STANDARD & POOR'S RATINGS SERVICES
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New Issue: BUMPER 7 S.A.

€549. 1 Million Asset-Backed Floating-Rate Notes

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Ratings Detail

Ratings As of April 28, 2016

Class	Rating*	Amount (mil. €)§	Available credit enhancement (%)†	Interest	Legal final maturity
A	AAA (sf)	500.0	30.61	One-month EURIBOR plus 0.63%	March 23, 2026
B	AA (sf)	49.1	23.79	One-month EURIBOR plus 1.00%	March 23, 2026

*Standard & Poor's ratings address timely interest and principal. §The portfolio's composition may change over time due to replenishment of maturing assets. †Credit enhancement figures indicate the enhancement available at closing, which comprises class subordination, a subordinated loan equal to €135.4 million (18.79% of the asset balance), and a junior subordinated loan equal to €36 million (5.00% of the asset balance). The notes also benefit from a liquidity reserve equal to 0.54% of the class A and B notes' balance. EURIBOR--Euro interbank offered rate. NR--Not rated.

Transaction Participants

Originator	LeasePlan Deutschland GmbH
Servicer	LeasePlan Deutschland GmbH
Maintenance coordinator	LeasePlan Deutschland GmbH
Realization agent	LeasePlan Deutschland GmbH
Put option provider	LeasePlan Deutschland GmbH
Junior subordinated lender	LeasePlan Deutschland GmbH
Back-up servicer facilitator	BNP Paribas Securities Services (Luxembourg Branch)
Back-up maintenance coordinator facilitator	BNP Paribas Securities Services (Luxembourg Branch)
Reserves funding provider	LeasePlan Corporation N.V.
Subordinated lender	LeasePlan Corporation N.V.
Security trustee	Wilmington Trust SP Services (Frankfurt) GmbH
Expectancy rights trustee	Wilmington Trust (London) Limited
Swap counterparty	BNP Paribas
Transaction account provider	BNP Paribas Securities Services (Luxembourg Branch)
Paying agent	BNP Paribas Securities Services (Luxembourg Branch)
Manager	LeasePlan Corporation N.V.
Joint lead managers	Société Générale S.A. and Citigroup Global Markets Ltd.
Co-arrangers	LeasePlan Corporation N.V. and Société Générale S.A.

Supporting Ratings

Institution/role	Ratings
BNP Paribas Securities Services (Luxembourg Branch) and BNP Paribas as transaction bank account and swap provider, respectively	A/Stable/A-1
LeasePlan Corporation N.V. as reserves funding provider	BBB-/Stable/A-3

Transaction Key Features	
Closing date	April 28, 2016
Collateral	Auto lease installment receivables resulting from operating lease agreement with commercial and public-sector clients; and the residual values of the related vehicles
Country of origin	Germany
Total receivables (mil. € discounted lease balance)*	720.54
Leasing installments (mil. €)*	304.24
Receivables representing residual values (mil. €)*	416.29
Revolving period (years)	1
Lessee concentration*	Top 1: 2.00%; top 10: 13.40%; top 30: 26.68%
Geographic concentration*	Nordrhein-Westfalen (29.87%), Hessen (20.46%), Baden-Württemberg (16.49%), and Bayern (11.97)
Number of leasing contracts*	36,580
Number of lessee groups*	2,515
Discount rate (%)*	5.00
Arrears*	No lessee is in arrears for more than 30 days and for an amount of more than €1,000
Liquidity reserve at closing	0.54% of the rated note balance

* As of March 31, 2016.

Transaction Summary

Standard & Poor's Ratings Services has assigned its 'AAA (sf)' and 'AA (sf)' credit ratings to BUMPER 7 S.A.'s class A and B notes, respectively.

This is LeasePlan Deutschland GmbH's (LPD) second public term securitization in Germany, and the seventh public transaction originated by LeasePlan group in Europe. The collateral comprises German auto lease receivables and related residual values. LPD originated the lease contracts for its German commercial and public sector customers. All of these lease contracts are operating leases that contain a servicing component and a financing component.

The transaction has an initial 12-month revolving period, during which the originator is able to sell further lease receivables and expectancy rights to the issuer, followed by sequential note amortization.

A combination of subordination, excess spread, and a liquidity reserve provide credit enhancement to the rated notes. In our opinion, a fixed-to-floating interest rate swap agreement mitigates the risk of potential interest rate mismatches between the fixed-rate assets and floating-rate liabilities. Additionally, the notes benefit from different reserves to mitigate different seller-related risks.

Rating Rationale

Sector outlook

In our base-case scenario, we forecast that Germany will record GDP growth of 1.6% in 2016, and 1.7% in 2017, compared with 1.5% in 2015. At the same time, we expect unemployment to stabilize at historically low levels. We forecast unemployment to be 4.5% in 2016 and 2017, compared with 4.6% in 2015 (see "Europe Is Still Holding On, Amid Negative Rates And Brexit Risk," published on April 6, 2016). In our view, changes in GDP growth and the unemployment rate largely determine portfolio performance. We set our credit assumptions to reflect our economic outlook. Our near- to medium-term view is that the German economy will remain resilient and record positive growth.

Operational risk

LPD is part of the international organization, LeasePlan Corporation N.V. (LPC). Established in 1963, we consider the originator to be an established and stable brand in Germany. Our ratings on the class A and B notes reflect our assessment of the company's origination policies, as well as our evaluation of LPD's ability to fulfill its role as servicer under the transaction documents. Our structured finance operational risk criteria do not cap the maximum achievable rating in the transaction (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published on Oct. 9, 2014).

Credit analysis

In our analysis, we have considered credit risk by applying our "European Consumer Finance Criteria," published on March 10, 2000. We have reviewed historical performance measures such as delinquencies, gross losses, and recovery rates, taking into account macroeconomic and industry trends. We expect to see 1.5% of defaults in the securitized pool and a recovery rate of 65%, which reflect our economic outlook for Germany, as well as our view on the originator's good servicing procedures. Additionally, due to the pool characteristics, we have considered the portfolio's obligor and industry concentration risks. Our stressed gross loss assumption (21.00% in a 'AAA' rating level) results from our concentration tests. In a 'AAA' rating scenario, this assumption equates to the top 16 borrowers in the replenishment criteria.

