

Alba 12 SPV S.r.l.

Italian Lease ABS



Scope
Ratings

Ratings

Class	Rating	Notional (EUR m)	% of the notes	CE (% assets)	Coupon	Final maturity
Class A1	AAA _{SF}	474.7	42.6%	57.0%	3mE + 0.7%	October 2041
Class A2	AAA _{SF}	225.2	20.2%	36.6%	3mE + 0.8%	October 2041
Class B	BBB+ _{SF}	238.4	21.4%	15.0%	3mE + 1.1%	October 2041
Class J ¹	NR	175.1	15.7%		3mE + 2%	October 2041

Our quantitative analysis is based on the portfolio dated 25 September 2021, provided by the arranger.

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 12 SPV S.r.l.
Originator/servicer	Alba Leasing S.p.A.
Account bank	BNP Paribas Securities Services, Milan Branch
Asset class	Lease receivables
Assets	EUR 1,104m
Issue date	16 November 2021
Legal final maturity	27 October 2041
Payment frequency	Quarterly
Payment dates	27 January, April, July and October

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 (80.9%), and smaller amounts to larger corporate borrowers (11.3%) and individual entrepreneurs (7.8%)² used to finance transportation assets (20.7%), equipment (49.7%), real estate properties (28.0%) and air, naval & rail assets (1.6%). 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 abilities 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 57.0% and 36.6% of credit enhancement from subordination (excluding the class J portion funding the cash reserve). Class B notes benefit from 15.0% of credit

¹ Class J funds a portion of the portfolio (EUR 165.7m) as of the closing date, but also the debt service reserve amount (EUR 9.4m), which is included in this figure.

² Lessee classification based on the loan data tape provided by the originator and Scope's own calculations

Analytical Team

Martin Hartmann
+49 30 27891 304
m.hartmann@scoperatings.com

Leonardo Scavo
+39 02 9475 9859
l.scavo@scoperatings.com

Elom Kwamin
+49 30 27891-328
e.kwamin@scoperatings.com

Team Leader

David Bergman
+39 02 3031 5838
d.bergman@scoperatings.com

Related Methodologies

SME ABS Rating Methodology,
May 2012

General Structured Finance
Rating Methodology,
December 2020

Methodology for Counterparty
Risk in Structured Finance,
July 2021

Scope Ratings GmbH

Lennéstraße 5
10785 Berlin
Tel. +49 30 27891 0
Fax +49 30 27891 100
info@scoperatings.com
www.scoperatings.com

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enhancement (excluding the class J portion funding the cash reserve). Furthermore, a debt service reserve provides liquidity support to all rated notes.

The ratings also reflect the subordination of class B interest payments to class A principal if cumulative portfolio defaults exceed 35.0%. All rated notes benefit from a mechanism linked to cumulative portfolio defaults, which traps excess spread to ensure sufficient collateralisation.

The ratings address exposures to the key transaction counterparties. In order 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 to amortise immediately after closing, reducing the risk of performance volatility compared to revolving transactions.

Back-up servicer. The transaction benefits from back-up servicer Banca Finanziaria Internazionale S.p.A., which can take over within 30 business days if needed. 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 short remaining weighted average life of 3years as off the cut-off date assuming 0% CPR and 0% defaults.

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

Upside rating-change drivers

Significantly better performance than expected, e.g. significantly lower defaults or significantly higher recoveries than expected fuelled by strong macroeconomic conditions, could lead to an upgrade of the notes.

Negative rating drivers and mitigants

Unsecured recoveries. We have relied on unsecured recoveries from obligors and guarantors because there is no guarantee that Alba's bankruptcy estate will include asset sale proceeds from defaulted lessees.

Liquidity reserve. The debt service reserve provides limited liquidity to support Class A coupon payments. Under the stressed assumptions of 1% servicer costs and a three-month Euribor at 2.5%, the reserve will only cover around three months of interest for Class A notes. However, Scope does not anticipate a rapid rise in interest rates over the expected life of Class A. The combined waterfall gives additional support to interest payments on the notes and senior costs because principal collections can be used to pay such items in the waterfall.

Claw-back risk. Claw-back risk related to repurchased receivables is high compared to peer transaction rated by Scope as the originator is entitled to buy back up to 17% of the portfolio on cumulative basis and 2% on quarterly basis. 9% out of the total 17% can only be related to the repurchase of leases subject to renegotiation pursuant to law.

