

ARC Ratings, S.A. accords a public, final 'AAA(sf)' rating to the Senior Loan Obligation of Bumper NL 2018 B.V., with Stable outlook

<u>BORROWER</u>	<u>ISSUE RATING</u>
Bumper NL 2018 B.V.	AAA(sf) Senior Loan (AAA(sf), with stable outlook)
<u>RATING DATE</u>	<u>NEXT REVIEW DATE</u>
28 December 2018	30 December 2019

ARC Ratings, S.A. (ARC) has accorded a final, long-term public rating of 'AAA(sf)' with Stable outlook to the Senior Loan Obligation of Bumper NL 2018 B.V., the Purchaser of the Receivables and the Residual Value Receivables ('RV Receivables'; collectively the 'Receivables') from LeasePlan Nederland N.V. The purchase of the Receivables from LeasePlan Nederland N.V. is to be funded by a Senior Loan.

TRANSACTION SUMMARY

LeasePlan Nederland N.V. ('LPNL') was founded in 1963 as a provider of total fleet management solutions. LPNL predominantly focuses its commercial activities on companies operating in the Netherlands with intensive mobility fleet management needs. LPNL also caters for small and medium sized companies looking for operational leasing solutions.

LNPL is 100% owned by LeasePlan Corporation N.V. ('LP Corp'), which is rated investment grade Baa1/Stable (by Moody's), BBB+/Stable (by Fitch), BBB-/Stable (by S&P Global). LNPL has multiple roles in this Transaction.

The Purchaser will acquire from the Seller all right, title and interest in the Receivables originated by LNPL. To fund the purchase of the Receivables, the Borrower will draw down on a Senior Loan to the value of EUR400,000,000 and the Subordinated Loan provided by LPNL. The Purchaser will in turn acquire the Receivables.

RECEIVABLES POOL

The security portfolio consists of lease contracts extended to large companies, small to medium enterprises and government in the Netherlands to finance passenger and light commercial vehicles. Most contracts include a servicing package. These service packages may include maintenance and repair services, fuel cards, fleet administration, damage and accident management, roadside assistance, tyre exchange and other client and driver services. The Receivables comprise of closed and open calculation operating leases over new and used vehicles, all of which have a residual component.

RATING HIGHLIGHTS

- Credit enhancement for the rated Senior Loan arises from a combination of subordination and overcollateralization through the purchase of discounted leases. Credit enhancement for the Senior Loan is deemed sufficient to support the transaction under credit and cash flow stresses for each rating category. This is sufficient to negate residual value stresses applied.
- LNPL is an auto leasing company operating in the Netherlands. LNPL is a subsidiary of LP Corp.
- LP has strong global presence and has originated a number of auto ABS transactions. ARC is of the opinion that the company's origination, credit and collection policies are robust to service the transaction effectively.
- The Purchaser is bankruptcy remote, and ARC is of the opinion that the sale of the assets would survive the insolvency of LPNL as the Seller. Although it should be noted LNPL is also the Residual Value Guarantor, in this regard ARC applied a Residual Value stress to the Transaction in its ABS Cashflow Model in determining the AAA(sf) rating accorded.
- Strong performance of the underlying assets, noting defaults slightly lower than market expectations and recoveries slightly higher than market recorded recoveries, particularly in respect of the timing of recoveries. Residual risk and early termination have been considered in the analysis.

SUMMARY OF RATING METHODOLOGIES

The rating of the Senior Loan Obligation is derived by applying ARC's Global Structured Finance Rating Criteria (updated September 2018) and ARC's Global Consumer ABS Rating Criteria (updated September 2018). These methodologies are freely available from www.arcratings.com.

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Ratings assigned by ARC represent opinions on the capacity and willingness of an entity to make all required payments on a given obligation in a timely manner.

The rating(s) assigned by ARC in this report was / were sought by the entity whose financial commitments are being rated.

Prior to the assignment or revision of a rating ARC provides to the entity whose financial commitments are being rated the documents that substantiate the rating to be attributed (the Preliminary Rating Report). This entity is thus given the opportunity to clarify or correct factual details, thus allowing the rating assigned to be as accurate as possible. The comments made by the entity whose financial commitments are being rated are taken into account by ARC in the assignment of the rating.

ARC historical default rates are published in the European Securities and Markets Authority Central Repository (CEREP) which can be accessed on the website cerp.esma.europa.eu/cerp-web/. ARC default rate is the probability of lack of full and timely payment of capital or interest or of the occurrence of any event that explicitly indicates that the future full and timely payment of those commitments will not occur (e.g., in case of insolvency).

Ratings do not constitute a recommendation to buy or sell, but only one of the factors to be weighted by investors.

Throughout the entire period during which ratings are valid, ARC monitors the issuer's performance on a constant basis and may even bring forward the date of the review unless stated as point in time. Hence, prior to an investor using a rating, ARC recommends that it be confirmed, namely by consulting the list of public ratings available at the web site www.arcratings.com.

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