Of the portfolio, 58% (under the replenishment criteria) could comprise residual values, which are subject to market value decline risk. We based our analysis on our view of potential market value declines at various rating levels. We made adjustments for transaction- and originator-specific parameters, resulting in an adjusted market value decline assumption of about 38.36% at a 'AAA' rating level. About 39.87% of the pool (by volume) relates to Volkswagen (VW) Group branded vehicles, and of those, approximately 20.00% relates to vehicles equipped with diesel engines affected by the manipulation of nitrogen oxides (NOx) exhaust emissions. We increased our base market value decline assumptions by 2.97% for all rating levels, to account for the idiosyncratic market value decline risk derived from the affected vehicles by the manipulation of NOx emissions, but also the non-affected portion.

Cash flow analysis

As the transaction is revolving, we considered portfolio deterioration through adverse migration, which certain portfolio limits partially offset. We have constructed a worst-case pool, subject to the transaction's replenishment and eligibility criteria, and only modeled the amortization period.

Subordination, excess spread, and a liquidity reserve (which provides both liquidity and credit support) provide credit enhancement to the transaction. In addition, a commingling reserve, a maintenance reserve, and a set-off reserve aim to protect noteholders from seller risks. LPC fully funded the liquidity reserve at closing. LPC would fund the remaining tax reserve if its long-term rating were to fall below 'BBB' with a 'A-2' short-term rating--or 'BBB+'--in the absence of a 'A-2' short-term rating. Other conditions for LPC doing this are if LPD became insolvent, or if LPC ceases to control LPD. On Feb. 3, 2016, we lowered our ratings on LPC to 'BBB-/A-3' from 'BBB/A-2' (see "LeasePlan Downgraded To 'BBB-/A-3' On Announced Financing For Sale To Investor Consortium; Outlook Stable"). This resulted in a reserve trigger event at closing, therefore, the seller related reserves were funded at closing. Similarly, LPC would fund a tax reserve to meet potential issuer obligations relating to German trade tax and value-added tax (VAT) if its long-term rating were to fall below 'BBB-'.

We have addressed secondary risks associated with the insolvency of the originator or the reserves funding provider (such as set-off and commingling risks, as well as lease termination) by sizing and comparing them against available reserves, and subtracting any differences from the cash flows.

Our cash flow stresses include high/low constant prepayment rates, high/low EURIBOR stress scenarios, and reflect the mechanics in the transaction documents. Our analysis indicates that the available credit enhancement is sufficient to withstand the credit and cash flow stresses that we apply at a 'AAA' rating level for the class A notes and at a 'AA' rating level for the class B notes.

Counterparty risk

BUMPER 7 is exposed to several counterparties, which provide direct limited, derivative, and other forms of support under our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

We believe that the transaction's documented downgrade and replacement language mitigate its exposure to counterparty risk and is in line with our criteria.

Legal risk

We consider the issuer to be a bankruptcy remote entity, in line with our criteria (see "Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance" published on Sept. 13, 2013, and"Multiple-Use Special-Purpose Entity Criteria--Structured Finance," published on May 7, 2013). We have received an external legal opinion confirming that the sale of the assets would survive the seller's insolvency.

We believe the transaction may be exposed to trade tax and other seller related risks. We have addressed these secondary risks by sizing and comparing them against available reserves, subtracting any differences from the cash flows. The risk of the issuer taking on all obligations under the lease agreements is limited by the presence of a hot back-up maintenance coordinator facilitator.

Lease termination

The lessees could terminate whole-lease agreements once contractually agreed maintenance services cease to be provided. The issuer appointed a back-up maintenance coordinator facilitator at closing and also established a maintenance reserve. Sufficient cash is available to pay the insolvency administrator to cooperate with the issuer. These factors mitigate the risk of lessees terminating their contracts.

Credit stability

We have analyzed the effect of a moderate stress on the credit variables and their ultimate effect on our ratings. We have run two scenarios, reflecting varying stress levels. The results are in line with our credit stability criteria (see "Methodology: Credit Stability Criteria," published on May 3, 2010).

Country risk

Our rating on the class A notes reflects our long-term unsolicited 'AAA' rating on Germany. Under our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we rate the sovereign in the 'AA' category. Therefore, we do not apply a formal sovereign default stress test (see "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May, 29, 2015). As a result, the long-term rating on the sovereign does not constrain our ratings on the class A and B notes.

Strengths, Concerns, And Mitigating Factors

Strengths

- We consider that defaults for transactions backed by leases to commercial customers are sensitive to the economy. The German economy is performing relatively well and our base-case forecast for unemployment is at 4.5% for 2016 and 2017. Furthermore, we expect the German economy to record positive GDP growth of 1.6% in 2016 and 1.7% in 2017.
- LeasePlan is an established player in the fleet management market, with a strong worldwide presence. While this is LPD's second public German transaction, it has issued a number of lease transactions in other countries, such as the Netherlands, the U.K., and France.
- The transaction benefits from a liquidity reserve, which totaled 0.54% of the rated note balance at closing. This reserve primarily provides liquidity support to mitigate any liquidity stresses, but is also available to pay potential principal shortfalls at final payment.
- The transaction documents require that LPD nominates a back-up servicer and a back-up realization agent if the long-term rating on LeasePlan Corporation falls below 'BBB-'. At closing, BNP Paribas Securities Services (Luxembourg Branch) was the back-up maintenance coordinator facilitator and the back-up servicer facilitator appointed to assist the issuer in finding a suitable back-up.

Concerns and mitigating factors

- As LPD primarily provides fleet leasing to commercial clients, the single-obligor and industry concentration in the underlying portfolio is higher than we typically see in auto-related portfolios. Nevertheless, it is in line with LeasePlan's previous European securitizations. This risk is mitigated in the transaction documents by limiting the concentration of lessee groups and industries in the pool. Moreover, we have incorporated the risk of simultaneous default of several large lessee groups into our credit analysis by including a concentration floor in our stressed gross loss assumptions (see "Credit Analysis").
- The portfolio comprises operating leases that contain servicing components. We understand that lessees may have termination rights if the contractually agreed services are not rendered. In our view, continuation of the provision of the services after servicer default is ensured through: (i) A "hot" back-up servicer facilitator, which would assist the issuer to find a suitable back-up servicer upon a downgrade of LPC to below investment-grade; (ii) a "hot" back-up maintenance coordinator facilitator, which would assist the issuer in finding a suitable back-up maintenance coordinator; and (iii) a maintenance reserve that can be used pay maintenance costs if these exceed the maintenance collections. Lastly, in our analysis, we rely on the availability of sufficient cash to make payments to the insolvency administrator to motivate it to cooperate with the issuer and the back-up maintenance coordinator.
- During the replenishment period, the credit quality of the pool may shift and the performance may deteriorate due to substitution of amortizing assets. The transaction documentation provides for caps on some of the asset characteristics that limit a material shift in portfolio quality. Further, the documentation provides for performance triggers, which would stop the replenishment period if the transaction accumulates more losses than available

excess spread.

