Vehicles/Equipment/Real Estate/Naval, Air, & Railway (%)	25.5/57.7/15.7/1.1
Largest/Top 10/Top 20 Borrower Group Exposure (%)	0.8/5.0/7.0
Interest Rate: Floating/Fixed (%)	89.5/10.5
Region: North/Central/South (%)	59.4/14.0/26.6
Borrower (Internal Definition): Retail/Corporate/Large Corporate/Other (%)	50.8/38.4/10.2/0.6

DBRS Ratings GmbH (Morningstar DBRS) finalised its provisional credit ratings of AAA (sf) on the EUR 550,300,000 Class A Asset-Backed Floating Rate Notes due January 2044 (the Class A Notes); and A (high) (sf) on the EUR 175,100,000 Class B Asset-Backed Floating Rate Notes due January

2044 (the Class B Notes; collectively with the Class A Notes, the Rated Notes) issued by Alba 14 SPV S.r.l. (the Issuer).

Morningstar DBRS does not rate the EUR 115,639,000 Class J Asset-Backed Floating Rate Notes due January 2044 (the Class J Notes or the Junior Notes; together with the Rated Notes, the Notes) also issued under this transaction.

The transaction represents the issuance of Notes backed by a pool of receivables related to lease contracts that Alba Leasing S.p.A. (Alba Leasing; the originator and servicer) initially granted to Italian small- and medium-size companies (SMEs) and individual entrepreneurs. These contracts were subsequently assigned to the Issuer. The portfolio is static and comprises lease receivables spread across three pools: vehicles (25.5%), equipment (57.7%), and real estate (15.7%). The residual exposure to other leases (aircraft, naval, and railway) is limited to 1.1%.

Transaction Parties

Roles	Counterparty	Morningstar DBRS Credit Ratings[1]
Issuer	Alba 14 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%) Crédit Agricole Italia S.p.A. (8.0%)	BBB/R-2 (high) BBB/R-2 (high) BBB (low)/R-2 (middle) Private Rating
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 S.A., Italian Branch	Private Rating
Listing Agent	BNP Paribas S.A., Luxembourg Branch	Private Rating
Sole Quotaholder	Stichting Portocolom	
Stichting Corporate Services Provider	Wilmington Trust SP Services (London) Limited	
Class B and Junior Notes Underwriter	Alba Leasing S.p.A.	
Joint Arrangers	Intesa Sanpaolo S.p.A. Banca Akros S.p.A.	BBB (high)/R-1 (low) BBB/R-2 (high)
Joint Lead Managers	Intesa Sanpaolo S.p.A. Banca Akros S.p.A.	BBB (high)/R-1 (low) BBB/R-2 (high)

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

Relevant Dates

Issue Date	30 May 2024
Initial Credit Rating Date	14 May 2024
Final Portfolio Cut-off Date	23 March 2024
First Payment Date	29 July 2024
Frequency of Payments	Quarterly
Payment Dates	27th day of January, April, July, and October (or the 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 January 2044

Issuer	Alba 14 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 Credit 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 of the following assets: • Pool No. 1: Vehicles • Pool No. 2: Equipment • Pool No. 3: Real Estate • Pool No. 4: Ships and vessels, airplanes, or trains

Credit Rating Considerations

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

- The transaction's capital structure and the form and sufficiency of available credit enhancement (CE) to withstand stressed cash flow assumptions and repay the Issuer's financial obligations according to the terms under which the notes are issued.
- 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 Morningstar DBRS' *Legal Criteria for European Structured Finance Transactions* methodology and the presence of legal opinions addressing the true sale to the Issuer.

Strengths

- The liquidity support provided by the amortising cash reserve (CR) to cover shortfalls in expenses, senior fees, and interest on the Class A 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 January 2044.
- 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 an 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 Industrial Products sector (14.7% of the initial portfolio) as per Morningstar DBRS' industry classification. The second- and third-largest industries, Transportation and Business Services, represent 12.1% and 10.1% 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: Morningstar DBRS derived conservative assumptions with regard to its base case probability of default (PD). The portion of such product is very limited (1.1% 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 38.4% and 10.2% of the initial portfolio balance, respectively, and retail clients account for 50.8%.
  Mitigant: The portfolio is granular with the exposure to the largest, and the top 10 and 20 borrower groups representing 0.8%, 5.0%, and 7.0% of the portfolio balance, respectively.
- **Interest Rate Mismatch:** The transaction does not include hedging agreements.
  Mitigant: The Notes and 89.5% of the initial portfolio are floating rate. Floating-rate receivables are mostly indexed to three-month Euribor. Morningstar DBRS factored the effect of the interest rate mismatch in accordance with its methodology and the credit 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 7,254,000
	Target Amount	1.0% of the outstanding amount of the Rated Notes
	Amortisation	Applies with the amortisation of the Notes
	Floor	EUR 3,627,000 (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, Stichting Portocolom, an independent charitable institution in the Netherlands. The Issuer is managed by an independent director appointed by the sole shareholder.

