CREDIT OPINION
30 May 2024

New Issue

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Closing date

30 May 2024

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Contacts

Gaston Wieder +34.91.768.8247
VP-Sr Credit Officer
gaston.wieder@moodys.com

Aldo Anastasio +39.02.9148.1122
Sr Ratings Associate
aldo.anastasio@moodys.com

Alba 14 SPV S.r.l.

New issue report

Capital structure

Exhibit 1
Definitive ratings

Notes	Rating	Amount (€ million)	% of total notes	Legal final maturity	Notes coupon	Subordination (% of total assets) (*)	Reserve fund (CE only) (**)(***)	Total credit enhancement (****)
Class A	Aa3 (sf)	550,300,000	65.4%	Jan-44	3M EUR + 0.82%	34.0%	0.87%	34.9%
Class B	Ba1 (sf)	175,100,000	20.8%	Jan-44	3M EUR + 1.30%	13.0%	0.87%	13.9%
Class J (*)	NR	115,639,000	13.7%	Jan-44	3M EUR + 2.00%	0.0%		
Total		841,039,000	100.0%					

(*) Class J funds a portion of the portfolio at closing, as well as the debt service reserve account.
(**) As of the closing date, in % of total assets.
(***) For the purpose of this table in % of total assets; which is re-calibrated from what is defined in the transaction documents as 1.00% of rated notes (i.e. class A and B). The reserve fund will provide credit support only at maturity.
(****) No benefit attributed to excess spread.
Source: Moody's Ratings

Summary

Alba 14 SPV is a static cash securitisation of lease receivables granted by Alba Leasing SpA (Alba Leasing, NR/NR) to individual entrepreneurs and small and medium-sized enterprises (SMEs) in Italy. Our quantitative, structural and legal analysis of this transaction supports the ratings that we have assigned.

In general, we consider Environmental, Social and Governance (ESG) credit risks for this transaction to be low. Environmental credit risk is low based on the granularity and diversification of the portfolio. Social credit risk is low based on the industry diversification within the portfolio assets. Governance credit risk is low largely mitigated by various features of the transaction. For further details, please see "ESG Considerations" below.

Credit strengths

- ***Portfolio structure*** : The portfolio is static and will start to amortize from deal's closing date. This feature limits portfolio performance volatility that would otherwise be caused by additional lease purchases. (See Asset Description – Asset acquisition after closing date).
- ***Portfolio composition*** : Securitised portfolio is diversified and granular. There is a limited industry sector concentration with lessees from top two sectors, in terms of Moody's industry classification, represent not more than 40.28%. In terms of exposure to individual lessees, the portfolio is highly granular, with the top lessee and top 5 lessees group exposure being 0.77% and 3.13% respectively. (See Asset Description – Pool Characteristics).
- ***No set-off risk*** : There is no potential losses resulting from set-off risk because obligors do not have deposits and did not enter into a derivative contract with Alba leasing SpA. (See Securitisation structure description – Detailed description of the structure).
- ***The residual value component of the lease contracts is not securitised*** : Investors are not exposed to the risk of non-exercise of the residual option by the obligors and the possible loss of the residual value upon the originator's liquidation. The SPV benefits from the interest paid on the residual value. This leads to an increasing excess spread over time. (See Securitisation structure description – Detailed description of the structure).

Credit challenges

- ***Financial strength of originator*** : We do not rate Alba Leasing or Banca Finanziaria Internazionale S.p.A. Alba Leasing (NR) is a medium-sized monoline leasing company mainly operating in Northern Italy. However, the transaction benefits from (i) a strong back-up servicing arrangement with Banca Finanziaria Internazionale S.p.A. (NR) signed at closing, (ii) a reserve fund as liquidity cushion (See Securitisation structure description – Detailed description of the structure) and (iii) Alba Leasing S.p.a securitisation previous track record with ABS SME leasing transactions which performed in line with expectations.
- ***Exposure to real estate*** : The building and real estate sector of activity, in terms of Moody's industry classification, account for 26.59% of the portfolio. We account for this exposure in our quantitative analysis. (See Asset Analysis – Primary Asset Analysis).
- ***No hedging arrangements*** : The transaction structure does not include a hedging mechanism to cure potential interest rate mismatches between the portfolio and the notes. We accounted for this feature in our modelling of the transaction. (See Structure Analysis – Additional Structural Analysis).

Key characteristics

Exhibit 2
Asset characteristics

Asset characteristics	
Receivables	Lease contracts extended to small and medium-sized enterprises (SMEs) and self-employed individuals located in Italy
Total amount (EUR)	€833,728,756.00
Number of lessees	6,556
Number of lessee groups	6,307
Number of lease contracts	9,918
Effective number	1,461
WA remaining term (in years)	4.88
WA seasoning (in years)	1.58
WAL of the portfolio (in years)	2.75
Interest basis	10.54% fixed rate loans, 89.46% floating rate loans
WA interest rate (total pool)	6.46%
% collateralised by first-lien mortgage	N/A
Securitised residual value portion /as a % of total pool)	0%
WALTV real estate subpool	N/A
Delinquency status	0.00% of pool balance relates to contracts that are delinquent for more than 30 days.
Historical portfolio performance data	
Default rate	Based on extrapolated historical vintage analysis, 3.40%, subpools: Real Estate 9.11%, Equipment 2.64%, Aircraft and Train 6.60% and Auto 2.34% over a time horizon of more than 10 years (180+ definition of defaults)
Coefficient of variation	Based on extrapolated historical vintage analysis 42.83% subpools: Real Estate 152.32%, Equipment 48.04%, Aircraft and Train 136.22% and Auto 68.48%, over a time horizon of more than10 years (180+ definition of defaults)
Recovery rate	Based on extrapolated historical vintage analysis, 76.25%, subpools: Real Estate 59.87%, Equipment 78.49%, Aircraft and Train 91.39% and Auto 96.08%, over a time horizon of more than10 years (180+ definition of defaults)
Transaction parties	
Seller/Lessor/Originator	Alba Leasing S.p.A. (Long Term Senior Unsecured Rating: NR /Short Term Deposit Rating: NR; Long Term Counterparty Risk Assessment: NR /Short Term Counterparty Risk Assessment: NR)
Servicer/ Lessor	Alba Leasing S.p.A. (Long Term Senior Unsecured Rating: NR /Short Term Deposit Rating: NR; Long Term Counterparty Risk Assessment: NR /Short Term Counterparty Risk Assessment: NR)
Back-up servicer @ closing	Banca Finanziaria Internazionale S.p.A. (Long Term Senior Unsecured Rating: NR; NR; NR /Short Term Deposit Rating: NR; NR; NR; Long Term Counterparty Risk Assessment: NR; NR; NR /Short Term Counterparty Risk Assessment: NR; NR; NR); Sub-Back-Up Servicers: Agenzia Italia S.p.A.; Trebi Generalconsult S.r.l.
Back-up servicer facilitator	N/A

Sources: Alba Leasing and Moody's Ratings

Exhibit 3
Securitisation structure characteristics

Structural characteristics	
Excess spread at closing	0.26% p.a. taking into account stressed servicing fees, yield and coupon on rated notes
Credit enhancement/reserves	Subordination of the notes, excess spread and a reserve fund equal to 1.00% of the rated notes
Form of liquidity	Excess spread, debt service reserve, principal to pay interest
Number of interest payments covered by liquidity	Approximately 0.7 quarterly payment dates on rated notes, assuming Euribor 4% and 0.5% senior fees
Interest payments	Quarterly in arrears of each payment date
Principal payments	Pass-throgh in each payment date
Payment dates	27th day of each of January, April, July and October
Hedging arrangements	None
Transaction parties	
Issuer	Alba 14 SPV S.r.l.
Computational agent	Banca Finanziaria Internazionale S.p.A.
Back-up calculation/Computational agent	N/A
Swap counterparty	N/A
Issuer account bank	BNP Paribas (Long Term Deposit Rating: Aa3 Not on Watch / Short Term Deposit Rating: P-1 Not on Watch; Long Term Counterparty Risk Assessment: Aa3 (cr) / Short Term Counterparty Risk Assessment: P-1 (cr); Outlook: Stable), Italian Branch
Collection account bank	BNP Paribas (Long Term Deposit Rating: Aa3 Not on Watch / Short Term Deposit Rating: P-1 Not on Watch; Long Term Counterparty Risk Assessment: Aa3 (cr) / Short Term Counterparty Risk Assessment: P-1 (cr); Outlook: Stable), Italian Branch
Paying agent	BNP Paribas (Long Term Deposit Rating: Aa3 Not on Watch / Short Term Deposit Rating: P-1 Not on Watch; Long Term Counterparty Risk Assessment: Aa3 (cr) / Short Term Counterparty Risk Assessment: P-1 (cr); Outlook: Stable), Italian Branch
Corporate service provider	Banca Finanziaria Internazionale S.p.A.
Representative of the noteholders	Banca Finanziaria Internazionale S.p.A.
Arranger/Lead manager	Intesa Sanpaolo S.p.A. and Banca Akros S.p.A.
Cash manager	Alba Leasing S.p.A.
Back-up cash manager	N/A

Source: Alba Leasing and Moody's Ratings

Asset description

Assets as of closing date

The securitised portfolio consists of lease contracts entered into by Alba Leasing S.p.A. with mainly small and medium-sized businesses and individual entrepreneurs in Italy. The balance of the portfolio as of 23 March 2024 cut-off date is € 833,728,756. The underlying assets of the lease contracts are transportation assets (25.47%), equipment (57.65%), real estate properties (15.74%) and air/naval and rail assets (1.13%). The vast majority of the portfolio are leases that pay monthly (98.82%) and have floating rates (89.46%).

Pool characteristics

The following exhibits show some basic characteristics of the pool of assets as of the 23 March 2024 cut-off date, describing the pool as a whole and providing statistics for various sub-pools.

Exhibit 4

Initial pool details

Pool details	
Type of assets	Lease contracts
Total amount (EUR)	833,728,756.0
Average lease balance (EUR)	84,062.2
Number of lease contracts	9,918
Minimum maturity	Aug-24
Maximum maturity	Feb-39
WA spread (floating-rate subpool)	2.6%
WA interest rate (fixed-rate subpool)	5.8%
% Large corporates	10.21%
% Real estate developers*	4.66%
WA internal rating	Ba3/B1

* Real estate developers include NACE codes 41.10, 68.10 and 68.20.
Sources: Alba Leasing

The following exhibits show portfolio concentrations according to obligor size, industry and region.

