MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns definitive ratings to Dutch Auto Lease ABS issued by Bumper 9 (NL) Finance B.V.

Global Credit Research - 13 Jul 2017

Euro 574.0 million ABS Notes rated, relating to a portfolio of Dutch auto lease receivables and RV cash flows

Frankfurt am Main, July 13, 2017 -- Moody's Investors Service ("Moody's") has assigned the following definitive ratings to notes issued by Bumper 9 (NL) Finance B.V.:

....EUR 542.5 Million Class A Asset Backed Floating Rate Notes due July 2031, Definitive Rating Assigned Aaa (sf)

....EUR 31.5 Million Class B Asset Backed Floating Rate Notes due July 2031, Definitive Rating Assigned Aa2 (sf)

Moody's has not assigned a rating to the EUR 126.0 Million Subordinated Loan.

The transaction is a one year revolving securitisation of auto lease installment receivables and residual value (RV) cash flows. These auto leases are extended to corporate, small and medium enterprise ("SME") and government lessees in the Netherlands by LeasePlan Nederland N.V. ("LPNL") owned by LeasePlan Corporation N.V. ("LPC"), rated Baa1/P-2, A3(cr). This is the fourth public securitisation of LPNL.

As of 31 May 2017, the definitive portfolio consists of non-delinquent vehicle lease contracts with a weighted average seasoning of 15 months. The securitised portfolio comprises lease installment cash flows and residual value (RV) cash flows. The present value of the outstanding lease receivables balance is approx. EUR 378.5 million and the present value of estimated RV cash flows amounts to approx. EUR 321.5 million. The RV portion of the lease cash flows are securitized and were based on car value estimates at closing of the leasing contracts for the lease contract maturity. LPNL also guarantees the RV cash flows in case used car market prices should be below the securitized estimate when the vehicle is sold.

RATINGS RATIONALE

The transaction benefits from credit strengths such as experience of the originator, financial strength and securitisation experience of the originator's parent company, and good historical performance of the lease portfolio. However, Moody's notes that the transaction features some credit weaknesses such as more complex maintenance services and higher lessee concentration because of the fleet lease products that are securitized. Furthermore, the portfolio is exposed to RV risk in case the originator LPNL cannot meet its obligations under the RV guarantee to cover any RV losses on securitised RV cash flows. This exposes the transaction to a higher degree of linkage to the originator. Various mitigants have been put in place in the transaction structure, such as a back-up servicer facilitator and a back-up maintenance coordinator facilitator at closing as well as a rating trigger to nominate a back-up servicer, a back-up realization agent and a back-up maintenance coordinator at loss of investment grade of LPC. The appointment of a back-up maintenance coordinator upon downgrade of LPC will mitigate maintenance service disruptions to lessee's thereby mitigating lease contract termination risk.

MAIN MODEL ASSUMPTIONS

Moody's determined the portfolio lifetime mean default rate of 3.0%, a stochastic recovery rate of 45% and Aaa portfolio credit enhancement ("PCE") of 14.0% related to the lease installments. The expected defaults and recoveries capture our expectations of performance considering the current economic outlook, while the PCE captures the loss we expect the portfolio to suffer in the event of a severe recession scenario. Expected defaults and PCE are parameters used by Moody's to calibrate its inverse normal portfolio loss distribution curve and to associate a probability with each potential future loss scenario in our ABSROM cash flow model.

In case LPNL does not meet its obligation to guarantee the contracted residual values, the transaction would be fully exposed to residual value (RV) risk. Moody's applies its RV risk assessment to evaluate this risk. The

Aaa (sf) and Aa2 (sf) baseline haircut for RV exposure in this Dutch auto lease portfolio, after adjustment for its specific characteristics, are 35.5% and 27.5% respectively. These haircuts are lower than the EMEA Auto ABS average and are based on Moody's assessment of the pool which is mainly driven by (i) the originator's quality to set residual values, (ii) historical portfolio performance, and (iii) portfolio composition. Our RV analysis results in a residual value credit enhancement (RV CE) of 11.9% for the Aaa (sf) rated notes and 10.5% RV CE for the Aa2 (sf) rated notes.