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.

Account Bank

BNP Paribas S.A., Italian Branch (BNP Italy) 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. Morningstar DBRS does not publicly rate BNP Italy, but conducted a private rating assessment and publicly rates BNP Italy's 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

Morningstar DBRS concluded that BNP Italy meets the requirements to act as account bank. The transaction documents contain downgrade provisions with respect to the account bank consistent with Morningstar DBRS' criteria. The credit rating thresholds applicable to the account bank are commensurate with the credit 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.

Morningstar DBRS 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 acceptable mitigating factors consistent with Morningstar DBRS 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. Alba Leasing originates the securitised leases in its normal course of business.

Morningstar DBRS conducted an operational review of Alba Leasing's Italian leasing operations in March 2024 at their offices in Milan, Italy. Morningstar DBRS considers Alba Leasing's origination and servicing practices to be consistent with other Italian leasing companies.

Alba Leasing was founded at the beginning of 2010. It is the only leasing company in Italy that is not a captive arm of a banking group. It is a major nonbank financial institution and is regulated by the Bank of Italy, but it does not hold a banking license. The shareholder group comprises the following four major Italian co-operative banks (listed in the 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
- Crédit Agricole S.A. (8.0%).

Since its creation, Alba Leasing has grown steadily and as of the end-December 2023 had a portfolio of leasing contracts totalling approximately EUR 4.94 billion. In 2023 Alba Leasing ranked third in the Italian leasing market for new originations with 9,843 new leases advanced at an approximate value of EUR 1.7 billion.

Alba Leasing is led by an experienced senior management team with an average of almost 30 years' industry experience and over 10 years with the business. It demonstrates good risk management in accordance with the industry standard three-lines-of-defence model. In recent years it has increased its focus on sustainability with the creation of a Sustainability Department and establishment of a Sustainability Committee.

Further information about the origination procedures can be found in the Appendix 1.

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 contracts 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 the 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 of the 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 1 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 monthly instalments in arrears (or next equivalent for other frequencies). After classification of the receivable to defaulted, the servicer conducts the recovery process. More details are included in the Appendix 1 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.

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).

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

Intesa SanPaolo SpA

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 of the backup agreement. A full data dictionary and data mapping of the portfolio is in process and follows the closure 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 Morningstar DBRS regarding the operations, management experience, and existing portfolio (both active servicing and backup). Morningstar DBRS considers the backup servicing arrangement to be 'warm'.

Morningstar DBRS 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 a breach of representation or warranties rendered.
- Proceeds from sale of receivables, including any repurchase by the seller.

The servicer transfers the 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 7,254,000 reserve fund (Debt Service Reserve) is funded by the originator (as the Class J Notes subscriber) through part of the proceeds from the subscription of the Class J Notes.

The reserve is initially equal to 0.87% 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 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 3,627,000, 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 ended 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 A Notes;
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 A Notes up to the target for amortisation;
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: A Cash Trapping Condition occurs when the gross cumulative default ratio is higher than the following ratios:

Payment Date	Applicable Level
1st, 2nd, and 3rd	3.25%
4th	3.75%
5th	4.5%
6th	5.0%
7th	6.0%
8th and 9th	6.5%
10th 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 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 under the most senior class of Notes (not remedied within five business days from the due date).
- 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 above are Issuer events of default or follow the full repayment of the Notes and, thus, are generally not relevant for the credit ratings.

1	Fees and expenses;
2	Interests on the Class A Notes;
3	Principal on the Class A Notes;
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 an 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 the receivables constituting 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.

Based on the nature of the underlying assets, receivables can be broadly grouped 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 EUR 833.7 million in receivables selected in accordance with some criteria (eligibility criteria). The initial price paid for the assignment was 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 value and is paid by the Issuer with the proceeds from the subscription of the Notes.

As of 23 March 2024, the collateral pool comprised 9,918 contracts with an average size of EUR 84,062. The pool is granular, where the largest obligor group accounts for 0.8% of the outstanding principal and the top 20 obligors (at the group level) represent 7.0%.