Downside rating-change drivers

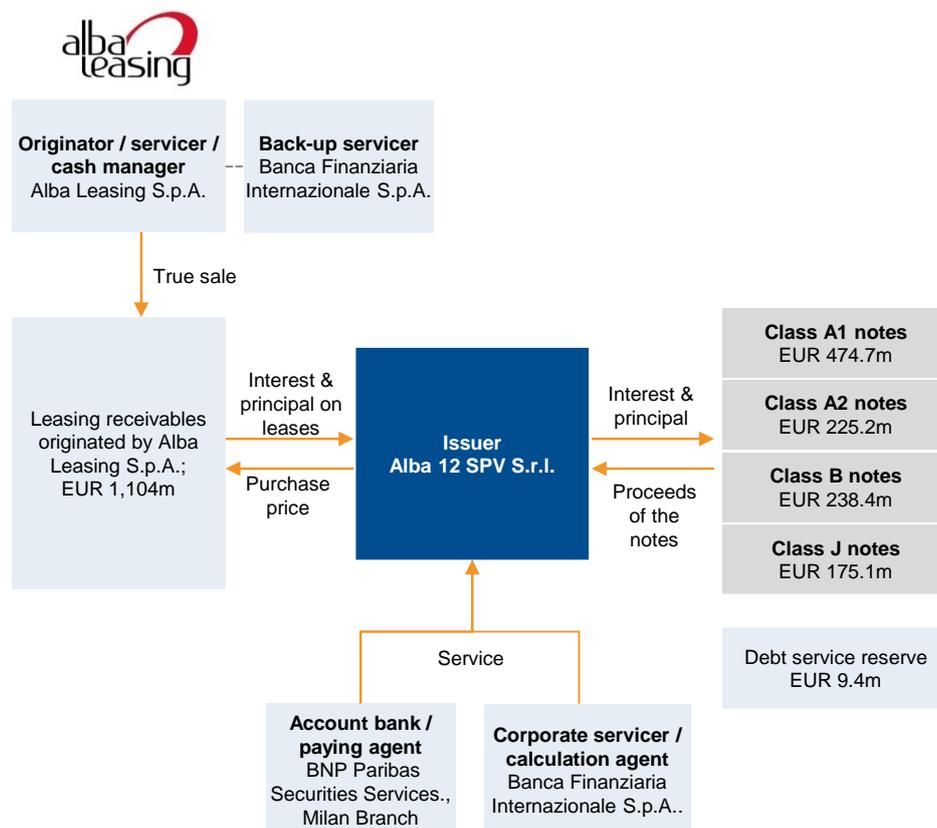
Italian macroeconomic uncertainty in relation to the global slowdown. Covid-19 impacts may weigh negatively on collateral pool performance, as an economic downturn may affect the capacity of lessees to fulfil their payment obligations and could push default rates significantly higher than expected.

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1. Transaction summary

Figure 1: Transaction diagram



Source: Transaction documents and Scope

Alba 12 SPV S.r.l. is Alba's twelfth securitisation backed by performing leasing receivables. The transaction is backed by a EUR 1,104m portfolio of fully amortising lease receivables with no residual value risk. The lease receivables were granted to Italian borrowers (mainly 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 25 September 2021 has a weighted average seasoning of 1.8 years, a weighted average remaining term to maturity of 5.9 years, and a weighted average remaining life of 3.0 years. The lease receivables were originated between 2010 and 2020; 85.0% of these from 2020 onwards. Eligibility criteria stipulate that all lease receivables transferred to the portfolio have at least one regularly paid instalment (canone anticipato).

The assets' residual value is not securitised

Most leases in the portfolio are paid monthly (97.2%) at a floating rate (93.8%). Around 91.7% of the pool pays a floating interest rate referenced to three-month Euribor; 6.2% pay a fixed rate; 2.1% pay a floating rate referenced to one-month Euribor.

There is no residual value risk since the residual value is not securitised. On the other hand, the special purpose vehicle benefits from interest paid on the residual value, which increases excess spread over time. The standard amortisation scheme is French.

The leases were mainly granted to Italian SMEs (80.9%), with smaller amounts to larger corporate borrowers (11.3%) and individual entrepreneurs (7.8%).

The asset analysis was performed over 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 very small size.

