Alba 13 SPV S.r.l.

Italian Lease ABS

Ratings

Class	Rating	Notional (EUR m)	% of the notes	CE (% notes)	Coupon	Final maturity
Class A1	AAA_{SF}	522.6	41.8%	58.2%	3mE + 0.75%	December 2042
Class A2	AAA_{SF}	263.1	21.1%	37.1%	3mE + 0.85%	December 2042
Class B	$BBB+_{SF}$	267.6	21.4%	15.7%	3mE + 1.30%	December 2042
Class J[1]	NR	196.4	15.7%		3mE + 2.00%	December 2042

Our quantitative analysis is based on the portfolio dated 13 May 2023, provided by Alba Leasing through the arrangers.

Scope's Structured Finance Ratings constitute an opinion about relative credit risks and reflect the expected loss associated with the payments contractually promised by an instrument on a particular payment date or by its legal maturity. See Scope's website for its SF Rating Definitions.

Transaction details

Purpose	Liquidity / funding
Issuer	Alba 13 SPV S.r.l.
Originator/servicer	Alba Leasing S.p.A.
Account bank	BNP Paribas, Italian Branch
Asset class	Lease receivables
Assets	EUR 1,239m
Issue date	27 June 2023
Legal final maturity	27 December 2042
Payment frequency	Quarterly
Payment dates	Quarterly, 27 September 2023 as first payment date

The transaction is a static true-sale cash securitisation of Italian lease receivables originated by Alba Leasing S.p.A. (Alba). The portfolio comprises leases mainly granted to Italian SMEs (83.1%), large corporate borrowers (10.4%) and individual entrepreneurs (6.5%) used to finance equipment (63.3%), real estate properties (18.8%), transportation assets (15.7%) and air, naval & rail assets (2.3%). This transaction is not exposed to residual value risk because the assets' residual value is not securitised.

Rating rationale (summary)

The ratings reflect the notes' protection against portfolio losses, provided by the quality of the underlying collateral and by the transactions legal and financial structure. The ratings are mainly driven by the securitised portfolio's characteristics and its expected performance as well as the servicer's ability and incentives. Scope accounted for the current macro-economic scenario, taking a forward-looking view on the macro-economic developments.

Class A1 and A2 notes are protected by their senior position and benefit, respectively, from 58.2% and 37.1% of credit enhancement from subordination. Class B notes benefit from 15.7% of credit enhancement.

The debt service reserve equal to 1% of the outstanding amount of the rated notes (with a floor at 0.5% of the initial balance of the rated notes at the issuance date) provides liquidity

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Related Methodologies

SME ABS Rating Methodology, May 2023

General Structured Finance Rating Methodology, January 2023

Counterparty Risk Methodology, July 2022

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[1] Class J funds a portion of the portfolio (EUR 185.9m) as of the closing date, but also the debt service reserve amount (EUR 10.5m), which is included in this figure.

support during the life of the transaction. As the reserve amortises, any released amounts will be available to repay the notes.

The ratings consider the issuer's exposure to key counterparties. To assess the issuer's exposure to credit counterparty risks Scope considered counterparty substitution provisions in the transaction, counterparty ratings from Scope, when available, or public ratings.

Rating drivers and mitigants

Positive rating drivers

Static portfolio. The portfolio will start amortising immediately after closing, reducing the risk of performance volatility compared to revolving transactions.

Back-up servicer. Banca Finanziaria Internazionale S.p.A., the transaction's back up servicer, would be able to take over servicing activities within 30 business days. Banca Finanziaria Internazionale S.p.A. cooperates with two other back-up servicers, Agenzia Italia S.p.A. and Trebi Generalconsult S.r.l.

No residual value risk. Investors are not exposed to the risk that obligors do not exercise the residual option, or to the possible loss of residual value upon the originator's liquidation. The issuer benefits from interest paid on the residual value during the life of each lease contract, which gradually increases the excess spread available to cover defaults and losses.

Short lifetime exposure. The portfolio of lease receivables has a relatively short remaining weighted average life of 2.8 years as of the cut-off date, assuming 0% CPR and 0% defaults.

No set-off risk. No borrowers have any deposits or derivative contracts with Alba.

Negative rating drivers and mitigants

Recoveries upon default of the originator. In the event of insolvency of the originator, the issuer's claims to the proceeds from the sale or re-lease of the leased properties may not be effective and enforceable against Alba's insolvency receiver. Scope has only relied on recovery proceeds from the voluntary payments of the borrowers.

Liquidity protection. The debt service reserve provides limited liquidity support to Class A. Considering a stressed Euribor assumption (Euribor three months was assumed to increase up to 6.5% during the first four years), the reserve will cover around two months of senior fees and interest on the most senior notes. A liquidity shock upon a servicer disruption event is mitigated by the appointment of a back-up servicer since closing that would take over servicing activities and swiftly notify debtors to redirect their payments into the issuer's account. The debt service reserve is floored at 0.5% of the initial balance of the rated notes at the issuance date. Therefore, liquidity protection will increase over time as the notes amortise.

Upside rating-change drivers

Materially lower defaults and/or significantly higher than expected recoveries could drive improved performance and could lead to an upgrade of the class B note.

Downside rating-change drivers

Slowdown of the Italian economy driven by persistent inflationary pressures combined with tighter monetary policy, and the potential deterioration of lessees' capacity to fulfil their payments could impair portfolio's performance.

