Rating Report

Bumper 8 (UK) Finance PLC

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Insight beyond the rating.

Ratings and Issuer's Assets and Liabilities

Debt	Par Amount (GBP) 1	Initial Subordination 2	Coupon	Rating	Rating Action
Class A ISIN: XS1554115037	400,000,000	26.61%	One-month Libor + 0.53%	AAA (sf)	Provisional Rating - Finalised
Class B ISIN: XS1554115383	25,000,000	22.02%	One-month Libor + 0.95%	AA (high) (sf)	Provisional Rating - Finalised
Class C	120,000,000	N/A	Fixed Rate 2.40%	N/A	N/A
Reserve Loan 3	47,060,672	N/A		N/A	N/A

	Amount (GBP)	Size (%)
Aggregated Discounted Balance	545,000,000	100%
Liquidity Reserve 4	2,380,000	0.44%
Set-Off Reserve	2,147,494	0.39%
Commingling Reserve	34,959,564	6.41%
Maintenance Reserve	7,573,614	1.39%

Notes:
The ratings address the payment of timely distribution of scheduled interest and ultimate principal by the legal final maturity date in accordance with the transaction documents.
1 As at the issue date.
2 Subordination is expressed in terms of portfolio overcollateralisation and does not include the reserves.
3 The Reserve Loan funds the reserves, including the Commingling Reserve, Maintenance Reserve and Set-Off Reserve.
4 The Liquidity Reserve is funded upon closing at 0.56% of the rated notes.

DBRS Ratings Limited (DBRS) has finalised provisional ratings previously assigned to the Class A Notes and the Class B Notes (the Rated Notes and, together with Class C Notes, the Notes), issued by Bumper 8 (UK) Finance PLC (the Issuer) in the context of a securitisation transaction under the laws of England and Wales.

The Notes are backed by receivables and residual value claims (RV Claims) related to auto lease agreements granted by LeasePlan UK Limited (LPUK) to corporate, small- and medium-sized enterprises (SME), retail and public-sector clients in England and Wales (Scottish and Northern Irish lessees are excluded). The underlying receivables represent the right to receive payment of regular lease instalments and the RV Claims, where applicable, are linked to the rights to receive all proceeds from the sale of the underlying vehicles.

Upon closing, proceeds from subscription of the Notes finance the purchase of the initial portfolio from LPUK as the Seller and LeasePlan Corporation N.V. (LPC) as the Reserve Loan Provider grants the Issuer a loan that funds the Liquidity Reserve, the Set-Off Reserve, the Commingling Reserve and the Maintenance Reserve. The receivables are serviced by LPUK (the Servicer).

The transaction benefits from a one-year revolving period, during which the Seller may offer additional receivables and their related RV Claims that the Issuer will purchase subject to eligibility criteria, concentration limits, performance triggers and other conditions set out in the transaction documents.

The transaction represents further European issuance of Notes backed by auto lease agreements through European branches or subsidiaries of LPC. DBRS has previously assigned ratings to other LPC-sponsored transactions in the Netherlands and Germany.

Asset Class	Auto Lease (with residual value)
Governing Jurisdiction	United Kingdom
Sovereign Rating	AAA

Continued on P.3

Table of Contents

Transaction Parties

Roles	Counterparty	Rating
Issuer / Maintenance Coordinator	Bumper 8 (UK) Finance PLC	N/A
Seller / Servicer / Sub-Maintenance Coordinator / Realisation Agent	LeasePlan UK Limited	N/A
Account Bank	BNP Paribas Securities Services London Branch	Private Rating
Cash Manager	Intertrust Finance Management (Ireland) Limited	N/A
Reporting Agent	Intertrust Administrative Services B.V.	N/A
Principal Paying Agent / Registrar	BNP Paribas Securities Services Luxembourg Branch	Private Rating
Interest Rate Swap Counterparty	BNP Paribas SA	AA (low) / R-1 (middle)* AA (high) / R-1 (high)**
Note Trustee / Issuer Security Trustee / LPUK Security Trustee	BNP Paribas Trust Corporation UK Limited	N/A
Arranger / Reserve Loan Provider	LeasePlan Corporation N.V.	Private Rating
Joint Lead Managers	BNP Paribas, London Branch / Société Générale, London Branch	N/A
Corporate Services Provider	Intertrust Management Limited	N/A

* Long-Term Deposits and Senior Debt / Short-Term Debt.
** Long-Term/Short-Term Critical Obligations Rating.

Relevant Dates

Term	Description
Issue Date	7 February 2017
Monthly Collection Period	Each calendar month.
Interest Payment Date	20th calendar day of each month (or next business day).
Interest Period	From and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date.
Calculation Date	Three business days prior to Interest Payment Date
Revolving Period Expiry Date	20 March 2018
Final Maturity Date	November 2027

Portfolio Summary as at 31 December 2016 (balances relate to Aggregate Discounted Balance)	
Portfolio Balance	545,000,000
Of which Lease Receivables	271,824,756
Of which RV Claims	236,898,085
Of which Balloon Payments	36,277,159
Number of Contracts	40,588
Of which Closed Calculation	29,130
Of which Open Calculation	11,458
Cars #	24,883
Commercial Vehicles #	15,705
Top 20 Lessees as % of Initial Portfolio	21.3%
RV Claims as % of Initial Portfolio	43.5%
Weighted-Average Lease Interest Rate	5.1%
Portfolio Discount Rate	5.0%

Rating Considerations

- The transaction represents the securitisation of automotive lease agreements and, if applicable, the associated RV Claims for the leased vehicles, all of which are governed by the laws of England and Wales.
- Due to the nature of the receivables, the transaction has a dependency on LPUK, which performs the role of Seller, Servicer, Realisation Agent and Sub-Maintenance Coordinator.
- Various product types are covered by the receivables that provide varying forms of risk to the Issuer. As an example, finance lease and lease purchase contracts do not place direct RV risk onto the Issuer whereas contract-hire agreements do.
- The portfolio contains contract-hire and contract purchase agreements that can contractually involve the return of the leased vehicle at maturity. Upon the vehicle's return, the Issuer is exposed to RV risk and volatility associated with the liquidity of the relevant used vehicle market should LPUK not be available to repurchase the RV Claims.
- The transaction has a revolving period of one year, during which the Issuer is expected to purchase additional receivables that LPUK may offer. Additional receivables must meet the replenishment criteria outlined in the transaction documents.
- Funds available to repay the Notes represent monthly instalments from lessees that include interest and principal components as well as vehicle sales proceeds. Receivables in relation to Lease Services are sold to the Issuer and the Issuer has an obligation to provide these services as Maintenance Coordinator. The Issuer has subcontracted this responsibility to LPUK to act as Sub-Maintenance Coordinator and subsequent payments for such services are distributed to LPUK to cover these associated costs.
- Lease customers are predominantly commercially focussed with the top 30 lessees accounting for 26% of the initial portfolio.
- The underlying agreements are discounted at a uniform fixed rate of 5% while floating-rate notes have been issued. Interest rate risk is mitigated through an interest rate swap.

Strengths

- DBRS considers LPUK to be a specialised and experienced automotive leasing company which is fully owned by its ultimate parent, LPC, a multinational leasing group with relevant servicing and securitisation experience.
- The transaction benefits from a Liquidity Reserve that is fully funded on the closing date. Amounts standing to the Liquidity Reserve are made available to cover senior expenses, interest swap payments and interest on the rated Notes during both the revolving and normal amortisation periods. The Liquidity Reserve is set at 0.56% of the Class A and B Notes with a floor of GBP 2.0 million, which can ultimately be used to repay principal according to the relevant priority of payments when the aggregate discounted balance of the portfolio has reached zero.
- Receivables are transferred to the Issuer at their aggregate discounted balance, which is calculated by discounting the scheduled payments under the lease agreements and the estimated RVs and balloon balances by 5%. The use of this fixed discount rate provides theoretical excess spread to the transaction, considering the transaction's senior costs and the weighted-average (WA) coupon of the Notes.
- Prior to an insolvency event involving LPUK, LPUK has an obligation to repurchase balances from the Issuer where contracts have matured, been extended (subject to tenor conditions), terminated early or where warranties have been breached.

- DBRS was provided with detailed vehicle realisation data that made it possible to estimate RV loss at each rating level. Overall, DBRS observed robust vehicle realisation proceeds compared with expected RVs and considers this to be a strength of LPUK against other originators that DBRS has reviewed in the United Kingdom where RV risk is taken.
- The transaction considers various performance-related triggers to determine whether the revolving period should be terminated. Among others, the revolving period will end if delinquency and default ratio thresholds are exceeded and if collections that are not reinvested in new receivables exceed 10% of the portfolio's initial balance.

Challenges

- The majority of the pool consists of contract-hire agreements where the Issuer may be exposed to RV risk related to the leased vehicle upon LPUK's insolvency.

  Mitigants: (1) LPUK is able to recalculate the RV for most contract-hire agreements if usage thresholds are met or if there is an early termination. (2) DBRS has considered the length of the revolving period and a migration toward the maximum RV exposure permitted under the transaction's replenishment criteria. (3) Within its cash flow analysis, DBRS has applied both frequency and severity rating-related stresses to RV performance.
- Title to the leased vehicles is retained by LPUK – Upon LPUK's insolvency an administrator or LPUK could delay the sale of any maturing or terminated leased vehicles.

  Mitigants: The transaction looks to incentivise the administrator by making available an associated fee that aims to ensure that the underlying vehicles are sold promptly (1% of the sales proceeds plus costs). Furthermore, the Issuer has been granted a floating charge over the title to the leased vehicles; this floating charge would crystallise into a fixed charge upon certain conditions, including the commencement of administration-related events, which would prevent further claims over the leased vehicles. Additionally, LPUK has granted a power of attorney in favour of the Issuer to demand all monies due in respect of the Lease Receivables and/or RV Claims.
- Commingling and Set-Off Risk – LPUK is entitled to commingle collections with funds standing in its own accounts and may transfer these to the Issuer at the end of each monthly period. Collections may therefore be commingled with LPUK's estate upon insolvency. Lessees may also be entitled to set-off payment obligations against amounts owed to them by LPUK that may arise through open-calculation contract-hire agreements.