The portfolio is static, and the amortisation will start on the first payment date on 29 July 2024.

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 for 30 days or more;
- Effective date of the leasing after 1 January 2010;
- Payment date of the last instalment not falling after 1 January 2039;
- 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 lower than EUR 1 million, and original balance lower than EUR 3.435 million; 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-party 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

Morningstar DBRS has analysed the initial portfolio selected by Alba Leasing as at 23 March 2024. The main characteristics of the portfolio are summarised below:

Portfolio Collateral Balance Summary (as of 23 March 2024)	
Number of Leases	9,918
Number of Borrowers	6,556
Number of Borrower Groups	6,307
Outstanding Balance (EUR)	833,728,757
Average Loan Balance (EUR)	84,062
Weighted-Average Remaining Term (years)	4.9
Weighted-Average Seasoning (years)	1.6
Weighted-Average Original Term (years)	6.5
Weighted-Average Coupon (fixed-rate loans)	5.8%
Weighted-Average Margin (floating-rate loans)	2.6%
Residual Value (% of Outstanding Balance)	4.7%

Collateral Type	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
P1 – Vehicles	212,376,044	25.5	3,895	39.3
P2 – Equipment	480,663,016	57.7	5,222	52.7
P3 – Real Estate	131,249,100	15.7	781	7.9
P6 – Air/Naval/Train	9,440,597	1.1	20	0.2
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Lessee Type (Internal Definition)	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Retail	423,346,822	50.8	5,867	59.2
Corporate	319,934,622	38.4	3,349	33.8
Large Corporate	85,149,258	10.2	630	6.4
Other	5,298,054	0.6	72	0.7
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Interest Rate Type	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Floating Rate	745,883,947	89.5	8,794	88.7
Fixed Rate	87,844,810	10.5	1,124	11.3
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Interest Rate Index	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Three-month Euribor	547,633,602	65.7	6,903	69.6
Three-month Euribor (Minus margin)	192,730,804	23.1	1,859	18.7
One-month Euribor	5,519,541	0.7	32	0.3
Fixed Rate	87,844,810	10.5	1,124	11.3
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Lessee Region	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Lombardy	233,056,191	28.0	2,736	27.6
Emilia Romagna	98,806,624	11.9	1,056	10.6
Campania	78,337,330	9.4	907	9.1
Veneto	70,825,531	8.5	777	7.8
Piedmont	58,166,415	7.0	607	6.1
Lazio	48,994,384	5.9	563	5.7
Apulia	39,956,844	4.8	505	5.1
Tuscany	35,216,686	4.2	402	4.1
Sicily	34,858,999	4.2	435	4.4
Abruzzo	22,783,578	2.7	320	3.2
Marche	22,761,680	2.7	228	2.3
Calabria	20,767,194	2.5	271	2.7
Trentino Alto Adige	19,090,472	2.3	536	5.4
Others (each <2%)	50,106,829	6.0	575	5.8
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Amortisation Type	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
French	833,728,757	100.0	9,918	100.0
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Principal/Interest Payment Frequency	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Monthly	823,858,082	98.8	9,815	99.0
Quarterly	9,361,121	1.1	100	1.0
Semiannual	454,503	0.1	1	0.0
Bimonthly	55,051	0.0	2	0.0
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Payment Type	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
SEPA Direct Debit	833,728,757	100.0	9,918	100.0
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

