New Issue Rating Report

ROOF Leasing Austria S.A., Compartment 2016

Auto ABS/Structured Finance

RATINGS

Class	Rating	Notional (EUR m)	Notional (% assets)	CE	Coupon	Final maturity
Schuldschein Loan	AAA_{SF}	250.0	57.09	9.45	3-month Euribor + 70 bps	15 Jan 2031
Class A	AAA_{SF}	150.0	34.26	9.45	3-month Euribor + 70 bps	15 Jan 2031
Class B	Not rated	37.8	8.63	0.82	3-month Euribor + 180 bps	15 Jan 2031
Sub-loan	Not rated	3.6	0.02	0	3.0% fix	
Total notes (excluding sub-loan)		**437.8**	**100.00**			

Scope's quantitative analysis is based on the preliminary portfolio dated 30 May 2016, subsequent updates and the replenishment criteria in the prospectus, provided by the arranger. Scope's Structured Finance Ratings constitute an opinion about relative credit risks and reflect the expected loss associated with the payments contractually promised by an instrument on a particular payment date or by its legal maturity. See Scope's website for the SF Rating Definitions.

Rated issuer

Purpose	Liquidity/Funding
Issuer	ROOF Leasing Austria S.A., Compartment 2016
Originators	Raiffeisen-Leasing Österreich GmbH UNIQA Leasing GmbH Raiffeisen-Leasing Fuhrparkmanagement GmbH
Country of assets	Austria
ISIN Schuldschein	(none)
ISIN class A	XS1492396939
ISIN class B	XS1492397820
Closing date	30 September 2016
Legal final maturity	15 January 2031
Replenishment frequency	Quarterly
Payment frequency	Quarterly
Payment dates	15 Jan, 15 Apr, 15 Jul, 15 Oct

Transaction profile

ROOF Leasing Austria S.A., Compartment 2016 is a cash flow securitisation of a four-year revolving portfolio of leasing receivables worth EUR 437.9m on the closing date. The assets consist of leases primarily granted to Austrian small- and medium-sized enterprises and private individuals, to finance new and used vehicles. The transaction closed 30 September 2016.

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Rating rationale (Summary)

The ratings reflect the legal and financial structure of the transaction; the quality of the underlying receivables given macroeconomic conditions in Austria; the ability of Raiffeisen-Leasing Österreich GmbH, UNIQA Leasing GmbH and Raiffeisen-Leasing Fuhrparkmanagement GmbH as the originators and servicers, and Raiffeisen Zentralbank Österreich AG as the back-up servicer; the counterparty credit risk exposure to The Bank of New York Mellon, Frankfurt Branch as the account bank and The Bank of New York Mellon, London Branch as paying agent, respectively.

The ratings are driven by Austria's favourable macroeconomic framework with low domestic economic risk, which will benefit the performance of the assets.

The ratings are supported by substantial credit enhancement available to the rated tranches. The class A notes and the Schuldschein Loan (together the 'senior notes') are protected against potential portfolio losses by the 9.45% of credit enhancement from overcollateralisation, further supported by excess spread. The senior notes benefit from strictly sequential amortisation in combination with a fast-amortising portfolio after a revolving period of four years. Excess spread is available to provision for defaulted assets during the revolving period and an accelerated amortisation of the notes thereafter. Excess spread amounts to 1.16% p.a., assuming a 3-month Euribor of 0% and after accounting for senior costs of 1.1%.

Residual-value risk in the transaction is limited because the issuer benefits from a direct recourse to the lessees, which are liable for any payment shortfall.

The ratings take into account the higher risk from the revolving nature of the portfolio. Scope has modelled a static portfolio, which incorporates expected portfolio-quality migration by the end of the replenishment period.

The servicers benefit from 45 years of experience in the Austrian leasing market and apply the same well-established procedures and risk-analysis principles, which ensure the high consistency of originated contracts over the revolving period.

Scope has modelled a point-in-time lifetime default rate of 4.2% for the portfolio, a volatility of default in line with a coefficient of variation of 56.3%, and a recovery rate assumption of 41.6% including the stress applicable to a AAA rating.

The data provided by the originator suggests that the point-in-time performance for the Austrian auto-lease asset class is aligned with a long-term performance that exhibits a low volatility.

RATING DRIVERS AND MITIGANTS

Positive rating drivers	Negative rating drivers and mitigants
Solid track record of the originator. Raiffeisen-Leasing Austria has been active in the leasing market for 45 years. Its business benefits from seasoned processes, experienced staff and a very granular marketing network. The same procedures and risk-analysis principles are applied to all origination channels of the transaction.	**Revolving portfolio.** The portfolio will be replenished over a period of four years after the closing date. The portfolio's characteristics and credit quality could migrate during this period, though this is mitigated by asset-eligibility criteria and amortisation triggers.
Stable economy. The transaction benefits from the stable Austrian economy. Scope expects the repayment ability of Austrian consumers to remain stable, based on the flat unemployment rates, stable interest rates and improvement in GDP growth.	**Unhedged interest risk.** The structure is unhedged against interest rate mismatch between assets and liabilities. This is mitigated by the natural hedge resulting from the floating nature of the assets and liabilities, both referenced to 3-month Euribor rates. Additionally the structure benefits from a floor of 0% on the assets' 3-month Euribor.
Excess spread. The structure traps excess spread available from the asset portfolio to cure undercollateralisation arising from periodic losses during the revolving period. Further, the structure traps excess spread, which allows notes to be redeemed faster after the replenishment period.	**No servicer-replacement triggers.** The three servicers are unrated entities, and the structure has no triggers for their replacement. This is mitigated by the fact that assets are originated and serviced by three different entities, lowering the impact of single-servicer defaults. Servicing risk is mitigated by the appointment of Raiffeisen Zentralbank Österreich AG, a part of the Raiffeisen group, as the back-up servicer.
Liquidity coverage. The structure provides strong liquidity protection via a combined priority of payments, which ensures the timely payment of interest on senior notes. It also has an amortising cash reserve, which is 0.8% of the aggregate outstanding balance of senior notes and class B notes. The cash reserve cannot be used to provision defaults.	
Recoveries. The issuer has full economic ownership of the purchased receivables and beneficial ownership of the financed vehicles. The issuer is entitled to liquidation proceeds from vehicles according to the transaction documents.	

Positive rating-change drivers	Negative rating-change drivers
Not applicable.	**Changes to the strategic positioning of the originators** which increase the risk of the portfolio could result in downgrades.
	Worse-than-expected performance of the assets could negatively impact the ratings.

Related reports

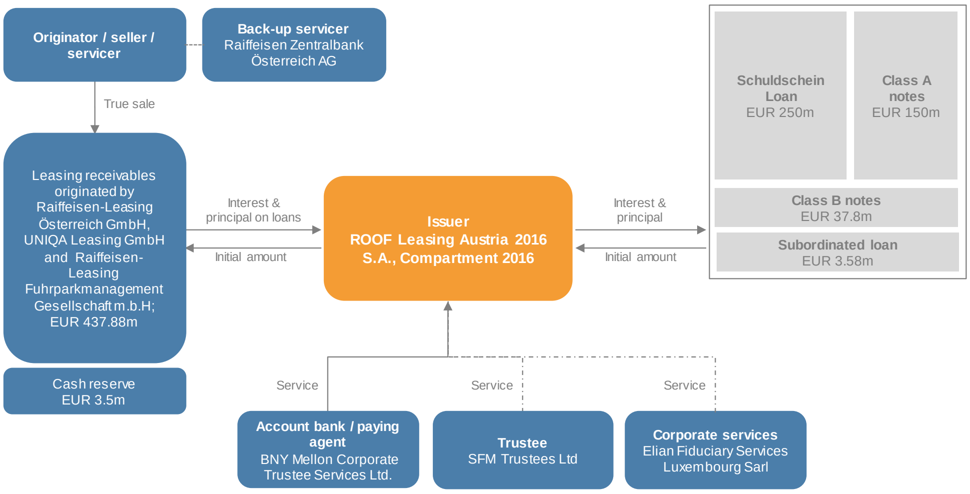
Auto ABS Rating Methodology, dated June 2016.

Methodology for Counterparty Risk in Structured Finance, dated August 2016.

General Structured Finance Rating Methodology, dated August 2016.

1 TRANSACTION SUMMARY

Figure 1. Transaction diagram



Source: Transaction documents (figures as of closing date).

ROOF Leasing Austria S.A., Compartment 2016 is a cash flow securitisation of leasing receivables worth EUR 437.9m on the closing date. The assets finance new and used vehicles, primarily from small and medium-sized enterprises (SMEs) and private individuals in Austria. The transaction consists of 29,915 lease receivables and features a four-year replenishment period subject to performance and asset-eligibility covenants.