Figure 2: Portfolio segments split by asset type

Segment	Description	Share
Transport and Air, Naval & Rail³	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	22.3%
Equipment	Instrumental assets (e.g. machinery, equipment and/or plants)	49.7%
Real estate	Instrumental commercial real estate properties (including industrial facilities, shops, warehouses, supermarkets and artisan workshops)	28.0%

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 only 0.71% of the portfolio and the top 10 obligors account for 5.23% of the pool's outstanding balance.

Figure 3: Regional distribution, % of remaining principal balance

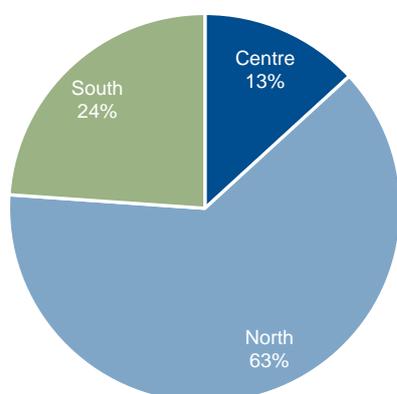
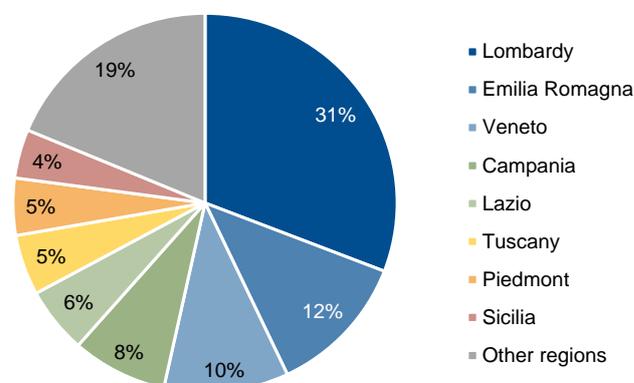


Figure 4: Regions by % of remaining principal balance



Source: Alba, Scope

³ The Air, Naval & Rail segment accounts for 1.6% of the total pool.

The rated notes benefit from excess spread

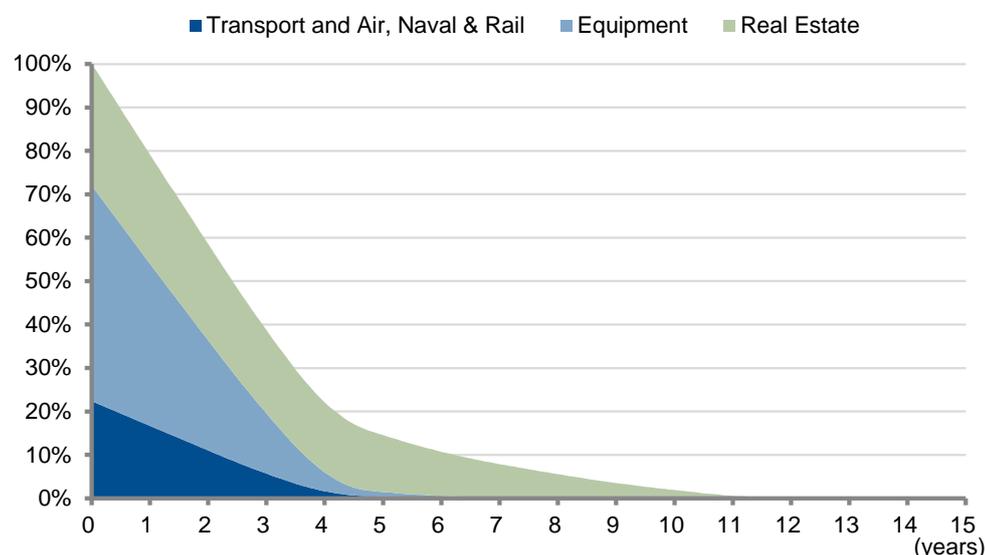
2.1.2 Excess spread

The rated notes benefit from the transaction's excess spread which can be used to cure undercollateralisation arising from periodic defaults. In addition, excess spread will be trapped under certain trigger conditions (see Figure 8). We incorporated margin and interest rate stresses in our modelling process to address: i) lower excess spread via prepayments, amortisation and defaults; ii) flexibility available to the servicer to modify the lease; and iii) interest rate mismatches between assets and liabilities.