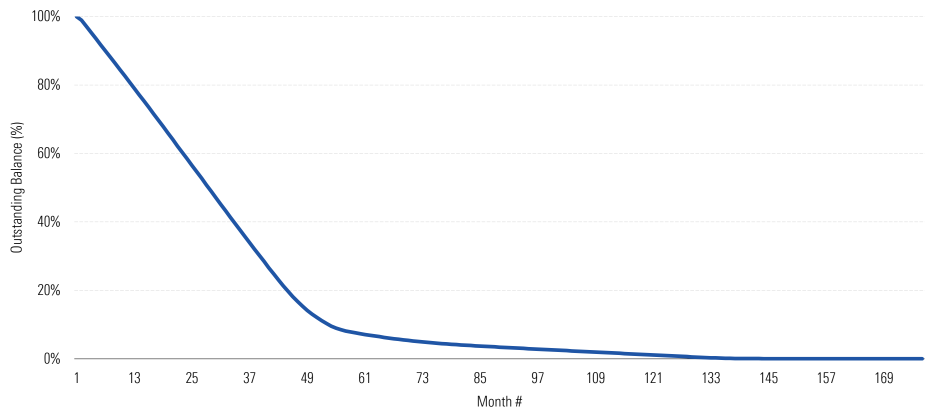
Origination Channel	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Bank	627,554,787	75.3	7,117	71.8
Intermediaries	110,804,073	13.3	1,666	16.8
Agents	58,005,128	7.0	718	7.2
Direct	33,053,408	4.0	375	3.8
Other	4,311,361	0.5	42	0.4
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Lessee Industry Sector Classification	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Industrial Products	122,617,617	14.7	1,049	10.6
Transportation	101,230,354	12.1	1,188	12.0
Business Services	84,047,667	10.1	1,515	15.3
Homebuilding & Construction	71,567,799	8.6	1,105	11.1
Consumer Packaged Goods	52,282,751	6.3	611	6.2
Real Estate	41,662,073	5.0	292	2.9
Retail—Cyclical	38,733,187	4.6	521	5.3
Industrial Distribution	37,411,207	4.5	421	4.2
Construction	34,876,555	4.2	380	3.8
Healthcare Providers & Services	34,714,825	4.2	486	4.9
Chemicals	23,974,852	2.9	215	2.2
Waste Management	23,232,683	2.8	217	2.2
Vehicles & Parts	19,910,168	2.4	218	2.2
Travel & Leisure	17,191,581	2.1	187	1.9
Others (each <2%)	130,275,438	15.6	1,513	15.3
Total	**833,728,757**	**100.0**	**9,918**	**100.0**

Largest Lessee Group Exposures

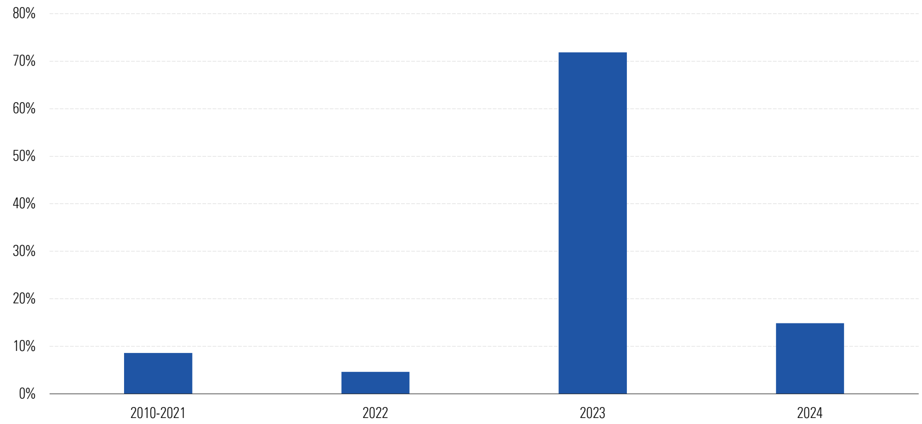
Industry Sector Classification	Region	Current Balance (EUR)	Current Balance (%)	No. of Leases	No. of Leases (%)
Transportation	Lombardy	6,413,017	0.8	78	0.8
Construction	Piedmont	5,337,427	0.6	49	0.5
Business Services	Piedmont	5,330,629	0.6	17	0.2
Business Services	Emilia Romagna	4,919,369	0.6	6	0.1
Construction	Lombardy	4,085,431	0.5	46	0.5
Business Services	Trentino Alto Adige	3,927,196	0.5	44	0.4
Business Services	Trentino Alto Adige	3,253,017	0.4	283	2.9
Industrial Products	Sardinia	3,058,560	0.4	24	0.2
Construction	Sicily	2,760,928	0.3	18	0.2
Waste Management	Calabria	2,609,932	0.3	38	0.4
Top 10		**41,695,506**	**5.0**	**603**	**6.1**
Top 20		**58,598,127**	**7.0**	**676**	**6.8**
Top 50		**95,037,568**	**11.4**	**933**	**9.4**
Top 100		**138,688,739**	**16.6**	**1,213**	**12.2**

Exhibit 1 Portfolio Amortisation Profile



Source: Morningstar DBRS.

Exhibit 2 Origination Year



Source: Morningstar DBRS.

Credit Rating Analysis

The Morningstar DBRS credit 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. Morningstar DBRS based its credit ratings primarily on the following factors:

- The transaction's capital structure and the form and sufficiency of available CE to withstand stressed cash flow assumptions and repay the Issuer's financial obligations according to the terms under which the notes are issued.
- 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 as the appointed backup servicer and Agenzia Italia S.p.A., and Trebi Generalconsult S.r.l. as the appointed sub-backup servicers, and their capabilities in that respect.
- Morningstar DBRS conducted an updated operational risk review of Alba Leasing in March 2024 and deems it an acceptable originator and servicer.