- We understand that several legal risks could arise if the originator were to become insolvent: Funds belonging to the issuer could be commingled with funds of the originator; lessees may be entitled to set off their payment obligations against certain amounts the originator owes them, and the issuer may be liable for some of originator's obligations toward the lessees. The transaction features several reserves, which would be funded by LPC upon the downgrade of LPC below 'BBB' with an 'A-2' short-term rating, or 'BBB+' in the absence of an 'A-2' short-term rating. The reserves would also be funded if LPD became insolvent or if there is a change in control in the originator (a reserve trigger event). We have assessed these different risk scenarios, compared them with the amounts available in the reserves, and included any uncovered amounts in our cash flow analysis. On Feb. 3, 2016, we lowered our ratings on LPC to 'BBB-/A-3' from 'BBB-A-2'. This resulted in a reserve trigger event at closing, therefore, the seller related reserves were funded at closing.
- The transaction is exposed to VAT risk (in accordance with section 13c of the German VAT Act) and German trade tax risk. The transaction has a tax reserve, funded by LPC if it is downgraded below 'BBB-', if it becomes insolvent, or if there is a change in control in the originator. Under our current counterparty criteria, we classify this support as indirect minimum, the maximum supported rating for the documented trigger level is 'AA-'. Therefore, we have not given credit to this reserve in our cash flow assumptions for scenarios that exceed this level. For 'AA-' scenarios and below, we have assessed stressed amounts, compared them with the amounts available in the reserve, and included any uncovered amounts in our cash flow analysis.
- About 20% of the pool (by volume) relates to VW cars equipped with diesel engines affected by the manipulation of exhaust emissions in relation to NOx. We increased our base-case market value decline assumptions by about 2.97% for all rating levels, to account for the idiosyncratic market value decline risk derived from the affected vehicles, but also the non-affected portion.

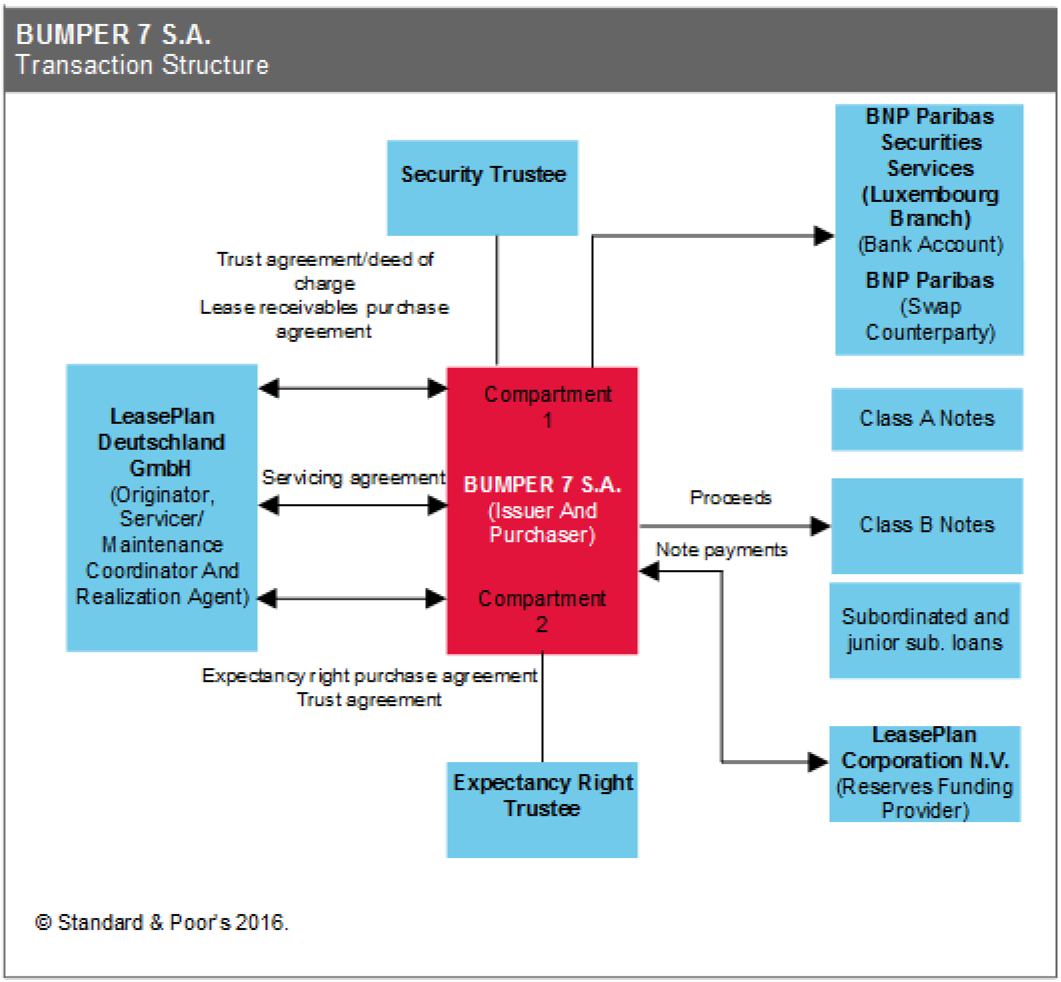
Transaction Structure

BUMPER 7, the issuer, is a newly established special-purpose entity (SPE) under the laws of Luxembourg. At closing, the issuer purchased a portfolio of auto lease installment receivables and payment receivables that economically represent the residual value of the leased vehicles in an aggregate discounted amount of €720.54 million. Subsequently, the issuer will use all principal and interest cash flows from the assets to purchase further assets from the originator so that the portfolio volume remains at its initial level. Replenishment continues for one year from closing, or ends earlier if performance levels breach certain triggers.

At closing, the originator sold the auto lease receivables directly to the issuer, acting for and on behalf of its Compartment 1, and assign title to the vehicles for security purposes. The residual values of the vehicles are securitized in the form of future payment claims against BUMPER 7, acting for and on behalf of its Compartment 2, which economically represents the residual value.

An interest rate swap counterparty mitigates the interest rate risk between the fixed-rate assets and the floating rate of interest payable on the class A and B notes.

