MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades mezzanine Notes in two German auto ABS deals

18 Jul 2018

London, 18 July 2018 -- Moody's Investors Service ("Moody's") has today upgraded the ratings of Class B Notes to Aaa (sf) from Aa2 (sf) in Bumper 7 S.A., as well as the ratings of Class B Notes to Aaa (sf) from Aa2 (sf) in Globaldrive Auto Receivables 2016-A B.V. Moody's also affirmed the ratings of Class A Notes in both transactions.

Please see below the list of affected ratings:

Issuer: Bumper 7 S.A.

....EUR500M Class A Notes, Affirmed Aaa (sf); previously on Apr 28, 2016 Definitive Rating Assigned Aaa (sf)

....EUR49.1M Class B Notes, Upgraded to Aaa (sf); previously on Apr 28, 2016 Definitive Rating Assigned Aa2 (sf)

Issuer: Globaldrive Auto Receivables 2016-A B.V.

....EUR630.2M Class A Notes, Affirmed Aaa (sf); previously on Jan 21, 2016 Definitive Rating Assigned Aaa (sf)

....EUR20.5M Class B Notes, Upgraded to Aaa (sf); previously on Jan 21, 2016 Definitive Rating Assigned Aa2 (sf)

Bumper 7 S.A. is a cash securitization of auto lease installment receivables and residual value (RV) cash flows from operational lease contracts extended to corporate, SME and government lessees in Germany by LeasePlan Deutschland GmbH.

Globaldrive Auto Receivables 2016-A B.V. is a static cash securitization of auto loans extended to obligors located in Germany by FCE Bank plc.

RATINGS RATIONALE

The upgrade actions are prompted by the increased levels of credit enhancement for the affected Notes, as well as the decrease of key collateral assumptions as a result of better than expected collateral performance. Moody's affirmed the ratings of the tranches that had sufficient credit enhancement to maintain their current ratings.

-- Revision of Key Collateral Assumptions:

As part of the rating action, Moody's reassessed its default probability and expected loss assumptions for the securitized portfolios reflecting the collateral performance to date.

In Bumper 7 S.A., 60+ days delinquencies are at 0.03% of current balance and cumulative defaults are 0.84% of original balance plus replenishments as of June 2018, with pool factor at 42.55%. Moody's assumed a mean default probability of 3.75% of the current portfolio balance, translating into a lower DP assumption of 2.44% of original balance, from 3.75% at closing. Moody's left the assumption for the fixed recovery rate and portfolio credit enhancement unchanged at 41% and 16% respectively.

In Globaldrive Auto Receivables 2016-A B.V., 60+ days delinquencies are at 0.50% of current balance and cumulative defaults are 0.22% of original balance plus replenishments as of June 2018, with pool factor at 46.21%. In addition, the portfolio consists of approximately 88% "balloon" loans, which consist of equal installments during the life of the loan and a larger balloon payment at loan maturity. This has been factored in Moody's quantitative analysis. Moody's assumed a mean default probability of 2.40% of the current portfolio balance, translating into a lower DP assumption of 1.32% of the original balance, from 2.40% at closing. Moody's left the assumption for the fixed recovery rate and portfolio credit enhancement unchanged at 17.0%

and 9.5% respectively.

-- Increase in Available Credit Enhancement:

Sequential amortization led to the increase in the credit enhancement ("CE") available in these transactions.

Credit enhancement available under Class B Notes in Bumper 7 S.A. increased to 40.67% from 24.21% at closing. Credit enhancement takes the form of subordinated Notes as well as a fully funded reserve fund. At the same time the residual value exposure increased from 58% at closing to 68% of the current pool balance and the recalculated RV CE for Class B Notes is now 17%.

Credit enhancement available under Class B Notes in Globaldrive Auto Receivables 2016-A B.V. increased to 12.38% from 5.72% at closing.

Moody's affirmed the ratings of Class A in both transactions that had sufficient credit enhancement to maintain their current ratings.

-- Exposure to Counterparty Risk:

Moody's has reviewed the counterparty risk in both deals and concluded that the ratings on all Notes are not constrained by counterparty exposure in any of those transactions.

-- Residual Value Loss and Cash Flow Analysis:

Moody's loss and cash flow analysis for auto lease transactions with residual value risk consists of a two-step process in which Moody's first analyses the credit risk due to borrower defaults and in the second stage analyses the residual value risk as described below.

Moody's rating approach for assessing residual value risk in EMEA and Asia-Pacific consists of five main steps: (1) defining the baseline Aaa haircut for the market; (2) determining the transaction Aaa haircut; (3) deriving haircuts for non-Aaa or mezzanine tranches; (4) calculating tranche specific residual value credit enhancement based on the residual value haircut appropriate for the tranche; and (5) adjusting the residual value credit enhancement to account for guarantees or the benefit of dealer buy-back agreements.

The principal methodology used in these ratings was "Moody's Global Approach to Rating Auto Loan- and Lease-Backed ABS" published in October 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Factors that would lead to a downgrade of the ratings:

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk, (2) performance of the underlying collateral that is worse than Moody's expected, (3) deterioration in the Notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moodys.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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