2 ASSET ANALYSIS

2.1 Securitised assets

The portfolio mainly consists of financial leases on vehicles, and has a small share of operating leases (2.33%). The preliminary portfolio is well seasoned (1.8 years) with a low weighted average remaining time to maturity of 2.9 years. Replenishments over the revolving period will likely reduce the average seasoning and increase the remaining time to maturity.

The lease receivables in the portfolio were originated between 2009 and 2016, and 93% were originated in 2012 or later.

Lease receivables in the portfolio have two or more paid instalments and mature up to 84 months after their respective purchase date. The receivables are either fully amortising (e.g. hire purchase) or partially amortising (e.g. operating leases). Partially amortising receivables, except for operating leases, have lower monthly instalments, but have a balloon payment at maturity (71.3% of the portfolio balance).

Lease product characteristics

The receivables can be grouped into four main product types: i) partially amortising finance leases, ii) fully amortising finance leases, iii) operating leases and iv) hire purchase. See Figure 2 for a summary.

The receivables exclude amounts owed under or in connection with the lease agreements other than the lease instalments i.e. portions relating to VAT and the provision of services are not securitised.

Partially and fully amortising finance leases

Partially and fully amortising finance leases are contracts where all risks and rewards relating to ownership are transferred to the lessee along with the asset (i.e. residual value).

For partially amortising finance leases, the lessee has the option to legally own the vehicle at maturity or turn the vehicle in, which allows the servicer to sell the vehicle on the market. The issuer has full recourse over the lessees. The lessee must pay for any shortfall if the

Contents

vehicle's liquidation proceeds after liquidation costs are below the contractual balloon payment or residual value (i.e. the obligor takes 100% of the loss).

For fully amortising finance leases, the final payment on the vehicle's residual value is priced at the level of other constant instalments under the contract, and is included in the ordinary payment schedule.

Lessees can make down-payments to reduce instalment amounts and/or reduce the balloon payment. Lessees can also deposit cash to reduce the residual-value payment when the contract matures (fixed deposit) or the monthly lease instalments over the term of the contract (decreasing deposit). Financing is considered a lease contract if cash deposits are 50% or less and down-payments are 30% or less of the vehicle's value.

Operating leases

Operating leases typically cover only a small part of the vehicle's economic life. The transaction is not exposed to the residual value of operating lease contracts as only monthly lease instalments are securitised. The interest rates and maturities of operating leases can be modified. However, modifications to contracts in the portfolio are not permitted, and doing so will result in a contract being classified as a deemed collection.

Hire Purchase

Hire purchase contracts are lease agreements where the vehicle's ownership passes automatically to the lessee after the last instalment is paid. The lessee is also required to make an initial down-payment, which can be as high as 75% of the vehicle's value.

Figure 2. Summary of lease products, characteristics and portfolio distribution

Product type	Characteristics	Preliminary portfolio share	Residual-value risk
Partially amortising finance lease	• Down-payment of up to 30% and deposits of up to 50% reduce lease instalments over the tenure or the residual-value payment at maturity. • The asset is sold at residual value after contract termination. • Full recourse to lessees, who are liable for any losses from the realisation of residual value.	71.3%	No
Fully amortising finance lease	• Down-payment of up to 30% and deposits of up to 50% reduce lease instalments over the tenure or the residual-value payment at maturity.	26.1%	No
Operating lease	• Only regular monthly instalments are securitised. • Leases can be modified with respect to instalments or maturity date. • Residual value lies with the lessor (this part is not securitised).	2.3%	No
Hire purchase contracts	• Originator acquires the vehicle and hires it out over a specific term. • Legal ownership automatically passes to lessee after last instalment is paid. • First rate of up to 75% reduces lease instalments over tenure. • Full amortisation	0.3%	No

2.2 Preliminary-portfolio characteristics

Scope's analysis is based on the preliminary portfolio as of 30 May 2016, including loan-by-loan data. This portfolio does not significantly differ to the latest pool cut as of 31 August 2016, for which only stratifications were provided (see APPENDIX I).

The portfolio is mostly exposed to the credit risk of SMEs

The portfolio is mostly exposed to the credit risk of SMEs (62.4%) and self-employed individuals (31.8%). Figure 3 shows the portfolio's composition by obligor type and origination channel. 5.8% of the portfolio ('Other' in Figure 3) is exposed to large corporates, public institutions, public authorities and other organisations. Portfolio covenants limit the 'Other' share to 10% of the total balance, and SMEs in the portfolio must remain between 55% and 70%.

Despite the apparent diversity in origination channels (see Figure 4), originators have the same processes and risk principles, ensuring the credit quality of contracts is consistent. All originators are under the Raiffeisen group.

Figure 3. Preliminary portfolio by obligor type

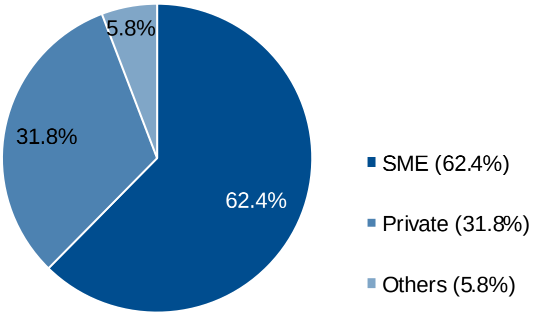
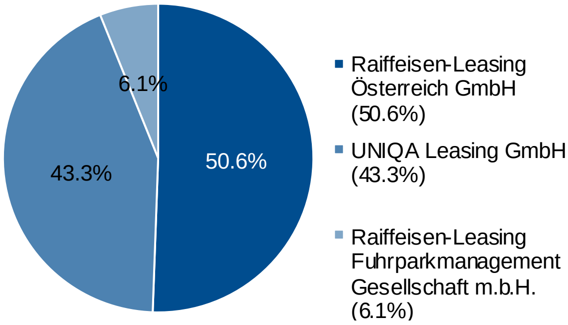


Figure 4. Preliminary portfolio by origination channel



Most of the vehicles leased are classified as 'new', which suggests a stronger lessee base

Most of the vehicles leased are classified as 'new', which suggests a stronger lessee base. Only 25% of the preliminary portfolio relates to used vehicles; 2.1% are for demonstration vehicles or multi-vehicle pools, both of which are grouped under 'Other' (See Figure 5).

Figure 5. Portfolio segments and distribution by vehicle condition

Vehicle condition	Characteristics	Maximum share	Preliminary portfolio share
New cars	Passenger cars, station wagons, trailers, buses >3.5t, single-tracked light passenger vehicles, trucks <3.5t, trucks >3.5t, mini vans, small buses <3.5t, special vehicles (forklifts, lawn mover), tractors, caravans	Unlimited	72.8%
Used cars	Same as new cars	40%	25.1%
Other	Demonstration cars and 'multis'. Multis are contracts that cover multiple vehicles with differing conditions.	Unlimited	2.1%

Raiffeisen has provided good-quality vintage data, which details the individual performance of the nine portfolio segments, i.e. split by obligor type and vehicle condition. Our analysis was conducted using five representative portfolio segments, with the five smallest segments consolidated into the appropriate categories (see Figure 6).

Figure 6. Segmentation of preliminary portfolio and segments analysed

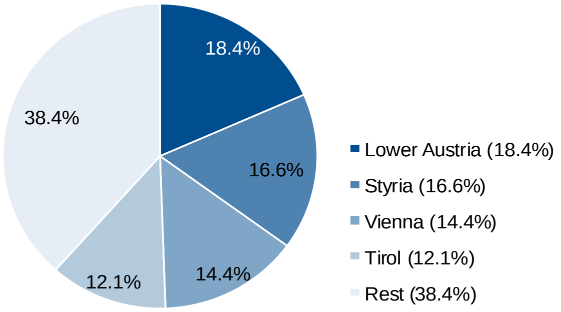
Portfolio segments	Preliminary share of portfolio segments	Aggregated segments for analysis
Private – New cars	20.44%	**20.44%**
Private – Used cars	11.32%	**11.50%**
Private – Other (included in 'Private – Used cars')	0.18%	**–**
SME – New cars	47.34%	**47.34%**
SME – Used cars	13.66%	**15.21%**
SME – Other (included in 'SME – Used cars')	1.55%	**–**
Other – New cars (included in 'Other')	5.00%	**–**
Other – Used cars (included in 'Other')	0.29%	**–**
Other – Other (included in 'Other')	0.22%	**–**
Other	-	**5.51%**

2.2.1 Regional distribution

The geographical distribution is a good reflection of the originators' solid nation-wide footprint

The geographical distribution of exposures in this transaction is a good reflection of the economic relevance of the different Austrian regions, and the originators have solid nation-wide footprint. Figure 7**Error! Reference source not found.** shows the four largest regions accounting for 61.5% of the preliminary portfolio.