  Mitigants: (1) Following a Reserves Trigger Event, the Commingling Reserve and Set-Off Reserve are funded. Given the associated definition, these reserves are funded upon closing. (2) The Servicer may also increase the frequency of collection transfers to the Issuer's account. (3) In its stressed cash flow assumptions, DBRS does not anticipate open-calculation contracts to afford payments from LPUK to the lessees, given the application of RV stresses.
- Reliance on LPUK to coordinate maintenance activities.

  Mitigants: The transaction incorporates a Maintenance Reserve sized at 1.4% of the collateral balance and funded upon closing (subject to a Reserves Trigger Event), which is made available to the Issuer for distribution to maintenance providers. Furthermore, a Backup Sub-Maintenance Coordinator will be procured if LPC is not considered to be rated at least investment grade and can be appointed following termination of LPUK as Sub-Maintenance Coordinator.
- Since the Issuer is expected to purchase additional receivables during the revolving period, the pool composition at the end of the revolving period may differ in comparison with the issue date.

  Mitigants: Additional receivables added to the portfolio during the revolving period must adhere to specific replenishment criteria outlined in the transaction documents. DBRS considers the revolving period to be relatively short compared with other auto loan/lease transactions at one year and has adjusted its cash flow analysis to accommodate a deterioration in the pool.
- Asset concentration – The portfolio contains certain characteristics that are not typical in an auto asset-backed security (ABS) portfolio. These characteristics include a maximum vehicle price of GBP 500,000, the inclusion of heavy goods vehicles (> 3.5 tonnes), lease agreements that pay on a quarterly or annual basis and comparably high lessee concentration.

  Mitigants: DBRS has considered these features in determining its base-case and stressed asset-level assumptions.

Transaction Structure

Transaction Summary

Currency	Issuer's assets and liabilities are denominated in Great Britain pounds (GBP).
Relevant Jurisdictions	The underlying lease agreements and the transaction documents are governed by the laws of England and Wales. The Issuer is incorporated under the laws of England and Wales.
Interest Rate Hedging	Interest rate swap in place
Basis Risk Hedging	N/A

Interest Risk Hedging

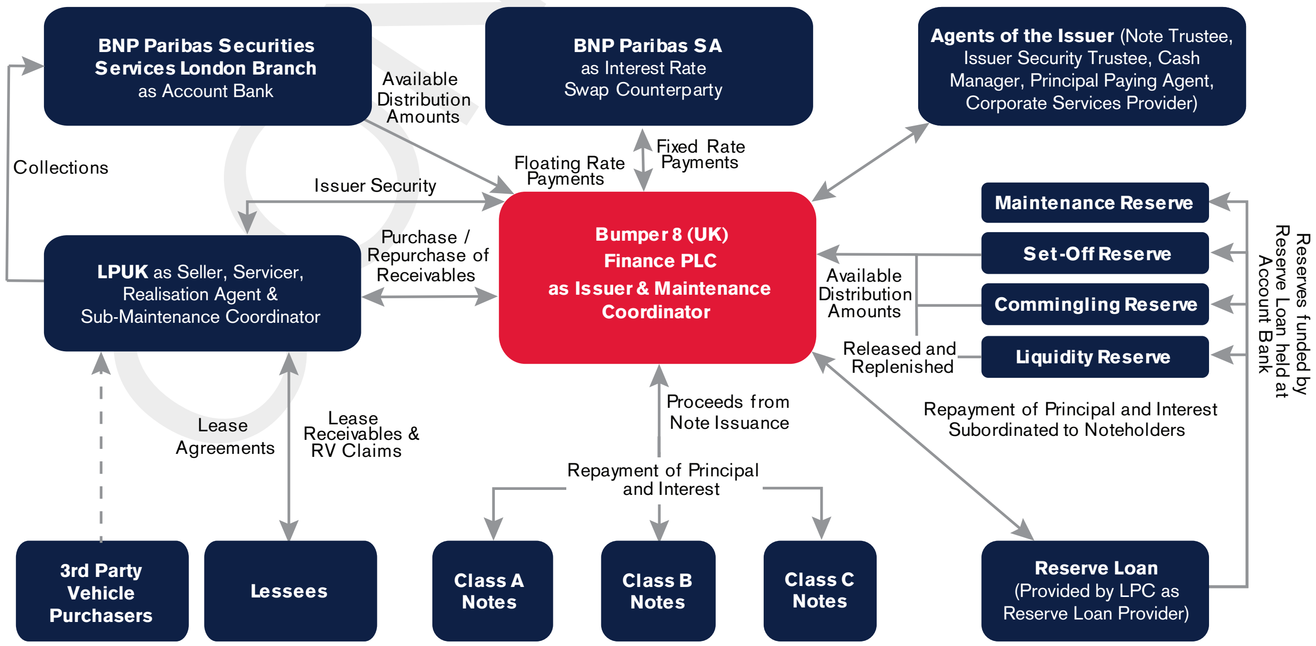
Issuer to Pay:	**Issuer to Receive:**
Notional:	Notional:
Sum of the principal outstanding amount of the Class A and Class B Notes on the first day of the applicable interest period.	Sum of the principal outstanding amount of the Class A and Class B Notes on the first day of the applicable interest period.
Fixed rate	One-month GBP-Libor.

Reserves

Liquidity Reserve	Initial Amount	GBP 2,380,000
	Target Amount	0.56% of the Class A and Class B Notes
	Floor	GBP 2,000,000
Commingling Reserve	Initial Amount	GBP 34,959,564
	Target Amount	The aggregate of (1) 162% of coming month's lease interest and principal collections and (2) 125% of the maximum scheduled monthly repurchase amounts (vehicle realisation proceeds).
	Floor	Zero
Set-Off Reserve	Initial Amount	GBP 2,147,494
	Target Amount	GBP 2,147,494 (less any amount used to repay the Set-Off Reserve Advance)
Maintenance Reserve	Initial Amount	GBP 7,573,614
	Target Ongoing	Positive difference between (1) the expected maintenance costs and (2) the actual maintenance costs

On the initial and additional purchase dates during the revolving period, the Issuer purchases lease receivables and RV Claims from LPUK. Title to the underlying vehicles is not transferred to the Issuer and is retained by LPUK which grants a floating change over the charged vehicles in favour of the LPUK Security Trustee (as an agent of the Issuer).

Exhibit 1



Account Bank

BNP Paribas Securities Services London Branch (BPSS) has been appointed as the Issuer's account bank for the transaction. DBRS privately rates BPSS and publically rates its parent company, BNP Paribas SA (BNP) as outlined within the hedging section below. DBRS has concluded that BPSS meets DBRS's minimum criteria to act in its capacity. The transaction contains downgrade provisions relating to the account bank consistent with DBRS's criteria.

Hedging Counterparties

BNP Paribas SA has been appointed as the interest rate swap counterparty for the transaction. DBRS publicly rates BNP's long-term deposits and senior debt at AA (low), its short-term debt at R-1 (middle) and has assigned long-term and short-term critical obligation ratings of AA (high) and R-1 (high), respectively. DBRS concluded that BNP meets the minimum criteria to act in such capacity. The transaction contains downgrade provisions relating to the hedging counterparties that are consistent with DBRS's criteria.

Seller Risk, Servicing and Collections

LPUK acts as originator and has been appointed to service the lease receivables and the RV Claims on behalf of the Issuer in accordance with its credit and collection procedures. DBRS does not rate LPUK, but privately rates its ultimate parent, LPC. DBRS has concluded that LPUK meets DBRS's minimum criteria to act as Servicer as well as other supporting roles as outlined below. Following certain events outlined in the transaction documents, and within 120 days, LPUK is required to procure the appointment of a Backup Servicer that would be in a position to assume the role of Servicer following any termination of LPUK's role as Servicer.

The Servicer collects payments made by lessees and other proceeds related to the receivables, including principal, interest, servicing and final balloon payments (collections). LPUK receives payments from lessees into its collections accounts, held and maintained with an independent third-party bank in its own name. The transaction documents require LPUK to transfer the Issuer's collections to the Issuer's accounts at the end of each monthly period. Following an insolvency event relating to LPUK the Issuer's funds may be commingled and LPC thus guarantees its obligation to transfer collections by posting a specific reserve (the Commingling Reserve) subject to a Reserves Trigger Event (see Commingling section).

Realisation Agent

LPUK has been appointed as the transaction Realisation Agent and is responsible for the sale of any vehicles returned by lessees at maturity or following repossession owing to default as well as any vehicles pledged to the Issuer that have not been repurchased by the Seller in accordance with the Purchase Agreement (see Seller Repurchase Obligation section). Similar to servicing activities, following an Appointment Trigger, LPUK is required within 120 days to procure a Backup Realisation Agent that would be in a position to assume the role of the Realisation Agent following any termination of LPUK acting in this capacity.

Maintenance and Servicing Counterparties and the Appointment Trigger

The transaction envisages various roles and counterparties that support the servicing and administration of the underlying receivables. All these roles have a reliance on an Appointment Trigger related to LPUK that can be summarised as:

The earlier of:

1. An Investment-Grade Trigger Event (LPC is no longer rated BBB (low));
2. A Pre-Crystallisation Trigger Event (a claim over the underlying vehicles greater than GBP 20 million);
3. A Non-Insolvency Servicer Termination Event (failure to pay, failure to perform covenants, breach or warranties and unremedied);
4. A Non-Insolvency Sub-Maintenance Coordinator Termination Event; or
5. A Non-Insolvency Realisation Agent Termination Even.

Maintenance / Sub-Maintenance Coordinator

The lease agreements include vehicle maintenance services (such as optional maintenance, repair, tire and breakdown services) that are paid for by the lessees with their monthly instalments. The issuer, as assignee of the receivables and pledgee of the RV Claims, is ultimately liable for vehicle maintenance services and has appointed LPUK to fulfil these duties on its behalf as Sub-Maintenance Coordinator. In this capacity, LPUK receives the component of lease payments that relate to the provision of these services (Maintenance Coordinator Fee) within the applicable priority of payments senior to the payments made to noteholders; these senior payments of the Maintenance Coordinator Fee cease upon LPUK's termination as Sub-Maintenance Coordinator. Following an Appointment Trigger, LPUK is required within 120 days to procure a Backup Sub-Maintenance Coordinator that would be in a position to assume the role of the Sub-Maintenance Coordinator following any termination of LPUK acting in this capacity.