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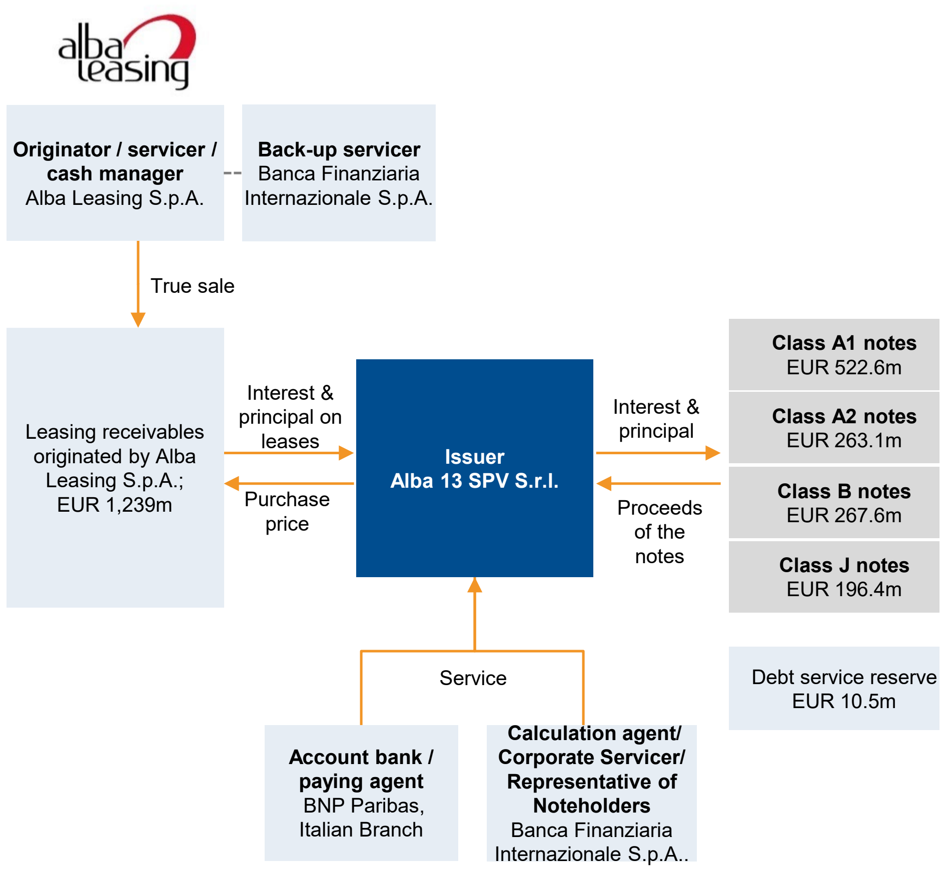
1. Transaction summary

Figure 1: Transaction diagram



Source: Transaction documents and Scope

Alba 13 SPV S.r.l. is Alba's thirteenth securitisation backed by performing leasing receivables. The transaction is backed by a EUR 1,239m portfolio of fully amortising lease receivables with no residual value risk. The lease receivables were granted to Italian borrowers, mainly small and medium-sized enterprises (SMEs), to finance the acquisition of transportation assets, equipment, real estate properties and air, naval and rail assets.

2. Asset analysis

2.1. Securitised assets

The portfolio comprises lease receivables used to finance transportation assets, equipment, real estate properties and air, naval and rail assets. Compared with Alba's total lease book, the portfolio will benefit from a positive selection as eligibility criteria exclude, among other things, exposures that are more than 30 days in arrears at closing.

The lease portfolio as of 13 May 2023 had a weighted average seasoning of 1.6 years, a weighted average remaining term to maturity of 5.4 years, and a weighted average remaining life of 2.8 years. The lease receivables were originated between 2010 and 2023, of which, 92.1% from 2021 onwards. Eligibility criteria stipulate that all lease receivables transferred to the portfolio have at least one regularly paid instalment (canone anticipato).

Most leases in the portfolio are floating (93.5%). Around 92.9% of the pool pays a floating interest rate referenced to three-month Euribor; 6.5% pay a fixed rate; 0.6% pay a floating rate referenced to one-month Euribor.

The assets' residual value is not securitised

There is no residual value risk because the residual value is not securitised. The special purpose vehicle benefits from interest paid on the residual value, which increases excess spread over time. The securitised portfolio amortises following the French method.

The leases were mainly granted to Italian SMEs (83.1%), larger corporate borrowers (10.4%) and individual entrepreneurs (6.5%).

The asset analysis was performed considering three portfolio segments (see Figure 2). The original pool included four portfolio segments: transport, equipment, real estate and air, naval & rail. In our analysis we grouped together the transport segment with the air, naval & rail segment, due to the latter's small size.

Figure 2: Portfolio segments split by asset type

Segment	Description	Share
Transport and air, naval & rail[2]	Transport: vehicles, motor vehicles, cars, light lorries, commercial vehicles, industrial vehicles, and other motorised vehicles excluding aircraft Air, naval & rail: ships, vessels, aeroplanes, and trains	17.9%
Equipment	Instrumental assets (e.g. machinery, equipment and/or plants)	63.3%
Real estate	Instrumental commercial real estate properties (including industrial facilities, shops, warehouses, supermarkets, and artisan workshops)	18.8%

2.1.1 Granular portfolio with no relevant concentrations

The portfolio is granular and well diversified across sectors. It is more concentrated in northern Italy, which is the centre of the country's economic activity. The largest obligor group represents 0.8% of the portfolio and the top ten obligors account for 5.2% of the pool's outstanding balance.