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%	22.3%	49.7%	28.0%
Mean default rate	5.3%	4.0%	5.0%	7.0%
Coefficient of variation	71.7%	75.0%	64.0%	80.0%
Base case recovery rate⁴	29.4%	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

⁴ 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.

Alba vintages cover periods of severe recession in Italy

We assumed a front-loaded default term structure

We consider only unsecured recoveries

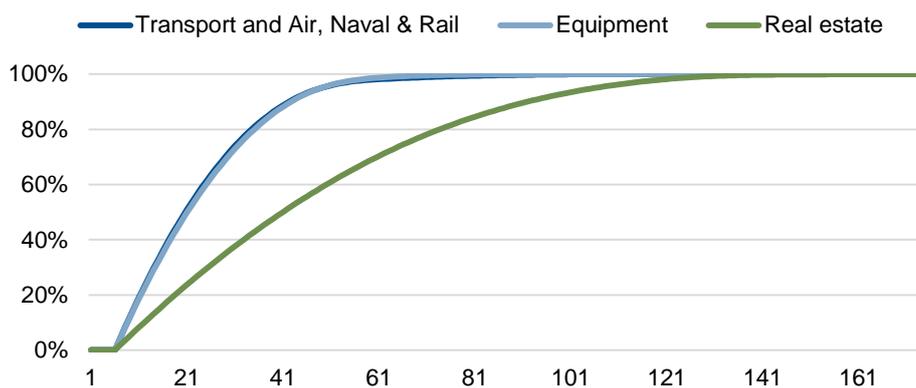
the lease book originated by Alba. We did not consider the later vintages provided by the originator which reach until Q2 2021. We believe those were shaped largely by the moratorium in Italy, potentially underestimating default rates.

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 recessions 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..

We adjusted the vintage data in order to reflect the adjusted composition of the pool by grouping together the vintage data available for the Transport segment with the data available for the Air, Naval & Rail segment. 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. In our analysis, we assumed a front-loaded default term structure, with leases starting to default after 6 months.

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



Source: Scope

2.3.2. Recovery rate

When deriving the base case recovery rates from vintage data, we considered accumulated 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. If Alba becomes bankrupt, recovery proceeds from the sale or re-lease of repossessed assets may be trapped in Alba's bankruptcy estate. We considered this risk by including only unsecured recoveries from the lessees and guarantors in our assumptions.

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

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
29.4%	27.4%	24.7%	22.3%	20.0%	17.6%

Source: Scope

2.3.3 Constant prepayment rate (CPR)

Scope tested the rated notes with both 0% and 5% prepayment rates. Alba provided product-specific prepayment information showing an historical average CPR of only 0.9%.

3. Financial structure

3.1. Capital structure

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 were used to purchase the portfolio of receivables. Class J funds a portion of the assets, as well as 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 (DSR) primarily provides liquidity support to the rated notes and only works as a credit enhancement at the final legal maturity. However, when the debt service reserve amortises, the amounts released will also constitute credit enhancement as these will flow through the waterfall. The DSR is funded with over-issuance of the class J notes.

The reserve amount on the issue date is EUR 9.4m, or the equivalent of 1% of the initial balance of the rated notes. Thereafter, on other payment dates, the amount is replenished by up to 1% of the principal outstanding on the rated notes, or, if higher, 0.5% of the initial principal outstanding on the rated notes.

The debt service reserve can pay the 1% stressed senior note fees and interest for up to a seven-month period at a three-month Euribor rate of zero or below. The debt service reserve can pay 1% of stressed senior note fees and interest on the class A notes for up to a three-month period at a stressed three-month Euribor of 2.5%.

We consider the debt service reserve to be relatively low with regard to possible payment interruptions due to a servicer termination event but take comfort from the current low interest rate environment and the short weighted average life of the two most senior classes.

3.3. Priority of payments

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 exceeds 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.

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

Combined priority of payments protects against payment interruption

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 DSR 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

For each payment date, a level of cumulative portfolio gross defaults has been defined (Figure 10), which, when exceeded, traps the remaining funds at item 9 in the simplified pre-enforcement waterfall above. Those funds are then made available in the next payment period to cover any shortfall in items 1-8.