Since the issuer remains liable for providing maintenance services the transaction's structure includes a Maintenance Reserve that provides support against future maintenance costs following an LPUK insolvency.

Seller Repurchase Obligation

LPUK as the Seller is required to repurchase receivables under specific circumstances that include lease maturity, lease extension, early termination and upon any breach of lease warranties. Repurchase timings are considered short and are typically within ten days of the related event.

DBRS notes that defaulted leases are not subject to the Seller's repurchase obligations. The proceeds received from any repurchase activity form part of the collections received from the Servicer and are included within the available distribution amounts made available on each interest payment date.

Available Distribution Amounts

Payments by lessees form the majority of the distribution amounts available to the issuer along with repurchases. Additional sources of funds available to the Issuer are represented by:

- Deemed Collections – these are adjustments made by LPUK to the lease balance which are payable by LPUK.
- Realisation Proceeds from sale of the pledged vehicles.
- Earnings from eligible investments.
- Net swap payments when due and payable by the swap counterparty.
- Maintenance Coordinator Fee (payable by LPUK prior to an Appointment Trigger).
- Amounts accumulated on the Replenishment Ledger (during the revolving period, unused distribution amounts).
- The Liquidity Reserve.
- The Junior Deferred Purchase Price Ledger (if any).

The Commingling Reserve, the Maintenance Reserve and the Set-Off Reserve as well as the Swap Collateral Account do not form part of the available funds but can only be used in case the relevant counterparties' obligations are breached.

Funding of the Reserves

On the Closing Date, LPC, as the Reserve Loan Provider, funds the Liquidity Reserve corresponding to 0.56% of the Rated Notes.

The Liquidity Reserve forms part of the available funds and can be used to cover senior expenses, swap payments as well as Class A and Class B interest during the life of the transaction. The Liquidity Reserve is not typically used to cover credit or residual value losses and amortises with the amortisation of the rated notes subject to a floor of GBP 2 million. Any amount released from the reserve following amortisation will be processed in accordance with the relevant priority of payments and the Liquidity Reserve can ultimately be used to repay the notes when the portfolio has reduced to zero.

DBRS understands that LPC is required to fund the Commingling, the Set-Off and the Maintenance Reserves to their required amounts at the issue date. These reserve mechanics are described in greater detail in the Reserves Trigger Event section of this report, as well as corresponding sections for the Set-Off, Commingling, and Maintenance Reserves.

Priority of Payments

During both the revolving period and normal/accelerated amortisation, the Issuer applies the available distribution amounts in accordance with a single waterfall (priority of payments). The various priorities of payments applicable in circumstances are out-lined below.

Revolving Period Priority of Payments

During the revolving period, provided that no accelerated amortisation event has occurred, available funds will be distributed through the Revolving Period Priority of Payments outlined below:

1. Taxes payable by the Issuer;
2. Repayment of maintenance collections to LPUK (in its role as Sub-Maintenance Coordinator only);
3. Amounts payable to the trustees;
4. Payment of other senior expenses (including servicer fee, backup servicer fee, backup servicer standby fee, sub-maintenance coordinator fee, backup sub-maintenance coordinator fee, backup sub-maintenance coordinator standby fee, realisation agent fee, backup realisation agent fee, backup realisation agent standby fee);

5. GBP 350 as retained profit for the Issuer;
6. Net swap payments payable by the Issuer to the interest rate swap counterparty (including termination payments, but excluding the case when the interest rate swap counterparty is the defaulting party);
7. Interest on the Class A Notes;
8. Interest on the Class B Notes;
9. Restore the Liquidity Reserve up to its required amount of 0.56% of the Class A and Class B Notes, subject to a floor or GBP 2 million;
10. Pay the additional portfolio purchase price for additional receivables with any excess allocated to the replenishment ledger;
11. On a pro rata and pari passu basis, interest on the Class C Notes;
12. Interest on the Reserve Loan;
13. Principal on the Reserve Loan;
14. Pay any subordinated termination payments to the interest rate swap counterparty; and
15. Remaining amounts go to LPUK, so long as they are not in default.

Normal Amortisation Priority of Payments

After the end of the revolving period, provided that no accelerated amortisation event has occurred, available funds are distributed through the normal amortisation priority of payments. The waterfall follows the example above, except for:

- The introduction of a liquidation or administrator incentive recovery fee paid following the payment of senior expenses;
- The removal of the requirement to purchase additional receivables; and
- The repayment of the required principal redemption amounts to the Class A and Class B Notes following the replenishment of the Liquidity Reserve to their required amounts.

The repayment of principal recognises a theoretical principal amount, which ordinarily relates to the difference between the prior-period principal outstanding of the Notes and the portfolio's aggregate discounted balance relating to the current period following adjustments related to the recalculation of the aggregate discounted balance of the lease agreements (positive or negative, as applicable). As the aggregate discounted balance excludes defaulted amounts, the waterfall allows any excess spread to be used to repay principal and also provides coverage for defaulted leases.

Principal is allocated on a sequential basis and funds are not allocated to principal for the Class C Notes until the Class A and Class B Notes have been redeemed in full. The repayment of Class A and Class B principal ranks senior to the payment of interest on the Class C Notes.

Accelerated Amortisation Priority of Payments

Following an Accelerated Amortisation Event, the Issuer will switch to the Accelerated Amortisation Period Priority of Payments, which sequentially allocates principal and interest to the Notes according to their seniority.

An Accelerated Amortisation Event relates to Issuer's insolvency or liquidation (following an event of default of the Issuer) and are not typically relevant for the rating.

Cleanup Call Option

The Seller has the option to repay the Notes prior to their natural amortisation and repurchase the underlying portfolio on any payment date when the collateral portfolio has reduced to 10% of its aggregated discounted balance as at the initial cut-off date or upon the full redemption of the Class And Class B Notes.

Origination and Servicing

DBRS conducted an operational review of LPUK's lease operations in October 2016 in Slough, United Kingdom. DBRS considers LPUK's origination and servicing practices to be consistent with those observed among other leasing companies.

LeasePlan was founded in 1963 and began expanding internationally in the 1970s and outside of Europe in the 1980s. LeasePlan introduced operational leasing to the U.K. market in 1979 with the first vehicle delivery occurring in 1980. In 1993, LPUK purchased Automotive Leasing and the company achieved ISO9001 accreditation. Subsequently, it purchased Dial contracts and Network in 2000 and rebranded Fleet Line as LeasePlan Go in 2012.

In 1990, ABN AMRO acquired 100% of LeasePlan Holding N.V., which was in turn acquired by VW Group (VW) and two investors in 2004. In 2010, a new shareholder (Fleet Investments B.V. (Fleet), a German investment company) was added to Lease-Plan Corporation N.V. with both Fleet and VW owning 50%.

On 23 July 2015, LeasePlan's shareholders reached an agreement with a consortium of long-term investors to acquire full ownership. LeasePlan is one of the largest private, independent auto leasing companies in the world with market leading positions in several European countries. LPUK has the second largest share in the U.K. market among all leasing and fleet management companies with a market share of approximately 11%.

As at the end of August 2016, LPUK's portfolio represented 166,459 vehicles with associated agreements totalling GBP 2.11 billion. The company has over 65,000 clients.

DBRS does not publicly rate LPUK or its parent, although a private rating has been assigned to the Dutch parent company.

Collateral Summary

The lease instalments and RV Claims that are to be assigned to the Issuer consist of lease agreements granted by LPUK to corporate, SME, retail and public-sector clients in England and Wales for the purpose of leasing passenger vehicles, commercial vehicles, light commercial vehicles and heavy goods vehicles. LPUK offers agreements through a master-hire product, whereby multiple vehicles are leased under a single set of terms and conditions, or alternatively under a separate lease agreement, where each vehicle has individual terms and conditions.

The collateral pool consists of both contract hire and hire purchase, each of which include further subsets as detailed in the table below:

	Contract Hire			Hire Purchase	
	Operating Lease – Closed Calculation	**Operating Lease – Open Calculation**	**Finance Lease**	**Contract Purchase**	**Lease Purchase**
Ownership – During Contract	LPUK	LPUK	LPUK	LPUK	LPUK
Ownership – End of Contract	LPUK	LPUK	Sold to Third Party	Client option to purchase at maturity	Client obligation to purchase at maturity
RV Risk	LPUK	LPUK	Client	LPUK/Client	LPUK/Client
Profit Share upon Termination	No	Yes – collectively on RV and Service Maintenance and Repair (SMR) gain	No	No	No

The portfolio predominantly consists of operating lease contracts (circa. 82%). LPUK offers two types of operating lease agreements known as open calculation and closed calculation. Under an open calculation contract, the product looks to provide flexibility by aligning the client usage with the lease instalments. There is a profit-sharing arrangement between LPUK and the lessee if there arises any financial gain in relation to the combined result of (1) the sale of the vehicle and (2) the utilisation of the budgeted maintenance facilities against the terms and conditions of the contract within the master-hire agreement. These amounts are calculated on an annual basis and debits/credits are applied to a client's settlement account. Under a closed calculation contract, the lessee is not provided with the same transparency and does not have the option of receiving any refund from LPUK if its usage is lower than budgeted at the start of the contract. For both open- and closed-calculation contract-hire agreements, LPUK takes the RV risk.

Under finance leases agreements, the lessee takes the vehicle RV risk as it is required to pay a final balloon payment at the end of the lease agreement. Title over the vehicle remains with LPUK until this payment has been made; however, the lessee is granted the right to sell the vehicle to a third party as LPUK's agent upon maturity, subject to a 2% commission fee. Should the lessee not exercise the right to sell the vehicle, then the lease agreement would enter a secondary term with a lower rental.

Contract purchase lease agreements have a final balloon payment due upon contract maturity. The lessee can either pay the balloon amount in exchange for title over the vehicle or return the vehicle as a full and final settlement, thereby placing the RV risk with LPUK. Under a lease purchase agreement, there is also a final balloon payment due at the end of the contractual term; however, unlike purchase lease agreements, the lessee is not permitted to return the vehicle as a full and final settlement of the balloon amount. The lessee must pay the final balloon payment in this case and, consequently, purchase the vehicle and assume the RV risk.