Figure 3: Regional distribution, % of remaining principal balance

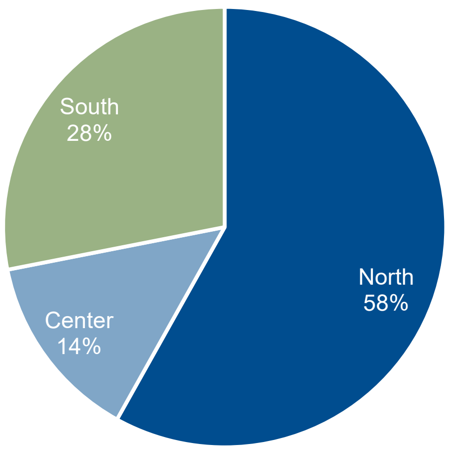
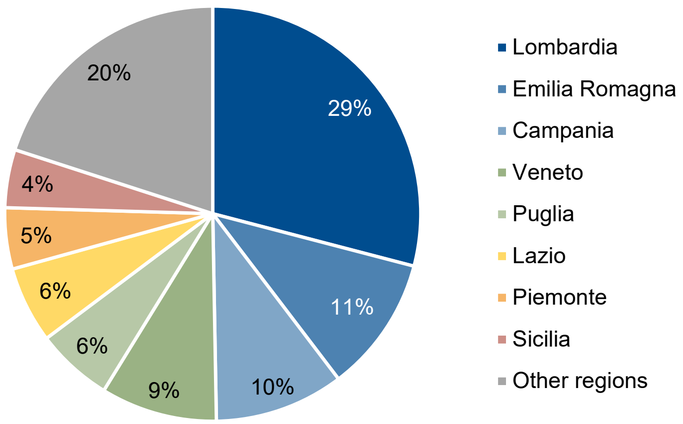


Figure 4: Regions by % of remaining principal balance



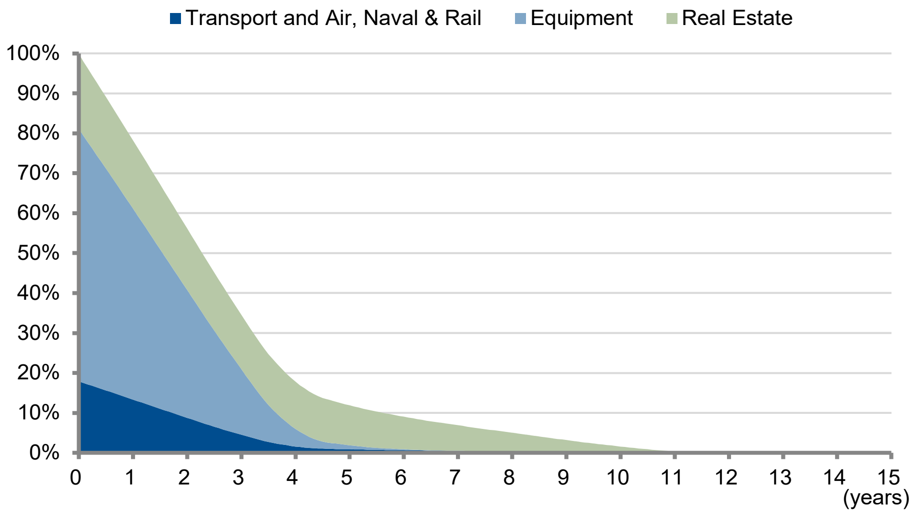
Source: Alba, Scope

[2] The air, naval & rail segment accounts for 2.27%% of the total pool.

2.2. Amortisation profile

The amortisation profile reflects the amortisation scheme for the three portfolio segments considered in our analysis (Figure 5).

Figure 5: Projected portfolio amortisation profile (0% prepayment, 0% defaults)



Source: Alba, Scope

2.3. Analytical portfolio assumptions

Figure 6: Portfolio assumptions

	Pool	Transport and air, naval & rail	Equipment	Real estate
Share of portfolio	100.0%	17.9%	63.3%	18.8%
Mean default rate	5.5%	4.0%	5.0%	8.5%
Coefficient of variation	73.9%	75.0%	64.0%	80.0%
Base case recovery rate[3]	31.2%	35.0%	35.0%	15.0%
CPR low	0.0%	0.0%	0.0%	0.0%
CPR high	5.0%	5.0%	5.0%	5.0%

2.3.1. Default rate analysis for portfolio

We calibrated our assumptions on mean default rates and coefficients of variation using 2010-2019 vintage data for each portfolio segment. This data reflects the performance of the lease book originated by Alba. We did not consider the later vintages provided by the originator, which reach until Q4 2022. We believe those were shaped largely by the moratorium in Italy, potentially underestimating default rates.

Alba vintages cover periods of a severe recession in Italy

We considered the 2010-2019 vintage data period to be sufficiently long to cover more than one full economic cycle, as it includes the severe recession which Italy suffered during 2012-2014. However, we adjusted the coefficients of variation upwards to capture post-moratorium economic uncertainties, which could reflect negatively on the portfolio's performance.

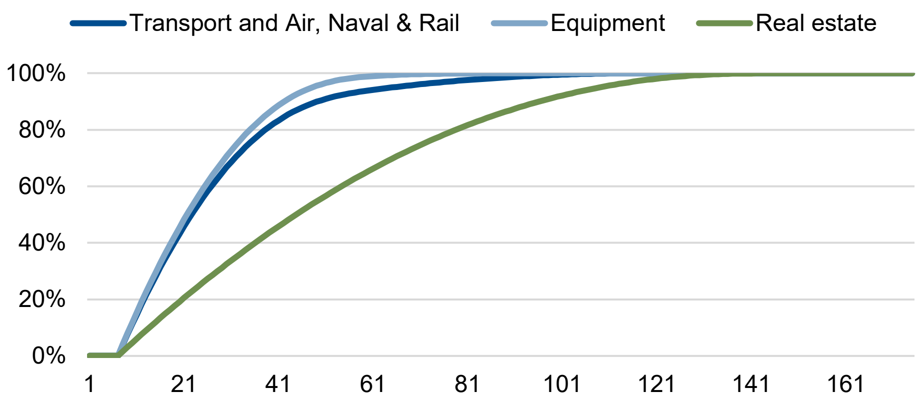
[3] The average recovery assumptions for the whole pool were calculated based on each sub-pool's: i) recovery rate assumption (base case or AAA recovery rate); ii) relative size; and iii) mean default rate.