PRINCIPAL METHODOLOGY

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

The ratings address the expected loss posed to investors by the legal final maturity of the notes. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal with respect to the Class A notes and Class B notes by legal final maturity. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed but may have a significant effect on yield to investors.

Please note that on 22 March 2017, Moody's released a Request for Comment, in which it has requested market feedback on potential revisions to its Approach to Assessing Counterparty Risks in Structured Finance. If the revised Methodology is implemented as proposed, the Credit Ratings on Bumper 9 are not expected to be affected. Please refer to Moody's Request for Comment, titled " Moody's Proposes Revisions to Its Approach to Assessing Counterparty Risks in Structured Finance," for further details regarding the implications of the proposed Methodology revisions on certain Credit Ratings.

FACTORS THAT WOULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS:

Factors that may cause an upgrade of the rating on the Class B notes include a significant better than expected performance of the pool together with an increase in credit enhancement of the Notes. Factors that may cause a downgrade of the ratings on the Class A and B notes include a significant decline in the overall performance of the pool and a significant deterioration of the credit profile of the originator.

LOSS AND CASH FLOW ANALYSIS:

Moody's used its cash flow model ABSROM as part of its quantitative analysis of the transaction. ABSROM enables users to model various features of a standard European ABS transaction - including the specifics of the loss distribution of the assets, their portfolio amortisation profile, yield as well as the specific priority of payments, swaps and reserve funds on the liability side of the ABS structure. The model is used to represent the cash flows and determine the loss for each tranche. The cash flow model evaluates all loss scenarios that are then weighted considering the probabilities of the lognormal distribution assumed for the portfolio loss rate. In each loss scenario, the corresponding loss for each class of notes is calculated given the incoming cash flows from the assets and the outgoing payments to third parties and noteholders. Therefore, the expected loss or EL for each tranche is the sum product of (i) the probability of occurrence of each loss scenario; and (ii) the loss derived from the cash flow model in each loss scenario for each tranche.

STRESS SCENARIOS:

In rating auto lease ABS, default rate and RV haircut are two key inputs that determine the transaction cash flows in the cash flow model. Parameter sensitivities for this transaction have been tested in the following manner: Moody's tested nine scenarios derived from a combination of mean lessee default rates: 3.0% (base case), 3.25% (base case + 0.25%), 3.5% (base case + 0.5%) and baseline RV credit enhancement (ClassA/Class B): 11.9%/10.5%% (base case), 12.5%/11.0% (base case x 1.05), 13.1%/11.6% (base case x 1.10).The 3.0% and 11.9%/10.5% scenario would represent the base case assumptions used in the initial rating process for the Class A and Class B notes. At the time the rating was assigned, the model output for Class A would have been Aa1 and Class B A1 if the RV credit enhancement was as high as 13.1%/11.6% with a mean default rate as high as 3.5% (all other factors unchanged).

Parameter sensitivities provide a quantitative/model indicated calculation of the number of notches that a Moody's rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather how the initial model output might have differed if the two parameters within a given sector that have the greatest impact were varied.

REGULATORY DISCLOSURES

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

Moody's describes its loss and cash flow analysis in the section "Ratings Rationale" of this press release.

Moody's describes the stress scenarios it has considered for this rating action in the section "Ratings Rationale" of this press release.

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

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

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

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Sebastian Schranz
Asst Vice President - Analyst
Structured Finance Group
Moody's Deutschland GmbH
An der Welle 5
Frankfurt am Main 60322
Germany
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Anthony Parry
Senior Vice President/Manager
Structured Finance Group
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Releasing Office:
Moody's Deutschland GmbH
An der Welle 5
Frankfurt am Main 60322
Germany
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454