- The credit quality of the collateral and the ability of the servicer to perform collection activities on the collateral.
- The sovereign credit rating on 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 Morningstar DBRS' *Legal Criteria for European Structured Finance Transactions* methodology.

Portfolio Performance Data

Morningstar DBRS received detailed loan-by-loan data of the final portfolio as at 23 March 2024 and the amortisation schedule related to this portfolio. All information used for the analysis was sourced by Alba Leasing directly or indirectly through the transaction joint arrangers, Intesa Sanpaolo S.p.A. and Banca Akros S.p.A.

Morningstar DBRS received the following information, split by vehicles, equipment, real estate, and air/naval/rail lease contracts:

- Static quarterly default data from Q1 2013 to Q4 2023;
- Static quarterly recovery data from Q1 2015 to Q4 2023;
- Dynamic quarterly delinquency data from Q1 2014 to Q4 2023;
- Dynamic quarterly default data from Q1 2015 to Q4 2023; and
- Dynamic quarterly prepayment data from Q1 2013 to Q4 2023.

Morningstar DBRS also used dynamic quarterly delinquency data from Q1 2012 to Q4 2013 received in the context of Alba 11 SPV S.r.l.

Morningstar DBRS understands that the default definition applied is consistent with the definition of the transaction documents: (1) one instalment unpaid for more than 180 days and six monthly/three two-month/two quarterly/two four-monthly/one semiannual delinquent instalments, or (2) past due and impaired 180, or (3) sofferenza, or (4) unlikely to pay.

Morningstar DBRS did not rely upon third-party due diligence in order to conduct its analysis. Morningstar DBRS considers the data and information available to it for the purposes of providing these credit ratings to be of satisfactory quality. Morningstar DBRS does not audit or independently verify the data or information it receives in connection with the credit rating process.

Default and Recovery Assumptions

Asset Analysis

Morningstar DBRS used the SME Diversity Model to determine a lifetime default rate at the assigned credit 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 Morningstar DBRS' 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 credit rating stress level.

Average Annualised Default Rate

The average annualised default rate is determined from the historical data supplied by the originator. Morningstar DBRS used additional dynamic arrears data provided by the originator to determine a conservative annualised default rate.

For this transaction, Morningstar DBRS considered a base case PD of 1.6% for vehicle leases, 1.7% for equipment leases, and 1.0% for real estate leases, which is based on the performance data provided by the originator, by the number of loans and split by the type of lease. In addition, given the limited information on air, naval, and rail leases, Morningstar DBRS assumed a base case PD of 10.1%.

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

Morningstar DBRS 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, Morningstar DBRS applies a credit rating level-based correlation stress using the Morningstar DBRS Diversity Model.

Because of lessee concentrations and the application of the SME Diversity Model, Morningstar DBRS applied adjusted multiples.

Overall Credit Rating Parameter Inputs for the Morningstar DBRS Diversity Model

The inputs used to calculate the portfolio default rate are:

Parameters	
Adjusted Weighted-Average Life of Portfolio	2.7 years
Assumed Annualised PD for Vehicle Leases	1.6%
Assumed Annualised PD for Equipment Leases	1.7%
Assumed Annualised PD for Real Estate Leases	1.0%
Assumed Annualised PD for Air/Naval/Rail Leases	10.1%
AAA (sf) Inter-Industry Correlation	11.4%
AAA (sf) Intra-Industry Correlation	28.4%
A (high) (sf) Inter-Industry Correlation	8.3%
A (high) (sf) Intra-Industry Correlation	20.6%

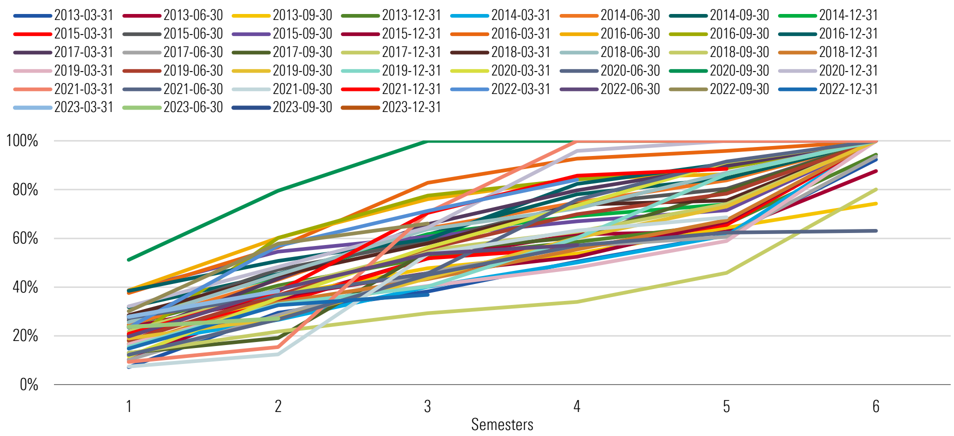
The portfolio lifetime total default rates for the credit ratings (based on the inputs described in the table above) are indicated below:

Credit Rating Level	Lifetime Total Default Rate (%)
AAA (sf)	26.4
A (high) (sf)	17.8
Expected	5.6

Recovery Rate and Recovery Delay

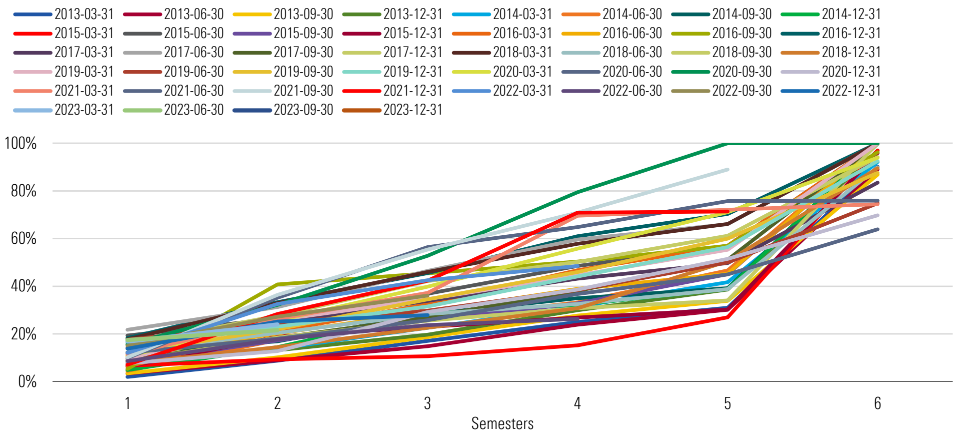
Morningstar DBRS received quarterly vintage recovery data with further breakdowns by vehicles, equipment, real estate, and air/naval/rail on an aggregated basis and detailed by the recovery sources of insurance, lessee's payment, and asset sale. The aggregated recovery data for the three main products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

Exhibit 3 Vehicles—Total Recoveries



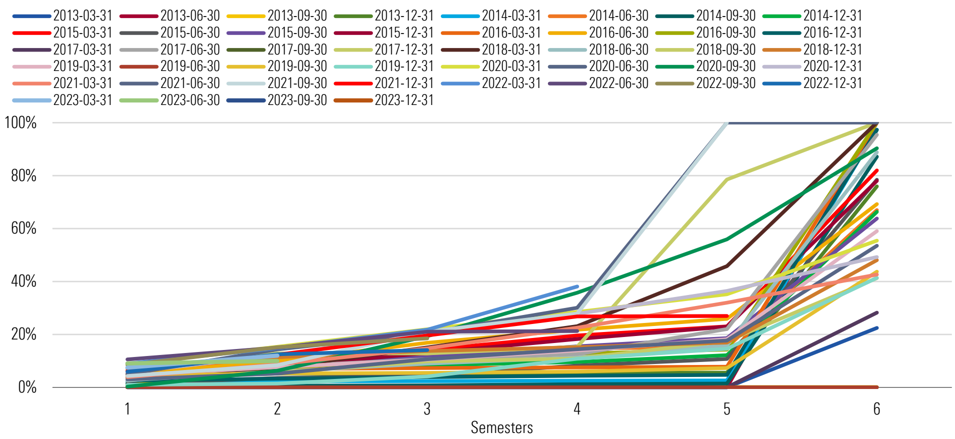
Source: Morningstar DBRS.

Exhibit 4 Equipment—Total Recoveries



Source: Morningstar DBRS.

Exhibit 5 Real Estate — Total Recoveries



Source: Morningstar DBRS.

After considering the quality and trend of data, Morningstar DBRS established a portfolio base case recovery rate of 53.0% (i.e., a loss severity of 47.0%). 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 Morningstar DBRS' *Global Methodology for Rating CLOs and Corporate CDOs*. Recoveries from payments by lessees are also computed as unsecured claims. The recovery timing is assumed to be 27 months.