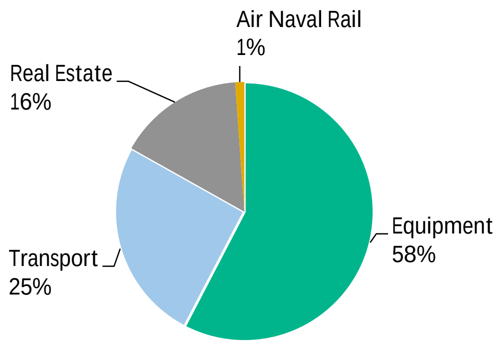
Exhibit 5

Top pool concentration levels

Pool details	
Top debtor group concentration	0.77%
Top 5 debtor groups	3.13%
Top 10 debtor groups	5.00%
Top 20 debtor groups	7.03%
Effective number	1,461
Largest industry (as a % of total portfolio)	Construction & Building (26.59%)
Largest region (as a % of total portfolio)	Lombardia (27.95%)

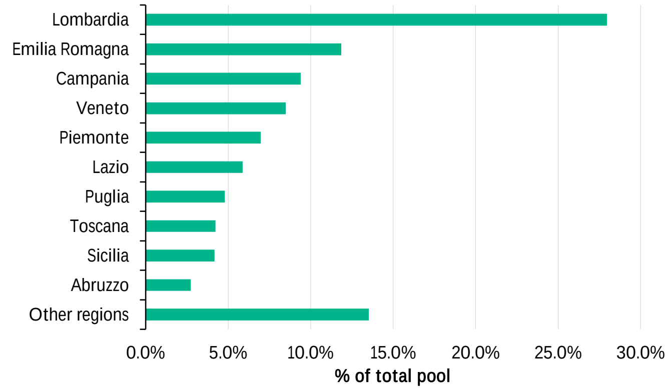
Sources: Alba Leasing

Exhibit 6
Sub-pool concentrations



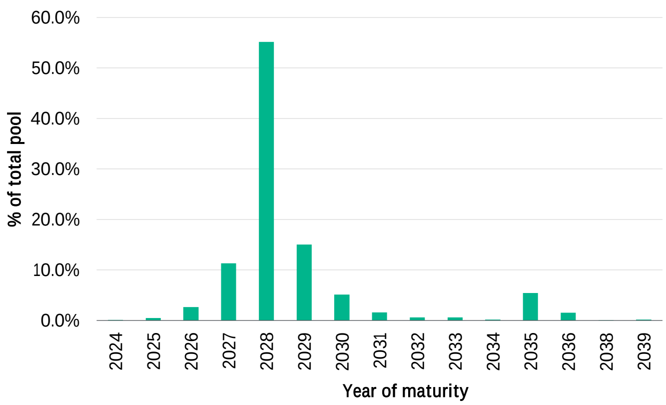
Source: Alba Leasing

Exhibit 7
Regional concentrations (based on operating company)



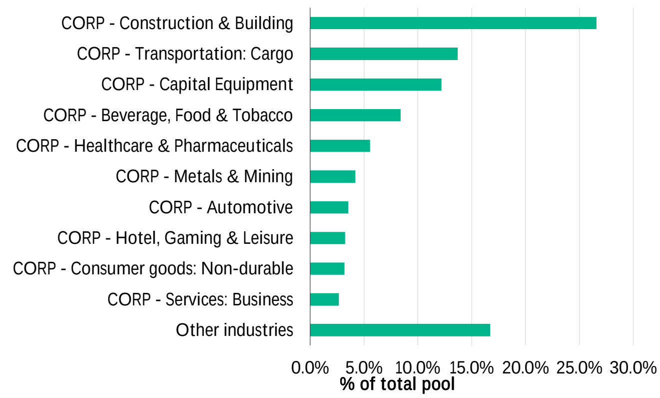
Sources: Alba Leasing

Exhibit 8
Year of maturity



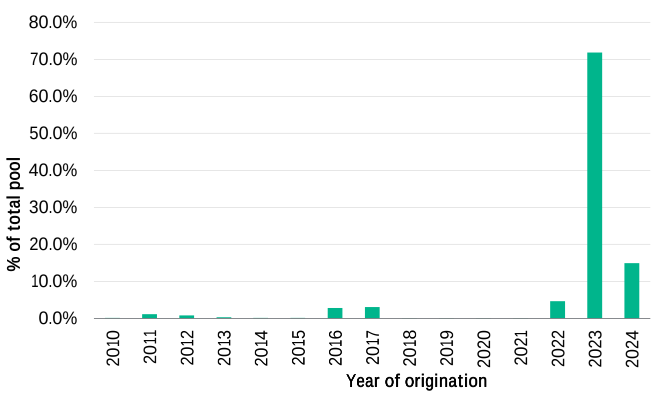
Source: Alba Leasing

Exhibit 9
Sector Concentration



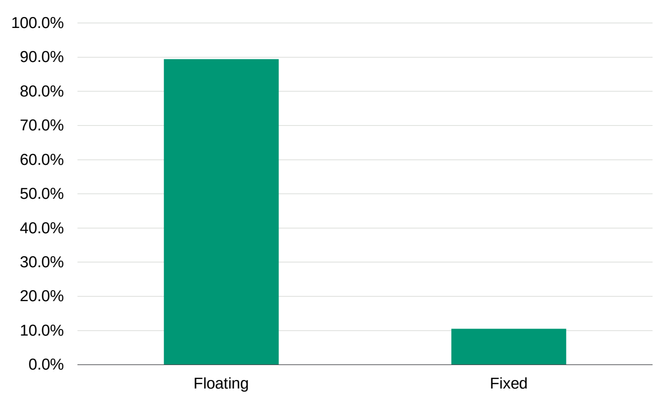
Source: Alba Leasing

Exhibit 10
Year of origination



Source: Alba Leasing

Exhibit 11
Interest rate basis



Source: Alba Leasing

Originator and servicer

Alba Leasing SpA is the transaction's originator and servicer. The following exhibits provide details about Alba Leasing SpA and its origination volumes.

Exhibit 12

Originator background: Alba Leasing SpA

Originator background	Alba Leasing S.p.A.
Rating	NR
Financial institution group outlook for sector	Stable
Ownership structure	Banco BPM (39.19%), Banco Popolare Emilia Romagna (33.50%), Banca Popolare di Sondrio (19.26%), Crédit Agricole (8.05%)
Asset size	EUR 5,350.1 million (YE 2023)
% of Total book securitised	57.4% (YE 2022)
Transaction as a % of total book	25% (YE 2022)
% of Transaction retained	36.5% (YE 2020)

Servicer background	Alba Leasing S.p.A.
Rating	NR
Regulated by	Bank of Italy
Total number of receivables serviced	9048
Number of staff	261

Source: Alba Leasing

The exhibits below show the historical performance data of Alba originations.

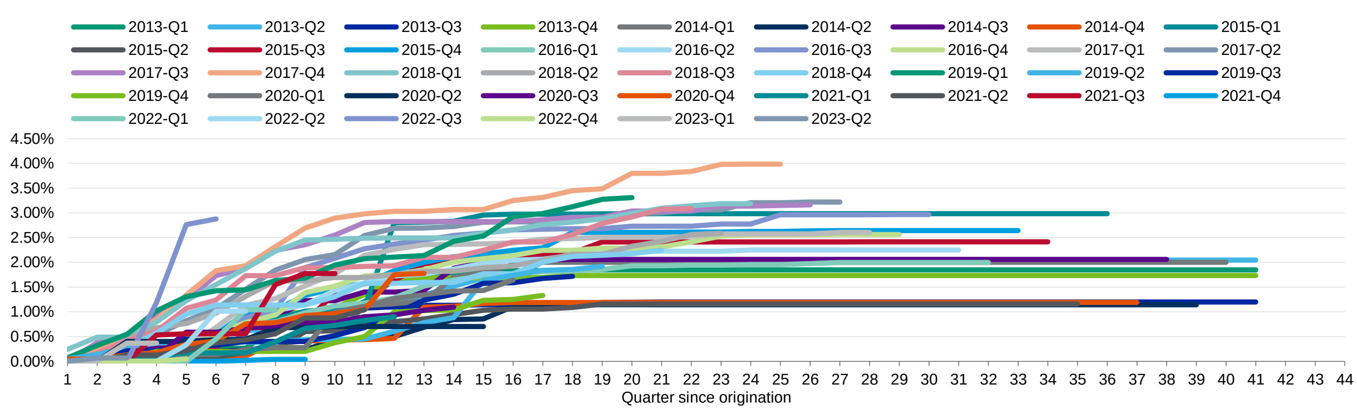
» The data sets consisted of: static vintage data on defaults, static vintage data on recoveries, dynamic delinquency information and dynamic prepayment information.

» We have received the following set of data: (i) new production (vintages 2013-2023) as originated since inception from Alba Leasing in 2010. Note, only leases originated by Alba Leasing (i.e. New Production) are eligible for this transaction.

The data received on the new production does not cover a full economic cycle. However, it covers a period of 10 years, which is in line with the original contract maturity for most lease contracts in the actual portfolio except for the real estate leases. Static default curves flatten out for all sub-pools before or after 20 quarters, except for the real estate portion.