Certain regulated lease agreements may be cancellable under section 67 of the *Consumer Credit Act* (CCA) where pre-contract discussions and execution of the lease agreement were conducted away from certain business premises. Upon cancellation, the lessee is entitled to recover its past payments. The transaction's eligibility criteria excludes agreements where LPUK is aware that cancellation rights have been alleged or exercised. Furthermore, the eligibility criteria specifically exclude regulated hire purchase and conditional sale agreements and necessitate that any regulated consumer hire agreements are either (i) entered into by the hirer in the course of a business or (ii) require the hirer to make payments which in total (and without breach of the agreement) exceed £1,500 in any year. DBRS understands that these conditions remove the risk of voluntary termination that could arise in relation to regulated consumer credit agreements.

LPUK provides formal and informal extensions to its clients. Formal extensions act as an RV risk mitigant as the agreement is recalculated following the revision of the contract tenor and mileage provisions. Formal extensions typically have a 12-month duration. Informal extensions may also occur and, under this scenario, the lessee continues to make the same lease instalment following the expected contract maturity (typically for around three to four months).

Eligibility Criteria

Receivables assigned on the issue date meet certain criteria specified in the transaction documents. Some of the criteria required for assignment are summarised below:

- The purchase price (including value-added tax (VAT)) for the leased vehicle has been paid in full to the relevant supplier and the Lease Vehicle exists.
- The Lease Agreement is subject to the laws of England and Wales and is legal, valid, binding and enforceable.
- Regulated lease agreements are not subject to cancellation proceedings.
- The related Lease Agreement is not a regulated credit agreement of the hire purchase or Condition Sale type or otherwise.
- Each Lease Agreement that is a regulated consumer hire agreement is either (i) entered into by the hirer in the course of a business or (ii) provides the hirer to make payments which in total (and without breach of the agreement) exceed £1500 in any year.
- The Lease Receivables and RV Claims are assignable and free from third-party rights.
- At least one Lease Instalment has been paid under the Lease Agreement and the remaining maturity is not shorter than one month.
- The Lessee is neither a part nor an employee of the LeasePlan Group.
- The Lessee has an obligation to takes out third-party liability insurance on the Leased Vehicle.
- The Lease Agreement is not classified as defaulted.
- The Lease Agreement pays in monthly, quarterly, semi-annual or annual instalments.
- Any Leased Vehicle's initial price (excluding VAT) is less than or equal to GBP 500,000.
- The Lessee is resident or incorporated in England or Wales.
- Title to the Vehicles is held by LPUK.

Replenishment Criteria

During the 12-month revolving period, certain portfolio limits have been established that prevent negative selection upon assignment as summarised below:

Description	% of Aggregate Discount Balance
Top 1 to 3 Lessees do not exceed	2.0
Top 4 to 5 Lessees do not exceed	1.5
Top 6 to 10 Lessees do not exceed	1.3
Top 11 to 15 Lessees do not exceed	0.85
Excluding top 15, maximum Lessee does not exceed	0.5
RV Claims do not exceed	45.0
Specific industry group does not exceed	20.0
Lease Agreements with a remaining term greater than 48 months do not exceed	10.0
SME / Retail Lease Agreements do not exceed	69.0

Pool Characteristics

DBRS has analysed a pool of receivables selected as at the end of December 2016 by LPUK. The main characteristics of the portfolio are shown within the graphs below:

Exhibit 2: Lease Agreement Value

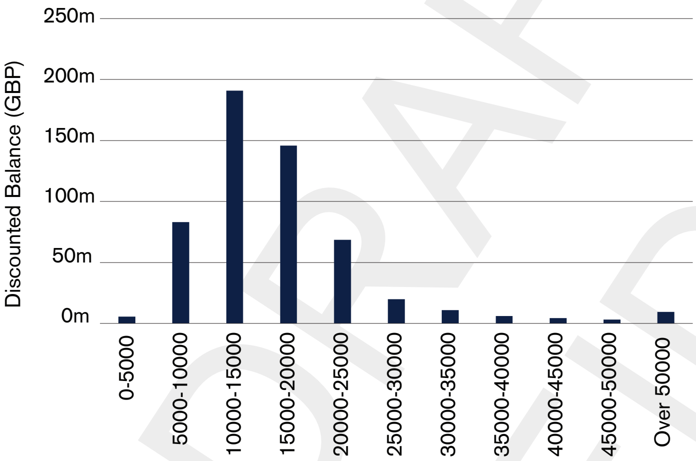


Exhibit 3: Instalment Amount

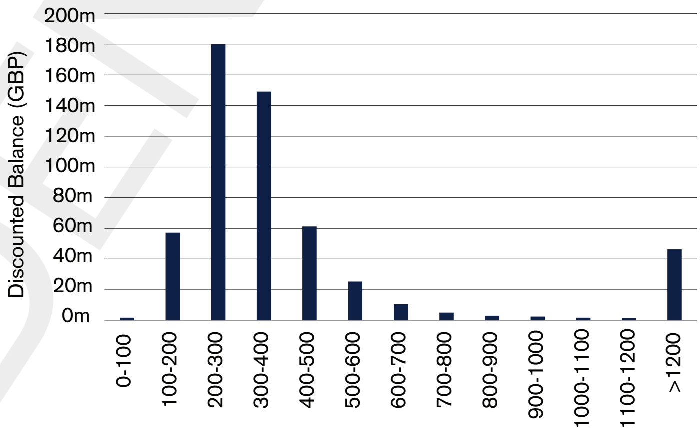


Exhibit 4: Payment Frequency

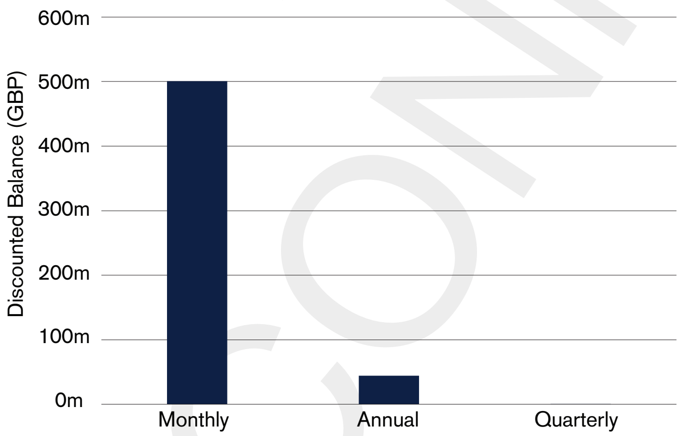


Exhibit 5: Lessee Type

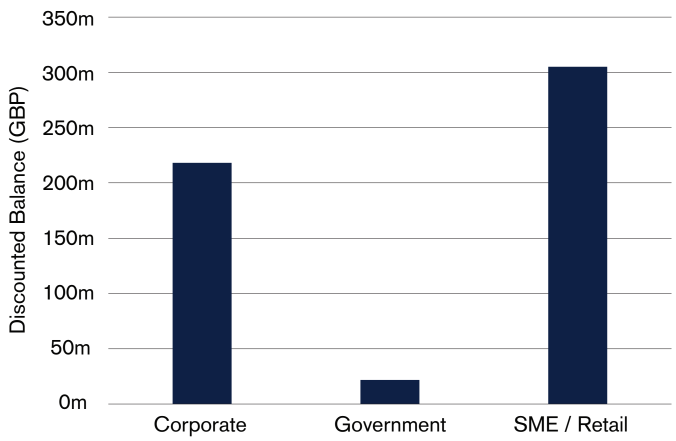


Exhibit 6: Product Type Mix

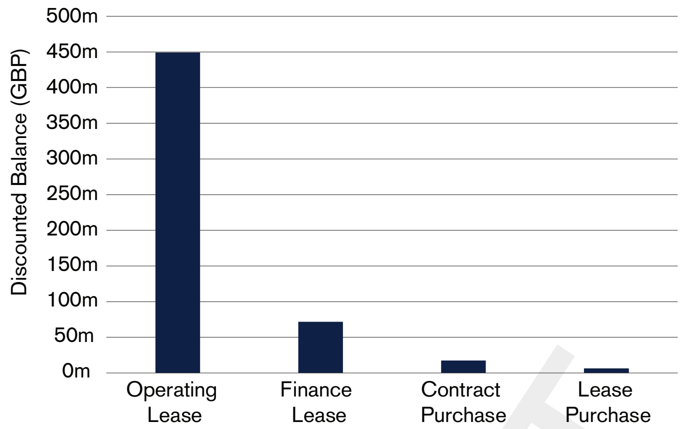


Exhibit 7: Open / Closed Calculation

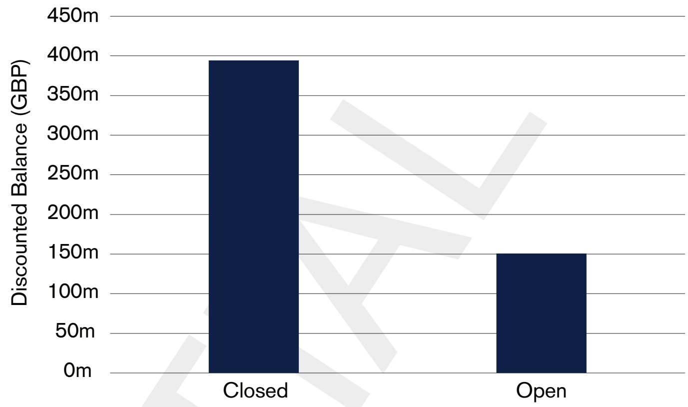


Exhibit 8: Original Term — Months

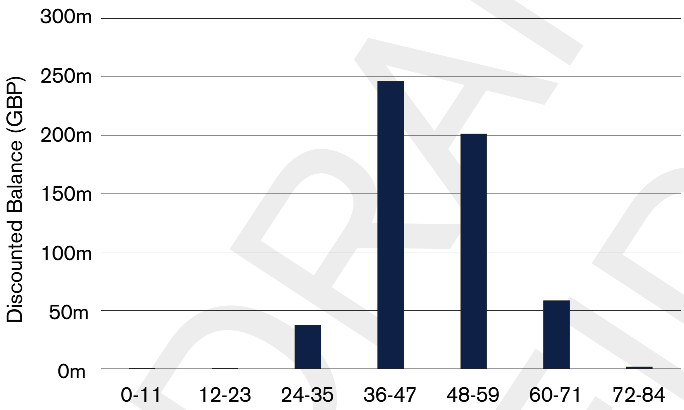


Exhibit 9: Remaining Term — Months

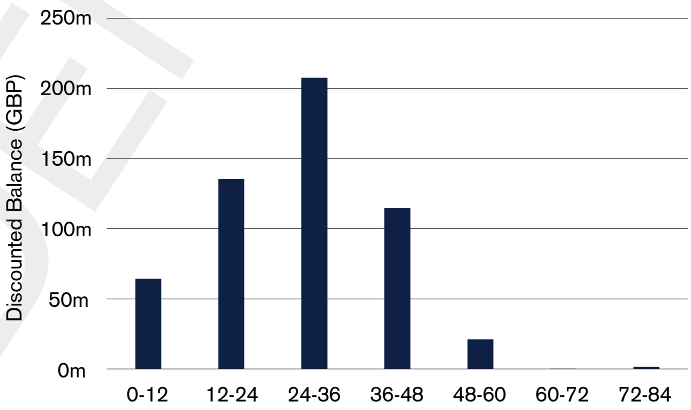


Exhibit 10: Year of Origination

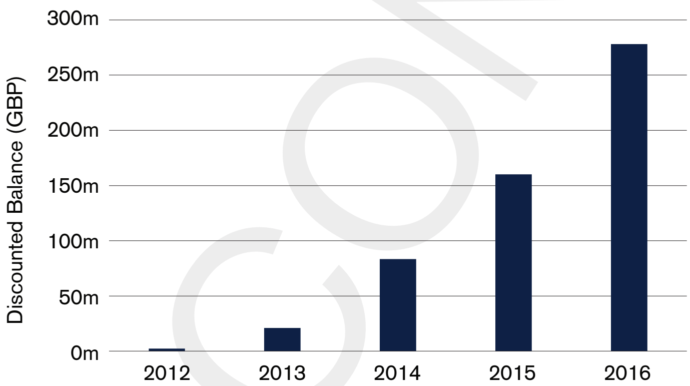


Exhibit 11: Vehicle Type

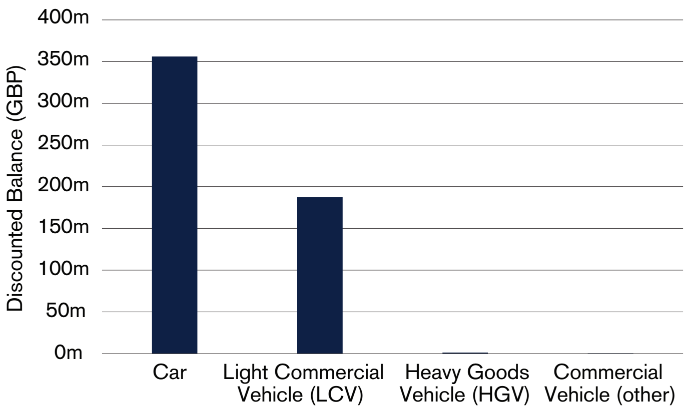


Exhibit 12: Vehicle Brand Mix

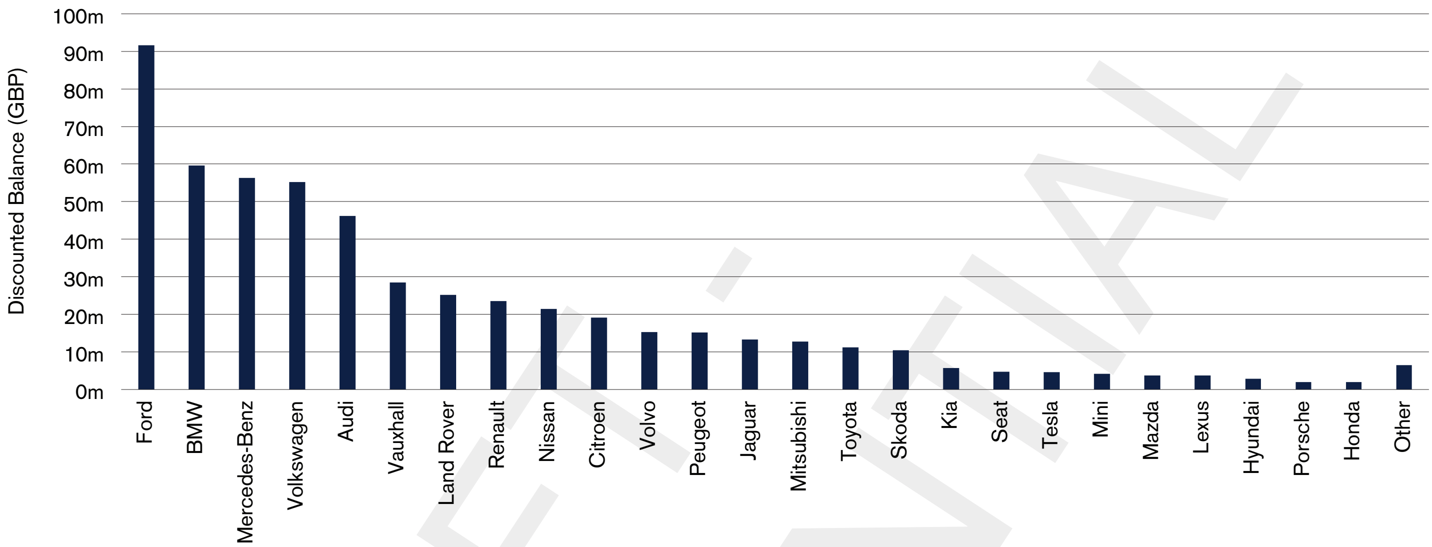


Exhibit 13: Industry Mix

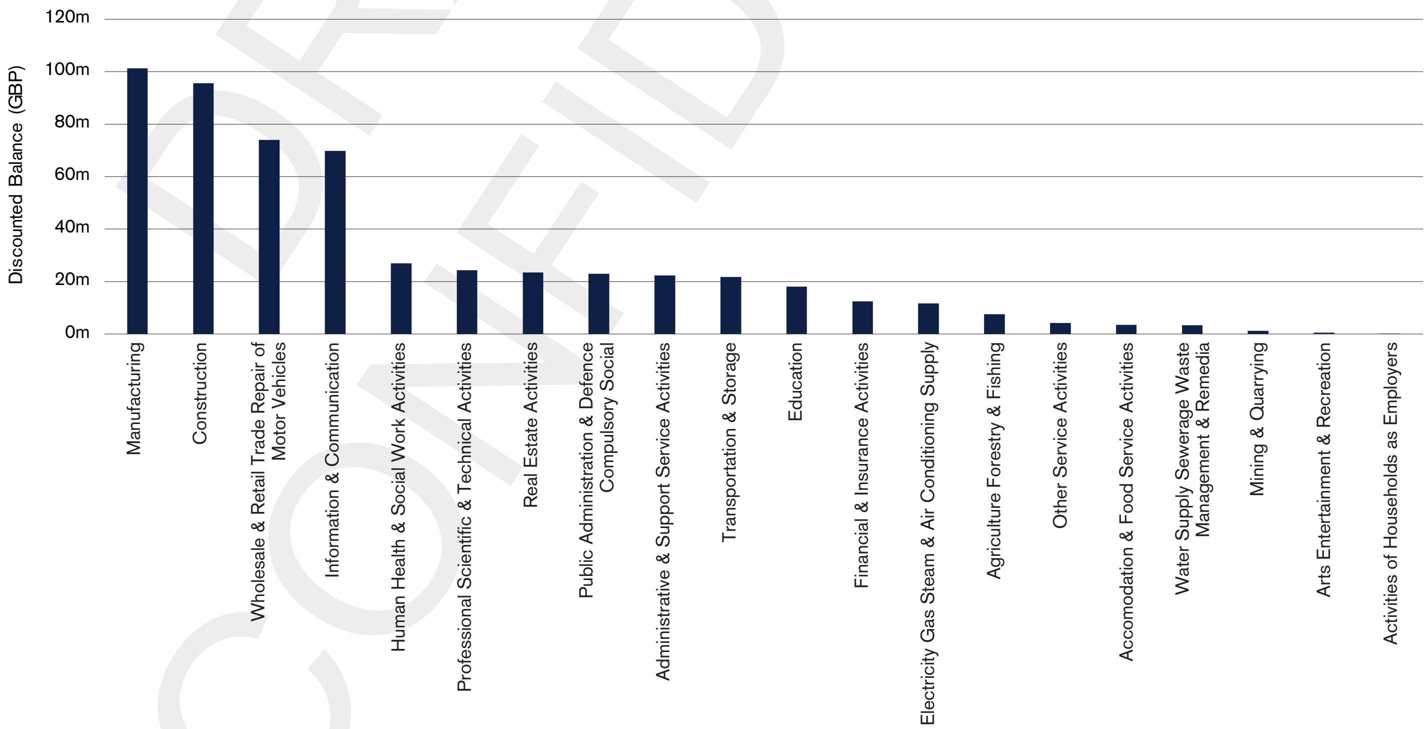


Exhibit 14: Geographic Region

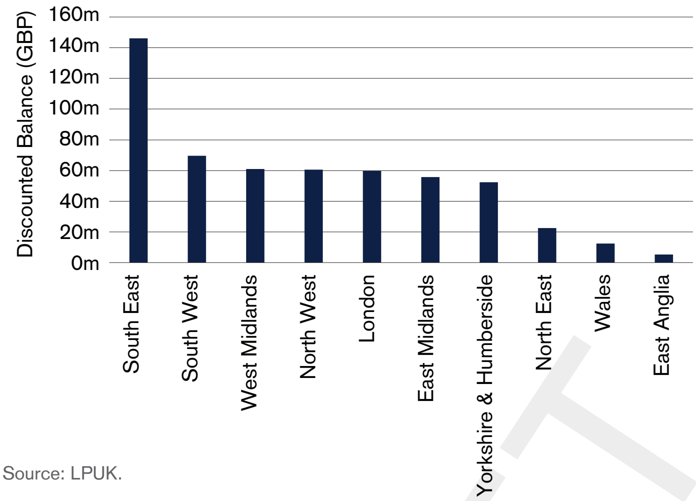
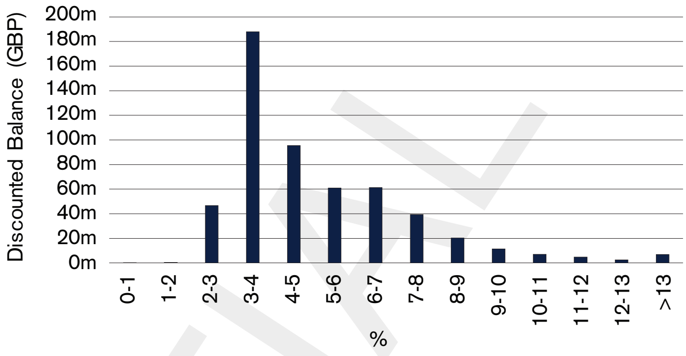


Exhibit 15: Lease Interest Rate



Source: LPUK.