Figure 7. Preliminary portfolio regional distribution



2.2.2 Obligor concentration

The portfolio is highly granular. The portfolio-eligibility criteria do not allow an individual obligors to account for more than 0.65% of the portfolio, and actual obligor concentration in the preliminary portfolio is below this (0.60%).

2.2.3 Excess spread

The senior notes benefit from excess spread available in this transaction. The latest portfolio yields 1.16% over the weighted average cost of the liabilities, assuming a 3-month Euribor of 0%, and includes senior fees, taxes and expenses. Excess spread is available to cure undercollateralisation due to periodic losses during the revolving period and to accelerate the sequential amortisation of liabilities during the amortisation phase.

Our modelling incorporated margin and interest rate stresses

Our modelling of this transaction has incorporated margin and interest rate stresses to address the reduction of excess spread due to prepayments, amortisation and defaults. We have assumed that the minimum asset-liability spread allowed before early amortisation is triggered (i.e. spread of 1.05%) equals the assets' margin of 2.94% reduced by senior costs and fees of 1.1% and by the weighted average margin on liabilities of 0.79%.

2.2.4 Fast and homogeneous amortisation

We expect relatively fast amortisation in the portfolio once the revolving period ends

The risk characteristics of the portfolio are likely to be preserved as all portfolio segments have similar amortising characteristics. Additionally, we expect relatively fast amortisation in the portfolio once the revolving period ends. Fast amortisation benefits the senior notes because it implies a short exposure to risks and performance uncertainties.

The preliminary portfolio has a weighted average remaining time to maturity of 35 months (55 months at origination); a weighted average life of 2.0 years; seasoning of 1.8 years; and weighted average remaining term of 2.9 years (see Figure 8 to Figure 10).

Figure 8. Amortisation of preliminary portfolio under 0% CPR and 0% default rate

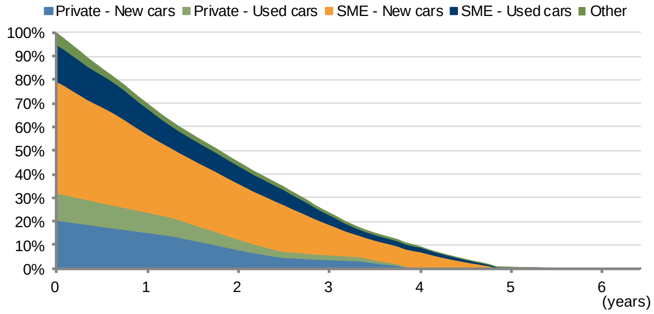


Figure 9. Preliminary portfolio seasoning profile

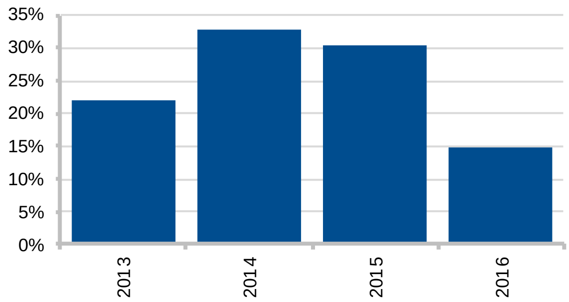
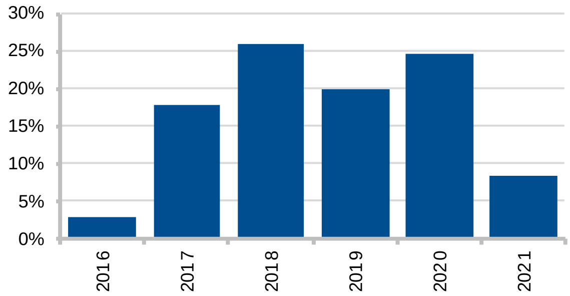


Figure 10. Preliminary portfolio maturity profile



2.3 Revolving risk and post-replenishment portfolio characteristics

The characteristics of the preliminary portfolio could change significantly over the replenishment period

The portfolio's fast amortisation suggests that the characteristics of the preliminary portfolio could change significantly over the replenishment period. This is nevertheless substantially mitigated by the concentration limits and eligibility criteria.

In addition, we do not expect significant regional concentrations, even though replenishment covenants do not prevent this.

Portfolio- and asset-level covenants

The transaction's covenants can adequately limit a migration of portfolio characteristics and prevent concentration risk occurring during the replenishment period.

Figure 11. Main asset-level replenishment covenants

Risk factor	Restriction
Obligor nature	Lessees cannot be affiliates of the originator, nor employees of Raiffeisen, Raiffeisen's networks, etc.
Contract purpose	Contracts must have vehicles (new and used) as leased objects
Maturity	Maximum maturity is 84 months at purchase date
Interest rate	Contracts yield floating rates indexed to 3-month Euribor
Payment frequency	Assets are amortising, payable monthly and denominated in euros
Overdue contracts	No delinquent, defaulted or terminated contracts
Originators	Raiffeisen-Leasing Österreich GmbH, UNIQA Leasing GmbH and Raiffeisen-Leasing Fuhrparkmanagement GmbH.
Lessee resident	Place of business or residence in Austria only
Contract types	Fully/partially amortising financing leases, operating leases (partial amortisation) and hire purchase
EIB subsidies	No European Investment Bank-subsidised contracts
Governing law	Lease agreements are governed by Austrian law
Set-off	Not subject to any right of revocation, set-off or counter-claim by debtors

Figure 12. Main portfolio-level replenishment covenants

Risk factor	Restriction
Segment concentration	Portfolio segments cannot represent more than the following maximum concentrations: • SME 70% (but more than 55%) • Other 10% • Used vehicles 40%
Vehicle-brand concentration	The three largest vehicle brands cannot represent more than 50% ('Other' bucket is not considered)
Lessee concentration	One lessee group cannot represent more than 0.65% and: • The ten largest lessee groups combined cannot exceed 5.00%. • The 100 largest lessee groups combined cannot exceed 15.00%.
Industry concentration	The three largest industries cannot represent more than 60% ('Private' bucket is not considered)
Maximum weighted average balloon share	The aggregate discounted balance of final balloon payments on lease receivables offered by sellers is limited to 45% (on average) of the purchase price of the vehicles

Scope accounts for the risks of portfolio deterioration and changes to portfolio characteristics

Scope analysed this revolving transaction, accounting for the risks of portfolio deterioration and changes to portfolio characteristics, all within reasonable (feasible) limits that comply with portfolio- and asset-level covenants. The risk of deviation beyond these limits is captured by our stressed assumptions.

We built our expectation of the post-replenishment portfolio by: i) increasing the share of 'Used cars' to the covenant maximum of 40%; ii) increasing the 'Other' segment share to 10%; iii) increasing the 'SME' segment share to 65%, iv) reducing the assets' weighted average margin to 2.94%, which accounts for the acquisition of lower-margin assets, as well as the compression of interest and margins from amortisation and prepayments; and v) increasing the portfolio's average remaining time to maturity.

The change in portfolio-segment weights reflects the migration to obligor and vehicle segments that we believe are riskier, following our analysis of default and recovery vintage data. Preliminary and post-replenishment segment weights are summarised in Figure 13.

Figure 13. Preliminary and post replenishment portfolio-segment weights

Segment	Preliminary portfolio		Post-replenishment portfolio
Private - New cars	20.5%	reduced to	10.0%
Private - Used cars	11.5%	increased to	15.0%
SME – New cars	47.3%	reduced to	40.0%
SME – Used cars	15.2%	increased to	25.0%
Other	5.5%	increased to	10.0%
Total	100.00%		100.0%

Scope addresses the risk that replenishments will lead to the portfolio's life significantly exceeding that of the current portfolio

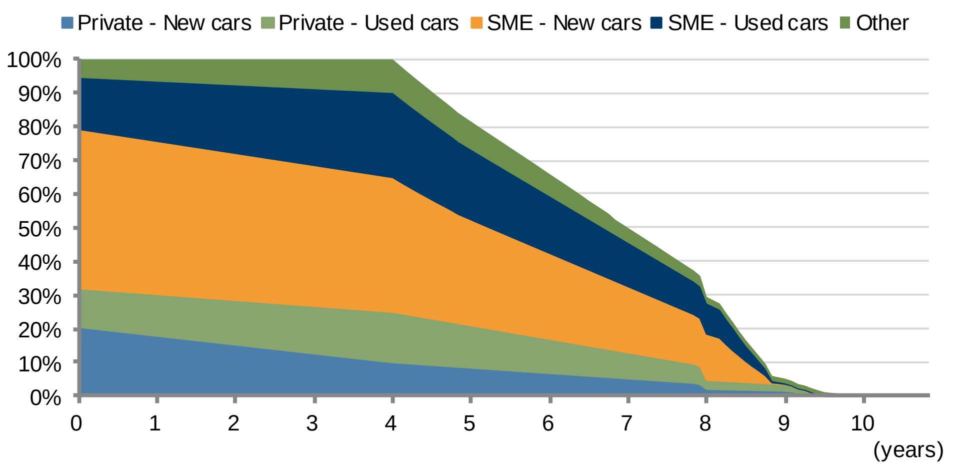
Scope's assumption on the portfolio's lifetime default rates addresses the risk that replenishments will lead to the portfolio's life significantly exceeding that of the current portfolio. Scope assumes that, over the replenishment period, 90.7% of the preliminary portfolio will be replaced with new assets, resulting in the portfolio migrating towards lower seasoning and a longer remaining time to maturity. This is because we believe replacement receivables will have an average seasoning of eight months and a remaining term of 4.5 years (See Figure 14).