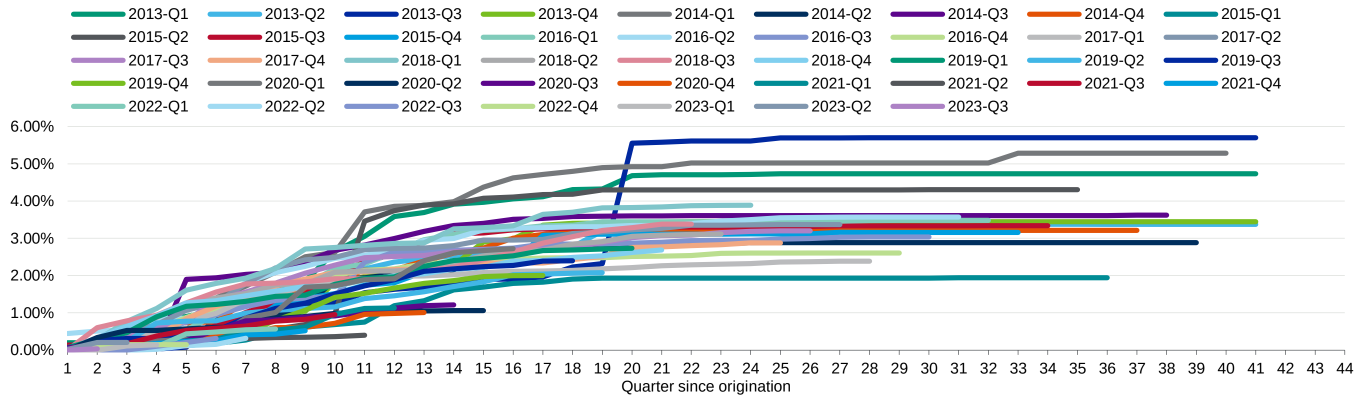
Exhibit 13

Cumulative default rate (New Production) for auto assets sub-pool



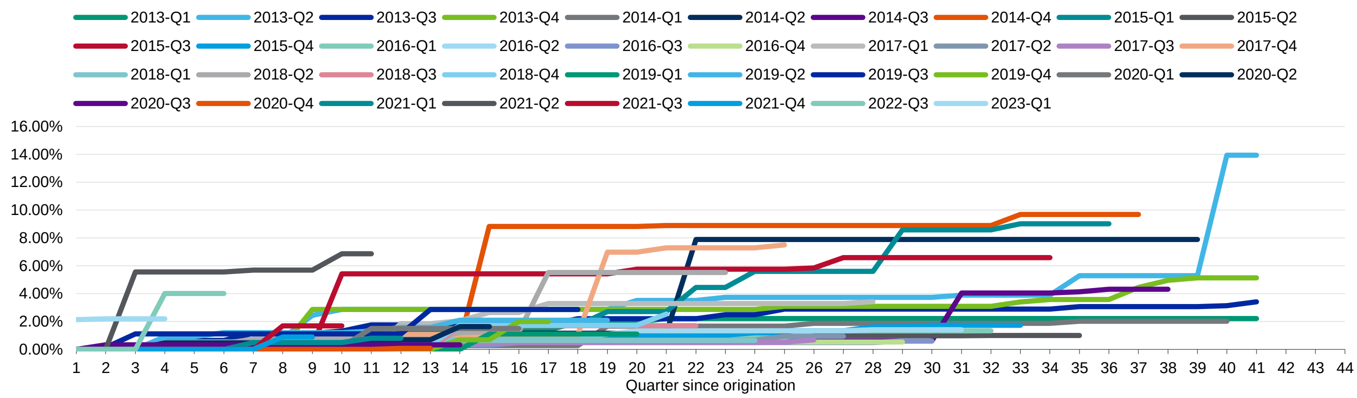
Source: Alba Leasing

Exhibit 14
Cumulative default rate (new production) for equipment sub-pool



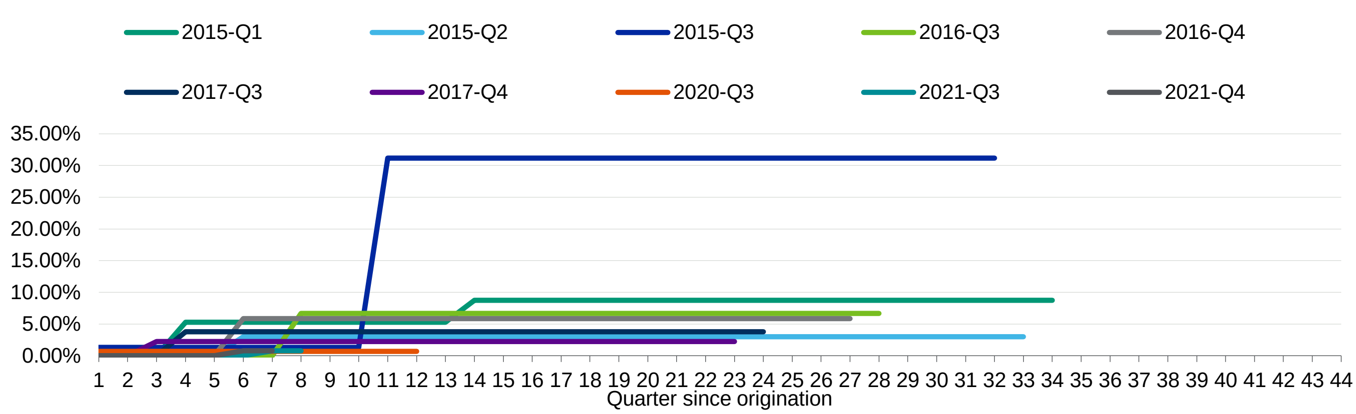
Source: Alba Leasing

Exhibit 15
Cumulative default rate (new production) for real estate sub-pool



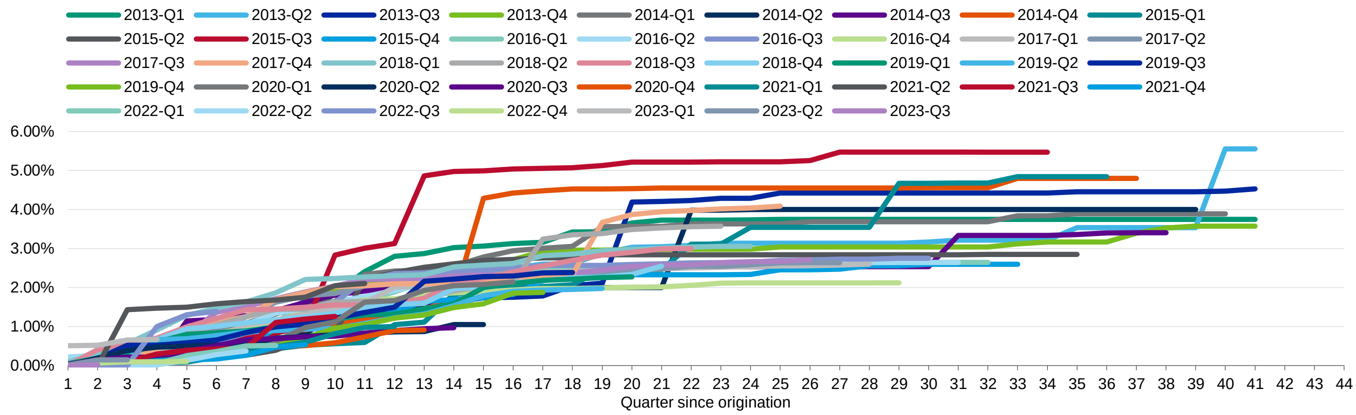
Source: Alba Leasing

Exhibit 16
Cumulative Default Rate (New Production) for Aircraft and Train Sub-Pool



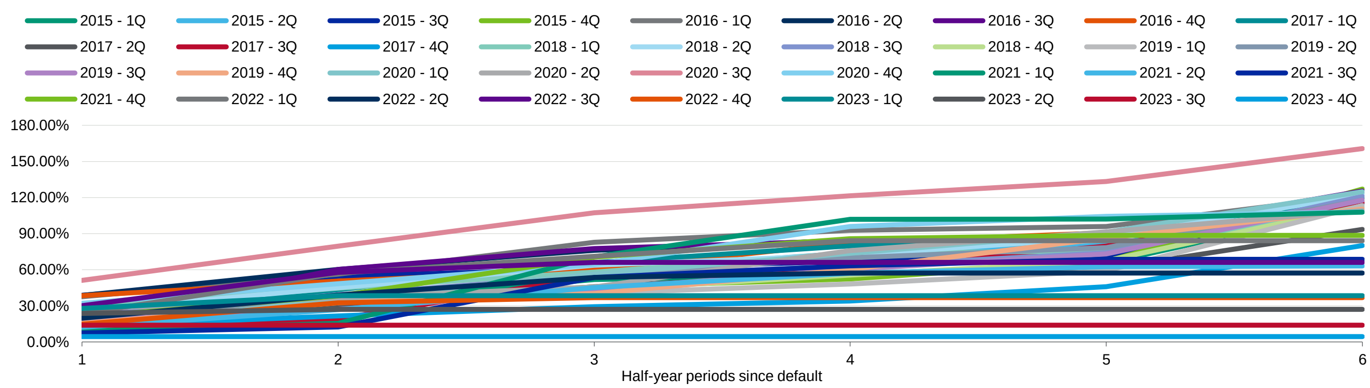
Note: this sub-pool represents around 1.1% of the total pool as of closing.
Source: Alba Leasing