Chart 1



Priority of payments

The class A and B notes pay interest in arrears on the 23rd day of each month, at a rate of one-month EURIBOR plus a margin. The junior subordinated loan pays a fixed rate of interest, while the subordinated loan pays a floating rate. The first interest payment date is on May 23, 2016, and the legal final maturity date is on March 23, 2026.

On each monthly interest payment date, BUMPER 7 meets its obligations in a particular priority of payments. For this, it uses all cash flows received from the assets, all vehicle remarketing proceeds, all swap receipts, and any amounts on the reserve account--including interest earned on this account.

Unless an enforcement event occurs, BUMPER 7, in this order:

- Pays taxes;
- Pays senior fees and expenses;
- Pays the senior swap counterparty (excluding termination amounts where the counterparty is the defaulting party or the swap is terminated due to a downgrade);
- Pays the class A notes' interest;
- Pays the class B notes' interest;

- Tops up the liquidity reserve to the required liquidity amount (0.54% of the rated note balance);
- Pays the purchase price for further assets (only during the replenishment period);
- Repays principal on the class A notes until the outstanding note balance plus the outstanding subordinated loans balance equals the outstanding discounted asset balance (only during the amortization period);
- Repays principal on the class B notes until the outstanding note balance plus the outstanding subordinated loans balance equals the outstanding discounted asset balance (only during the amortization period, and only once it has repaid the class A noteholders in full); and
- Pays other junior items.

If an enforcement event were to occur, BUMPER 7 would no longer top up the reserve and the waterfall would switch so that BUMPER 7 pays interest and principal on the class A notes before paying interest and principal on the class B notes. We have reviewed the enforcement events and deem them to be sufficiently remote for our assigned ratings.

The originator can exercise an optional redemption as soon as the aggregate discounted asset balance is less than 10% of the aggregate discounted asset balance at closing.

Replenishment

The transaction has a revolving period, during which BUMPER 7 uses principal and interest collections from the assets and vehicle sales proceeds to purchase further assets from the originator. According to the transaction documents, BUMPER 7 can only purchase assets that comply with the eligibility and replenishment criteria (see "Collateral Description" below).

The revolving period continues for one year from closing, or earlier if an early amortization events occurs, including if:

- Amounts remaining on the replenishment account after the purchase of further assets remain above 10% for two consecutive months;
- The cumulative default ratio exceeds 3%;
- The dynamic delinquency ratio exceeds 0.4%;
- Amounts available for replenishment are insufficient to fully replenish the asset pool up to the initial level;
- LPC fails to meet its obligations to top up any of the reserves;
- LeasePlan Deutschland fails to meet any of its obligations as either originator, servicer, or realization agent; or
- The portfolio's composition after being replenished is limited by the concentration limits under the replenishment criteria (see table 1).

Table 1

Concentration Limits*

Single-obligor concentrations	Percentage of the outstanding discounted asset balance (%)
Top 1 to 5 lessee groups limited up to (each)	2.00
Top 6 to 20 lessee groups limited up to (each)	1.00
Top 21 to 31 lessee groups limited up to (each)	0.75
All other lessee groups limited up to (each)	0.50
Industry concentrations	
Any single industry limited up to	20.00
Leased object type concentrations	
Heavy goods vehicles and commercial vehicles limited up to	1.00

Table 1

Concentration Limits* (cont.)

Single-obligor concentrations	**Percentage of the outstanding discounted asset balance (%)**
Receivable type concentrations	
Minimum aggregate discounted balance resulting from lease receivables (and not expectancy rights)	60.5 of class A notes balance

*Non-exhaustive list.

Interest rate hedging

BUMPER 7 and the swap counterparty have entered into an interest rate swap agreement that is in line with our current counterparty criteria. The swap hedges the issuer's exposure to interest rate risk resulting from the fixed discount rate under the purchased receivables and the floating-rate obligations under the class A and B notes. Under this swap agreement, BUMPER pays a fixed rate of -0,405% on the outstanding principal balance of the class A and B notes. In exchange, the swap counterparty pays to the issuer a floating interest rate based on one-month EURIBOR (i.e., the same index that the notes pay).

Credit enhancement

A combination of subordination, excess spread, and cash reserves (which provide both liquidity and credit enhancement) provide credit enhancement. In addition, a commingling reserve, a maintenance reserve, and a set-off reserve aim to protect noteholders from seller risks. The liquidity reserve was fully funded at closing. LPC would fund the remaining tax reserve if a reserve trigger event were to occur. Similarly, a tax reserve aims to protect noteholders from potential tax payments and would be funded by LPC. This is used if a tax reserve trigger event occurs (LeasePlan is downgraded below 'BBB-'), if there is a change in control in the originator, or if the originator or servicer becomes insolvent.

Excess spread

Excess spread results from the difference between (i) the interest income received from the assets, and (ii) the fixed payments paid under the swap, plus the weighted-average note spreads, as well as any senior fees and expenses. The transaction generates interest from the assets by discounting the future payments under the purchased receivables by 5%.

Cash reserves

The transaction has one cash reserve that LPC fully fund at closing. The entire reserve is released into the waterfall each month. The liquidity reserve (amortizing at 0.54% of the rated note balance) tops up to the required liquidity reserve amount in the waterfall after interest payments and before principal payments/asset replenishment. This means that the reserve is available in full (unless there is a severe liquidity stress) at the end of the replenishment reserve.

The definition of the amounts to which the reserves are replenished lead to an amortization of the reserves, to a floor of €2.0 million. Once either the aggregate discounted asset balance or the class A and B notes' balance reduces to zero, BUMPER 7 does not top up the reserves in the waterfall at all, so that all amounts remaining in the reserves at that time are available to cure losses.

Commingling risk

The transaction documents allow the servicer to decide to transfer collections to the issuer either on a monthly or on a biweekly basis. In our analysis, we distinguish two streams of cash flows to determine any further amounts that the servicer receives in the servicer account after insolvency, but before BUMPER 7 instructs the lessees to redirect their payments:

- Cash flows from lease receivables installments, which the servicer receives from the lessees and which are clustered around the first and last day of each month; and
- Cash flows from the sale of the returned leased vehicles, which are equally spread around the days of the month.

The transaction has a commingling reserve that is funded if a reserve trigger event occurs, and which the issuer adjusts monthly to reflect the changing commingling exposure, based on (i) the amounts of collections expected in the next period, and (ii) the frequency with which LPD transfers collections to the issuer. If LPD fails to transfer collections, the issuer would have the right to immediately notify the lessees to redirect their payments.