Compared with other auto ABS transactions rated by DBRS in the United Kingdom, the following is noted:

- The pool has a well-diversified vehicle brand mix with Ford representing the largest brand at about 17% of the portfolio. The broad array of brands recognises the non-captive nature of LPUK and the wider U.K. auto market.
- There is a high percentage of corporate borrowers (40%) with SME/retail customers representing the largest customer type (56%).
- 8% of the receivables represent lessees that pay on an annual basis. These represent corporate and government lessees with an approximate 50/50 split.
- The average lease instalment is considered high compared with other European auto ABS portfolios at approximately GBP 540, driven by the non-monthly payment frequencies.
- The portfolio is considerably seasoned. The weighted-average seasoning is approximately 14 months with 20% of leases originated between 2012 and 2014.

Rating Analysis

The ratings are based on DBRS's review of the following analytical considerations:

- Transaction capital structure, proposed ratings and form and sufficiency of available credit enhancement.
- Credit enhancement levels are sufficient to support DBRS-projected expected cumulative net losses and RV losses under various stress scenarios.
- The transaction's ability to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested. For this transaction, the rating addresses the payment of timely interest on a monthly basis and principal by the legal final maturity date.
- LPUK's financial strength as well as its capabilities with regard to originations, underwriting and servicing.
- DBRS conducted an operational risk review of LPUK's premises in Slough and deems it to be an acceptable servicer.
- The transaction parties' financial strength with regard to their respective roles.
- The credit quality and concentration of the collateral and historical and projected performance of the Seller's portfolio.
- The sovereign rating of the United Kingdom, currently AAA.
- The transaction's consistency of the legal structure with the DBRS's *Legal Criteria for European Structured Finance Transactions* methodology and the presence of legal opinions that address the true sale of the assets to the Issuer and non-consolidation of the special-purpose vehicle with the Seller.

Portfolio Performance Data

DBRS received the following set of data sourced by LPUK:

- Dynamic portfolio composition and delinquency performance data;
- Static data including default data by lessee type, portfolio recovery data, termination performance and depreciation;
- Lease-level RV data assessing vehicle realisation proceeds against net book value, split by termination type; and
- A theoretical amortisation of the portfolio, split by lease instalments and RV/balloon payments.

Vintage Default and Recovery Data

DBRS understands that the default definition applied is the same definition used in the transaction documents that refers to termination of the lease agreement. The default definition is split into two, whereby a distinction is made between lease agreements afforded to SME/retail customers and those granted to corporate/public-sector lessees.

SME and retail customers are considered to be in default when their agreement is 90 days in arrears whereas corporate and public-sector lessees are only considered in default when the Servicer deems that there is no reasonable chance that the customer is able to pay. For all customers, lease agreements are considered to be in default upon the lessee's insolvency.

Exhibit 16: Static SME / Retail Defaults by Annual Vintage

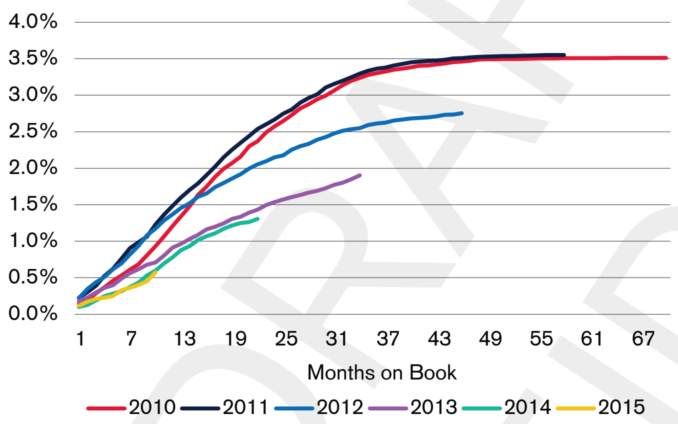
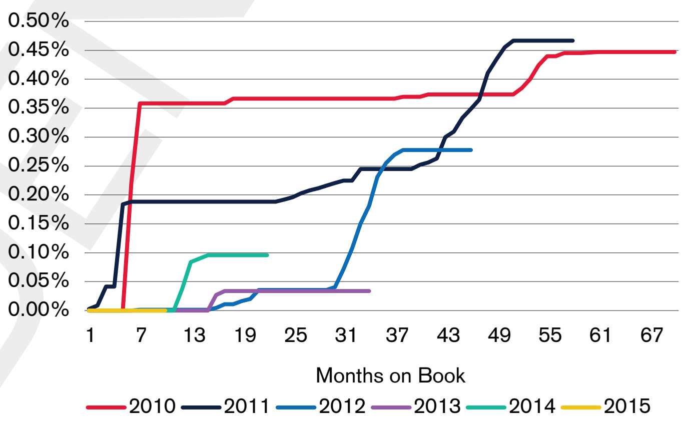


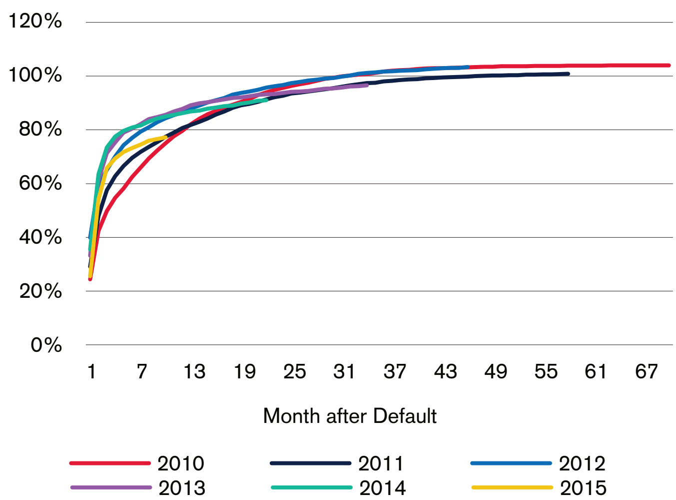
Exhibit 17: Static Corporate Defaults by Annual Vintage



The following can be noted from the vintage gross loss and recovery data received:

- SME and retail defaults are higher compared with corporate defaults with a maximum monthly default vintage of 4.6% recorded for January 2010.
- SME and retail defaults have improved, specifically from 2013 onward, with more recent vintages demonstrating consistent performance.
- There have been no recorded public-sector defaults over the reporting period.
- Corporate defaults are low, but concentrated and volatile compared with the SME and retail subset. The maximum monthly default vintage is 2.5% in December 2010; however, many vintages have recorded default levels between 0% and 0.5%.
- Recoveries performance has been consistent with similar recovery rates across all annual vintages 18 months post-default.
- The recoveries data represents both the sale of the underlying vehicle and subsequent cash recoveries. On average, approximately 76% of recoveries relates to the sale of the vehicle.

Exhibit 18: Static Portfolio Recoveries by Default Year



Source: LPUK.

Delinquencies

DBRS considers delinquency levels to have been low over the reporting period, although volatility is noted and is attributable to specific large corporate clients. Given the default definition and the distinction between the management of SME/retail and corporate/public-sector lessees, the volume of arrears greater than 90 days is consistently under ten basis points.

Exhibit 19: Portfolio Delinquencies
(Invoices as % of Net Book Value)

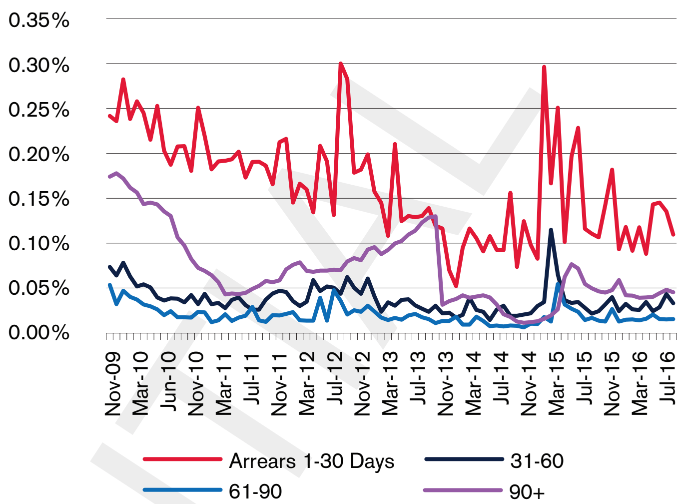
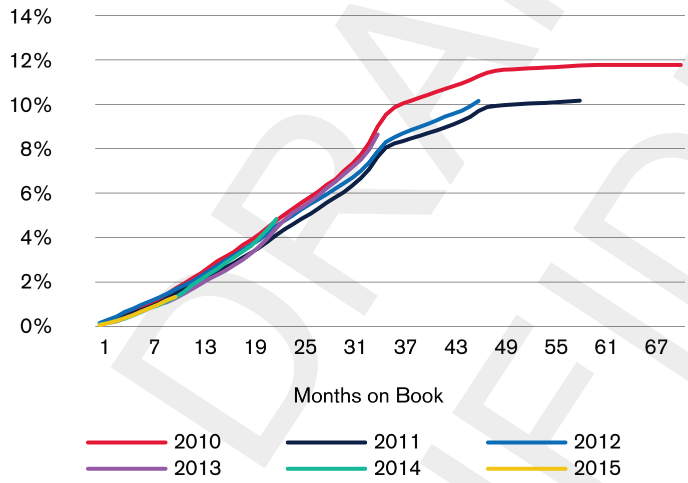


Exhibit 20: Static Portfolio Early Terminations by Annual Vintage



Source: LPUK.