Exhibit 17
Cumulative default rate for the entire portfolio



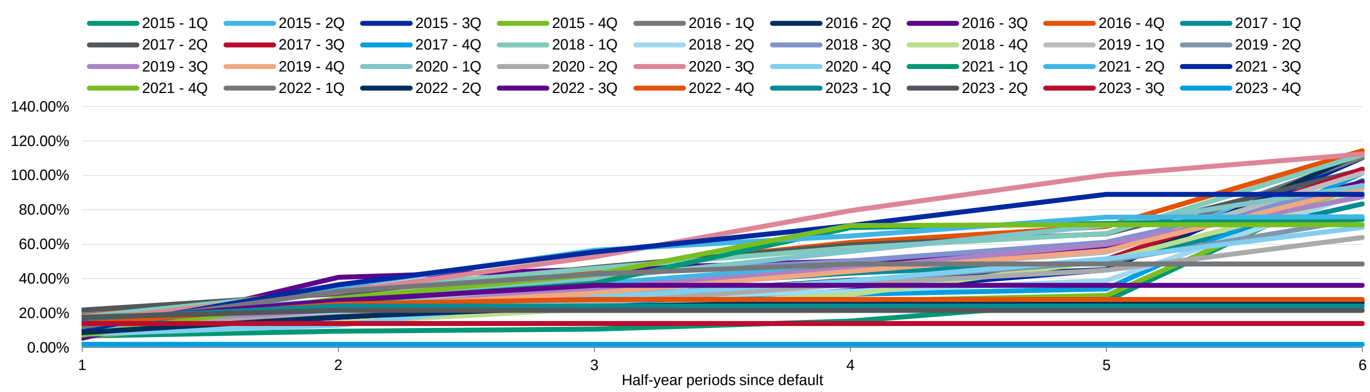
Source: Alba Leasing

Exhibit 18
Cumulative recovery rate for auto assets sub-pool



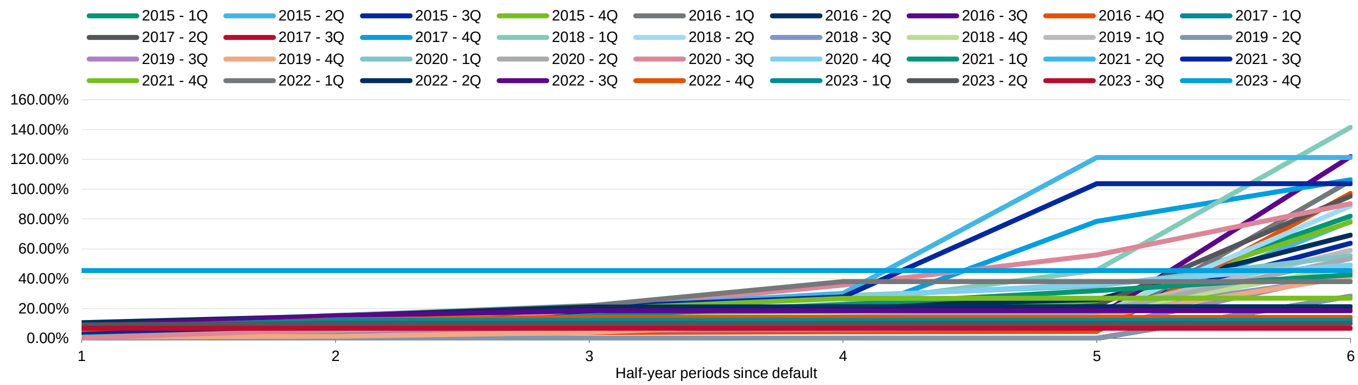
Source: Alba Leasing

Exhibit 19
Cumulative recovery rate equipment sub-pool



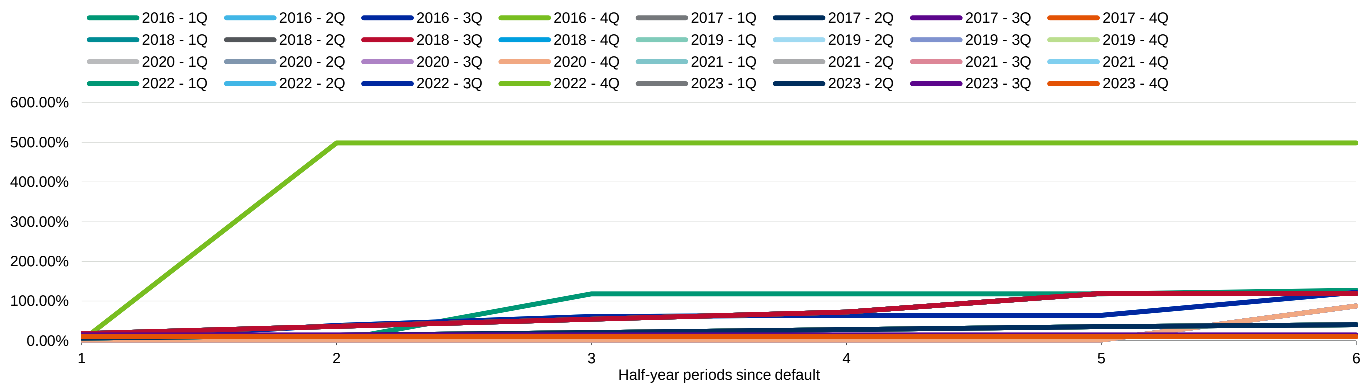
Source: Alba Leasing

Exhibit 20
Cumulative recovery rate for real estate sub-pool



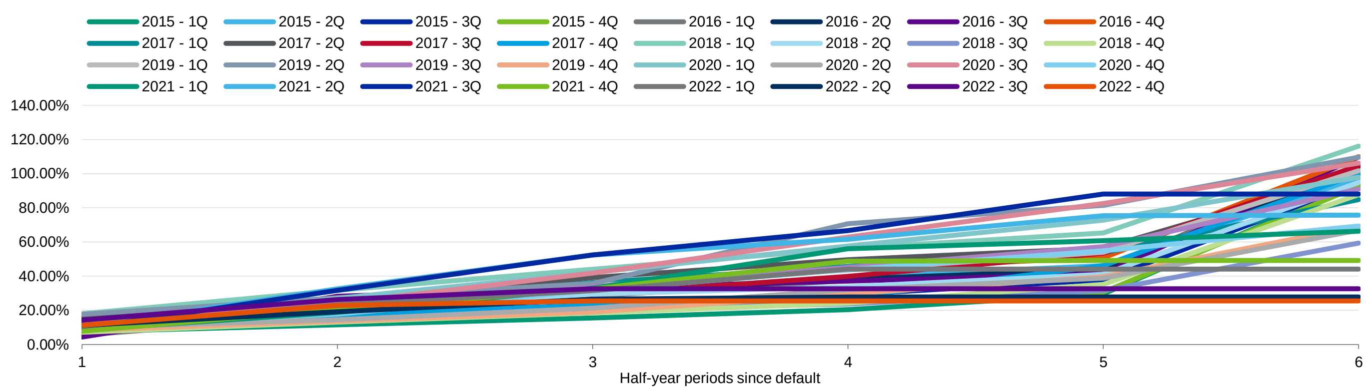
Source: Alba Leasing

Exhibit 21
Cumulative recovery rate for Aircraft and Train Sub-Pool



Source: Alba Leasing

Exhibit 22
Cumulative recovery rate for the entire portfolio



Source: Alba Leasing

Eligibility criteria

The types of assets that the transaction can purchase are subject to eligibility criteria. See the appendix for a complete list of the transaction's eligibility criteria.

Asset acquisition after closing date

Revolving period

No revolving period: The securitization does not include a revolving period during which the SPV may purchase additional leases, limiting the portfolio performance volatility that additional lease purchases would otherwise cause.

ESG - Environmental considerations

The impact of environmental risks on the rated notes of this securitisation backed by leases to SMEs is low.

The rated notes are not exposed to significant industry specific environmental risks, related to carbon transition, physical climate risk, water management, waste & pollution and / or natural capital[1]nor to material environmental issues of a single obligor because of:

» the portfolio granularity (effective number of obligor groups of 1,461 and top borrower group representing 0.77% of the portfolio)

» geographic (Lombardia representing 27.95% of the portfolio, Emilia Romagna 11.85% and Campania 9.40%) as well as industry diversification in this portfolio (top industry representing 26.59% of the portfolio, top 3 52.48% and top 10 83.28%)

The available credit enhancement will limit the transaction’s overall exposure if any environmental risk factor materialises.

Consequently, exposure of the rated notes to environmental risk is adequately mitigated.

ESG - Social considerations

The portfolio of SME leases represents broadly the economic activities of the regions in which Alba Leasing S.p.a is active within Italy; hence, the portfolio is broadly exposed to the demographic and social trends and related risk factors of Italy.

Overall, the impact of social risks on the credit analysis of the rated notes of this securitisation of leases to SMEs is moderate.

More specifically, the industry diversification in the portfolio (top industry accounting for 26.59%, top three for 52.48% and top 10 for 83.28%), which protects the transaction from any large-scale impact of social risks arising from any one single industry sector; the relatively short tenor of the transaction; and the credit enhancement available to support the rated notes mitigate the potential negative impact from following social risk aspects[2]

» Demographic trends in the demand for goods and services shift over time, and waxes and wanes with the business cycle, which could increase borrower default risk. Small business obligors are particularly vulnerable because of their lean cash buffers. Industry diversification mitigates the risk of a downturn in any one industry stemming from changing demographic trends.

» SME debtors included in the portfolio represent a significant portion of employers in Italy and, as such, they are exposed to changing regulations or incidences related to health and safety issues of the employees and/or contactors at the workplace. SME borrowers included in this transaction (compared with larger corporates) have typically limited financial and personnel resources to respond to changing regulatory requirements or minimum wages. Social and financial costs of workplace safety can be significant at single-company level, but are mitigated at portfolio level.

» SME borrowers of the portfolio might be exposed to risks resulting from their supply-chain partners and/or their own production processes, including reputational risks from product failures, recalls or health and safety issues affecting the community in which the borrower operates. In case product quality issues materialise, this can be credit negative for single borrowers across a broad range of manufacturing and consumer-orientated sectors (such as automotive (3.53% of the portfolio), capital equipment (12.20%)%, beverage, food and tobacco (8.39%), chemicals, plastics & rubber (1.48%) and consumer goods: durable 1.76%) and consumer goods: non-durable (3.20% of the portfolio). The borrower and industry diversification of this portfolio mitigates these risks for the rated notes.

» The labour-intensive aspect of work for certain industry segments (including the services segment) reduces the ability to benefit from automation or artificial intelligence as a means of increasing productivity, especially for SME borrowers (which represent 89.46% of the initial pool) as opposed to larger entities.

Asset analysis

Primary asset analysis

We based our analysis of the transaction's assets on factors including historical performance data, originator and servicer quality, and pool characteristics.

Probability of default

We use the originator's historical performance data to help determine the probability of default of the securitised pool. This transaction defines a defaulted asset as an asset that is more than 180 days in arrears, or any lease contract classified as “unlikely to pay” or as in “sofferenza”, in accordance with the Bank of Italy's definition.

The default definition applied for the historical data (incagli or sofferenze in accordance with Bank of Italy criteria) is broadly aligned with the default definition for the transaction.

Derivation of default rate assumption: We analysed the available historical performance data the originator provided by sub-portfolio type and the performance of Alba 10, Alba 11, Alba 12 and Alba 13, which we rated respectively in 2018, 2020, 2021 and 2023. We extrapolated the default vintage data to define the cumulative default curve for each of the origination vintages. The following table shows the result of the historical default data analysis we performed:

Exhibit 23

Summary of historical default data analysis

	Weighted average total pool	Vehicles subpool	Equipment subpool	Real estate subpool	Train / nautical / airplanes subpool
Pool proportion	100.00%	25.47%	57.65%	15.74%	1.13%
Default rate	3.40%	2.34%	2.64%	9.91%	6.60%
Coefficient of variation	42.83%	68.48%	46.72%	152.32%	136.22%
Moody's equivalent	Ba1/Baa3	Ba1/Baa3	Ba1	Ba2	Ba3/Ba2

Source: Moody's Ratings, Alba Leasing

We complemented the above analysis with a top-down approach. Starting from Italy (Baa3/P-3) base rating proxy for SMEs of Ba2, we evaluate the portfolio based on the following:

1. The size of the companies (assuming one notch penalty for micro-SMEs representing approximately 50.78% of the portfolio, and one notch benefit for large corporates)

2. The borrowers' sector of activity. For example, we applied a ¾-notch penalty to leases whose underlying borrower was active in the construction sector and a two-notch penalty for borrowers classified as real estate developers.

We also adjusted our assumption to take into account the current economic environment and its potential impact on the portfolio’s future performance (that is, a penalty of half a notch). Similarly, we evaluated and benchmarked the originator’s underwriting capabilities against those of other Italian originators (a penalty of a quarter of a notch). Finally, we applied adjustments to address industry outlooks or past observed cyclicality of sector-specific delinquency and default rates.

As a result, we expect an average portfolio credit quality equivalent to a B1/Ba3 proxy for an average life of approximately 2.75 years for the portfolio. This translates into a gross cumulative default rate of around 9.0%.

Default distribution

The first step in the analysis of the expected loss on the bonds is to define a default distribution of the lease portfolio to be securitised (See Asset Analysis – Probability of Default). Owing to the high granularity of the pool, we used a normal inverse default distribution. Two basic parameters needed to be assessed as main inputs for the model as follows:

» The mean default probability for the portfolio, and

» The standard deviation of the normal inverse distribution.

Standard deviation: To define the standard deviation for the normal inverse default distribution, we ran a Monte Carlo simulation (using the Moody's CDOROM™) based on the securitised portfolio's actual loan-by-loan information to capture the pool concentrations in terms of single obligors and industry segments. We used, inter alia, the loan-by-loan default probabilities (i.e. outcome of our top-down approach), the borrower industry sectors, the weighted average life and a probabilistic correlation framework.

As a result, we assume a normal inverse default distribution with a coefficient of variation (ratio between standard deviation and mean default rate) of 54.6% that takes into account sovereign risk as well.

Timing of default: We assumed a flat default timing curve as base case, spread over the portfolio's average life starting after the default definition.

Severity

We analyzed the historical recovery data as provided by the originator shown in the exhibit below. The quality of the information on the recovery side is also limited, especially for the real estate segment, given the rather short time horizon available.

Exhibit 24

Summary of historical recovery data analysis

	Weighted average total pool	Vehicles subpool	Equipment subpool	Real estate subpool	Train / nautical / airplanes subpool
Pool proportion	100.000%	25.47%	57.65%	15.74%	1.13%
Cumulative recovery rate as a % of defaulted amount (per vintage)	76.250%	96.08%	78.49%	59.87%	91.39%

Source: Moody's Ratings, Alba Leasing

Derivation of recovery rate assumption: The recovery data includes both open and closed files. However, the number of observations per vintage was limited for the real estate sub-portfolio. As such we also tested an alternative method of estimating potential recoveries. Based on the contract-by-contract information provided and the asset values available of the property underlying the contract, we applied price stresses. Based on this analysis, which we combined with historical recovery information and benchmarked against other transactions, we assumed a stochastic mean recovery rate of 35% and a standard deviation of 20%. We assumed the base case recovery timing to be as follows: 50% after two years and 50% after three years. However, we also tested a longer recovery timing based on a longer recovery process, especially expected for the real estate sub-pool.

Recovery upon servicer insolvency: The deal documentation requires the servicer to pass on to the issuer all recovery collections on defaulted positions. Recovery may result from the voluntary payment on the part of the borrower or, alternatively, from the sale/re-lease of the asset the servicer has reposed upon borrower default. In Italy, we cannot exclude with certainty the possibility that such latter recovery flows will not be trapped within the bankruptcy estate (should the servicer itself default). As a result we consider such risk when we model the deal, and apply a severe stress to the recovery value upon servicer default. We assumed the recovery rate to decrease to approximately 10.5% should the servicer default.

Portfolio credit enhancement (PCE)

To sum up and for comparison purposes, the aforementioned assumptions of 9% on cumulative mean default, 54.6% of coefficient of variation together with 35% of stochastic recoveries correspond to a portfolio credit enhancement of 20%.

Prepayments

Based on historical prepayment information and based on benchmarking with other lessors, we assumed a CPR at a level of 5% per annum.

Data quality

The quantity and quality of the originator's historical default data we received is generally good compared with other transactions in this sector with high investment grade ratings. However, the default data for the air/naval/train sub-pool is limited given the small number of contracts initially.

Exposure to real estate

Approximately 26.59% of the portfolio is exposed to the building and real estate sector (according to our industry classification). In the implementation of the top down approach, we assumed a higher default probability for these lessees than other lessees.