Figure 14. Preliminary and post-replenishment weighted average life and weighted remaining term to maturity for each segment

	Remaining term to maturity (months)		Weighted average life (years)	
Segment	**Preliminary portfolio**	**Post-replenishment portfolio**	**Preliminary portfolio**	**Post-replenishment portfolio**
Private - New cars	32.5	54.2	2.2	3.0
Private - Used cars	32.5	53.8	2.3	2.9
SME – New cars	38.2	54.8	1.9	3.0
SME – Used cars	36.5	55.2	1.9	2.9
Other	31.0	53.9	1.6	2.9
Total	35.2	54.6	2.0	3.0

Figure 15 shows our assumption of portfolio-segment amortisation and the effect of the replenishment period on segment concentrations. The figure also shows the increased duration of the exposure.

Figure 15. Expected amortisation after replenishment period under 0% CPR and 0% default rate



The senior notes' credit risk reflects the fast deleveraging after replenishment, which results from the assets' short maturities and amortising nature. The weighted average life of the adjusted post-replenishment portfolio increases to three years, and the weighted average remaining term to 4.5 years, relative to the values calculated for the preliminary portfolio.

2.4 Default rate

The portfolio default rate considers the concentrations and individual default rates of the different segments in the post-replenishment portfolio

Scope assumes a mean lifetime '90 days past due' default rate of 4.2% on the portfolio and a coefficient of variation of 56.3% (Figure 16). This default rate figure considers the concentrations and individual default rates of the five segments in the post-replenishment portfolio when the revolving period ends. The longer life of the post-replenishment portfolio is also captured in our default rate assumptions for all segments.

We derived our default rate assumptions by analysing historical gross loss vintage data, which consists of objective and subjective defaults from 2005 to 2016.

Figure 16 shows the five portfolio segments considered by Scope and the model's mean '90 days past due' default rates and coefficients of variation, reflecting a risk horizon of six years and a seasoning of one year (preliminary portfolio: 2.9 years remaining until maturity and 1.8 years of seasoning).

Figure 16. Final default rates and coefficients of variation

Segment	Default rate	Coefficient of variation
Private - New cars	3.0%	50.0%
Private - Used cars	4.0%	50.5%
SME – New cars	4.0%	62.5%
SME – Used cars	4.5%	55.6%
Other	6.0%	50.0%
Post-replenishment portfolio[a]	4.2%	56.3%

[a] This is for indicative purposes only. Scope modelled the portfolio segments separately.

Scope considered the vintage data to be adequate because of its high granularity; except for the smallest segments, which were aggregated.

Default definition

The transaction defines defaults as contracts that were terminated because the delinquent period exceeded 90 days – or fewer in case of a subjective default, i.e. the lessee's insolvency – in accordance with the originators' credit and collection policy.

Scope has not used any cure rate assumption in the analysis as the default definition in the structure matches the definition used when producing the vintage data.

2.5 Recovery rate

The issuer obtains full economic ownership of the purchased receivables and beneficial ownership of the vehicles

The issuer obtains full economic ownership of the purchased receivables and beneficial ownership of the vehicles. Transaction documents state that the issuer is entitled to receive the vehicles' liquidation proceeds. There is a security over the vehicles, and the issuer has a secured claim against the originators' insolvency estate in the case of their default.

The servicers' strategy is to avoid an immediate repossession of vehicles. Instead, the recovery department works with stressed or distressed obligors to identify how to normalise the situation. The objective is to achieve a long-term solution that ensures obligations are paid on time, even if this involves temporarily or permanently restructuring the contract's instalment schedule, with the lessee's agreement and commitment.

A managed exit solution or a liquidation strategy is preferred only when: recovery risk exists for the originators; lessees are uncooperative; or a recovery process is deemed too costly.

Scope analysed the recovery vintage data and derived recovery rate assumptions for each portfolio segment: 65% for 'Private - Used cars' and 70% for all other portfolio segments. We considered in our assumptions the recoveries achieved in the three years after a default. We have also modelled times to recovery (i.e. recovery lags) of 24 months for 'Private - New cars' and 'Private - Used cars'; 20 months for 'SME - New cars' and 'SME - Used cars'; and 22 months for 'Other', based on vintage data analysis.

We have stressed our recovery assumptions by applying rating-conditional haircuts (see Figure 17).

Figure 17. Rating-conditional recovery rates and recovery lags

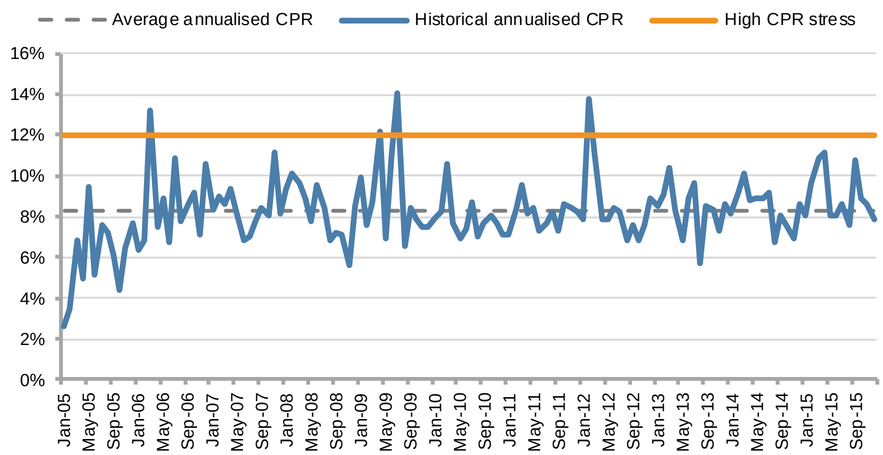
Segment	AAA	AA	A	BBB	BB	B	Lag (month)
Private - New cars	42%	47.6%	53.2%	58.9%	64.4%	70%	24
Private - Used cars	39%	44.2%	49.4%	54.6%	59.8%	65%	24
SME - New cars	42%	47.6%	53.2%	58.9%	64.4%	70%	20
SME - Used cars	42%	47.6%	53.2%	58.9%	64.4%	70%	20
Other	42%	47.6%	53.2%	58.9%	64.4%	70%	22

2.6 Prepayment analysis

The senior notes are most sensitive to high prepayment rates

Scope tested the structure under two prepayment assumptions: 0% constant prepayment rate (CPR) for low prepayment scenarios and 12% CPR for high prepayment scenarios, four percentage points higher than the observed historical values (see Figure 18). The senior notes are most sensitive to high prepayment rates but are resilient against a stressed CPR of 12% (see Figure 25).

Figure 18. Annualised monthly constant prepayment rates



3 FINANCIAL STRUCTURE

3.1 Capital structure

The capital structure features two senior classes of pari-passu and pro-rata notes: class A and the Schuldschein Loan (jointly the 'senior notes'). The senior notes are supported by the strict subordination of the class B notes and the subordinated loan.

The three originators hold the first-loss piece of the capital structure

Proceeds from the Schuldschein Loan and the notes were used to purchase the receivables. The subordinated loan is used to fund i) a EUR 3.5m liquidity reserve and ii) the initial asset-liability mismatch of EUR 80,000. The three originators have granted the subordinated loan and collectively retain the class B, meaning they hold the first-loss piece of the capital structure.

The notes pay quarterly interest, referenced to 3-month Euribor plus a margin. The notes will start to amortise when the revolving period ends, which is four years after the closing date or earlier if triggered by asset performance. The pass-through amortisation is strictly sequential, and the senior notes receive pro-rata payments in the priority of payments for both interest and principal. Class B will not receive any principal until the senior notes are fully amortised.