We have used the above inputs and stressed assumptions on notification timing and prepayment speed, to calculate the commingling risk we would expect at the relevant rating levels. We have incorporated any such amounts not covered by the commingling reserve in our cash flow analysis.

Set-off risk

Set-off risk under the lease agreement may arise due to security deposits the originator holds, as well as potential adjustments to the year-end calculation of the lease contracts and mileage or particular insurance fee amounts that may be payable by the originator to the lessees under the lease and insurance agreements. The transaction has a set-off reserve that LPC funded at closing. The set-off reserve comprises fixed components to cover mileage variation adjustments, recalculations, and insurance fees payable by the originator, and a dynamic component to cover year-end calculation amounts and outstanding deposits. The reserves funding provider makes payments to the issuer monthly, allowing the reserve to dynamically adjust to reflect the changing set-off risk exposure in the pool.

We have used the above inputs and stressed assumptions to calculate the set-off risk we would expect at the relevant rating levels. We have incorporated any such amounts not covered by the set-off reserve in our cash flow analysis.

Collateral Description

The transaction securitizes a pool of auto lease receivables and the residual values of the related vehicles. Most lessees are commercial entities that have their registered office in Germany, but there are also some public entities in the pool. In our view, the pool shows good diversification over contract maturities and over vehicle make, but shows considerable single-lessee concentration.

The lease receivables are based on leasing contracts that LPD originated to its commercial leasing customers. Almost all contracts are operating lease contracts that comprise a financing part and a servicing part. While only the financing part is included in this transaction, the existence of the servicing part could lead to certain termination rights for the lessees if the servicer (or its substitute) fails to provide the contractually agreed services. About 0.11% of the contracts are sale-and-leaseback contracts—the only contract type where LPD also finances "used" vehicles.

The securitized residual values represent the remarketing proceeds that LPD expects to receive from the sale of the leased object after the lease contract's maturity. For legal reasons, LPD doesn't sell these future remarketing receivables to BUMPER 7 directly, but the sale occurs in a two-step process:

- First, LPD sells the expectancy rights it has against BUMPER 7 Compartment 2 from the assignment of the vehicles for security purposes to BUMPER 7 Compartment 2 (the expectancy rights purchaser);
- Second, LPD sells the purchase price claim it now has against the expectancy rights purchaser to BUMPER 7 Compartment 2. The expectancy rights purchaser, in turn, contracts LPD to realize such sales proceeds on its behalf.

The transaction is a present value structure, so that the purchase price payable by the issuer for the receivables is calculated by applying a uniform discount rate of 5.00% to the current outstanding balance of the securitized pool. The purchase price payable for the receivables that represent the residual values is equal to the expected sale proceeds of the leased object calculated at inception of the lease contract (or recalculated under certain conditions). If the actual vehicle sale proceeds achieved at contract termination are insufficient to repay this purchase price, BUMPER 7 would incur a loss. LPD guarantees performance of these receivables, but we have not given any benefit to this guarantee in our analysis.

According to the transaction documents, the receivables must be in line with certain eligibility criteria:

- The underlying lease agreement must be (i) legally valid. binding and enforceable, (ii) based on LPD's general terms and conditions, and (iii) governed by the laws of Germany.
- The lessee must have paid at least one installment under the lease agreement.
- The lessee cannot be part of the LeasePlan group.
- The lessee cannot be in default or in arrears for more than 30 days and for an amount exceeding €1,000.
- The original term of the related lease agreement cannot be longer than 72 months.
- The lease agreement must have been entered into with lessees that are commercial entities that have their registered office in Germany or German public entities. Clients having their place of residence in an EU country other than Germany are not eligible.
- The lease receivables must be denominated in euros.

Table 2 shows the stratifications of the pool. The portfolio's composition may change over time due to replenishment of maturing assets (see "Replenishment" above).

Table 2

Pool Distribution*	
Weighted-average seasoning (months)	18.88
Receivable type (%)	
Lease receivable	42.22
Receivables representing residual values	57.78
Lease contract type (%)	
Operating lease	100.00
Product type (%)	
Open calculation	41.24
Closed calculation	58.65
Sale and lease back (%)	0.11

Table 2

Pool Distribution* (cont.)	
Customer type (%)	
Private	0
Corporate	90.47
Small and medium enterprise	7.80
Public entities	1.73
Vehicle make (%)	
Volkswagen	21.27
Audi	16.22
Ford	15.91
BMW	15.26
Mercedes	11.53
Opel	7.06
Other	12.74

*Portfolio stratifications may change through replenishment.

The pool has considerable industry and single-lessee concentrations. In the pool, the largest industry accounts for 7.91%, and it is capped through concentration limits at 20.00%; and the largest lessee group accounts for 2.00% and is capped through concentration limits at the same level.

LPD originated the contracts in the pool between 2004 and 2015 (with the bulk of originations coming from 2012 to 2015).