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

Payment date	Total defaults (% of initial balance)
January 2022	3.25%
April 2022	3.25%
July 2022	3.75%
October 2022	4.50%
January 2023	5.00%
April 2023	6.00%
July 2023	6.50%
October 2023	6.50%
January 2024	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 more 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 during pre-enforcement 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 continuous 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. 91.7% of the assets are referenced to three-month Euribor, the same reference as for the notes. 2.1% are referenced to one-month Euribor, and the remaining 6.2% pay fixed interest.

The main sources of mismatch are i) a change in the fixed rate paid by the leases and ii) reset timing for floating-rate leases indexed to three-month Euribor. We considered these mismatches in our modelling of cash flow by reducing the interest generated from the pool by around 81 bps over the life of the transaction.

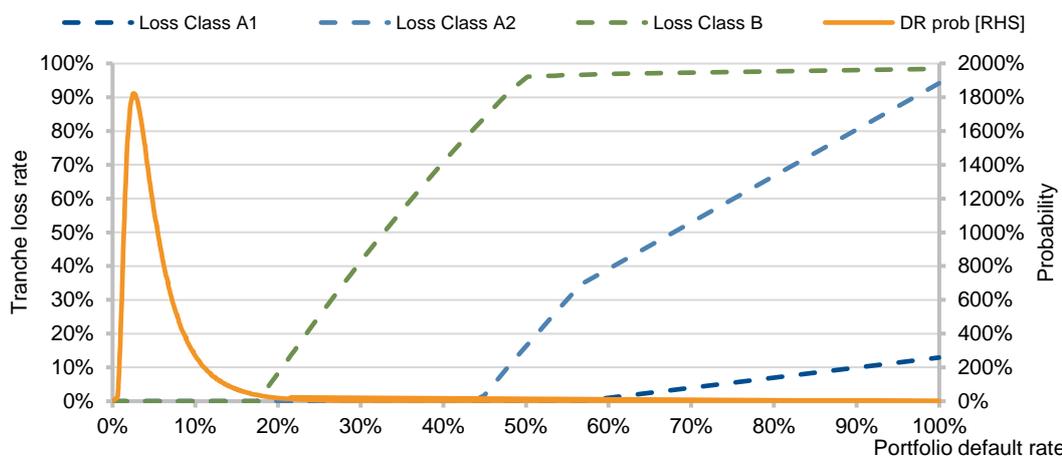
4. Quantitative analysis

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



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

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 two notches; sensitivity to recovery rate, zero notches.

6. Originator and seller

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 eleven years with a clear focus on the equipment segment. During this period, Alba's market share has increased significantly, growing above market average. In 2020, for the first time, Alba observed an annual decrease of the production of 26.7%. It was also the first year where Alba performed worse than the market in terms of growth, which decreased by 18.8%. As of end-2020, Alba has the fourth-largest lease portfolio in Italy and ranks third in terms of new production, with a market share of around 6.7%.

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 (65.1% in 2020) or partner banks (11.4% in 2020). It also cooperates with vendors and manufacturers (23.5% in 2020) to provide the financing service to sell a vehicle or equipment.

Alba benefits from its very experienced staff

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 1.5% in 2020. Its overall net non-performing loan rate was approximately 9% in 2020, consistently below the Italian average for leasing companies (16.6%).

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.

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.

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 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

Alba focusses to control concentration risk

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

Alba's processes are highly automated

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 the unlikely event 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 into a dedicated servicer account held at Intesa Sanpaolo. Collections are transferred daily into the issuer collection account held at BNP Paribas Securities Services, Milan Branch Other amounts are swept monthly, or if they exceed EUR 300,000, e.g. late payments or residual instalments.

Within 15 business days of a servicer termination event, all borrowers will be instructed – either by the originator or the back-up servicer – to redirect their payments directly to the account of the issuer. In order to treat a potential exposure for commingling risk, we analysed the loss of the equivalent of one month's collections, weighted by the likelihood of the servicer's default.

7.3. Commingling risk from account bank

The issuer has a treasury account held by BNP Paribas Securities Services, Milan 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. The transaction is exposed to BNP Paribas Securities Services, Milan Branch as the account bank, but we take comfort from the bank's public ratings and replacement trigger. Potential negative carry introduced by this account is covered by excess spread and credit enhancement.

7.4. Set-off risk from originator

We do not believe that set-off risk from the originator is material for this transaction. 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 represents the true sale of the assets to a bankruptcy-remote vehicle, which 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.