Early Termination Data

Should a lessee request that a contract be terminated more than 30 days prior to the original contract end date, LPUK will charge the customer an early termination penalty that looks to mitigate RV risk. The approach varies for open- and closed-calculation contract-hire agreements with the former calculated based on lost interest income and the difference between the book value and the vehicle sales price while the latter is calculated as a percentage (up to 50%) of the forgone monthly rentals. Over the reporting period, the early termination performance has been consistent with cumulative early termination rates typically exceeding 10%.

Residual Value Realisation Data

DBRS received lease-level RV realisation data from November 2009 to October 2016. The data allowed DBRS to analyse RV performance for agreements that had (1) reached contract maturity, (2) been early terminated and (3) been extended. The vehicle realisation data demonstrated the following:

- LPUK consistently and on average achieved a gain upon realising vehicle sales proceeds at lease maturity. DBRS considers this to be a function of the robust RV setting process at contract inception and the risk mitigation tools utilised that allow agreements to be recalculated.
- Performance over the period has been stable, although certain months have shown volatility which DBRS understands to be related to LPUK's internal systems and reporting processes.
- Approximately 45% of the vehicles realised by LPUK related to contracts that reached their expected maturity; 40% relates to contracts that had been extended and the remainder related to early terminations.
- Income related to post-contract charges (i.e., non-vehicle sales proceeds) represented approximately 4% of the gross sale proceeds with proportionately larger amounts received upon early terminations.
- Consistent performance can be observed when comparing lessee types with broadly comparable performance for SME/retail, corporate and public-sector lessees.

Reserves Trigger Event

The transaction benefits from the following reserves that seek to mitigate various risks:

- Liquidity Reserve,
- Set-Off Reserve,
- Commingling Reserve and
- Maintenance Reserve.

The Liquidity Reserve is fully funded by LPC upon closing. All other reserves are funded following a rating-specific downgrade event of LPUK's ultimate parent, LPC (the Reserves Trigger Event). Since the transaction documents note that the Reserves Trigger Event is effective at the time of closing, the Commingling Reserve, Set-Off Reserve and Maintenance Reserve are funded up to their required amounts by LPC as the Reserve Loan Provider upon the issue date.

Set-Off Risk

The eligibility criteria does not allow for lessees to be employees of any LPC company or a lessee to be an affiliate of LPC. Furthermore, LPUK represents and warrants that no deposits have been made by any lessees in relation to the lease agreements; however, set-off may arise through the use of open-calculation lease contracts whereby the lessee may be due various sums from LPUK because of underutilisation of the vehicle.

As a mitigant, there is a Set-Off Reserve, which is funded upon a Reserves Trigger Event. Upon closing, the transaction documents envisage that a Reserves Trigger Event has occurred and the Set-Off Reserve is credited with the difference between GBP 2.15 million and any amounts previously withdrawn from the Set-Off Reserve (which have been used as available funds).

The Set-Off Reserve is sized at closing at GBP 2.15 million and recognises the potential set-off associated with mileage variation adjustments, open-calculation settlements and recalculation settlement amounts, which individually equate to a roughly 20%/50%/30% allocation.

Commingling Risk

Prior to a Reserves Trigger Event, LPUK is entitled to transfer collections on a monthly basis; however, upon closing, the Reserves Trigger Event is effective and LPC funds the Commingling Reserve. The amount advanced to the Commingling Reserve and the transfer frequency of collections to the Issuer will depend on whether the Servicer notifies the Issuer that customers pay directly into the Issuer's account or not. If this is the case, then the Commingling Reserve is not funded; however, the Commingling Reserve will be funded with 162% of the expected lease interest and principal collections for the next month and 125% of the highest expected monthly repurchased amount (vehicle realisation proceeds) over the life of the transaction with collections being transferred on the usual monthly payment date.

The transaction documents also envisage a situation whereby LPUK makes twice-weekly payment transfers to mitigate the risk of commingling. In this circumstance, LPC funds the Commingling Reserve with 62% of the expected lease interest and principal collections for the next month and 25% of the highest expected monthly repurchased amount (vehicle realisation proceeds) over the life of the transaction.

Continuity of Maintenance Services

As previously described, specific leases comprise a maintenance component where a lessee elects to pay for the provision of these lease services. These lease services are sold to the Issuer and the Issuer has an obligation to provide these services as Maintenance Coordinator. The Issuer has subcontracted this responsibility to LPUK to act as Sub-Maintenance Coordinator.

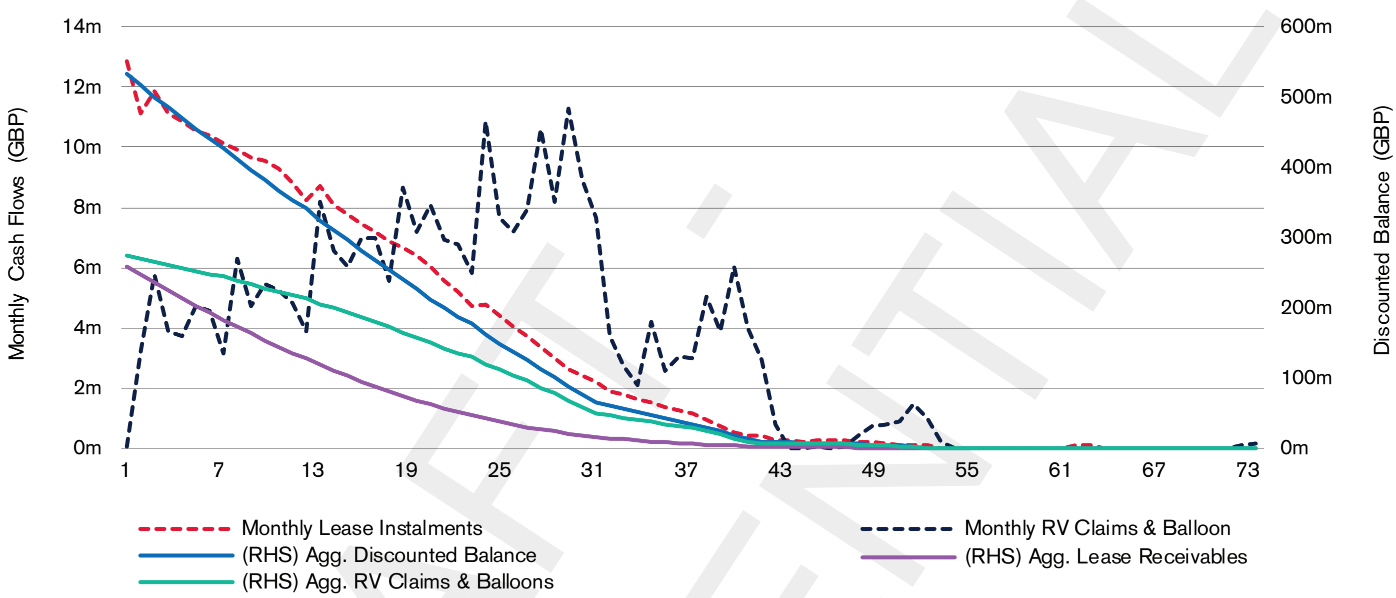
The transaction's structure includes a Maintenance Reserve that provides support against future maintenance costs following an LPUK insolvency and is funded following a Reserves Trigger Event. The Maintenance Reserve is equivalent to 1.4% of the portfolio's aggregate discounted balance at closing and dynamically shifts during the revolving period based on the difference between the expected and actual maintenance costs.

Portfolio Amortisation and Interest Rate

The portfolio purchase price is calculated on a net-present value basis. Each assigned lease receivable and RV Claim is discounted by a fixed rate of 5%. Thus, the entire portfolio generates the same fixed interest rate.

DBRS contemplated the applicable replenishment criteria and assumed negative selection throughout the revolving period. The graph below outlines the theoretical amortisation of the portfolio as at the cut-off date provided by LPUK:

Exhibit 21



Source: LPUK.

Summary of the Cash Flow Scenarios

DBRS's cash flow model assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds, interest rates and RV loss. Several different prepayment scenarios were evaluated when assessing the sufficiency of credit enhancement for the requested rating levels and DBRS evaluated scenarios whereby prepayments were assumed to be between 0% and 20% constant principal repayment (CPR) although higher stresses resulted in the reduction in RV risk. These assumptions were used in conjunction with loss timing curves shown below:

Period	Front	Base	Back
1-8	50%	20%	20%
9-16	30%	50%	30%
17-24	20%	30%	50%
	100%	100%	100%

A total of 18 cash flow scenarios were applied to test the performance of the rated notes (please see table below).

Scenario	Prepayments	Default Timing	Interest Rate
1	Slow	Front	Upward
2	Slow	Front	Downward
3	Slow	Base	Upward
4	Slow	Base	Downward
5	Slow	Back	Upward
6	Slow	Back	Downward
7	Mid	Front	Upward
8	Mid	Front	Downward

Scenario	Prepayments	Default Timing	Interest Rate
9	Mid	Base	Upward
10	Mid	Base	Downward
11	Mid	Back	Upward
12	Mid	Back	Downward
13	Fast	Front	Upward
14	Fast	Front	Downward
15	Fast	Base	Upward
16	Fast	Base	Downward
17	Fast	Back	Upward
18	Fast	Back	Downward

Interest Rate Risk, Basis Risk and Excess Spread

The receivables comprising the collateral portfolio yield a fixed rate of 5% because of the mechanism of assignment at a net present value. Since the Issuer's liabilities for Class A and Class B are indexed to one-month GBP Libor, the transaction benefits from an interest rate swap whereby the Issuer pays a fixed rate to the swap counterparty and receives the floating rate in return.

The interest rate swap has a notional amount corresponding with the aggregated outstanding principal of the Class A and Class B Notes. Since the floating rate payable under the Notes is equal to the floating rate payable to the Issuer under the swap, there is substantially no basis risk.

Interest Rate Stresses

DBRS applied its standard interest rate stresses as detailed in its *Unified Interest Rate Model Methodology for European Securitisations.*

Yield Compression

The portfolio selected by LPUK as at the cut-off date has an effective fixed yield of 5% because of the application of the discount rate. Thus, compression of the portfolio yield is not applicable.