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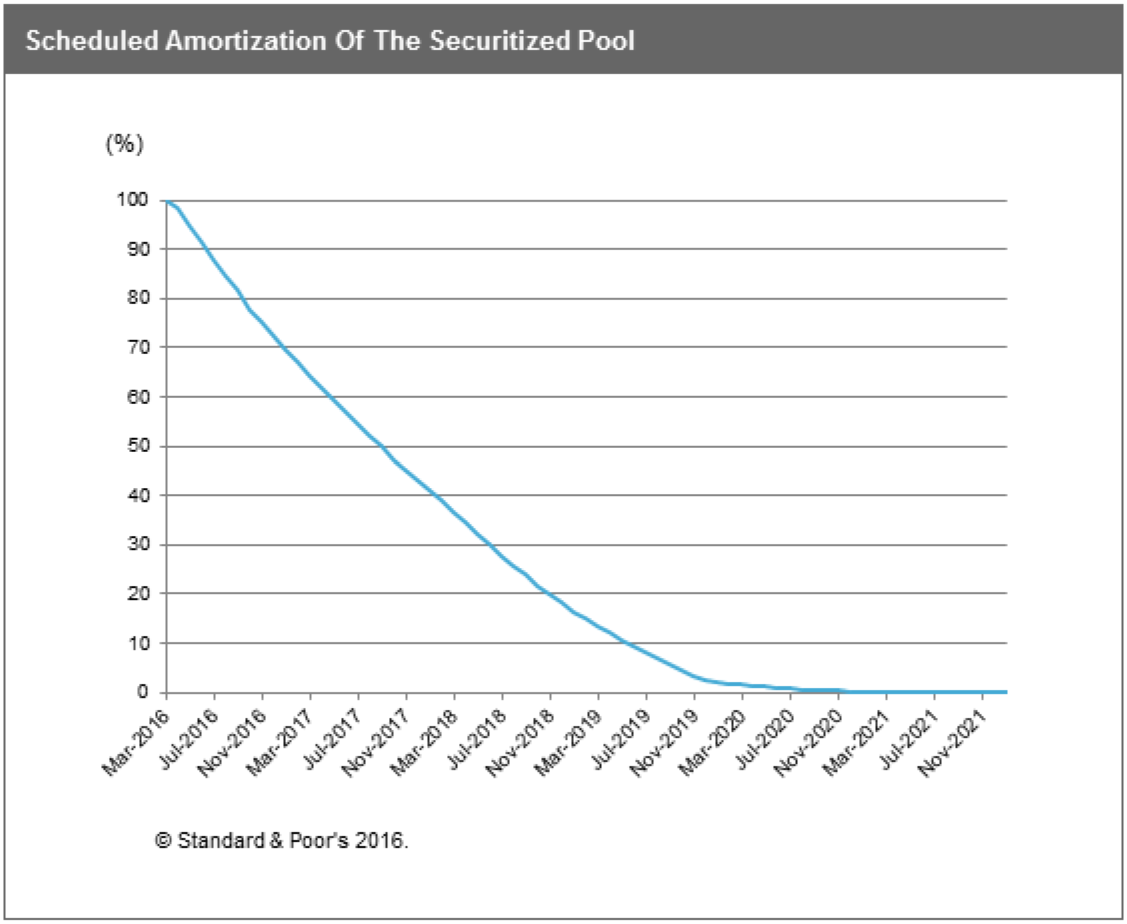
Chart 2



Scheduled Amortization Of The Securitized Pool

Credit Analysis

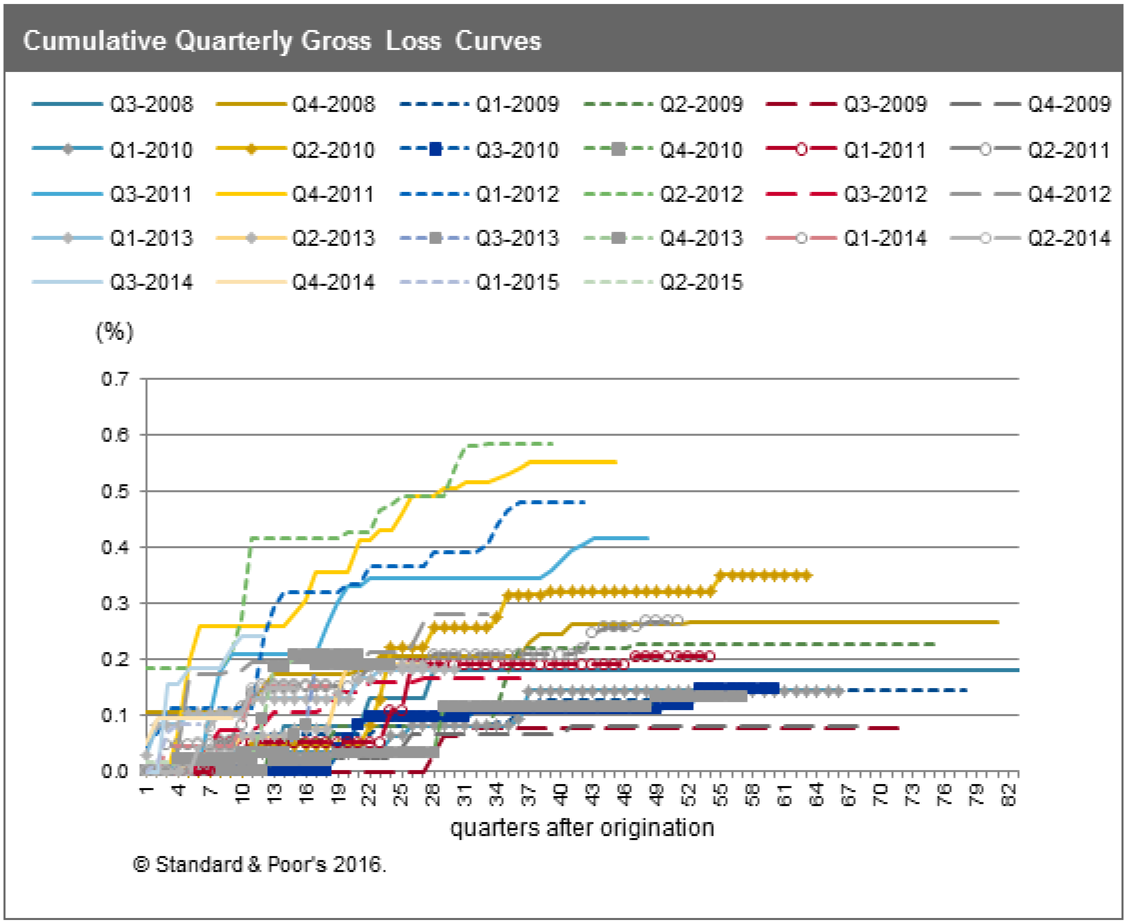
We have received dynamic default data, cumulative quarterly and monthly default data, and monthly delinquency data covering the period from September 2008 to October 2015. The gross loss data show that the performance of LPD's book has remained stable during the past five years. On the recovery side, we have received data on all defaulted lessees since Q3 2008. We have also received extensive data on vehicle remarketing success.

Given the few defaults observed historically and based on the high concentrations inherent in the portfolio, we based our stressed gross loss assumption on the following three considerations: Historical gross losses, single-lessee concentrations, and industry concentrations. Ultimately, we sized stresses at the 'AAA' level on the maximum result of the three, but concentrated on historical gross losses and single-lessee concentration for lower rating levels.

Default risk

Chart 4 shows annual averages of the cumulative gross loss cohorts for the total lease book, comparing the most recent cohorts' performance with the average of the older ones. The data show that the performance has remained stable since we assigned a second rating to BUMPER 2 S.A. As a result, our gross loss base-case assumption for BUMPER 7 is 1.5%, which is equivalent to that initially assumed for BUMPER 2.

Chart 3



We sized a conservative base-case assumption of 1.5% and mid-high-end multiples for the pool to capture the low granularity and resulting higher uncertainty surrounding future performance (see table 3).