Front-loaded default term structure

The most relevant data used for the analysis is shown in Appendix II - Vintage data.

Figure 7 shows the cumulative default-timing assumptions for the three portfolio segments. We assumed a front-loaded default timing, with leases starting to default after six months (based on transaction's default definition).

Figure 7: Cumulative default-timing assumptions for each portfolio segment



Source: Scope

2.3.2. Recovery rate

To derive the base case recovery rates from vintage data, we considered cumulative recoveries of up to 2.5 years after a default.

All recovery collections on defaulted assets must be passed on to the issuer. Recovery proceeds may result from either the sale or re-lease of repossessed assets, or voluntary payments from the borrowers.

If Alba, the originator and seller, becomes insolvent, the issuer's claims to sale/re-lease proceeds may no longer be effective and enforceable against Alba's insolvency receiver.

We considered this risk by considering only recoveries received from the lessees and guarantors in our assumptions.

We used fixed assumptions for the portfolio's recovery rates (derived from vintage data), which were then stressed with haircuts based on the target ratings of the rated notes (Figure 8).

Figure 8: Rating-conditional recovery rate assumptions

B	BB	BBB	A	AA	AAA
31.2%	28.7%	26.2%	23.7%	21.2%	18.7%

Source: Scope

The portfolio average recovery lag derived from the corresponding recovery vintage data was estimated to be around 21 months.

2.3.3 Constant prepayment rate (CPR)

Scope assessed scenarios with both 0% and 5% prepayment rates. Alba provided product-specific prepayment information showing an historical average CPR of only 0.97%.

3. Financial structure

3.1. Capital structure

The transaction features a fast-pay and a slow-pay senior tranche

The capital structure features two senior tranches (class A1 and class A2), one mezzanine tranche (class B) and one junior tranche. Under the pre-enforcement priority of payments, interest amounts on class A1 and class A2 rank pari passu and pro rata, while the principal amounts on the class A1 notes have priority over class A2 notes. Under the post-enforcement priority of payments also principal payments will be pari passu and pro rata. All the rated notes are supported by the available credit enhancement from subordination, the debt service reserve and available excess spread.

Proceeds from the notes will be used to finance the early redemption of the notes that were issued in the context of a warehouse phase and, with reference to class J, to fund the debt service reserve at closing.

The notes pay quarterly interest, referenced to three-month Euribor, plus a margin. The sum of three-month Euribor and the relevant margin is floored at zero.

3.2. Debt service reserve

The debt service reserve primarily provides liquidity support to the rated notes and it will be available to repay the notes at the final legal maturity. However, when the debt service reserve amortises, the amounts released will become available funds and will flow through the waterfall. The debt service reserve is funded with over-issuance of the class J notes.

The reserve amount on the issue date is EUR10.5m, or the equivalent of 1% of the initial balance of the rated notes. Thereafter, on each payment date, the reserve is replenished up to 1% of the principal outstanding on the rated notes. The reserve is floored at 0.5% of the initial principal outstanding on the rated notes.

Considering a stressed Euribor assumption, the reserve will cover around two months of senior fees and interest on the most senior notes. We considered an increasing Euribor rate with a starting point equal to the spot rate increasing up to 6.75%.

A liquidity shock upon a servicer disruption is mitigated by the appointment of a back-up servicer since closing that would take over servicing activities and swiftly notify debtors to redirect their payments into the issuer’s account. In addition, the floor of the debt service reserve ensures an increasing liquidity protection over time as the notes amortise.

3.3. Priority of payments

Combined priority of payments protects against payment interruption

The structure features a combined priority of payments, which protects against the interruption of interest payments, as principal collections from assets can be used to pay interest on the notes.

If cumulative portfolio defaults exceed 35% of the initial outstanding balance, the interest amounts due on the class B notes would be subordinated to the payment of principal, on the senior notes.

Figure 9: Simplified priority of payments and available funds

Pre-enforcement priority of payments
Available funds Collections from assets, proceeds from interest and treasury accounts, debt service reserve, and trapped excess spread
1) Taxes and expenses **2) Class A interest** 3) Prior to occurrence of Class B interest subordination event, **Class B interest** 4) **Replenish debt service reserve** to the required balance. **5) Principal for Class A1** **6) Principal for Class A2** 7) On or after occurrence of Class B interest subordination event, Class B interest **8) Principal for Class B** 9) Cash Trapping **10) Class J interest** **11) Principal for Class J**

Source: Transaction documents, Scope

Cash trapping mechanisms support all rated notes

In case of the cumulative gross default rate exceeds a certain threshold (see Figure 10), any remaining funds at item 9 of the simplified pre-enforcement waterfall above will be not be distributed. Those funds are part of the issuer's available funds at the next payment period to cover any payments due under items 1-8.

Figure 10: Payment dates and their respective total portfolio default trigger levels

Payment date	Total defaults (% of initial balance)
September 2023	3.25%
December 2023	3.25%
March 2024	3.75%
June 2024	4.50%
September 2024	5.00%
December 2024	6.00%
March 2025	6.50%
June 2025	6.50%
September 2025	7.50%
Thereafter	7.50%

Source: Transaction documents, Scope

3.4. Amortisation and provisioning

A lease receivable is classified as defaulted when at least one instalment is delinquent by over 180 days or when it has six monthly instalments that are delinquent. A delinquent instalment is defined as being more than 30 days in arrears. In addition, a lease receivable could also be declared as defaulted using qualitative criteria, e.g. as ‘sofferenza’ or unlikely to pay.