The portfolio recovery rates for different credit rating levels are indicated below:

Credit Rating Level	Recovery Rate (%)
AAA (sf)	37.0
A (high) (sf)	42.2
Expected	53.0

Other Risk Factors

Clawback Risk

In the Italian legal and regulatory framework, upon the 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 to 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 in the suspicious period to three from six months and to six months from one year under the applicable framework.

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

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 an 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 Morningstar DBRS 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.

Morningstar DBRS 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 sweeping of collections the next business day and the combined roles of the servicer and the backup servicer are mitigating factors to the risk of loss resulting from the 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

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

Prepayment Speeds and Prepayment Stress

Morningstar DBRS 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 (89.5%) and fixed-rate contracts (10.5%). The Issuer has not entered into any interest rate hedging agreement; therefore, it will be exposed to the interest rate mismatch between the 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. Morningstar DBRS 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 because of increase in 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 credit 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 credit rating of AAA (sf) than they are for AA (sf). Morningstar DBRS applied its standard interest rate stresses as detailed in its *Interest Rate Stresses for European Structured Finance Transactions* methodology (15 September 2023).

Timing of Defaults

Morningstar 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 over a period of three years.

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

Risk Sensitivity

Morningstar DBRS 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 credit ratings to various changes in the base case default rates and loss severity assumptions relative to the base case assumptions that Morningstar DBRS used to assign the credit ratings.

Class A Notes

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

Class B Notes

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

Appendix 1— Operational Risk Review

Origination and Underwriting

Origination and Sourcing

Alba Leasing's origination strategy is focused predominantly on the banking sector between shareholder banks and partner banks defined as small, regional, or provincial banks not affiliated with any particular banking group. Shareholder banks accounted for around 61% of all new originations in 2023 (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 after year reducing the funding support granted by shareholder banks through the use of the market that has helped finance new production.

For shareholder 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 in order to maximise potential opportunities. For partner banks, the origination model provides a single structure that manages all partner banks with responsibilities assigned geographically. Shareholder 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 managers supervising all the banks within a respective area. Alba Leasing maintains commercial outlets among the shareholder banks.

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 controlling the 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 shareholder banks.

Underwriting Process

Alba Leasing's credit approval process focuses on containing concentration risk favouring small and medium-size exposures. Riskier positions are monitored and managed through processes and policies shared and agreed by the shareholder banks.

The credit approval process involves five stages:

1. Document collection—obtaining financial statements, company documents and bank reports on an applicant's creditworthiness.
2. Administrative activities—checking credit bureau data, undertaking fraud prevention checks, industry analysis.
3. Analysis, valuation, and control—assessing the applicant's creditworthiness, appraising the asset subject to the lease, financial analysis, applying a rating.

4. Credit approval—reviewing information for completeness, credit decision being made by the relevant mandate holder.
5. Contract signing—concluding the contract and disbursing the agreed sum.

Alba Leasing has three different approval procedures:

- Presto Leasing—Through this procedure lease applications up to EUR 750,000 per client or business group are approved and underwritten by the shareholder banks on behalf of Alba. These banks provide Alba with a final loss guarantee according to the client rating. For real estate financing Alba Leasing's approval is always required and is based on the value of the asset as appraised by the valuers.
- PADC Automated Credit Approval System—This procedure processes all applications outside the Presto Leasing scope including those from credit brokers, special arrangements or direct applications, those exceeding the credit limit under Presto Leasing, and all lease applications up to EUR 250,000. PADC can be used to automatically approve a combined amount up to EUR 400,000 per client or business group. The system generates three possible outcomes: approval, conditional acceptance, or rejection, where files may be reviewed for exceeding the maximum total risk.
- Pratica Elettronica di Fido (PEF), Lease Application File—All leases in excess of EUR 250,000 are handled via PEF. Alba Leasing's underwriters check exposure to the applicant and business group. Underwriters hold delegated mandates and analyse risk from the lease amount, type of asset, and the revenues and cash flow generation of the applicant.

Summary Strengths

- Seasoned management team averaging almost 30 years' experience mainly in the Italian leasing sector and some senior managers have been with Alba Leasing since its creation in 2010.
- Clear strategy for sourcing originations.
- Good use of technology to drive decision making.

Summary Weaknesses

- For Presto Leasing products underwriting is outsourced to the originating bank.
Mitigants: Agreements between Alba Leasing and the originating bank for the Presto Leasing applications are typically approved by the originating bank subject to a final loss guarantee. All other products are approved entirely by Alba Leasing either via an automated process or by internal staff.