Comparables

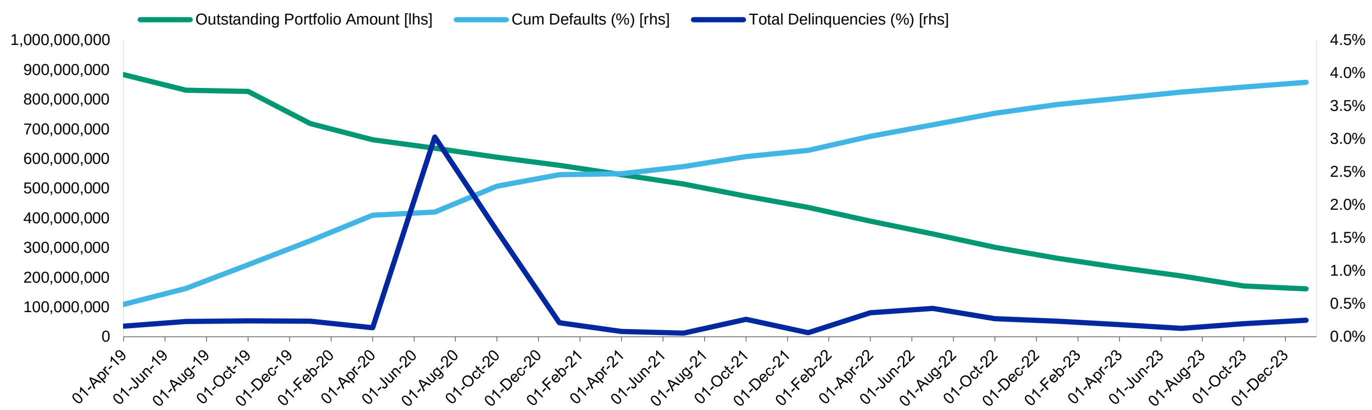
Prior transactions of the sponsor

We have performance information for four previous transactions from Alba Leasing that we rated: Alba 10, 11, 12 and 13.

Cumulative defaults in Alba 10 totaled 3.86% of the original balance, as of January 2024. For Alba 11 cumulative defaults totaled 2.85% of the original balance, as of March 2024. For Alba 12 cumulative defaults totaled 1.64% of the original balance, as of April 2024. For Alba 13 cumulative defaults totaled 0.89% of the original balance, as of March 2024. These levels of cumulative defaults since the closing date are in line with a Ba3/Ba2 credit quality. The performances of these transactions have been in line with our original expectations and also comparable to other Italian leasing transactions.

Exhibit 25

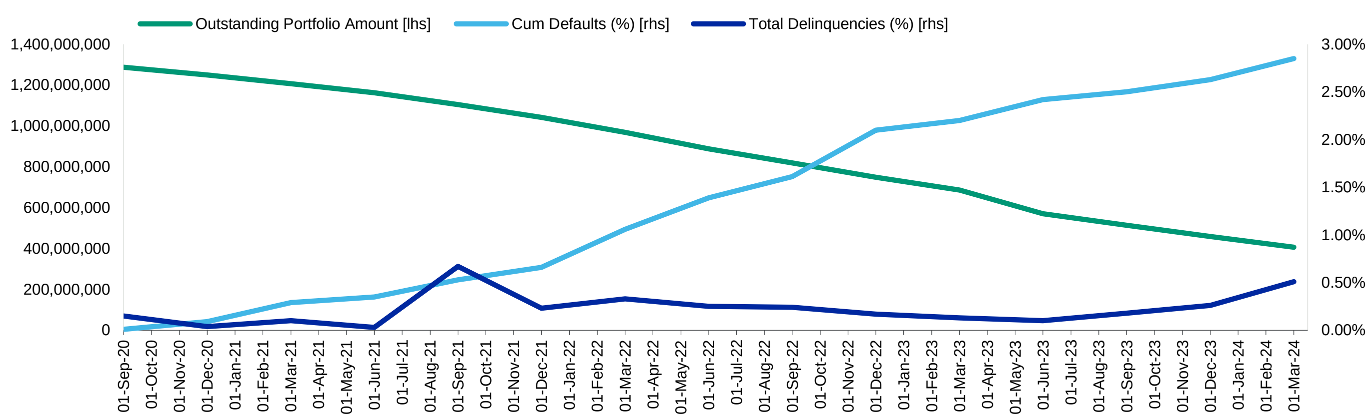
Delinquencies, cumulative defaults and portfolio outstanding for Alba 10 S.r.l.



Source: Moody's Ratings, Alba Leasing

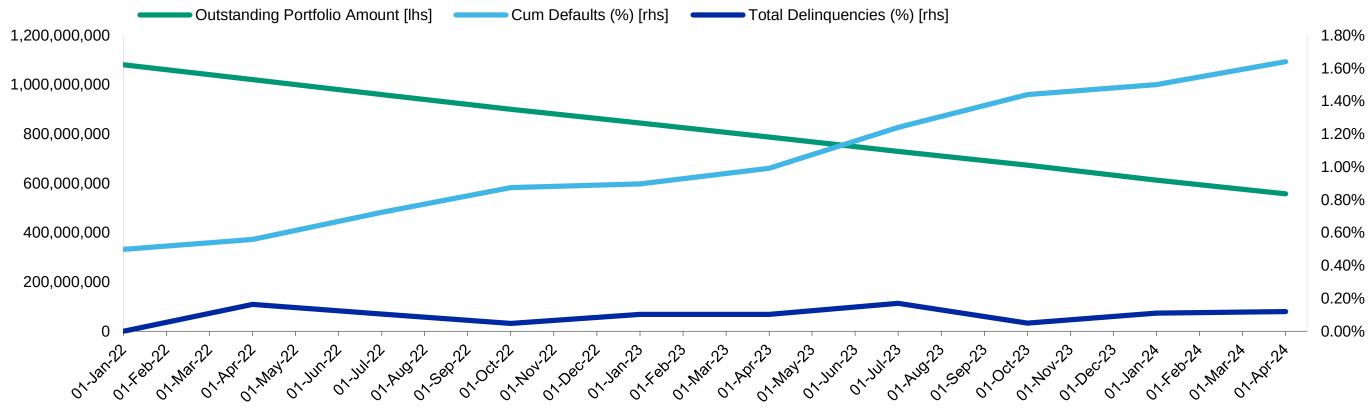
Exhibit 26

Delinquencies, cumulative defaults and portfolio outstanding for Alba 11 S.r.l.



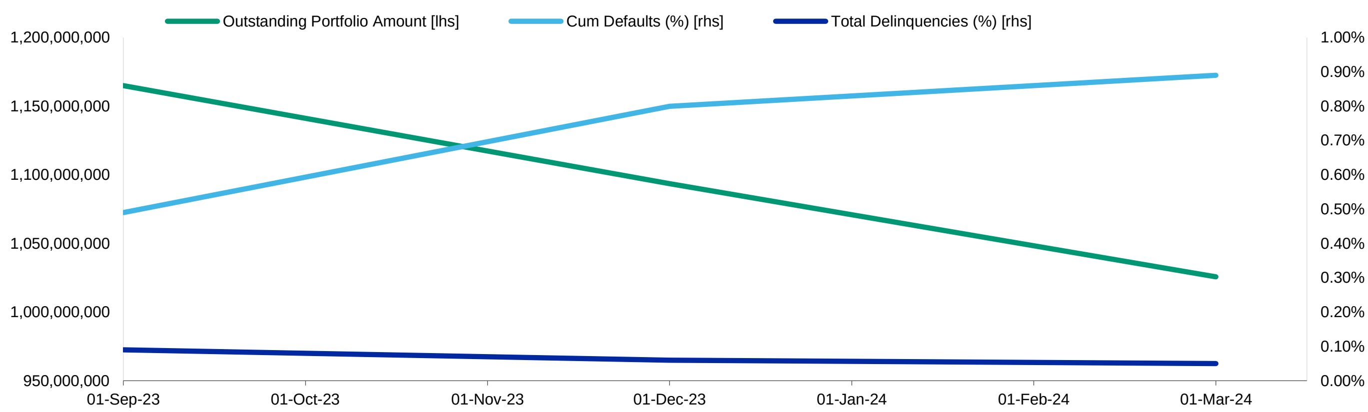
Source: Moody's Ratings, Alba Leasing

Exhibit 27
Delinquencies, cumulative defaults and portfolio outstanding for Alba 12 S.r.l.



Source: Moody's Ratings, Alba Leasing

Exhibit 28
Delinquencies, cumulative defaults and portfolio outstanding for Alba 13 S.r.l.



Source: Moody's Ratings, Alba Leasing

Transactions of other sponsors

Alba 14's expected metrics are largely in line with those of other transactions in this sector, with some notable exceptions. Namely, the assumed default rate of 9% and assumed recovery rate of 35% are below those of its peer group. The lower default rate is mainly driven by the high granularity in terms of lessees, industry diversification and lower exposure to the Real Estate sector, as well as the good performance of previous transactions. The lower recovery rate is driven by a large exposure to equipment and transportation leases.

Exhibit 29

Benchmark table: Part 1

Deal name	Alba 14 SPV Srl	Alba 13 SPV S.R.L.	Alba 12 SPV S.r.l.	Alba 11 SPV S.r.l.	Alba 10 SPV S.r.l.
Country	ITALIA	ITALIA	ITALY	ITALY	ITALY
Country ceiling @ closing	Aa3	Aa3	Aa3	Aa3	Aa3
Closing date or rating review date (dd/mm/yyyy)	30-May-24	27-Jun-23	15-Oct-21	25-Jun-20	29-Nov-18
Name of lessor / servicer	Alba Leasing S.p.A.	Alba Leasing S.p.A.	Alba Leasing S.p.A.	Alba Leasing S.p.A.	Alba Leasing S.p.A.
Long-term rating ([SU]/ [CRA]) - if not rated put "NR/NR"	NR/NR	NR/NR	NR/NR	NR/NR	NR
Short-term rating ([SU]/ [CRA]) - if not rated put "NR/NR"	NR/NR	NR/NR	NR/NR	NR/NR	NR
Portfolio information (as of [...])	23-Mar-24	13-May-23	25-Sep-21	10-May-20	12-Oct-18
Securitised pool balance ("Total pool")	€ 833,728,756	€ 1,239,157,420	€ 1,103,991,372	€ 1,247,827,248	€ 950,700,000
No. of contracts	9,918	12,899	12,568	14,680	11,518
No. of obligor groups	6,307	8,794	8,609	9,455	7,627
Effective number (obligor group level)	1,461	1,383	1,264	1,338	976
WAL of total pool (in years)	2.75	2.86	2.87	3.24	2.93
WA seasoning (in years)	1.58	1.45	1.57	1.23	0.66
WA remaining term (in years)	4.88	5.21	5.87	5.77	5.84
Portfolio share in arrears >30 days %	0.00%	0.00%	0.00%	0.00%	0.00%
Obligor information (as a % Total pool)					
Top single obligor (group) concentration %	0.77%	0.80%	0.71%	0.58%	
Top single lessee (group) concentration %	0.77%	0.80%	0.71%	0.58%	0.86%
Top 10 obligor (group) concentration %	5.00%	5.16%	5.23%	4.64%	
Top 10 lessee (group) concentration %	5.00%	5.16%	5.23%	4.64%	6.04%
Name Largest industry	Construction & Building	Construction & Building	Construction & Building	Construction & Building	Construction & Building
Second-largest industry	Transportation: Cargo	Capital Equipment	Transportation: Cargo	Capital Equipment	
Third-largest industry	Capital Equipment	Transportation: Cargo	Capital Equipment	Transportation: Cargo	
Size % Largest industry	26.59%	25.92%	24.07%	17.39%	17.57%
Second-largest industry	13.69%	14.22%	12.18%	12.78%	
Third-largest industry	12.20%	11.16%	11.64%	11.27%	
% of Real estate developpers (included in B&RE	4.66%	7.07%	7.25%	4.52%	6.40%
Name Largest region	Lombardia	Lombardia	Lombardia	Lombardia	Lombardy
Second-largest region	Emilia Romagna	Emilia Romagna	Emilia Romagna	Emilia Romagna	
Size % Largest region	27.95%	29.07%	30.86%	30.56%	30.27%
Second-largest region	11.85%	10.59%	12.10%	13.48%	
Debtor size: Micro companies % (incl. self-employed)	50.78%	47.63%	48.75%	48.38%	49.50%
Medium-sized companies %	38.68%	41.93%	39.92%	36.74%	38.70%
Corporates %	10.21%	10.37%	11.33%	14.88%	11.80%
Contract information (as a % Total pool)					
Portion of bullet / balloon contracts %	0.00%	0.00%	0.00%	0.00%	0.00%
RV portion securitised % (yes / no)	No	No	No	No	no
Fixed-rate contracts %	10.54%	6.49%	6.18%	5.34%	5.29%
WA initial coupon (of fixed-rate contracts)	5.78%	3.18%	2.16%	2.25%	2.12%
WA initial spread (of floating-rate contracts)	2.59%	2.55%	2.59%	2.57%	2.48%
Collateral information (as a % Total pool)					
Vehicle lease receivables %	25.47%	6.38%	20.75%	20.00%	N/A
Equipment lease receivables %	57.65%	72.58%	49.66%	57.00%	N/A
Real estate lease receivables %	15.74%	18.77%	28.03%	22.00%	N/A
Train / nautical / airplane lease receivables %	1.13%	2.27%	1.55%	1.00%	