The rating under the senior liabilities only considers the issuer in place at the closing of the transaction (i.e. ROOF Leasing Austria S.A., Compartment 2016). According to the transaction documents, the issuer is entitled to substitute itself with a company in another jurisdiction if any party to the transaction documents becomes materially restricted by law from performing obligations or is affected by unfavourable and unforeseeable changes in tax laws after closing. This feature is conditional to rating agencies confirmation.

3.2 Priority of payments

The structure features a combined priority of payments which materially protects against payment interruption. Principal collections from assets can be used to pay timely interest on the senior notes. The combined priority of payments also effectively allows credit enhancement to cover losses from negative carry or interest rate mismatches.

The priority of payments effectively traps excess spread to cover principal losses due to defaults

The priority of payments effectively traps excess spread to cover principal losses due to defaults. Missed interest payments do not accrue interest for any liabilities in this structure.

Figure 19. Priorities of payments and available funds

	Priority of payments
Available funds	♦ Amounts in the cash reserve ♦ Amounts in the replenishment fund ♦ Any collections received by the servicer during the quarterly period ♦ Any tax paid to the issuer by the sellers/servicers in accordance with the lease receivables purchase agreement and/or the service agreement (during quarterly period) ♦ Any interest earned on the issuer account (during quarterly period)
Replenishment period	**Quarterly notes' payment dates:** 1) Taxes, senior fees and expenses 2) Pro-rata interest class A and Schuldschein Loan 3) Cash reserve up to required cash reserve amount 4) Replenishment fund up to the replenishment target amount 5) Interest class B 6) Interest subordinated loan 7) Excess to the sellers
Amortisation period	**Quarterly notes' payment dates:** 1) Taxes, senior fees and expenses 2) Pro-rata interest class A and Schuldschein Loan 3) Cash reserve up to the required amount 4) Pro-rate principal class A and Schuldschein Loan 5) Interest class B 6) Principal class B 7) Interest subordinated loan 8) Principal subordinated loan 9) Excess to the sellers
Post-enforcement	The post-enforcement priority of payments is triggered by the issuer's default on its obligations with respect to the highest-ranking outstanding liabilities. **Quarterly application of all funds available:** 1) Taxes, senior fees and expenses 2) Pro-rata interest class A and Schuldschein Loan 3) Pro-rata principal class A and Schuldschein Loan 4) Interest class B 5) Principal class B 6) Interest subordinated loan 7) Principa subordinated loan 8) Excess to the sellers

3.3 Default and delinquency definitions

The structure establishes prudent definitions of default and delinquency. Definitions match the originator's practices and allow for the timely management of asset credit events during servicing and monitoring.

Defaulted assets are those considered by the originator as subjective defaults (i.e. insolvency) or those in arrears of 90 days or more and are greater than EUR 250 or 2.5% of the outstanding amount. This is in line with the standard Basel threshold for provisioning and risk metrics (i.e. 90 days past due).

Delinquent assets are non-defaulted assets more than 30 days in arrears (i.e. 60 days shorter than the Basel reference).

3.4 Cash reserve

The cash reserve funded by the subordinated loan is only sufficient to ensure the timely payment of senior expenses and interest on the senior notes for one payment period upon a servicer event, up to a stressed 3-month-Euribor of 2.5%.

The cash reserve provides credit enhancement to the notes at maturity

This cash reserve only provides liquidity for the timely payment of senior expenses and interest on senior notes over the life of the transaction. The cash reserve provides credit enhancement to the notes at maturity as it can used to pay principal shortfalls when the transaction is liquidated or reaches maturity.

The cash reserve cannot be depleted by default provisioning under high portfolio-default scenarios. In addition, excess spread can restore the cash reserve to its required balance if it is under the target level. The cash reserve is limited in trapping excess spread due to its amortising nature.

The cash reserve must be 0.8% of the outstanding balance of both the senior and class B notes, and amortises to an absolute floor of EUR 1.0m or 0.23% of the initial balance of the liabilities.

3.5 Amortisation and provisioning

The strictly sequential amortisation between the senior and class B notes protect senior noteholders

The strictly sequential amortisation between the senior and class B notes protect senior noteholders, ensuring proper collateralisation during the revolving period, and accelerating amortisation during the amortisation phase. These mechanisms are captured in our modelling and reflected in our ratings.

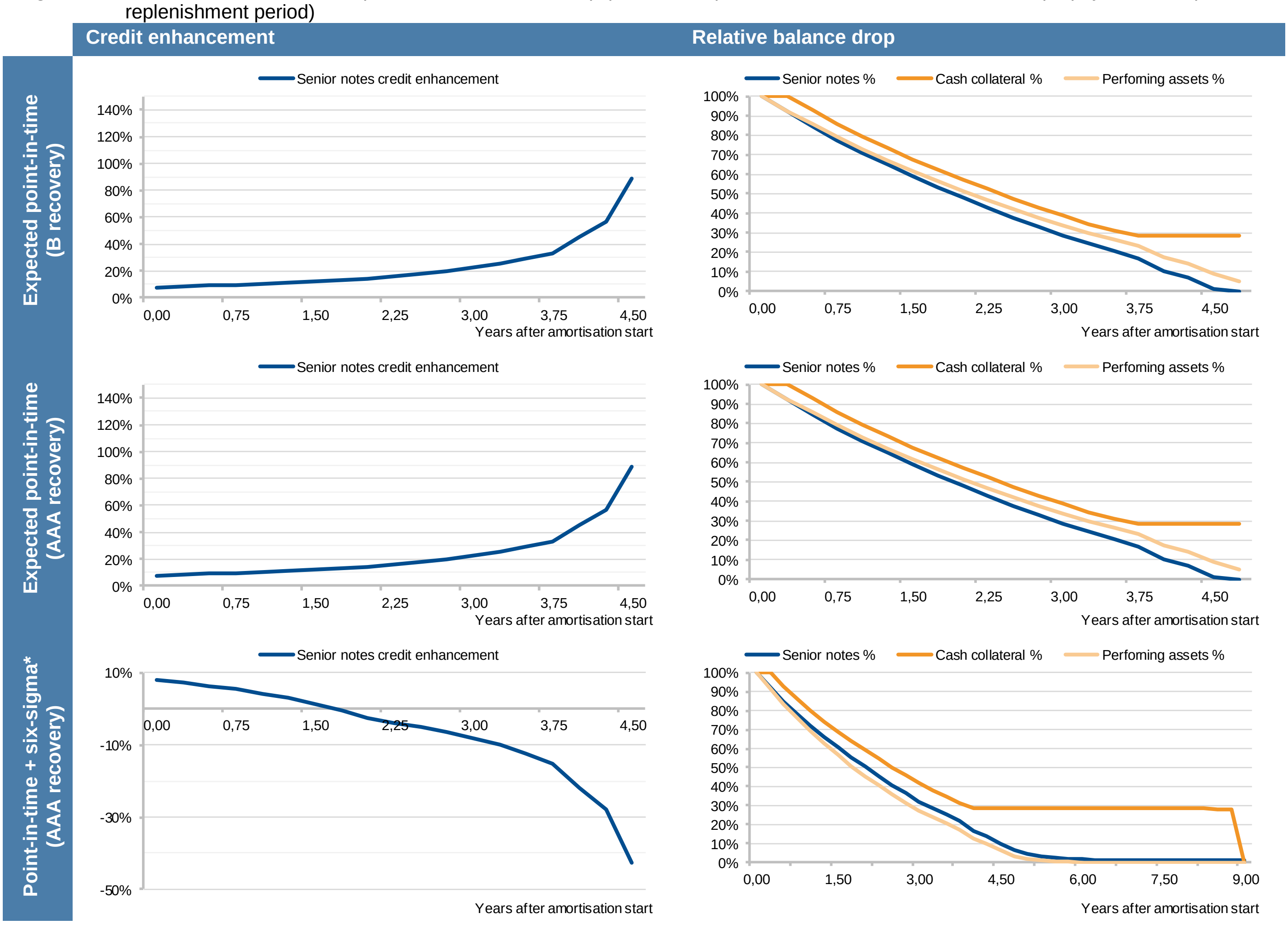
During the replenishment period, no principal is distributed to the notes. Instead, available funds and excess spread are used to acquire new assets, up to the target replenishment amount. Any remaining excess spread is distributed to the sellers.

The amortisation of the senior notes is accelerated during the amortisation period, making use of the excess spread trapped, and used to repay liabilities.

The cash reserve's support as credit enhancement becomes relevant under extreme scenarios

The cash reserve's support as credit enhancement becomes relevant under extreme scenarios. For example, the remaining cash reserve, after it has amortised to its minimum target of EUR 1m, is distributed to the senior notes under severe conditions, i.e. a portfolio default rate of 18.5%, equal to a six-sigma stress on the expected point-in-time default rate and AAA recovery rate. This is shown in Figure 20.