Triggers on mezzanine notes would accelerate senior notes amortisation

The strict sequential amortisation effectively protects senior noteholders in times of stress. The amortisation of classes A1 and A2 will be accelerated during stressed periods, due to the triggering of the class B interest subordination event and the cash-trapping mechanism.

The notes’ amortisation levels under the pre-enforcement priority of payments is set by a target amount which also includes the amounts allocated to the implied principal-deficiency ledger. This is because the defaulted loans are deducted from the asset-and-liability test, which defines targeted amortisation, allowing the use of excess spread to cover defaults.

We believe that the cash-trapping mechanism (item 9 in the simplified pre-enforcement waterfall above) provides only limited support in high-default scenarios, as excess cash will already have been used up by higher-ranking items in the priority of payments.

3.5. Matched interest rates

We believe that interest rate risk is limited due to the partial natural hedge provided by the floating rates of most assets and all liabilities. 92.1% of the assets is referenced to three-month Euribor, the same reference as for the notes. 0.6% is referenced to one-month Euribor, and the remaining 6.5% pay fixed interest.

3.6. Excess spread

The rated notes benefit from excess spread

Excess spread can be used to cure any under collateralisation arising from defaults; Scope estimates it stands at 0.32%. In addition, there is a cash trapping trigger (see Section 3.3). We decreased portfolio excess spread by around 50 bps to address the risk of spread compression due to prepayments and defaults of the highest yielding leases.

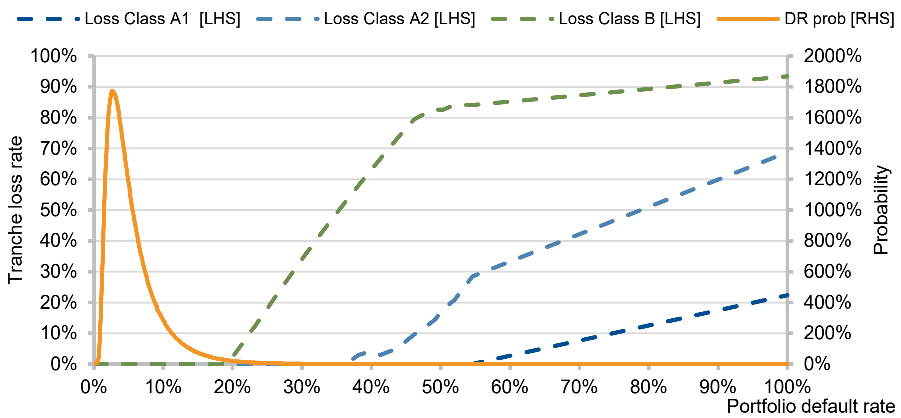
4. Quantitative analysis

Our cash flow analysis considered the portfolio's characteristics and the transaction's main structural features. We applied our large homogenous portfolio approximation approach when analysing the granular collateral pool and projecting cash flows over its amortisation period. The cash flow analysis considers an inverse Gaussian default distribution to calculate the expected loss and the expected weighted average life of each rated tranche.

We assumed a front-loaded default term structure

Figure 11 illustrates the losses of the rated notes at all portfolio default rates. The chart shows how credit enhancement, excess spread and recovery proceeds protect the rated classes in the event of default. The results in Figure 11 factor in an unconditional 1.0% reduction of the portfolio balance, which accounts for potential commingling (0.4% reduction) and claw-back (0.6% reduction) losses.

Figure 11: Cash flow analysis results for base case mean default rate, coefficient of variation and rating case recovery rate



Source: Scope

Note: The probabilities displayed on the right-hand axis must be considered in the context of the calculation of the probability density.

5. Rating stability

We tested the resilience of the rating against deviations of the main input parameters: the portfolio's mean default rate and the portfolio recovery rate. This analysis has the sole purpose of illustrating the sensitivity of the rating to input assumptions and is not indicative of expected or likely scenarios.

The following shows how the quantitative results changes when the portfolio's expected default rate is increased by 50% and the portfolio's expected recovery rate is reduced by 50%, respectively:

- Class A1: sensitivity to default rate, zero notches; sensitivity to recovery rate, zero notches;
- Class A2: sensitivity to default rate, minus two notches; sensitivity to recovery rate, zero notches;
- Class B: sensitivity to default rate, minus three notches; sensitivity to recovery rate, minus one notch.

6. Originator and seller

Alba benefits from its very experienced staff

We believe Alba's business is based on sound foundations, benefiting from experienced staff as well as a developed origination network via the bank channel.

Alba has operated in the Italian leasing market for twelve years with a clear focus on the equipment segment. During this period, Alba's market share has increased significantly, growing above market average (except for 2020, when, for the first time, Alba observed an annual decrease of the production of 26.7%). As of 2021, Alba has the fourth-largest lease portfolio in Italy and ranks third in terms of new production. In 2022 Alba registered an observed annual increase of the production of 8.2%, above the market average, presenting a market share of around 7.3%.

Alba's main competitive advantages are its granular sales network, with around 5,000 points of sale (including the branches of the shareholder and partner banks), and its position as a universal leasing company, which allows it to originate leases for assets of any brand as well as in other segments (cross-selling). Alba mainly grants leases via bank distribution channels, either through its shareholder banks (62.2% in 2022) or partner banks (11.4% in 2022). It also cooperates with vendors and manufacturers (26.4% in 2022) to provide the financing service to sell a vehicle or equipment.

Alba's credit policy is conservative, and its margins are in line with those of the Italian market. The gross non-performing loan rate for Alba's new production was approximately 1.6% in 2022. Its overall gross non-performing loan rate was approximately 3% in 2022, consistently below the Italian average for leasing companies (3.7%).