Source: Alba Leasing S.p.A, Moody's Ratings

Exhibit 30
Benchmark table: Part 2

Deal name		Alba 14 SPV Srl	Alba 13 SPV S.R.L.	Alba 12 SPV S.r.l.	Alba 11 SPV S.r.l.	Alba 10 SPV S.r.l.
Key collateral assumption						
Moody's equivalent rating for initial pool		B1/Ba3	B1	B1	B1/B2	B1/Ba3
Mean gross default rate - initial pool		9.00%	11.00%	11.00%	14.00%	9.40%
Mean gross default rate - replenished pool		N/A	N/A	N/A	N/A	N/A
CoV		54.60%	48.00%	49.31%	38.70%	54.70%
PCE (initial pool)		20.00%	22.00%	22.00%	23.00%	
Type of recoveries modelled? - stochastic or fixed		Stochastic	Stochastic	Stochastic	Stochastic	stochastic
Mean recovery rate		35.00%	35.00%	35.00%	35.00%	35.00%
Prepayment rate(s)		5.00%	5.00%	5.00%	5.00%	5.00%
Structural features						
Revolving period (in years)		N/A	-	N/A	No	N/A
Reserve fund(s) available and how can it be used?		yes - liquidity ongoing & CE upon full portfolio amortisation	yes - liquidity ongoing & CE upon full portfolio amortisation	yes - liquidity ongoing & CE upon full portfolio amortisation	yes - liquidity ongoing & CE upon full portfolio amortisation	yes - liquidity ongoing & CE upon full portfolio amortisation
Reserve upfront amount(s) as % of Rated notes		1.00%	1.00%	1.00%	1.16% of Class A1, A2, B, C Note(s) for RF1	1.00%
Reserve fund floor(s) (as % of initial notes balance (excl. notes funding reserves))		0.5% of Rated notes	0.5% of Rated notes	0.5% of Rated notes	0.5% of Rated notes	0.5% of Rated notes
Principal available to pay interest?		Yes	Yes	Yes	Yes	Yes
Type of swap		No Swap	No Swap	No Swap	No Swap	No Swap
Back-up servicer (BUS)		BUS in place at closing	BUS in place at closing	BUS in place at closing	BUS in place at closing	BUS appointed upon servicer's insolvency
Back-up servicer facilitator		No BUS facilitator	No BUS facilitator	No BUS facilitator	No BUS facilitator	No BUS facilitator
Set-off risk?		No	No	No	No	No
Set-off risk considered (as % of pool)		No	No	No	No	No
Commingling risk?		Yes	Yes	Yes	Yes	Yes
Commingling risk exposure considered (size prior to RR)		Yes	Yes	Yes	Yes	Yes
Capital structure at issuance date (as % of Total notes)						
Size of	Aaa rated class	-	-	-	-	-
	Aa1 rated class	-	-	-	-	-
	Aa2 rated class	-	-	-	-	-
	Aa3 rated class	65.4%	62.9%	62.8%	63.4%	63.5%
	A rated class	-	-	-	-	13.6%
	Baa rated class	-	-	-	11.4%	-
	Ba rated class	20.8%	21.4%	21.4%	-	7.8%
	B rated class	-	-	-	10.4%	-
	Caa1 and below rated class		-	-	-	-
	NR/Equity class	13.7%	15.7%	15.7%	14.8%	15.2%

Source: Moody's Ratings

Additional asset analysis

Alba Leasing is a company that we do not rate. We last reviewed their operations in March 2024. See the table below for further details.

Origination and servicer quality

Exhibit 31
Originator and servicer review

Originator review	Alba Leasing SpA (NR/NR)
Date of operations review	March 2024
Originator overall quality	**Average**
Strength	» Although the company is relatively young, management has multi-year experience in the sector (former Banca Italease employees). New origination mainly focused on small tickets, as opposed to larger real estate contracts.
Weaknesses	» Volatile profitability in light of deteriorating economic environment. » Reliance on shareholder bank funding and weak liquidity position.

Servicer review	Alba Leasing SpA (NR/NR)
Servicer average quality	
Strengths	» Cash reconciliation is on a daily basis
Challenges	» Given the small size of the originator, the arrears management process is not particularly proactive.

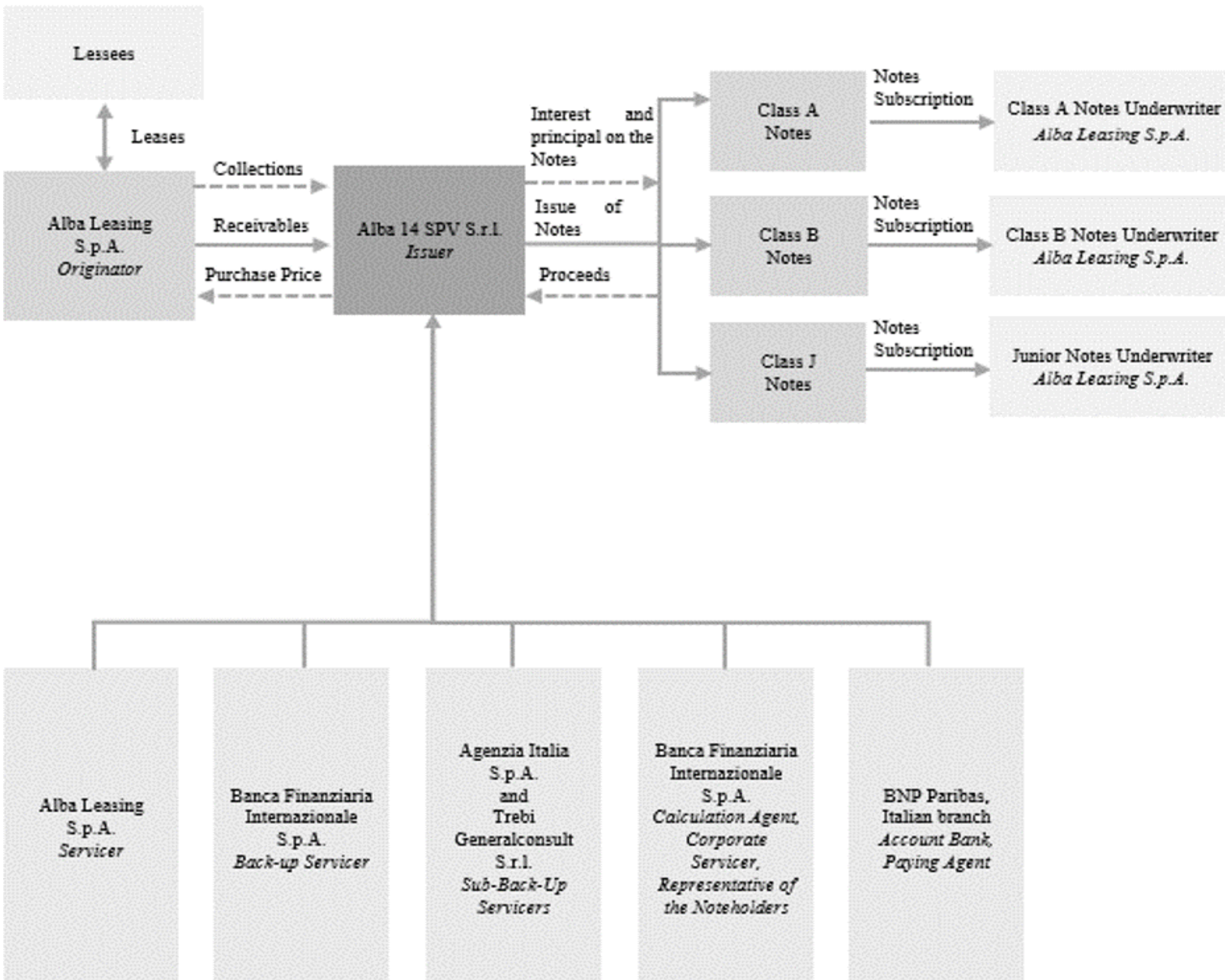
Source: Moody's Ratings

Securitisation structure description

The acquisition of the portfolio, which at closing equals €833,728,756, was financed in the context of a warehouse phase prior to the closing of this transaction through the issuance of notes ("warehouse notes"). The proceeds of the notes at closing of this transaction will be used to redeem the warehouse notes and to fund the debt service reserve. The interest and principal priorities of payment are combined in a single waterfall. The amortization period will start on the first interest payment date.

Structural diagram

Exhibit 32
Structural diagram



Source: Prospectus

Detailed description of the structure

Credit enhancement

Debt service reserve: At close, the debt service reserve requirement will be 1.00% of the principal outstanding of the rated notes (being the Class A plus B notes), i.e. €7.25 million. After closing, the required reserve level must be equal to the higher between (i) 1.00% of the outstanding amount of the rated notes as of the relevant payment date and (ii) 0.5% of the initial outstanding amount of the rated notes (i.e. approximately € 3.63 million) as long as the rated notes are outstanding; it will be zero thereafter.

The reserve fund will be replenished after the interest payment of the Class A, B (only prior to a Class B interest subordination event). The cash reserve only provides liquidity support for the rated notes during the lifetime of the transaction, however it is also available for the payment of principal on the rated notes upon the amortisation of all rated notes or (if earlier) on maturity date.

Liquidity

The single waterfall means principal is available to make interest payments. The cash reserve is a further source of liquidity; it covers coupon payments on the Class A and coupon payments on the Class B (only prior to a Class B interest subordination event) for approximately 0.7 quarterly payment dates assuming a three-month Euribor of 4% and senior fees of 0.5%.

The residual value component of the lease contracts is not securitised: Investors are not exposed to risk of non-exercise of the residual option by the obligors and the possible loss of the residual value upon the originator's liquidation, whereas the SPV benefits from the interests paid on the residual value. This leads to increasing excess spread over time.