Figure 20. Credit-enhancement build-up and relative balance drop (base=100%) of senior notes under 12% constant prepayment rate (after replenishment period)



* mean default rate plus six standard deviations i.e. default rate of 18.5%

3.6 Replenishment mechanism

The structure uses the collected principal to acquire new assets, and covers any shortfall with excess spread. The replenishment period will end four years after closing or earlier if triggered by events (see Figure 21).

The maximum replenishment amount on each replenishment date is the difference between the outstanding balance of the notes (EUR 437.8m) and the outstanding balance of the portfolio. This definition means that besides regular principal repayments, defaulted assets reduce the relevant balance, which will then lead to new assets being acquired using available excess spread.

Early-amortisation triggers

Single-asset and portfolio covenants and performance triggers protect the transaction from negative portfolio migration

The transaction is protected against risks inherent to revolving transactions (i.e. portfolio-quality migration and portfolio-performance deterioration). Scope considers that the single-asset and portfolio covenants, as well as those on portfolio performance, are effective in protecting the transaction from negative portfolio migration due to replenishments and portfolio underperformance. Non-compliance with these covenants prevents the acquisition of additional assets and may lead to the portfolio amortising early.

The amortisation phase would start if originators breached any representations and warranties relating to the assets' eligibility or the portfolio's concentration limits, or if the servicers were unable to originate enough eligible assets to maintain collateralisation, i.e. the maximum amount of collateralisation allowed in cash is 15%. This is possible if the originators' strategy changes significantly over the replenishment period.

Underperformance of the assets also triggers the amortisation phase. The structure defines several triggers for this (see Figure 21 for a summary).

We considered the structure's trigger mechanisms by reducing the effective notional of performing assets by 1%

We have considered the structure's trigger mechanisms by reducing the effective notional of performing assets by 1%. In particular, we have assumed that the cumulative net loss ratio will increase to above 1.4%, triggering early amortisation at the fourth payment date. A lag in recoveries, additional defaults from replenished assets, and excess spread at the required minimum will lead to a non-defaulted portfolio balance of 99% when the trigger is hit (i.e. 1% undercollateralisation).

The structure would also enter the amortisation phase upon illegality (including fraud), and upon tax or regulatory events relating to the issuer. It will also enter accelerated amortisation upon enforcement events (e.g. the issuer's insolvency or default on obligations in respect of the highest-ranking outstanding liabilities).

Figure 21. Early-amortisation triggers relating to assets or originators

Trigger	Description
Cumulative net loss	Amortisation starts when the cumulative net loss ratio exceeds on any cut-off date: (i) 1.0% before or on the second payment date (ii) 1.4% between the second and fourth (inclusive) payment dates (iii) 1.8% between the fourth and sixth (inclusive) payment dates (iv) 2.2% between the sixth and eight (inclusive) payment dates (v) 2.5% after the eighth payment date Cumulative net loss ratio is defined as i) the sum of all defaulted assets minus the sum of all recoveries divided by ii) the sum of all purchased assets.
Gross loss	Amortisation starts when, on the cut-off date, the gross loss ratio exceeds 0.75% or the three-month rolling average of the gross loss ratios exceed 0.6%. Gross loss ratio is defined as the ratio of defaulted assets and outstanding portfolio.
Delinquencies	Amortisation starts if '30+ days past due' delinquencies exceed 1.9% of the currently outstanding portfolio. Amortisation starts if the three-month rolling average of '30 days past due' delinquencies exceed 1.5%.
Replenishment fund	Amortisation starts if the amount deposited in the replenishment fund exceeds 15% of the outstanding portfolio on the cut-off date preceding a payment date. Amortisation starts if the amount available in the replenishment fund (after applying the pre-enforcement priority of payments) is lower than the replenishment target amount.

Excess spread	Amortisation starts if the excess spread is less than 1.05% on any cut-off date.
Collection invoicing	Amortisation starts if, on any cut-off date, the ratio of instalments invoiced on the first calendar day falls below 90% of all invoiced instalments in the month prior to the respective cut-off date.

3.7 Natural hedge of interest rate risk

Interest rate risk is limited due to the natural hedge

Interest rate risk is limited due to the natural hedge created by the floating nature of the assets and liabilities; all referenced to 3-month Euribor rates.

Scope has not stressed 3-month Euribor rates over the tenor of the transaction, as the ECB's expansionary monetary policies and quantitative easing do not indicate that the low interest rates would rise steeply in the short term. Early amortisation would be triggered before material asset-liability mismatches under high interest rate scenarios would affect the senior notes, resulting in their accelerated amortisation. Potential losses from negative carry are factored into the ratings and are thus covered by available credit enhancement and excess spread.

The transaction benefits from the different calculation of interest on assets and liabilities in negative interest rate environments. The 3-month Euribor index on the assets is floored at 0%, resulting in a minimum weighted average coupon at the weighted average margin, i.e. 3.05%, at closing. For the calculation of interest on liabilities, only the sum of 3-month Euribor and margin is floored at 0%.

3.8 Issuer account

The issuer has a treasury account with The Bank of New York Mellon, which holds all moneys of the issuer. The account yields interest at a rate of EONIA less 30bps, but floored at 0%.

Funds at the issuer's accounts can be invested in instruments that mature up to the next payment date and have a minimum credit quality.

If any invested funds have a negative interest rate or are subject to fees, the account bank would charge the issuer EONIA less 20bps.

Any loss from negative carry is covered by available excess spread and credit enhancement

The account represents a source of negative carry as its yield is lower than the weighted average coupon of the notes. Any loss from negative carry is covered by available excess spread and credit enhancement.

We have not stressed the account's yield in our analysis because the contractual rate for this transaction already represents a market reference, which, in our opinion, would not be modified materially if the account bank is replaced.

3.9 Clean-up call

The issuer has a discretionary call option which requires the full repayment of the liabilities.

Scope's analysis excludes the option that allows the originators and sellers to terminate the transaction before final legal maturity if the assets' balance is less than 10% of the original portfolio balance after closing date.

4 ORIGINATOR, SELLER AND SERVICER

We believe the business of Raiffeisen Leasing Austria (RLAT) is based on sound foundations

We believe the business of Raiffeisen Leasing Austria (RLAT) is based on sound foundations and benefits from seasoned processes, experienced staff and a very granular marketing network. RLAT has operated in the Austrian leasing market for 45 years and focuses on the vehicle, equipment and real estate segments. Its portfolio of vehicle leases is the third-largest in Austria. RLAT's market share in vehicles has dropped slightly over the last five years due to the intense competition, mainly from the captive-lending business of car manufacturers.

4.1 Business positioning

The originator is among the top three Austrian leasing companies for vehicle leases

The originator is among the top three Austrian leasing companies for vehicle leases (fourth with respect to new business in 2015) and seeks mainly to grow in retail customer business by 9-16% over the next three years. It will continue to focus on the vehicle-leasing segment and will make more intensive use of the Raiffeisen distribution channels. New business is expected to originate at the expense of competitors' market shares and Raiffeisen's own share of loans business.

Margins are steady – albeit low – due to the strong price competition in the Austrian leasing market. RLAT's main competitive advantages are its granular sales network, with over 1,500 points of sale, and its position as a universal leasing company, which allows it to originate leases not only on vehicles of any brand, but also in other segments like equipment leasing (cross-selling). This transaction does not securitise equipment or real estate leasing contracts.

4.2 Origination and underwriting

RLAT controls the contracts' quality throughout the underwriting process; even when different origination channels are involved. Lease receivables in this securitisation are originated through three alternative channels: i) UNIQA Leasing GmbH; ii) Raiffeisen-Leasing Österreich GmbH and iii) Raiffeisen-Leasing Fuhrparkmanagement GmbH. RLAT's products include partially and fully amortising financial leases, operating leases, and hire purchase contracts.

All lease applications from any of the three origination channels arrive at the same interface office of RLAT. This ensures that the quality of contracts is consistent, as the same procedures and risk-analysis principles are applied. For example, the same policies are used to prevent origination in economic sectors barred by the sector heat map of Raiffeisen Bank International. Anti-fraud policies are also common to all three origination channels.

The workflows for sanctioning and executing lease applications are effective and help reduce credit risk

The workflows for sanctioning and executing lease applications are effective and help reduce credit risk given the competitive environment and the originators' low risk appetite. RLAT directives follow those of Raiffeisen Bank International, focusing on the customer rating, the verification of suppliers and assets, the evaluation of collateral and the transaction terms/risk.