6.1. Sanctioning and underwriting

The origination process is defined by shareholder banks and partner banks interconnection with Alba.

Shareholder banks benefit from a single bank portfolio as well as stronger commercial and marketing relationships. There is a dedicated account manager for each shareholder banking group and a regional client manager for each region. The partner banks' origination model provides a single structure under which all partner banks are managed, with responsibilities assigned based on region. Partner banks have non-dedicated account managers and client managers supervising all banks within a respective area.

Alba focusses to control concentration risk

The leasing portfolio's credit quality hinges on Alba's ability to control concentration risk throughout the origination process. Alba avoids large individual concentrations by favouring small and medium-sized contracts, i.e. average ticket of around EUR 100,000.

Shareholder and partner banks have some autonomy in the underwriting process. Underwriting requires dual sign-off from the network and account manager. All applications above this threshold are directly approved by Alba.

Alba's credit process uses internal and external information. Internal ratings are assigned to obligors, and these ratings are continuously monitored. Processes, credit limits and product features also vary depending on the origination channel.

Presto Leasing includes 10%-70% guarantee in favour of Alba

Shareholder banks offer the 'Presto Leasing' product, which includes a partial guarantee in favour of Alba. If the lessee fails to pay and the contract is terminated, the relevant bank must indemnify Alba for a portion of the final loss payable following the recovery process. The amount of the guarantee can range from 10%-70% of the final loss, according to the rating level of the borrower. The credit risk assessment and approval phases are run by the shareholder banks, with final approval subject to both Alba and evaluations by its credit experts.

The 'Specialist Loan' product is used by partner banks and includes insurance and Alba's full in-house credit evaluation. Alba's scoring system Sprint is used for leases worth up to EUR 150,000. Lease applications rejected by the scoring system are always declined and rarely re-opened, mainly due to technical issues in the application process. The process for larger lease applications is more in-depth and manual. If exposure exceeds EUR 150,000, Alba not only reviews the individual client, but also its group, including affiliated companies and holdings.

6.2. Servicing and recovery

Alba's servicing and management of non-performing leases is adequate in our view, involving a reasonably proactive and diligent approach. Actions are initiated shortly after a payment is missed through contact with the obligor. The contract is terminated if the lease has not cured before the 90-105 dpd (days past due) threshold is passed.

Alba's processes are highly automated

Alba's servicing activities are highly automated. Collections are performed via direct debits on the lessees' accounts, and a daily report with a list of delinquent borrowers is produced.

When a lease becomes delinquent, the obligor is first contacted via mail and phone to assess the case. A reminder is sent at around 30 dpd, then external collectors are engaged for a period of 30 days (extensible by another 15 days). Once a contract is 60 dpd, it is transferred to a client manager who assesses the risks and decides on the appropriate action. After 90 dpd, a pre-termination letter is sent. The contract is terminated within the following 15 days unless the obligor presents a reasonable recovery solution. For larger contracts, recovery may also be enforced legally.

The termination of the contract initiates the recovery process, including the repossession of assets. Alba's process concentrates on the obligor and the asset and makes use of internal and external collectors.

7. Counterparty risk

The counterparty risk of the transaction supports the highest ratings. We do not consider any of the counterparty exposures to be excessive, i.e. if counterparty risk crystallises, a downgrade is still limited to a maximum of six notches.

7.1. Operational risk from servicer

Operational risk from the servicer, Alba, is well mitigated in the transaction. In case of a servicer termination event, Banca Finanziaria Internazionale S.p.A., the back-up servicer in this transaction, will step in.

7.2. Commingling risk from servicer

All debtors pay by direct debit

All debtors pay by direct debit into a dedicated servicer account held at Intesa Sanpaolo. Collections are transferred daily into the issuer collection account held at BNP Paribas, Italian Branch. Other amounts, such as past due payments or residual value instalments, are swept monthly, or when they exceed EUR 300,000.

Within 15 business days of a servicer termination event, the back-up servicer will instruct all borrowers will be instructed to redirect their payments into the issuer's account. We incorporated commingling risk into our analysis by assuming a loss equivalent of one month of collections weighted by the likelihood of the servicer's default.

7.3. Commingling risk from account bank

Daily sweep of the collections from the servicer to the issuer's account

The issuer has a treasury account held at BNP Paribas, Italian Branch, which holds collections from the assets as well as the debt service reserve. The servicer transfers the portfolio collections by the next business day. Account bank risk is mitigated by the BNP Paribas' financial strength and replacement trigger.

7.4. Set-off risk from originator

Set-off risk is not material

Set-off risk from the originator is not material. Alba is not a deposit-taking financial institution and lessees generally do not have claims against the lessor which they could set off.

8. Legal structure

8.1. Legal framework

This securitisation is governed by Italian law and constitutes a true sale of assets to a bankruptcy-remote vehicle without legal personality, represented by its directors. The special purpose vehicle is essentially governed by the terms in the documentation.

8.2. Claw-back

The originator has provided: i) a 'good standing' certificate from the Chamber of Commerce and ii) a solvency certificate signed by a representative duly authorised confirming that the originator is not subject to any insolvency or similar proceedings.

This mitigates claw-back risk, as the issuer can prove it was unaware of the issuer's insolvency as of the transfer date.