Priority of payments

On each quarterly payment date, the issuer's available funds (i.e. interest and principal amounts received from the portfolio, the reserve fund, and interest earned on the issuer's account) will be applied in the simplified order of priority shown in the Appendix. The Class A coupon is senior and pro rata and pari passu to the Class B interest. The Class B principal is subordinated to Class A principal. The Class B coupon would become subordinated to Class A principal in case of trigger breach.

Triggers

Various trigger levels dictate changes to the priority of payments, and potential repercussions for deterioration in the quality of the transaction's key parties, as the exhibits below show.

Exhibit 33
Performance triggers

Performance triggers		
Trigger	**Conditions**	**Remedies / Cure**
Class B notes interest subordination event	The gross cumulative default ratio > 35.0%	If the conditions are met, payment of interest on the class B will be subordinated to the payment of principal of the class A notes in accordance with the pre-enforcement priority of payments
Cash trapping	The cumulative default ratio exceeds certain ratio level over deal life	Upon occurrence of a cash trapping condition, the issuer available funds available at that point of the waterfall will be provisioned into the payments accounts and shall form part of the issuer available funds to be applied on any succeeding payment dates.

Source: Alba Leasing (transaction documents)

Exhibit 34

Originator, servicer, cash manager and counterparty triggers

Originator, servicer, cash manager and counterparty triggers	
Key servicer termination events:	Insolvency, payment default
Appointment of back-up servicer upon:	At closing
Key cash manager termination events:	N/A
Notification of obligors of true sale:	N/A
Conversion to daily sweep (if original sweep is not daily):	Daily at closing
Notification of redirection of payments to SPV's account:	Following the termination of the appointment of the servicer
Accumulation of set off reserve:	N/A
Accumulation of liquidity reserve :	N/A
Set up liquidity facility:	N/A

Source: Alba Leasing (transaction documents)

Backup servicer

Banca Finanziaria Internazionale S.p.A. is the transaction's back-up servicer.

Exhibit 35

Backup servicer background

Back-up servicer review	Banca Finanziaria Internazionale S.p.A (sub-back-up servicers Agenzia Italia S.p.A. and Trebi Generalconsult S.r.l.)
Rating:	Not rated
Total number of receivables serviced	EUR 78 billion
Number of staff:	Over 58 in servicing department
Strength of back-up servicing arrangement	The company is leader in Italy in managing securitizations transactions acting principally as servicer, computation agent, corporate servicer and representative of the noteholders
Receivables administration	
Method of payment of borrowers in the pool	Borrowers pay by direct debit into a dedicated servicer account
% of obligors with account at the originator	N/A
Distribution of payment dates:	All borrowers pay on the first day of the month

Source: Alba Leasing, Moody's Ratings

Computation agent

Banca Finanziaria Internazionale S.p.A is the transaction's computation agent.

Exhibit 36

Computation agent background	Banca Finanziaria Internazionale S.p.A
Rating	Not Rated
Main responsibilities	Preparation of payment report and, if the servicers don't deliver the servicer report, preparation of a simplified payment report to avoid payment disruption
Calculation timeline	Collection period: quarterly
	Calculation date: the 5th business day prior to each IPD
	IPD: January, April, July, October

Source: Alba Leasing (transaction documents), Moody's Ratings

Securitisation structure analysis

We modeled the bond structure and cash flow waterfall to assess the amount of credit enhancement supporting each class of rated securities. We also analyzed the allocation of payment, bankruptcy remoteness and other structural issues.

Primary structural analysis

Expected loss

We determine expected losses for each tranche based on a number of assumptions, listed in the exhibit below.

Exhibit 37

Expected loss assumptions

Expected loss assumptions	
Default distribution	Normal inverse
Default rate	9.0%
Default definition	180 days in line with “sofferenza” definition
CoV (Standard deviation/mean)	54.6%
Portfolio credit enhancement (PCE)	20.0%
Timing of default	Flat over portfolio average life
Recovery mean	35.0%
Recovery CoV	20.0%
Recovery lag	50% after 2 years, 50% after 3 years
Correlation defaults/recoveries	10.0%
Conditional prepayment rate (CPR)	5.0%
Amortisation profile	Calculated from line-by-line data
Portfolio yield vector	Calculated from line-by-line data, stressed to take into account lack of hedge mechanism
Fees (as modeled)	0.5% p.a. on outstanding portfolio balance (floor EUR 100,000 p.a.)
Euribor/Swap rate	4%/NA

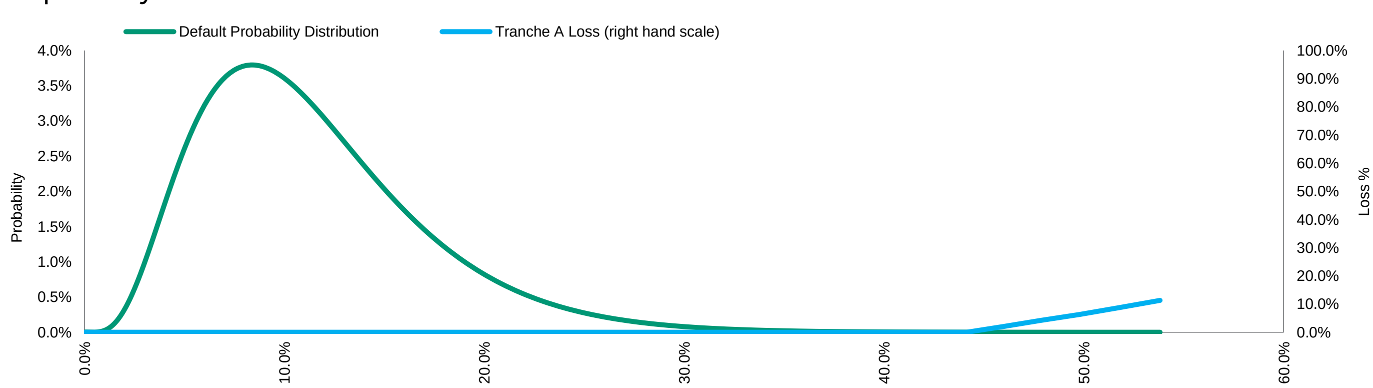
Source: Moody's Ratings, Alba Leasing (transaction documents)

Tranching of notes

To derive the level of losses on the notes, we applied the above specified normal inverse default distribution and the stochastic recovery distribution to numerous default scenarios on the asset side. The exhibit below shows the default distribution (dark green line) we used to model the transaction's cash flows.

Exhibit 38

Loss probability distribution



Source: Moody's Ratings

We have considered how the cash flows generated by the collateral are allocated to the parties within the transaction, and the extent to which various structural features of the transaction might themselves provide additional protection to investors (such as cash trapping triggers), or act as a source of risk.

To determine the rating assigned to the notes, we used an expected loss methodology that reflects the probability of default for each series of notes times the severity of the loss expected for the notes. To allocate losses to the notes in accordance with their priority of payment and relative size, we used a cash-flow model that reproduces many deal-specific characteristics such as the main input parameters of the model described above. Weighting each default scenario's severity result on the notes with its probability of occurrence, we calculated the expected loss level for each series of notes as well as the expected average life. We then compared the quantitative values to the Moody's Idealised Expected Loss table to determine the ratings assigned to each series of notes.

The light blue line in the exhibit above represents the loss suffered by the Class A notes (in our modeling) for each default scenario on the default distribution curve. For default scenarios up to 44.1%, the line is flat at zero, hence the Class A notes are not suffering any loss. The steepness of the curve then indicates the speed of the increase of losses suffered by the Class A noteholders.

Cash commingling risk and account bank risk

All borrowers pay by direct debit mechanism into the dedicated collection account in the name of the servicer at the beginning of a month.

Funds are then swept daily into the issuer's collection account. To address potential exposure to commingling risk, we modelled the loss of the equivalent of one month collections upon a servicer's default.

Commingling risk generally arises when cash belonging to the SPV is deposited in an account held in the name of a third party, specifically the servicer. All debtors pay by direct debit into a dedicated servicer account held at Intesa Sanpaolo (Long Term Deposit Rating: Baa1 Not on Watch /Short Term Deposit Rating: P-2 Not on Watch; Long Term Counterparty Risk Assessment: Baa2(cr) Not on Watch /Short Term Counterparty Risk Assessment: P-2(cr) Not on Watch; Outlook: Stable).

Collections are transferred daily into the issuer collection account held at BNP Paribas, Italian Branch, (Long Term Deposit Rating: Aa3 Not on Watch / Short Term Deposit Rating: P-1 Not on Watch; Long Term Counterparty Risk Assessment: Aa3(cr) Not on Watch / Short Term Counterparty Risk Assessment: P-1(cr) Not on Watch; Outlook: Stable), with a transfer requirement if the rating of the account bank falls below Baa2.

Within 15 business days of a servicer termination event, all borrowers will be notified – either by the servicer or the back-up servicer – to redirect their payments directly into the SPV account. As a result we have modelled a commingling exposure equal to one month of lost collections, following originator insolvency.

Set-off risk

Under Italian law, mutual debt obligations may be set off against each other to the extent they are both due and payable. After a debt is assigned to a third party – such as a securitisation issuer – the debtor may still set off claims owed to it by the originator. However, set off rights against securitised debt are limited to the amount of claims that exist when the notice of assignment is published in the Italian Official Gazette. The following products, which are generally offered by banks, would give rise to set-off: bonds issued by the originator, bank deposits, current accounts and derivatives contracts. Because Alba is not a bank, no securitised borrower has any deposit or account with the originator. Furthermore, Alba has provided a representation to the effect that it has not entered into a derivative transaction with any of the securitised borrowers.

Renegotiations

Although the servicer can renegotiate the terms of the leases, its ability to do so is limited. Specifically:

- The servicer may reduce the interest payable on the leases as well as allow a rescheduling of the lease repayment plan, but only for 5% of the initial total portfolio.
- The servicer may grant an extension of the lease repayment plan provided the last installment payment date falls not later than two years prior to the deal maturity date.

» The servicer may reduce the interest rate payable on the leases, in which case the servicer will need to indemnify the issuer for the resulting loss.

» Any renegotiation, suspension of payments or rescheduling to which the servicer is bound pursuant to any law or agreement between category associations are not subject to the above 5% limit.

Yield analysis

Margin compression due to repayments: Assuming 100% margin compression (i.e. 100% of CPR applied to highest interest rate paying lease), we reduced the fixed-rate yield vector and the floating-rate margin vector by 0.10% and 0.10% respectively, in each period.

Interest rate mismatch: At closing, 89.46% of the pool balance comprises floating-rate leases and 10.54% fixed-rate leases, whereas the notes are floating liabilities referring to three-month Euribor (See Key Characteristics).

As a result the issuer is subject to (1) limited base rate mismatches on the floating portion of the portfolio (i.e. the risk that (i) the reference rate used to compute the interest amount payable on the notes will differ from the reference rate used on the underlying receivables, and (ii) the interest rate payable on the notes is determined on a different date than the rate to be paid on the underlying receivables; and (2) limited fixed/floating mismatch (i.e. the risk that the interest rate on the notes will differ from the interest rate payable on the fixed portion of the portfolio).

Floating portion of the portfolio: We needed to size the potential mismatch between the index rate payable by the SPV to the noteholders and the rate the SPV will receive on the portfolio. The large majority of the floating-rate leases are indexed to three-month Euribor (88.8%), and the rest to one-month Euribor (0.7%). We applied a haircut of 0.5% to the margin of the floating-rate leases to take into account the timing mismatch between the relevant base rate index paid by the leases and the one on the notes.