Internal ratings are used to assist in the sanctioning process. These systems have not been validated by regulators. This system differentiates between private individuals, SMEs with a total exposure of less than EUR 100,000, and SMEs with larger total exposures. Private individuals are rated based on their household budgets; for SMEs with a low total exposure, credit scores are produced and mapped to internal ratings. The corporate rating model of Raiffeisen Zentralbank Österreich applies to SMEs with a larger total exposure. Back-testing has not been performed on assigned ratings to date. Migration matrices have been in place since 2005.

Sanctioning considers the exposure and risks of a potential new contract within limits set for the client. The sanctioning power is segmented and delegated so smaller contracts are less scrutinised, but no automatic underwriting is performed. The underwriting process has more sanctioning power as the size of the contract becomes bigger. Credit risk management becomes involved when exposures exceed EUR 250,000; and a special credit committee is needed for the approval of exposures greater than EUR 1m, with the occasional involvement of the advisory board.

RLAT sets exposure limits adjusted to the risk of group-connected customers with a total exposure larger than EUR 250,000. These limits are updated annually and depend on the customer's credit quality, total revenues and industry sector.

Defaulted customers cannot be approved by account management and credit risk management. Also, customers formerly rejected by credit risk management cannot be approved by account management. Only the divisional head of account management can decide on black-listed customers and on assets with weighted collateral value of 0%.

RLAT relies on collateralisation to limit the risk of leasing contracts, supporting the relatively high recovery rates

RLAT relies on collateralisation to limit the risk of leasing contracts, which support the relatively high recovery rates on defaulted contracts. Standard forms of collateral include ownership of the vehicles, the assignment of receivables from insurers, corporate guarantees or guarantees from private individuals (e.g. shareholder of the lessee), bank guarantees and buy-back guarantees from suppliers.

RLAT has a prudent approach for calculating residual values. Residual values have discounts applied, which are derived from: i) data gathered by RLAT in its re-sale/liquidation platform, through which around 1,000 cars are sold each year; ii) EUROTAX values (one of Austria's most reliable market indicators); iii) industry research; and iv) vehicle appraisals in some instances. Any changes to calculations/assumptions on the residual values of newly launched vehicles have to be authorised by a specific residual-value committee. This committee reviews and adjusts residual values twice a year, if necessary.

Processes are monitored and audited

Each quarter, a sample of contracts, weighted more towards the riskier cases, is audited internally. Additionally all processes are linked to key ratios and indicators that can be monitored easily.

4.3 Servicing and recovery

Collections are mainly performed through direct debits on the lessees' accounts, which reduce the operational risk

Collections are performed through direct debits (97.5% in the initial portfolio) on the lessees' accounts, which reduce the operational risk around identifying and assigning payments. RLAT may modify contractual terms (e.g. risk costs or refinancing spreads) over its life as part of the lease servicing.

Beneficial ownership of collateral allows higher recovery assumptions

The beneficial ownership of the vehicles is transferred to the special purpose vehicle along with the leasing contracts. We consider for our analysis the provided recovery rate data, which embeds the proceeds from assets sales.

Monitoring is set up to anticipate performance issues and reduce obligor default

RLAT has implemented an early-warning list that identifies leases which could become problem loans during the monitoring process. This system applies to all exposures of Raiffeisen Leasing's entities, which is based on automatically calculated and manually entered signals, with the worst signal determining the status. For group-connected customers with higher exposures, limit reviews and rating updates are performed periodically.

RLAT strongly focus on pre-work-out and undertake ongoing screening

RLAT aims to identify solutions that would help stressed or distressed obligors to become performing again

RLAT's strategy is to prevent the immediate recovery of vehicles and aims to identify solutions that would help stressed or distressed obligors to become performing again. This is to ensure payment obligations are met on a long-term basis, and the purpose is to temporarily or permanently motivate these customers to pay future/outstanding instalments by agreeing on an amended payment scheme. RLAT would only seek a managed exit solution or a liquidation strategy when a cure is not possible. Main reasons are: recovery risks for RLAT, customer friendliness, and an additional return on handling fees and interest on arrears.

RLAT has set up effective processes to recover defaulted contracts

Contracts are terminated, and the full amount is due shortly before these are three months past due. Terminating the contract triggers the recovery process, which includes the repossession of vehicles. In the normal course of business, outstanding debt is set off against the proceeds from selling the vehicles. Any marginal claim is then recovered from the lessee, via legal proceedings if necessary

RLAT has its own platform to liquidate repossessed vehicles with more than 100 car dealers registered and around 1,000 cars a year sold

RLAT relies on its own platform to liquidate the repossessed vehicles. On this platform, more than 100 car dealers are registered and around 1,000 cars a year are sold. Sales proceeds are reported at 20% higher than residual value (on average).

5 QUANTITATIVE ANALYSIS

Scope has analysed the transaction with a cash flow tool combined with the portfolio default distribution (inverse Gaussian) to calculate the probability-weighted loss of each rated tranche. The cash flow tool also produces the expected weighted average life of each tranche.

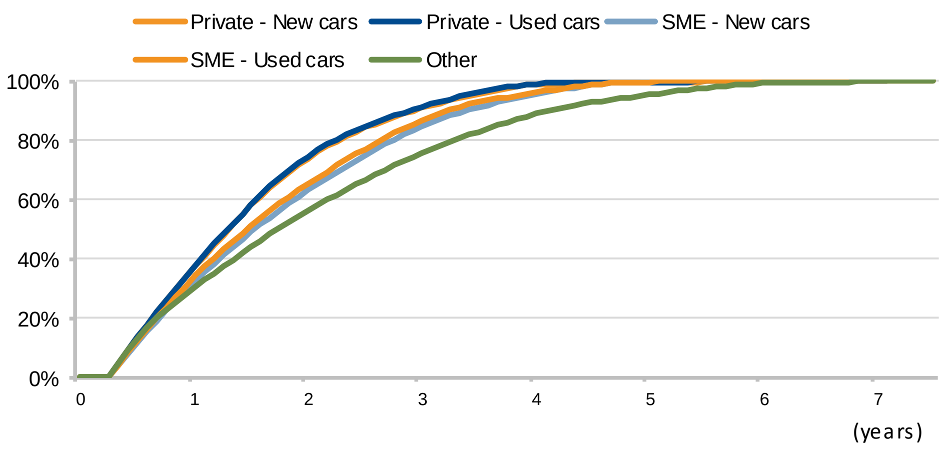
The data provided by the originator suggests that the point-in-time performance for the Austrian auto-lease asset class is aligned with a long-term performance that exhibits a low volatility.

Scope has assigned an AAA_{SF} rating to the senior notes based on its cash flow analysis. This result is supported by positive macroeconomic conditions and the strong support that the senior notes receive from the transaction's credit enhancement mechanisms and subordination of class B interest during the amortisation period.

Scope has considered a front-loaded default-timing term structure

Scope has considered a front-loaded default-timing term structure. Back-loaded default scenarios are not as severe owing to credit enhancement build-up and the effect of seasoning on the portfolio. The default-timing assumptions (Figure 22) represent the assumed default timings for the analysed portfolio segments at the end of the replenishment period. These assumptions imply the front-loading of delinquencies, starting on the first month of the life of the transaction. The defaults are classified as 90 days past due, in line with the credit and collection policy of the originators.

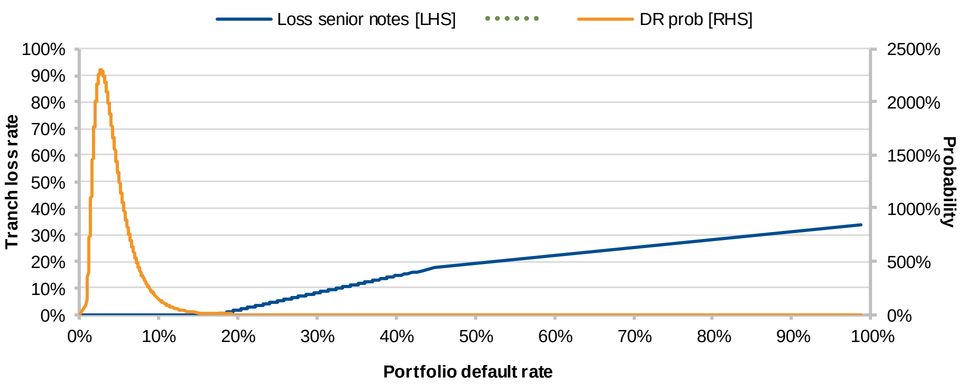
Figure 22. Cumulative default-timing assumptions for the portfolio segments



Excess spread especially explains why the senior notes can withstand default rate scenarios beyond the credit-enhancement levels of 9.45% for senior notes

Figure 23 shows the losses of the senior notes at all portfolio default rates. The chart shows how credit enhancement and excess spread protect the senior notes, as well as recovery in case of default. Excess spread especially explains why the senior notes can withstand default rate scenarios beyond the credit-enhancement levels of 9.45% for senior notes.