Default and Recovery Base-Case Assumptions

DBRS received separate default data by client type and grouped these into two subsets for the purpose of deriving base-case default assumptions as per the table below:

Lessee Type	Default Rate
SME / Retail	3.6%
Corporate / Government	1.9%

To determine a default estimate for the granular SME and retail subset, for vintages that were not fully seasoned, defaults were projected to the required maturity using historical data relating to default timing. DBRS considered maturity to be 72 months for defaults. Recovery data was reviewed on a portfolio basis and vintages were also projected to maturity when not fully seasoned. DBRS considered maturity to be 24 months for recoveries.

In the case of corporate borrowers and the associated lessee concentration, DBRS assessed the historic default performance by referencing its Rating CLOs Backed by Loans to European SMEs methodology. Separate recovery rates were derived for each rating level across the portfolio with a three-month recovery lag applied as seen in the following table:

Rating	Recovery Rate
AAA	45%
AA (high)	47%

Residual Value Assumptions
DBRS analysed the Seller's vehicle realisation data with consideration given to costs associated with vehicle disposal; in total, over 233,000 observations were analysed from November 2009 to October 2016. DBRS has also benchmarked LPUK's performance against U.K. market performance data to assess the vehicle price volatility and to define the RV market loss.

A turn-in rate at lease maturity of 100% was assumed that allowed DBRS to determine the expected RV loss in the relevant rating scenarios as follows:

Rating	RV Loss
AAA	40%
AA (high)	38%

DBRS considered the maximum RV exposure (45%) as per the replenishment criteria.

Risk Sensitivity
DBRS determines a lifetime base-case probability of default (PD), loss given default (LGD) and RV loss for each rated pool based on a review of historical data. Adverse changes to asset performance may cause stresses to base-case assumptions and therefore have a negative effect on credit ratings. The tables below illustrate the rating's sensitivity to various changes in the base-case default rates, loss severity and RV assumptions relative to the base-case assumptions which DBRS used to assign the ratings.

Class A Notes

	Increase in PD and LGD Rates (%)		
Increase in RV Loss (%)	0	25	50
0	AAA	AA (high)	AA
25	AAA	AA (high)	AA (low)
50	AA	AA (low)	A (high)

Class B Notes

	Increase in PD and LGD Rates (%)		
Increase in RV Loss (%)	0	25	50
0	AA (high)	AA	AA (low)
25	AA (low)	AA (low)	A (high)
50	AA (low)	A (high)	A

Appendix

Origination & Underwriting

Origination and Sourcing

LPUK sources new business both internally and externally, targeting SME, corporate, government and private customers. LPUK offers tailor-made solutions and bespoke contracts for its corporate clients that are specifically designed to effectively address the client's needs as well as to maximise price through package deals. More standardised products are offered for SME clients mainly because of the smaller nature of their fleets (generally less than 25 cars). LPUK uses four different brands (LeasePlan, Automotive Leasing, Network and LeasePlan Go) and works with partners to obtain new business.

LPUK offers a variety of lease products distinguished between open- and closed-calculation contracts. Closed-calculation contracts are operating leases under which LPUK provides specific services in addition to financing, which means that the company can provide the vehicles to the client at a fixed price for a fixed period. Unlike open-calculation contracts, LPUK accepts full responsibility for depreciation, funding, administration and maintenance costs. Customers with a closed contract are also charged a penalty for unfair wear and tear or for exceeding the mileage limit designed to compensate LPUK for the reduction in value.

Open-calculation contracts are operating leases similar to traditional contract hire; however, the customer may receive a credit if the actual costs of running the fleet are less than total rent paid. LPUK charges a monthly management fee and a margin on the interest rate applied for the financing. At the end of the lease, the actual RV and maintenance costs are compared against the budget, which determines the net profit or loss. The result is then credited or debited to the customer.

As of the end of August 2016, closed contracts represented almost half of LPUK's funded fleet book, followed by open contracts at around a quarter. The remaining quarter consists of hire-purchase and finance leases.

Underwriting Process

All underwriting activities at LPUK are appropriately segregated from marketing and sales and are centralised in Slough. LPUK adheres to standard identification and income verification practices, including collection of pay slips and tax returns as well as audited financial statements for corporate clients. National credit bureau data is also assessed and incorporated into the automated scoring models. The models allow for quick decision-making. The company averages an approval rate of just under 70%, including automated and manual decisions.

LPUK uses internal scoring and rating models for its SME and corporate clients. For SMEs, the company uses a retail scoring system which was developed by LeasePlan's risk management group and validated by an external accounting firm. The model uses historical data to set default rates and includes minimum parameters based on the company's internal credit policy.

Corporate clients are processed through LeasePlan's rating model, the Global Credit Risk Management System, and 99% of the corporate portfolio is rated. The rating model has been approved by the Dutch Central Bank and is validated annually. The 14-point rating scale ranges from 1 (prime) to 6A (sub-standard/watchlist) and is mapped to standard credit ratings. Only counterparties with ratings of 3A (very acceptable and 0.14% PD) or higher are subject to automatic approval and fleet size must be less than 250 vehicles.

Manual overrides to the rating model are allowed, but must be approved through LPUK's credit committee. All overrides are monitored by LeasePlan's corporate risk management group.

The ratings are regularly monitored at least annually and, once the review date is set, automatic orders cannot be processed until completion of the review. Credit risk is responsible for monitoring corporate clients and larger, higher-risk clients are subjected to more frequent review. The monitoring process is designed to more effectively alert the company to potential problems with the customer as well as to ensure that maximum levels surrounding lending and fleets are not breached.

The credit management team is highly experienced with credit analysts averaging just over four years with the company. The two credit managers average 13 years with LPUK and the team includes four administrators.

All credit approvals are handled by the credit risk department following a uniform set of credit criteria. Formal authority for client portfolios up to 100 vehicles resides with LPUK's credit risk management team. Portfolios up to 250 vehicles require credit committee approval with managing director and finance director sign-off required for financing amounts over GBP 7.5 million. Approval above the 250 vehicle threshold requires approval at LeasePlan through the corporate credit risk management team or committee. Board approval is required for clients with more than EUR 45 million in exposure. The following chart illustrated the approval levels.

Approving Body	Vehicle/Unit Limit	Financing Limit
LPUK Credit Committee	250	£7,500,000
LeasePlan Corp. Credit Risk Management	500	n/a
LeasePlan Corp. Credit Committee	n/a	€100,000,000
Supervisory Board	n/a	>€100,000,000

Valuations and Residual Value
As LPUK is an auto leasing company, valuation practices relate to RV and LeasePlan has a robust process for calculating, monitoring and managing RV risk. LeasePlan's global credit policy surrounding RV outlines minimum requirements and various committees are in place to ensure compliance with the policy. Fleet valuations and fleet risk assessments are completed quarterly.

Board members and subject-matter experts meet regularly to assess and manage RV exposure through the various RV-related committees. The RV model is validated annually, both internally and by an external accounting firm. The model is also benchmarked against external model providers and base forecasting assumptions are considered to be conservative. RV forecasts are monitored monthly for variance from independent and competitor forecasts and may be recalculated. A full RV review for all vehicle makes, models and types is performed at least bi-annually and new models are discussed more frequently between the bi-annual reviews. Any RV forecast changes, if needed, can be implemented in the quotation system at very short notice and applied to all future quotations.

Summary Strengths
- Leading global largest leasing company with strong presence in the U.K. market.
- Highly experienced senior management and credit risk teams averaging ten years and four years within LPUK, respectively. The company also benefits from low turnover evidenced by the average company tenure among management and staff.
- Robust RV process supported by strong risk management and audit oversight.

Summary Weaknesses
- Costs and RV risk absorbed by LPUK for closed-calculation contracts.

  Mitigants: Penalties charged to the customer for excessive use of the vehicle, including exceeding mileage limit and damage beyond normal wear and tear.
- Manual rating model overrides allowed.

  Mitigants: Credit committee approval required and all overrides monitored by LeasePlan's corporate risk management group with limited exceptions over the last few years.

Servicing
All general lease administration and collection activities are centralised in Slough. The majority of lease contracts are on monthly payment cycles and payment is generally made via direct debit, particularly for SME customers.

For collections and arrears management, the teams work closely with the commercial account managers, particularly for the large and strategic accounts. The account managers provide the collection managers with recent client information. Behavioural scoring is in place to determine the appropriate collection strategy for delinquent clients.

LPUK uses an internally developed collections system to monitor daily collections activity. Telephone contact is initiated almost immediately after a missed payment. The level of additional phone contact and lettering campaigns are based on the risk level (low, medium or high) associated with the client based on the credit score (SME) or counterparty rating (corporates). Leases are classified as default and transferred to the recovery department once they are over 90 days in arrears or when a local judgement has been issued for corporate clients.

Once a customer is in default, several actions are initiated by the recovery team, including blocking of all credit lines, termination of fuel cards, repairs and maintenance as well as blocking of invoices, credit invoices and new orders. Provisions are then recorded relating to the total receivables balance outstanding, excluding VAT, and increased by the expected loss. Repossession of the vehicles begins about two weeks into the default management process. An external agency is engaged to trace and locate missing vehicles and the agency has a high success rate in recovering lost cars, although a very small percentage of the portfolio are classified as lost annually.

Summary Strengths
- Majority of payments made via direct debit.
- Low delinquency and default rates.
- Behavioural scoring and good arrears management practices.

Opinion on Backup Servicer: There is no Backup Servicer on the Bumper transactions. DBRS believes that LPUK's current financial condition mitigates concerns about a possible disruption in servicing following a servicer event of default, particularly insolvency.

Methodologies Applied

The principal methodology used to assign ratings to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations* (October 2016).

Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions* (September 2016)
- *Derivative Criteria for European Structured Finance Transactions* (October 2016)
- *Operational Risk Assessment for European Structured Finance Servicers* (October 2016)
- *Operational Risk Assessment for European Structured Finance Originators* (October 2016)
- *Unified Interest Rate Model for European Structured Finance* (November 2016)
- *Rating CLOs Backed by Loans to European SMEs* (July 2016)

The rating methodologies and criteria used in the analysis of this transaction can be found at: http://www.dbrs.com/about/ methodologies. Alternatively, please contact info@dbrs.com.

Surveillance Methodology

The transaction is monitored by DBRS in accordance with its *Master European Structured Finance Surveillance Methodology* (July 2016), which is available at www.dbrs.com under Methodologies. Alternatively, please contact info@dbrs.com.

Notes:
All figures are euros unless otherwise noted.

This report is based on information as of 2 February 2017, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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