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 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 30 days past due (DPD), and external collectors are engaged to call on the customer and try and establish contact. Once a contract is 60

DPD, it is transferred to a loan manager to assess the risks and possibly recovery actions. At 90 DPD, a default notice is issued to the customer. Unless a reasonable recovery solution is presented, lease contracted are generally terminated about 15 days after the default notice. 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 action strategy according to each case.

Where high risk cases are involved, the recovery management is assigned to a qualified manager who will develop a customised approach for the client. The client manager will have direct contact with the customer and may employ other strategies such as home collection where appropriate.

Alba 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.

Appendix 2—Methodologies Applied

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

- *Rating European Consumer and Commercial Asset-Backed Securitisations* (8 January 2024), https://dbrs.morningstar.com/research/426219.

Other methodologies referenced in this transaction are listed below:

- *Rating CLOs Backed by Loans to European SMEs* (23 February 2024) and Morningstar DBRS SME Diversity Model 2.6.1.4, https://dbrs.morningstar.com/research/428543.
- *Legal Criteria for European Structured Finance Transactions* (30 June 2023), https://dbrs.morningstar.com/research/416730.
- *Rating European Structured Finance Transactions Methodology* (11 December 2023), https://dbrs.morningstar.com/research/425149.
- *Interest Rate Stresses for European Structured Finance Transactions* (15 September 2023), https://dbrs.morningstar.com/research/420602.
- *Operational Risk Assessment for European Structured Finance Originators* (7 March 2024), https://dbrs.morningstar.com/research/429054.
- *Operational Risk Assessment for European Structured Finance Servicers* (15 September 2023), https://dbrs.morningstar.com/research/420572.
- *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (23 January 2024), https://dbrs.morningstar.com/research/427030.

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

Surveillance

The transaction is monitored by Morningstar DBRS in accordance with its *Master European Structured Finance Surveillance Methodology*, which is available at https://dbrs.morningstar.com under Methodologies. Alternatively, please contact info-DBRS@morningstar.com

Appendix 3—Environmental, Social, Governance (ESG) Checklist and Considerations

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		Overall:	N	N
	Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
	Carbon and GHG Costs	Do the costs or risks related to GHG emissions, and related regulations and/or ordinances result in higher default risk or lower recoveries of the securitized assets?	N	N
		Are there potential benefits of GHG-efficient assets on affordability, financeability, regulatory compliance, or future values (recoveries)?	N	N
		Carbon and GHG Costs	N	N
	Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries, considering key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	N	N
	Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		Overall:	N	N
	Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and/or society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
		Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and/or society, and does this result in different default rates and/or recovery expectations?	N	N
		Considering changes in consumer behavior or secular social trends: does this affect the default and/or loss expectations for the securitized assets?	N	N
		Social Impact of Products and Services	N	N
	Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
		Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
		Human Capital and Human Rights	N	N
	Product Governance	Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in financial penalties or losses to the issuer?	N	N
	Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		Overall:	N	N
	Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
		Considering the alignment of interest between the transaction parties and noteholders: does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
		Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
		Considering how the transaction structure provides for timely and appropriate performance and asset reporting: does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
		Corporate / Transaction Governance	N	N
	Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
		Consolidated ESG Criteria Output:	N	N

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

ESG Considerations

Environmental

There were no Environmental factors that had a relevant or significant effect on the credit analysis. For more details about which Environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social

There were no Social factors that had a relevant or significant effect on the credit analysis. For more details about which Social factors could have an effect on the credit analysis, please refer to the checklist above.

Governance

There were no Governance factors that had a relevant or significant effect on the credit analysis. For more details about which Governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could affect the financial profile and therefore the credit rating on the Issuer. They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at https://dbrs.morningstar.com/research/427030.

Appendix 4 — Financial Obligations

Morningstar DBRS' credit ratings on the Rated Notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For information on the associated financial obligations, please refer to the corresponding press release published for these credit rating actions.

Morningstar DBRS' credit ratings do not address nonpayment risk associated with contractual payment obligations contemplated in the applicable transaction document(s) that are not financial obligations.

Morningstar DBRS' long-term credit ratings provide opinions on risk of default. Morningstar DBRS considers risk of default to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the terms under which a long-term obligation has been issued.

About Morningstar DBRS
Morningstar DBRS is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

Morningstar DBRS is empowering investor success as the go-to source for independent credit ratings. And we are bringing transparency, responsiveness, and leading-edge technology to the industry.

That's why Morningstar DBRS is the next generation of credit ratings.

Learn more at dbrs.morningstar.com.