Assignments of receivables made under the Italian Securitisation Law are subject to claw-back in the following events:

i) pursuant to article 67, paragraph 1, of the Italian Bankruptcy Law, if the bankruptcy declaration of the relevant originator is made within six months from the purchase of the relevant portfolio of receivables, provided the receivables' sale price exceeds their value by more than 25% and the issuer cannot demonstrate it was unaware of the originator's insolvency, or

Claw-back risk related to repurchased leases

ii) pursuant to article 67, paragraph 2, of the Italian Bankruptcy Law, if the adjudication of bankruptcy of the relevant originator is made within three months from the purchase of the relevant portfolio of receivables, provided the receivables' sale price does not exceed their value by more than 25% and the originator's insolvency receiver can demonstrate that the issuer was aware of the originator's insolvency.

Claw-back risk related to repurchased lease receivables is limited to a maximum amount of 2% of the portfolio on a quarterly basis, and 17% of the portfolio on a cumulative basis. As a mitigant, for payments exceeding EUR 500,000, the originator must prove its solvency by presenting solvency certificates. We considered claw-back risk in our analysis by applying a 0.6% reduction to the portfolio balance.

8.3. Restructurings

The restructuring of lease receivables is limited

The documentation allows the servicer to renegotiate some of the terms of the lease contracts in the portfolio. The servicer may reduce the interest payable on the leases as well as reschedule the lease repayment plans for up to 5% of the total portfolio.

If the servicer reduces the interest rate payable on the leases, the servicer must indemnify the issuer for the resulting loss.

The servicer may extend the lease repayment plans provided the last instalment payment date falls at the latest two years prior to the transactions' legal maturity date.

However, the servicer can exceed the 5% limit in case of renegotiations required by the applicable law, regulations, or agreements with trade associations.

8.4. Use of legal opinion

We reviewed a draft of the legal opinion produced for the issuer. The legal opinion provides comfort on the issuer's legal structure and supports our general legal analytical assumptions.

9. Monitoring

We will monitor this transaction based on the performance reports from the servicer as well as other available information. The ratings will be monitored on an ongoing basis and reviewed at least once a year, or earlier if warranted by events.

Scope analysts are available to discuss all the details on the performed rating analysis, the risks to which this transaction is exposed and the ongoing monitoring of the transaction.

10. Applied methodology and data adequacy

For the analysis of this transaction we applied Scope's SME ABS Rating Methodology, General Structured Finance Rating Methodology and the Methodology for Counterparty Risk in Structured Finance, all available on our website www.scoperatings.com.

I. Deal comparison

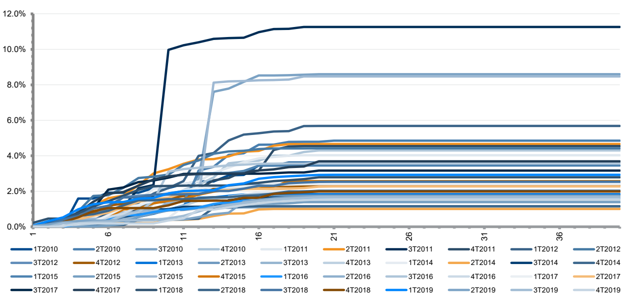
Transaction	Alba 13 SPV	Alba 12 SPV	Alba 11 SPV	Alba 10 SPV	Alba 9 SPV
Country	Italy	Italy	Italy	Italy	Italy
Closing date (dd/mm/yyyy)	27/06/2023	16/11/2021	25/06/2020	29/11/2018	30/10/2017
Originator	Alba Leasing SpA	Alba Leasing SpA	Alba Leasing SpA	Alba Leasing SpA	Alba Leasing SpA
Servicer	Alba Leasing SpA	Alba Leasing SpA	Alba Leasing SpA	Alba Leasing SpA	Alba Leasing SpA
Back-up servicer	Banca Finanziaria Internazionale S.p.A.	Banca Finanziaria Internazionale S.p.A.	Securitisation Services SpA	Securitisation Services SpA	Securitisation Services SpA
Back-up servicer facilitator	-	-	-	-	-
Portfolio characteristics					
Number of contracts	12,899	12,568	14,680	11,518	16,075
Number of lesses	9,138	8,935	9,830	7,852	10,736
Original portfolio balance (EUR)	1,644,169,459.36	1,498,580,091.16	1,615,711,439.73	1,123,767,789	1,407,414,919
Outstanding portfolio balance (EUR)	1,239,157,420.75	1,103,991,732.45	1,247,827,248.10	950,696,913	1,113,066,279
Average original contract balance (EUR)	127,465	119,238	110,062	97,566	87,553
Average outstanding contract balance (EUR)	96,066	87,841	85,002	82,540	69,242
Lenth of contracts					
WA original term (years)	6.99	7.70	7.00	6.50	6.64
WA seasoning (years)	1.61	1.8	1.3	0.66	0.97
WA remaining term (years)	5.38	5.9	5.7	5.84	5.67
Segment type					
Transport (%)	15.7	20.8	20.2	21.89	25.84
Equipment (%)	63.3	49.7	56.6	57.37	54.50
Real Estate (%)	18.8	28.0	22.3	19.20	18.20
Air, Naval & Rail (%)	2.3	1.6	1.0	1.54	1.46
Portfolio yield					
Fixed portfolio (%)	6.49	6.2	5.3	5.3	2.9
WA fixed interest (%)	3.20	2.17	2.26	2.12	2.32
Floating portfolio (%)	93.51	93.8	94.7	94.7	97.1
WA floating margin (%)	2.56	2.6	2.6	2.48	2.73
Type of lessee					
Large corporate (%)	10.4	11.3	14.9	11.8	10.0
Corporate/SME (%)	83.10	80.9	77.3	79.2	73.3
Individual (%)	6.5	7.8	7.8	9.0	16.7
Lessee concentration					
Top 1 (%)	0.80	0.71	0.58	0.86	0.78
Top 10 (%)	5.16	5.23	4.64	6.04	5.24
Lessee regional concentration					
North (%)	58.08	63.0	63.1	64.0	62.6
Centre (%)	13.81	13.1	15.3	16.1	15.9
South (%)	28.10	23.9	21.6	19.9	21.5
Top region	Lombardy - 29.1%	Lombardy - 30.9%	Lombardy - 30.6%	Lombardy - 30.3%	Lombardy - 29.4%
Assumptions summary					
Default definition	6 months	6 months	6 months	6 months	6 months
Mean default	5.5%	5.3%	5.7%	6.0%	5.6%
CoV	73.9%	71.7%	77.8%	70.4%	71.3%
Base case recovery rate	31.2%	29.4%	22.8%	17.2%	17.1%
AAA scenario recovery rate	18.7%	17.9%	13.7%	10.3%	10.3%
Recovery timing (months)	21	21	21	21	21
Prepayment rate	5.0%	5.0%	5.0%	5.0%	5.0%
Structural features					
Tranching					
Class A1	AAA	AAA	AAA	AAA	AAA
CE Class A1	58.2%	57.0%	60.0%	57.0%	57.0%
Class A2	AAA	AA	AA	AAA	AAA
CE Class A2	37.1%	36.6%	36.0%	36.0%	36.0%
Class B	BBB+	BBB+	A	A+	A+
CE Class B	15.7%	15.0%	24.5%	22.3%	22.9%
Class C			BB+	BBB-	BBB-
CE Class C			14.0%	14.4%	13.9%
Class J	NR	NR	NR	NR	NR
CE Class J		0%	0%	0%	0%
Cash reserve (% of rated notes)	1.00%	1.00%	1.16%	1.0%	1.0%
Revolving period (years)	0	0	0	0	0
Commingling risk (yes/no)	Yes	Yes	Yes	Yes	Yes
Commingling risk mitigants	Daily sweeps	Daily sweeps	Daily sweeps	Daily sweeps	Daily sweeps
Set-off risk (yes/no)	No	No	No	No	No
Type of swap	N/A	N/A	N/A	N/A	N/A
Swap co. rating trigger	N/A	N/A	N/A	N/A	N/A