Having thus defined the stressed (i.e. that takes into account the lack of swap) yield vectors for both the floating- and fixed-rate sub-pools, we computed the whole portfolio yield vector, whose values we derived on a weighted average basis for each period.

Because the transaction is not hedged, we took into account the SPV's potential interest rate exposure in some stressed environments. We did this to assess whether the available credit enhancement is sufficient to support the ratings.

Interest rate risk: Because there is no hedging agreement in place and given (i) the portion of fixed rates paid by lessees on the leasing compared to the three-month Euribor payable on the notes as well as (ii) the basis risk included for contracts not paying the three-month Euribor (or alternatively the three-month Euribor as fixed at a different date than for the notes), investors are exposed to interest rate risk. We analysed this risk and found that the credit enhancement available to the Class A and B notes is sufficient to cover this additional risk inherent in the structure.

Additional structural analysis

True sale and bankruptcy remoteness

True sale: According to the legal opinion, the securitisation of assets has been carried out in compliance with the Italian securitisation law. Notification of the sale was published on the Official Gazette (Gazzetta Ufficiale della Repubblica Italiana) on 18 April 2024. The sale was registered with the Companies Register on 15 April 2024.

Bankruptcy remoteness: The transaction achieved bankruptcy remote status by the provisions of Law 130 and through the Italian SPV's bylaws, as well as the provisions of the deal documentation.

Claw-back risk

A transfer pursuant to the Italian Securitisation Law 130 is potentially subject to claw back by a liquidator of the transferor (1) within three months following the transfer, where the sale is not at an undervalue, if (i) the transferor was insolvent at the time of the transfer and (ii) the liquidator can prove that the transferee was, or ought to have been, aware of such insolvency, or (2) within six months following the transfer, where the sale is at an undervalue, if (i) the transferor was insolvent at the time of the transfer and (ii) the transferee cannot prove that it was not, or ought not to have been, aware of such insolvency. In general, payments may be subject to claw-back if they are made to the issuer by any party under the transaction document during the 12-month suspect period prior to the date on which such party has been declared bankrupt or has been admitted to compulsory liquidation. The relevant payment will be set aside and clawed back if the receiver gives evidence that the issuer had knowledge of the payer's insolvency when the payments were made. The question as to whether or not the issuer had knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

This risk mainly exists when leases are repurchased, as they are either ineligible when assigned or renegotiated.

To mitigate this risk, repurchases (up to a maximum of 2% of the initial portfolio on a quarterly basis, and 8% of the initial portfolio (9% in case of ex-lege renegotiations) on a cumulative basis) will be paid for in cash, which is an important indication (although not fully conclusive) that the company is not simultaneously in cessation of payment. Should the payment obligation of the originator exceed €500,000, the originator will provide evidence of its solvency by presenting a solvency certificate signed by its legal representatives, as well as certificates issued by the chamber of commerce.

ESG considerations

We assess ESG credit risks in our analysis based on general principles described in detail in the ESG cross-sector rating methodology available on moodys.com.

Environmental considerations

We consider this transaction to have low environmental credit risk, driven by portfolio granularity (see exhibit 5 – top pool concentration level), geographic and industry diversification (see exhibit 7 – regional concentration, and exhibit 9 – Sector concentrations). Additionally, the available credit enhancement will limit the transaction's overall exposure if any environmental risk factors materialises.

Social considerations

Social credit risks for this transaction are low. Social risks include changing demographic trends, changing regulations or incidences related to health and safety issues of their employees and/or contactors at the workplace. As the portfolio of SME loans represents broadly the economic activities of the regions in which Alba is active within Italy, the portfolio is broadly exposed to the demographic and social trends and related risk factors Italy.

However, portfolio diversification (see exhibit 9 – Sector concentrations) across asset sectors protects the transaction from any large-scale impact of social risks arising from any one single industry sector; the relatively short tenor of the transaction; and the credit enhancement available to support the rated notes mitigate the potential negative impact from social risks.

Governance considerations

This transaction's governance credit risk is low and is similar to other like transactions in the market. Various transaction features contribute to our assessment, such as

- risk retention: Alba Leasing, as the originator of the transaction, retains 5% of the total notes, keeping its interest aligned with those of other transaction parties.
- servicer experience, expertise and track record in servicing similar collateral (see "Asset analysis - Additional asset analysis - Servicing quality")
- Issuer activities limited to those related to the transaction: The transaction documents limit the issuer's permitted activities to those related to the underlying assets and this transaction, as well as the issuer's ability to issue additional debt beyond what is foreseen as of the closing date in the transaction documents.
- bankruptcy remoteness (See "Securitisation structure analysis - Additional structural analysis - True sale and bankruptcy remoteness),
- quarterly reporting (See "Methodology and monitoring"), and
- an independent trustee and board of directors (See "Securitization structure description").

Methodology and monitoring

Methodology

See Equipment Lease and Loan Securitizations, September 2023.

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Monitoring

We will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

The following factors may have a significant impact on the subject transaction's rating: lengthening of the recovery process and a marked deterioration in pool performance.

Monitoring report: Data quality

» Investor report format finalized and discussed with Moody's analyst.

» The report includes all necessary information for Moody's to monitor the transaction.

» Undertaking to provide Moody's with updated pool cut on a periodical basis

Data availability:

» The timeline for Investor report is provided in the transaction documentation. The priority of payment section is published on the Interest Payment Date

» The completed report is published 1 day after the IPD.

» The frequency of the publication of the investor report is quarterly and the frequency of the IPD is quarterly.

» Investor reports publicly available on the Calculation Agent website.

Appendix 1: Originator and servicer details

Exhibit 39
Originator:

Originator ability	
Sales and marketing practices	
Origination channels	Shareholding banks: 62.2% Other banks: 11.4% Others: 26.4%
Underwriting procedures	
% of loans manually underwritten	N/A
Ratio of loans underwritten per fte* per day	N/A
Average experience in underwriting or tenure with company**	N/A
Approval rate	N/A
Percentage of exceptions to underwriting policies	N/A
Underwriting policies	
Source of credit history checks	Internal database, Cerved, Centrale Rischi , Assilea
Use of internal ratings	Y
Methods used to assess borrowers' repayment capabilities	» Balance Sheet analysis: Y » Cash flow analysis » Ratio Analysis: Y
	» Ratio analysis: Y
	» Balance sheet analysis: Y
Other borrower's exposures (i.e. other debts) taken into account in affordability calculations	The originator takes into account all borrower's exposures in affordability calculations.
Risk adjusted pricing applied	Y
Maximum loan size	N/A
Collateral requirement policy	N/A
Valuation types used for secured loans & ltv limits	N/A
Valuation types & procedure for construction loans & ltv limits	N/A
Collateral valuation policies and procedures	
Value in the LTV calculation	Not Relevant
Type, qualification and appointment of valuers	External Valuers
Monitoring of quality of valuers	Y
Credit risk management	
Reporting line of chief risk officer	To General Manager
Internal rating system	Y
Approach adopted under Basel II	N/A
Segmentation of the portfolio by rating models	Y
Validation of the model	N/A
*FTE full time employee	261
**Credit department personnel	

Source: Alba Leasing

Exhibit 40

Summary of the servicer's collection procedures

Servicer ability	
Loan administration	
Entities involved in loan administration	Two central entity
Early stage arrears practices	
Entities involved in early stage arrears	Staff at branches
Definition of arrears	
Arrears strategy for 1-29 days delinquent	Reminder, phone calls
Arrears strategy for 30 to 59 days delinquent	Reminder, file transferred to Credit Recovery Company
Arrears strategy for 60 to 89 days delinquent	File transferred to Internal Client Manager in order to define more efficient recovery
Loss mitigation and asset management practices	
Transfer of a loan to the late stage arrears team	After 90 days past missed payment date
Entities involved in late stage arrears	Central Entity plus Legal advisor and recovery company
Ratio of loans per collector (FTE)	N/A
Time from first default to litigation and from litigation to sale	N/A
Average recovery rate	N/A

Servicer stability	
Management and staff	
Average experience in servicing or tenure with company	Several Years
Training of new hires specific to the servicing function (i.e. excluding the company induction training)	Classroom training & work with experienced collector
Quality control and audit	
Responsibility of quality assurance	N/A

Source: Alba Leasing

Appendix 2: Eligibility criteria and waterfalls

Eligibility criteria

The key eligibility criteria include the following:

» Euro-denominated contracts

» The securitised borrowers are not subject to any insolvency procedure

» All contracts have been entered by Alba Leasing in 2010 or later

» Contracts pay by SDD (SEPA direct debit)

» Payment frequency is monthly/bi-monthly/quarterly/semi annual

» Contract is not delinquent for more than 30 days;

» Either fixed-rate or floating-rate contracts (in the latter case indexed to one-, three- or six-month Euribor)

» Contracts are regulated by Italian law

» All assets are finished and delivered to the lessee

» Lease assets are registered/located in Italy

» The leased objects are regularly insured and are (1) real estate properties, (2) trains, ships, boats, airplanes, (3) auto and other commercial vehicles and (4) equipment

» No lessee is either an Alba Leasing employee, shareholder or public administrations, local authorities, public entities, or companies owned by public administration.

» All lease contracts are "net" leases (e.g. if the asset is destroyed or damaged the lessee is still obliged to make the payments)

» All lease agreements include the option to buy the residual value

» Maximum residual contractual maturity: 1) transportation: February 2031, 2) equipment: August 2031, 3) real estate: February 2039, 4) airplanes/trains/ships – January 2031

In addition representations and warranties of the transaction include that:

» None of the leases are in arrears of more than 30 days, nor in default (more than 180 days in arrears, or classified as "Unlikely to Pay" or classified as "Sofferenza" according to Bank of Italy)

» None of the leases are in default pursuant to Article 178, paragraph 1, of Regulation (EU) no. 575/2013

Waterfall

Allocation of payments/pre accelerated waterfall: On each quarterly payment date, the issuer's available funds (i.e. interest and principal amounts received from the portfolio, the reserve fund, and interest earned on the issuer's account) will be applied in the following simplified order of priority:

1. Senior fees and expenses
2. Interest on Class A notes
3. Interest on Class B notes, if gross cumulative defaults not larger than 35%
4. Fill-up of the debt service reserve account up to the required level
5. Principal on Class A notes

6. Interest on Class B notes, if gross cumulative defaults exceed 35%
7. After repayment of Class A notes, principal on Class B
8. Cash trapping mechanism: If cumulative gross defaults exceed certain ratio level over deal life (see table below), available cash will be trapped to be available as issuer available funds on next payment date;
9. Interest on Class J
10. Principal on Class J
11. Additional return to the Class J

Exhibit 41
Summary of cumulative gross defaults for cash trapping mechanism

Payment date	Trigger
July 2024	3.25%
October 2024	3.25%
January 2025	3.25%
April 2025	3.75%
July 2025	4.50%
October 2025	5.00%
January 2026	6.00%
April 2026	6.50%
July 2026	6.50%
October 2026	7.50%
Thereafter	7.50%

Source: Alba Leasing (transaction documents)

Allocation of payments/post accelerated waterfall:

1. Senior fees and expenses
2. Interest on Class A notes
3. Principal on Class A notes
4. Interest on Class B notes
5. Principal on Class B notes
6. Interest on Class J
7. Principal on Class J

Endnotes

1 For more details, please see Environmental Risks – Global: Sectors with heightened credit risk account for twice as much debt as in 2015

2 For more details on the aspects exposing issuers to social risks, please see Social risk events are associated with rising corporate credit risk and percolate through three channels, published on 7 February 2023.:

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Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454