Table 3

Gross Loss Assumptions	
Base case for the closing pool (%)	1.5
'AAA' stress assumption (%)	7.13
'AA' stress assumption (%)	5.63

As described above, we also considered single-lessee concentrations and industry concentrations to capture the idiosyncratic risk in this pool. As the transaction is revolving, we did this by looking at the concentration limits rather than the actual concentration levels in the pool. Tables 4 and 5 give the concentration coverage we would deem to be commensurate with the respective rating levels and the resulting gross loss numbers, taking into account the concentration limits as set out in the transaction documents (see "Replenishment" above). Ultimately, the single-lessee concentration risk determined our gross loss assumption.

Table 4

Single Lessee Concentrations		
Rating level	**Number of largest lessee groups expected to be covered**	**Resulting gross loss assumption (%)**
AAA	16	21.00
AA	12	17.00

Table 5

Industry Concentration		
Rating level	**Number of largest industries expected to be covered**	**Resulting gross loss assumption (%)**
AAA	1	20.00
AA	N/A	N/A

N/A—Not applicable.

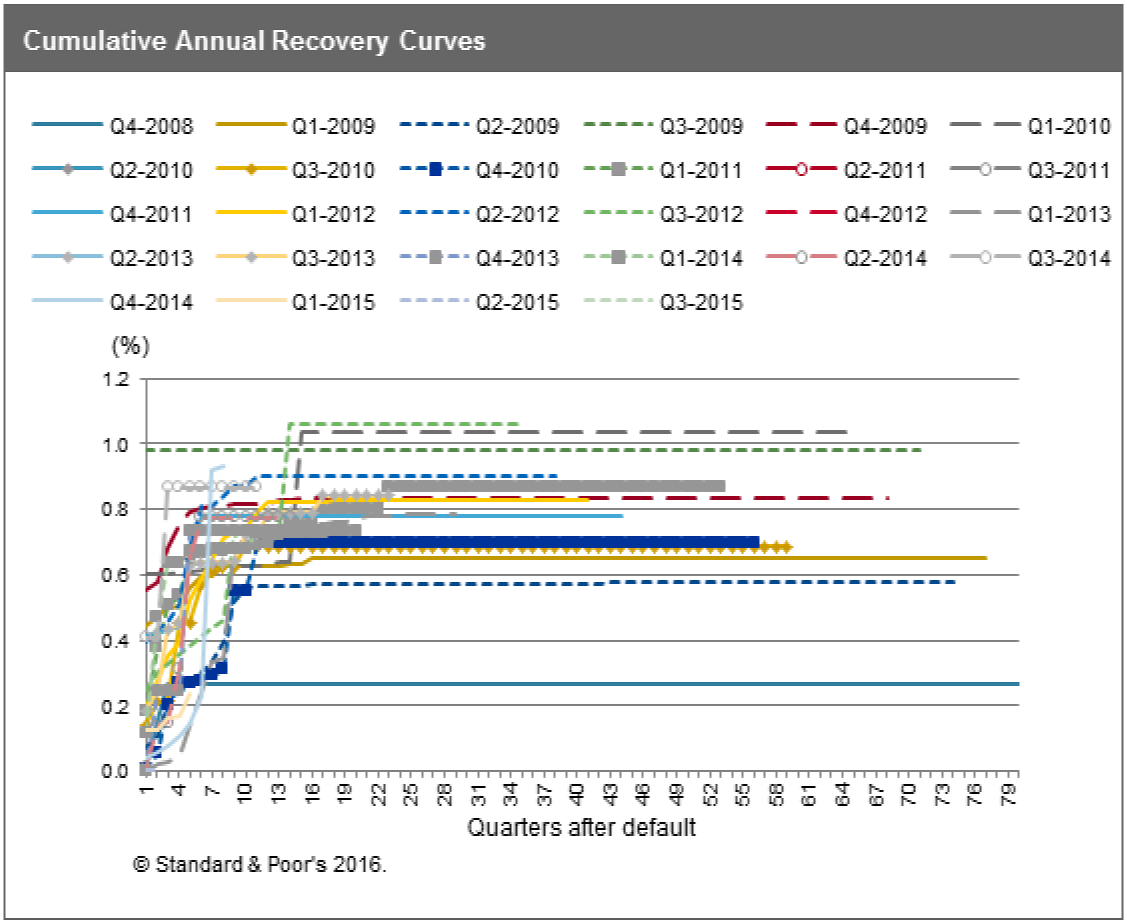
Recovery analysis

We received full recovery data for the historical defaults that LPD has observed, including a split between the vehicle sale proceeds and ancillary payments received from the lessee: secured and ancillary recoveries. Table 6 gives the base-case and haircut assumptions we applied.

Table 6

Recovery Rate Assumptions	
Base case for the closing pool (%)	65.0
'AAA' stress assumption (%)	39.0
'AA' stress assumption (%)	42.3

Chart 4



Market value risk

The issuer faces the risk of loss on the receivables that represent the residual values if and when:

- The market value of a vehicle is below the purchase price the issuer paid for the receivable (loss severity); and
- A third party, which covers the loss, defaults (risk frequency).

We combine these parameters into the residual value loss rate—i.e., the loss on residual value claims that reach their contractual maturity (after defaults and prepayments).

We assumed a market value decline (i.e., loss severity) of 38.36% of the undiscounted residual value of the vehicles at 'AAA', and 31.29% at 'AA'. This assumption builds mainly the fact that the portfolio has a fairly high single-obligor concentration, and—as a positive—the comparatively high diversification of vehicle make and maturity in the portfolio. In line with recent auto loans/lease transactions with residual value risk and with exposure to VW vehicles, we have increased our base-case market value decline assumptions to account for the idiosyncratic market value decline risk derived from the affected vehicles (by the manipulation of NOx emissions), but also the non-affected portion.

We applied a risk frequency of 100% because the market value risk will ultimately transfer to the issuer for all contract types in the pool. We did not give any benefit to the fact that LPD (in its role as realization agent) undertakes to repurchase the vehicles for a purchase price equal to the price that the issuer paid for the receivable, because in our view the default risk of LPD is not mitigated. We did, however, incorporate the fact that LPD builds a certain safety margin into the residual value that it sets at the contract's inception.

Combining loss severity and risk frequency results in the residual value loss rates shown in table 7. We sized aggregate numbers based on the worst-case portfolio composition to take into account potential portfolio deterioration through replenishment. In our cash flow model, we applied these residual value loss rates only to those residual values that see their contractual maturity—i.e., we applied this loss rate to the assets after prepayments and defaults.