II. Vintage data

We used this information in our analysis to calibrate mean default rates, coefficients of variation and base case recovery rates.

Figure 12: Transport and air, naval & rail – default and recovery data

Defaults



Recoveries

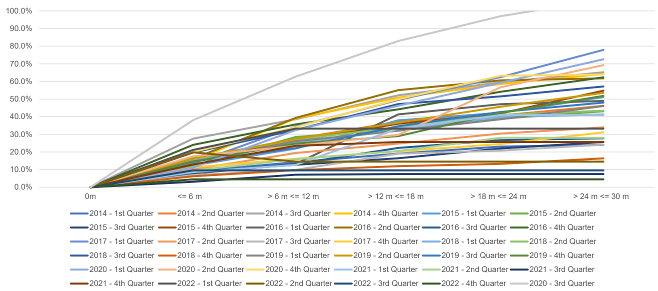
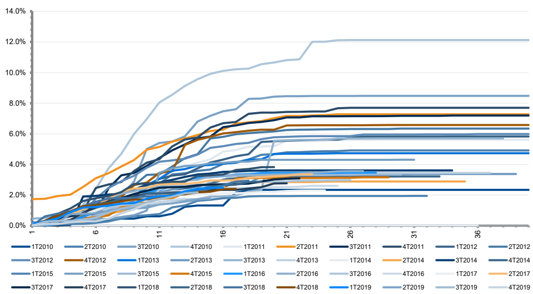


Figure 13: Equipment – default and recovery data

Defaults



Recoveries

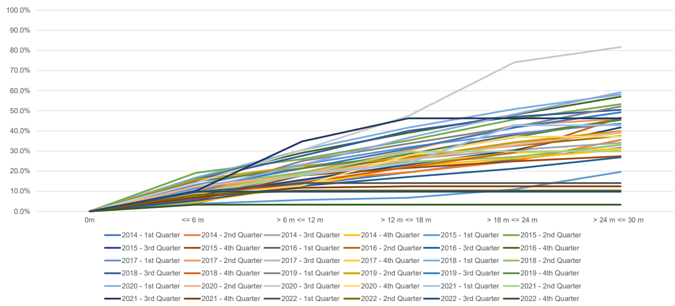
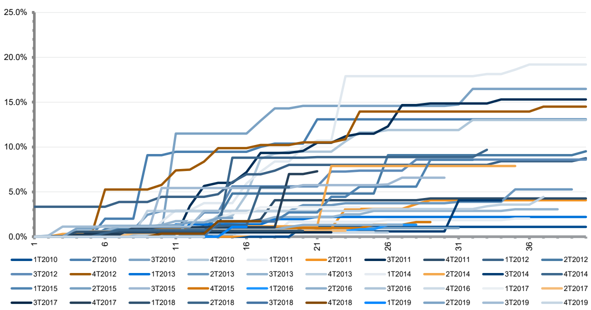
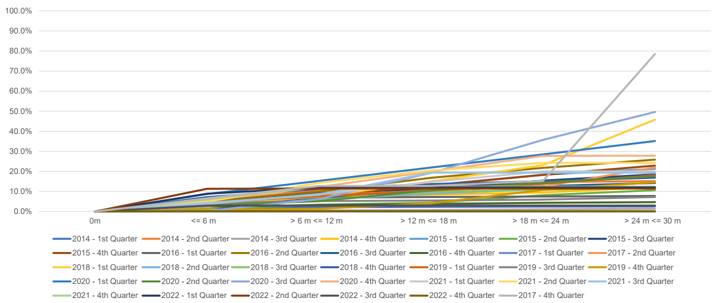


Figure 14: Real Estate – default and recovery data

Defaults



Recoveries



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