All debtors pay by direct debit

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

Set-off risk is not material

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

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.

Relative high claw-back risk related to repurchased leases

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, any repurchases will be paid in cash, as an indication of the company's solvency, and for payments exceeding EUR 500,000, the originator must prove its solvency by presenting solvency certificates. In order to treat a potential exposure for claw-back risk, we unconditional applied a 0.6% reduction on the portfolio balance.

The restructuring of lease receivables is limited

8.3. Restructurings

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 plan 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 plan provided the last instalment payment date falls at the latest two years prior to the deal maturity date.

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

8.4. Use of legal opinion

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

9. Monitoring

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

Scope analysts are available to discuss all the details surrounding the 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.



Alba 12 SPV S.r.l.

Lease ABS

I. Deal comparison

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

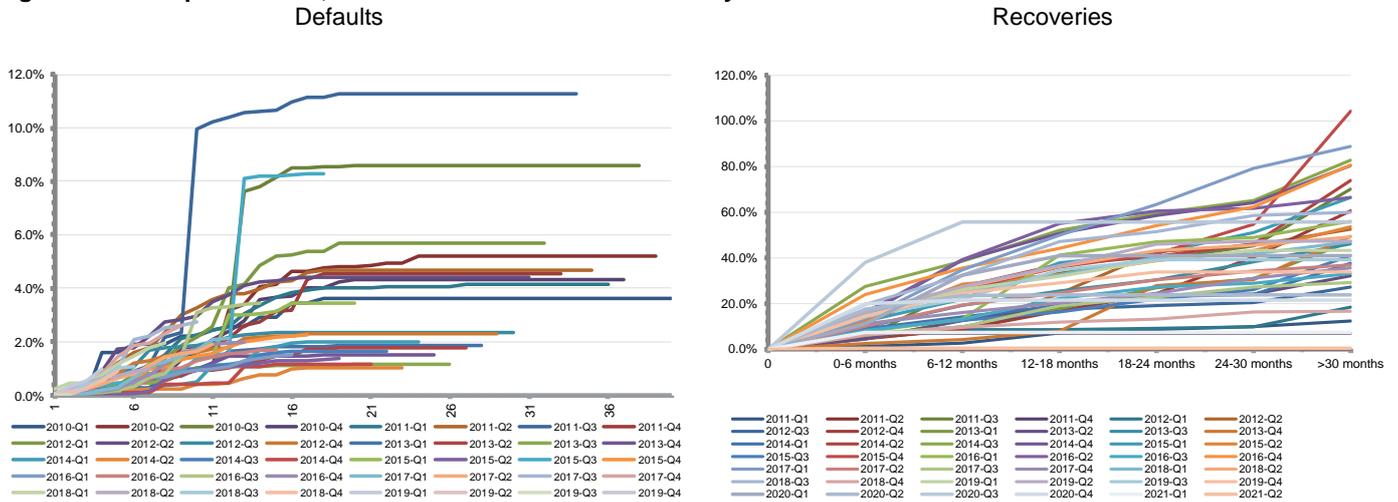


Figure 13: Equipment – default and recovery data

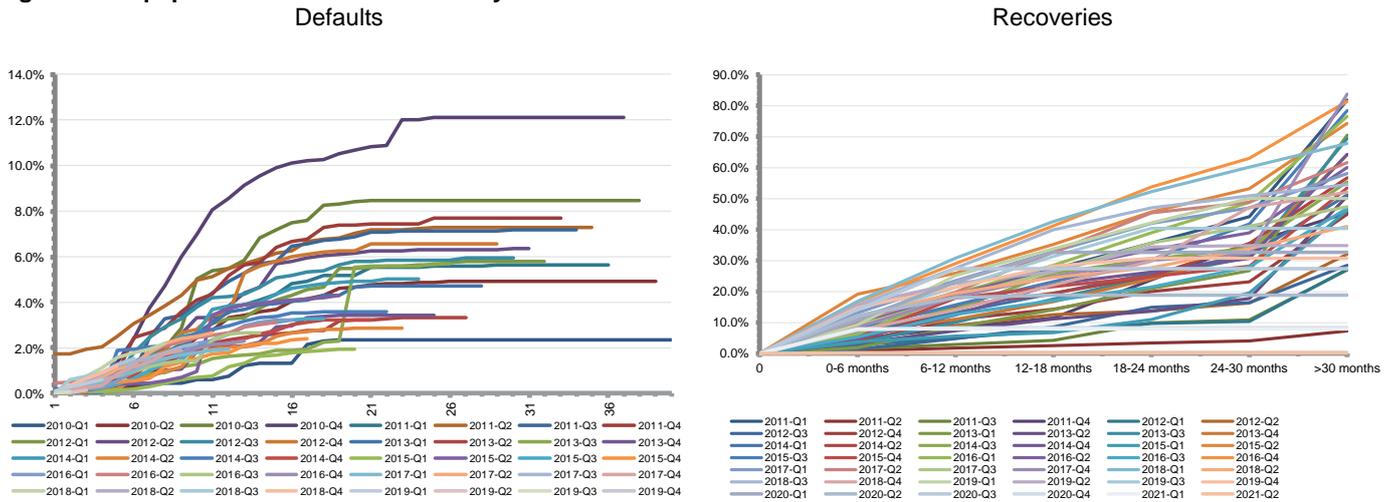
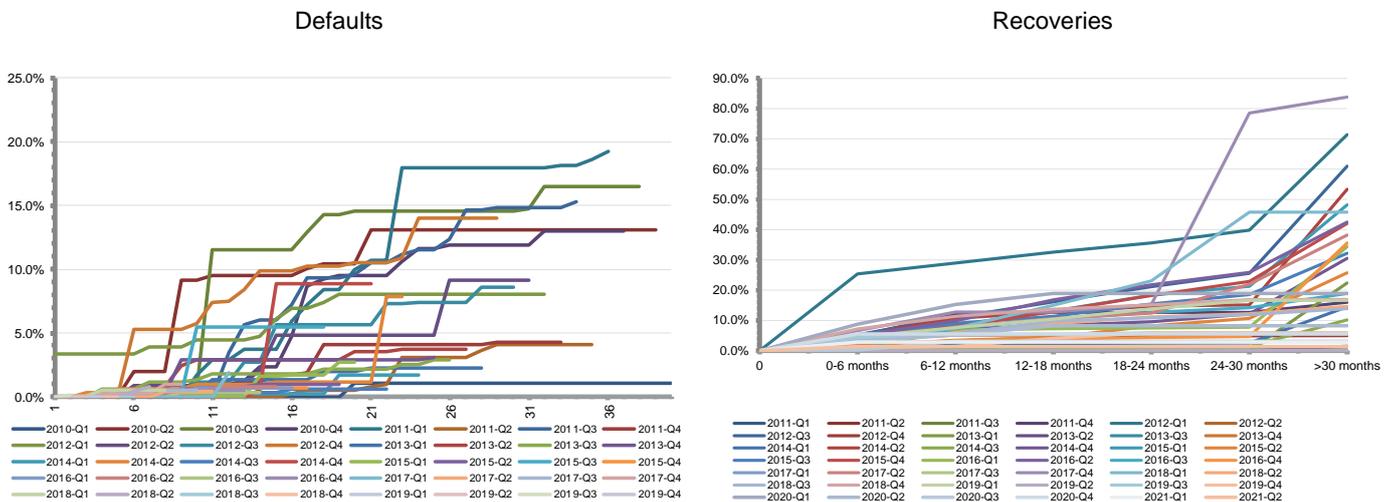


Figure 14: Real Estate – default and recovery data





Scope Ratings GmbH

Headquarters Berlin

Lennéstraße 5
D-10785 Berlin

Phone +49 30 27891 0

Oslo

Karenslyst allé 53
N-0279 Oslo
Phone +47 21 62 31 42

Frankfurt am Main

Neue Mainzer Straße 66-68
D-60311 Frankfurt am Main

Phone +49 69 66 77 389-0

Madrid

Edificio Torre Europa
Paseo de la Castellana 95
E-28046 Madrid

Phone +34 914 186 973

Paris

23 Boulevard des Capucines
F-75002 Paris

Phone +33 1 8288 5557

Milan

Via Nino Bixio, 31
20129 Milano MI

Phone +39 02 30315 814

Scope Ratings UK Limited

52 Grosvenor Gardens
London SW1W 0AU
Phone +44 20-7824-51800

info@scoperatings.com
www.scoperatings.com

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