

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

<u>BORROWER</u> Bumper NL 2018 B.V.	<u>ISSUE RATING</u> AAA(sf) Senior Loan (AAA(sf), with stable outlook)
<u>RATING DATE</u> 30 December 2019	<u>NEXT REVIEW DATE</u> 30 September 2020

ARC Ratings, S.A. (ARC) has affirmed the final, long-term public rating of 'AAA(sf)' with stable outlook accorded 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 and a Subordinated Loan. This rating is subject to a review 9 months from today's rating date on 30 September 2020 to allow ARC to gauge the potential exit routes of the transaction.

TRANSACTION SUMMARY

LeasePlan Nederland N.V. ('LPNL') was founded in 1963 as a provider of total fleet management solutions. LNPL is 100% owned by LeasePlan Corporation N.V. ('LP Corp'), which is rated investment grade Baa1/Stable (by Moody's) (Dec 2019), BBB+/Stable (by Fitch) (Oct 2018), BBB-/Stable (by S&P Global) (Nov 2018). LNPL has multiple roles in this Transaction.

The security portfolio consists of lease contracts extended to large companies, SMEs and the government in the Netherlands to finance passenger and light commercial vehicles. The Receivables comprise of closed and open calculation operating leases over new and used vehicles, all of which have a residual component.

The transaction has now entered its Amortisation Period after ending its Revolving Period as of November 2019.

RATING HIGHLIGHTS

- Performance of portfolio over past year is in-line with model assumptions and expectations. Both default and recovery projections were within model expectations for the last 12 months which gives ARC reason to affirm the 'AAA(sf)' previously accorded to the Senior Loan Obligation.
- Residual risk and early termination have been considered in the analysis.
- No unexpected events have occurred over the past 12 months.
- Credit enhancement for the rated Senior Loan arises from a combination of subordination and

overcollateralisation through the purchase of discounted leases. Credit enhancement for the Senior Loan Obligation is still deemed sufficient to support the transaction under credit and cash flow stresses for each rating category.

- LP continues to have 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 affirmed.

SUMMARY OF RATING METHODOLOGIES

The rating of the Senior Loan Obligation is derived by applying ARC’s Global Structured Finance Rating Criteria (updated September 2019) and ARC’s Global Consumer ABS Rating Criteria (updated September 2019). These methodologies are freely available from www.arcratings.com.

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This Review Report should be read together with initial Rating Report and with the subsequent Review reports.

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