Table 7

Market Value Stress Assumptions

	Loss severity (%)	Risk frequency (%)
'AAA' stress assumption (%)	38.36	100.0
'AA' stress assumption (%)	31.28	100.0

Cash Flow Analysis

In our cash flow analysis, we tested three stressed interest rate scenarios: Rising (up to 12%), flat (at 0.05%), and falling (down to 0%). Furthermore, we applied prepayment scenarios of up to 24% and down to 0.5%, and assumed equally weighted default patterns over 20 months. We applied losses from the residual values according to the maturity profile of these assets, and further reduced cash flows to incorporate payments to the insolvency administrator to encourage a continuation of the leases.

Other key elements of our cash flow analysis include stressed senior fees of 1.3% and the amounts of seller risk we see at the respective rating scenarios that are not covered in the relevant seller-risk reserves.

Cash flow results

Our analysis indicates that the rated classes of notes achieve timely payment of interest and ultimate payment of principal under the respective stressed rating scenario and assumptions discussed above. The class A and B notes pass at the 'AAA' and 'AA' rating levels, respectively. The low prepayment scenarios have proven to be more stressful, mostly because we applied additional market value decline stresses only to contracts that reach their scheduled maturity.

Scenario Analysis

We have analyzed the effect of a moderate stress on the credit variables and their ultimate effect on our ratings. This scenario analysis section incorporates:

- A description of our methodology and scenario stresses;
- Results of the effects of the stresses on ratings; and
- Results of the effects of the stresses on our cash flow analysis.

Methodology

When rating European auto and consumer asset-backed securities transactions, we have developed a scenario analysis and sensitivity-testing model framework. This demonstrates the likely effect of scenario stresses on the ratings in a transaction over a one-year outlook horizon. For this asset class, we consider scenario stresses over a one-year horizon to be appropriate given the relatively short weighted-average life of the assets backing the notes. For these types of securities, there are many factors that could cause the downgrade and default of a rated note, including asset performance and structural features. However, for the purposes of this analysis we focused on what we consider to be the three fundamental drivers of collateral performance, namely:

- Gross loss rate;
- Recovery rate; and
- Prepayment rate.

Given current economic conditions, the stress scenarios proposed reflect negative events for each of these variables. Increases in gross default rates could arise from a number of factors, including rises in unemployment and company insolvencies, together with falls in vehicle prices and a reduction in the availability of credit. In addition, these effects would most likely cause collateral recovery rates to fall as the structural imbalance between supply and demand leads to reductions in asset prices. In this environment, we also expect prepayment rates to fall as fewer refinancing options leave obligors unable to prepay finance agreements and demand for replacement vehicles falls.

For this analysis, we have included two stress scenarios to demonstrate the rating transition of a bond (see table 8).

Table 8

Scenario Stresses

Rating variable	Scenario 1 (relative stress to base case)	Scenario 2 (relative stress to base case)
Gross loss rate (%)	30.0	50.0
Recovery rate (%)	(30.0)	(50.0)
Constant prepayment rate (%)	(20.0)	(33.3)

It is worth noting that our base case assumptions for each transaction are intended to be best estimates of future performance for the asset portfolio. Our approach in determining these base cases takes account of historically observed performance and an expectation of potential changes in these variables over the life of the transaction. The sensitivity of rated notes in each transaction will differ depending on these factors, in addition to structural features of the transaction, including its reliance on excess spread, payment waterfalls, and levels of credit enhancement at closing.

For each proposed scenario stress, we separated the applied methodology into three distinct stages. In the first stage, we stressed our expected base case assumptions over a one-year period to replicate deviations away from our expected performance over the stress horizon. We assumed the stresses that we apply occur at closing, with gross losses applied based on our expectation of a cumulative default curve for the portfolio.

The second stage applies our usual rating methodology, including revising our base case assumptions at the one-year horizon to reflect the assumed deviations as a result of the stressed environment. In the final stage of the analysis we re-rated this transaction at the one-year horizon, after revising our base case assumptions and applying our standard credit and cash flow stresses at each rating level. The output of the analysis shows the likely rating transition of the rated notes given the applied stresses and the value and timing of any forecasted principal and interest shortfalls under the most stressful scenario.

Scenario stress and sensitivity analysis

When applying scenario stresses in the manner described above, the results of this modeling are intended to be a simulation of what could happen to the ratings on the notes for the given transaction. For the purposes of our analysis for this transaction, we applied the two scenarios described above in our cash flow modeling. The implied base case stresses and scenario stress results are shown in the tables 9 to 10.

Table 9

Scenario Stresses

Stress horizon—12 months

Rating variable	Base case*	Scenario 1	Scenario 2
Weighted-average gross loss rate (%)	4.2	5.7	6.6
Recovery rate (%)	65.0	45.5	32.5
Constant prepayment rate (%)	10.0	8.0	6.7

*Implied base case from single-obligor concentration analysis.

Table 10

Scenario Stress Analysis: Rating Transition Results

Scenario stress	Class	Rating	Scenario stress rating
Scenario 1	A	AAA (sf)	AAA
	B	AA (sf)	AA-
Scenario 2	A	AAA (sf)	AA
	B	AA (sf)	A-

The results are in line with our credit stability criteria. (.

Monitoring And Surveillance

As part of the ongoing surveillance of this transaction, we will regularly assess:

- The performance of the underlying portfolio, including defaults, delinquencies, and prepayments;
- The supporting ratings; and
- The servicer's operations and its ability to maintain minimum servicing standards.

Related Criteria And Research

Related criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
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- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
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- Criteria Methodology Applied To Fees, Expenses, And Indemnifications,-July 12, 2012
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- European Consumer Finance Criteria, March 10, 2000

Related research

- Europe Is Still Holding On, Amid Negative Rates And Brexit Risk, April 6, 2016
- LeasePlan Downgraded To 'BBB-/A-3' On Announced Financing For Sale To Investor Consortium; Outlook Stable, Feb. 3, 2016
- The Consumer-Led Eurozone Upswing Is Resisting Routs Abroad, Jan. 11, 2016
- Eurozone Economic Outlook: Growth In Europe Is On Track, But Geopolitical Risks Have Risen, Dec. 2, 2015
- 2015 EMEA ABS Scenario And Sensitivity Analysis, Aug. 6, 2015
- New Issue: BUMPER 6 (NL) Finance B.V., Nov. 9, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
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