Figure 23. Tranche losses for all portfolio default rates



5.1 Rating stability

5.1.1 *Rating sensitivity*

Scope has tested deviations of the main input: i) mean default rate; ii) base case recovery rate; iii) coefficient of variation and iv) interest rates. This analysis illustrates the sensitivity of the rating to input assumptions but it is not indicative of expected or likely scenarios.

The senior notes rating would decline to AA- if the mean default rate is increased by 50%. Reducing the recovery rate by 50% results in the rating's decline to AA. A 50% increase of the coefficient of variation results in the rating's decline to A+ (see Figure 24).

Interest rate stresses have no impact on the senior notes because interest rate risk is naturally hedged

Interest rate stresses have no impact on the senior notes because interest rate risk is naturally hedged.

Figure 24. Rating sensitivity to deviations from base case assumptions

Rating changes (notches) from base case assumptions	Senior liabilities
Assigned rating	**AAA_{SF}**
Base case	AAA_{SF}
Default rate +50%	$AA-_{SF}$
Recovery rate -50%	AA_{SF}
Coefficient of variation +50%	$A+_{SF}$

5.1.2 Break-even analysis

Senior notes would not experience any loss at portfolio default rates of 10.5% or lower, under a zero recovery-rate assumption

The resilience of the senior notes ratings is even better illustrated in the break-even default rate analysis. Senior notes would not experience any loss at portfolio default rates of 10.5% or lower, under a zero recovery-rate assumption. This break-even default rate is 2.5 times higher than our base case default rate for the portfolio. The senior notes would not suffer any losses at portfolio default rates of 16.1% or lower under the AAA_{SF} recovery-rate assumption for this portfolio (i.e. 41.6 %).

Figure 25. Break-even default rate analysis as a function of prepayments and recovery rates (RR)

Break-even default rates				
Prepayments	0% CPR		12% CPR	
Portfolio recovery rate	41.6% (AAA_{SF} RR)	0%	41.6% (AAA_{SF} RR)	0%
Senior notes	18.5%	10.5%	16.1%	10.5%

6 SOVEREIGN RISK

Sovereign risk does not limit the ratings

Sovereign risk does not limit the ratings on this transaction given the Austrian economic environment, which we expect to remain stable or improve.

Scope expects the repayment abilities of Austrian consumers to remain stable based on flat unemployment rates, stable interest rates and an improvement in GDP growth. Austria's performance is better than the EU average and is comparable to Germany's.

Figure 26. GDP growth

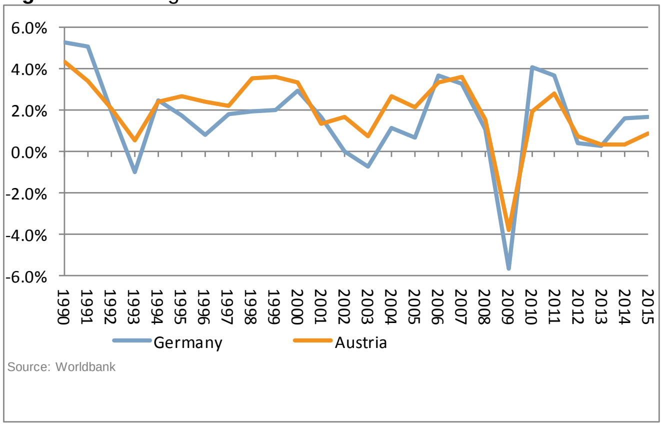
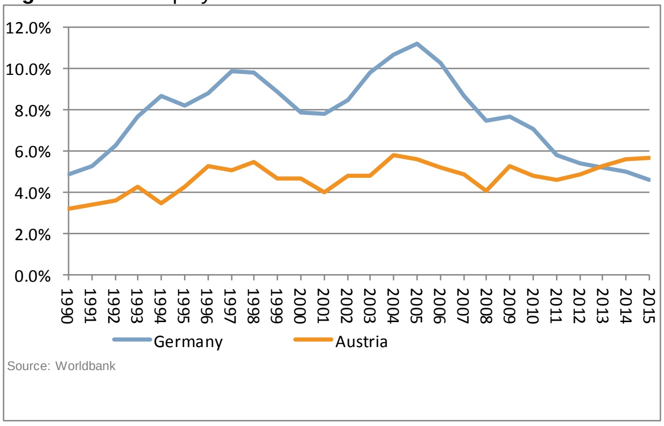


Figure 27. Unemployment rates



Challenges to Austria's performance do not affect the credit strength of the senior notes, due to the reasonably short expected weighted average life during the amortisation period, which would be triggered in case of macroeconomic impacts on the performance of the transaction.

7 COUNTERPARTY RISK

The credit strength of the counterparties and the appointment of a back-up servicer, mitigate counterparty risk in this transaction. Scope has taken into account the credit strength of the key counterparties in order to factor counterparty risk into our ratings.

Scope performed a credit estimate on Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG. Scope relied on public ratings available for BNY Mellon.

In our analysis, we applied the principles defined in Scope's 'Methodology for Counterparty Risk in Structured Finance' (August 2016, available on www.scoperatings.com).

None of the counterparty exposures appear excessive

None of the counterparty exposures appear excessive (i.e. crystallisation of counterparty risk would not prompt downgrades of six notches or more to the notes).

Role	Counterparty
Issuer	ROOF Leasing Austria S.A., Compartment 2016
Originators/servicers	Raiffeisen-Leasing Österreich GmbH, UNIQA Leasing GmbH, Raiffeisen-Leasing Fuhrparkmanagement GmbH
Back-up servicer	Raiffeisen Zentralbank Österreich AG
Data trustee	Structured Finance Management (Deutschland) GmbH
Account bank	The Bank of New York Mellon, Frankfurt Branch
Paying agent/calculation agent/cash administrator	The Bank of New York Mellon, London Branch
Trustee	SFM Trustees Limited
Corporate services	Elian Fiduciary Services (Luxembourg) S.A.R.L
Arranger	Raiffeisen Bank International AG
Subordinated creditor	Raiffeisen-Leasing Österreich GmbH, UNIQA Leasing GmbH, Raiffeisen-Leasing Fuhrparkmanagement GmbH
Portfolio auditors	Deloitte Audit Wirtschaftsprüfungs GmbH

7.1 Operational and commingling risk from servicer

Scope believes that a disruption of the servicer function when performed by the originators is a possible – yet unexpected – risk

Scope believes that a disruption of the servicer function when performed by the originators is a possible – yet unexpected – risk in this transaction. Nevertheless, and despite the likely continuity in operations, we believe the commingling of collections from the assets with the insolvency estate of the servicers would still be possible.

We have estimated the expected contribution of servicer commingling losses to credit losses from the portfolio to be 0.75% over the transaction's entire life. Expected servicer commingling losses consider a stressed probability of servicer default, which is three notches lower than Scope's assessment of the servicers' credit quality; and a monthly exposure to commingling equates to two times the monthly collections from the assets.

The servicers perform a direct debit of 97.5% of collections on one date and retain those moneys for less than a week, before transferring the money to the account bank. Direct debits reduce the risk of loss from servicer commingling. Additionally, the servicers will advance the expected remaining monthly collections to the issuer account in accordance with the run-out schedule, excluding expected residual-value payments and prepayments. Commingling risk is reduced further having the servicers pledged the different collection accounts to the issuer.

The originators and servicers are not resolvable financial institutions and, consequently, severe financial impairment could theoretically trigger their liquidation and default on obligations under the servicer agreement.

We believe that the succession of Raiffeisen Zentralbank Österreich as backup servicer would likely be seamless – probably involving the same staff and systems currently involved in the servicing – because the servicers and backup servicer are all part of the Raiffeisen group, which is well established in Austria and includes resolvable financial institutions. Raiffeisen Zentralbank Österreich has been appointed as backup servicer at closing.

The back-up servicer does not perform the role of data trustee. An independent third party holds the encryption key for granting the backup servicer access to lessee contacts and other data that would be needed if it needs to intervene as the servicer.

7.2 Commingling risk from account bank and paying agent

Scope considers the risk of commingling losses from the account bank and the paying agent as immaterial for the senior notes

Scope considers the risk of commingling losses from the account bank and the paying agent as immaterial for the senior notes. The structure provides for the substitution of the account bank upon the loss of a minimum rating of BBB from Fitch or equivalent credit quality as assessed by Scope.

7.3 Set-off risk from originator

Scope does not believe set-off risk from the originators is material in the context of this transaction. The lessees are not entitled to set off claims arising from receivables against any claim against the originators, as set forth in the terms of the receivables – unless required by law. Further, the deposits that the lessees hold with originators under certain contract types are aimed at partly covering the amortisation of the contract themselves.

8 LEGAL STRUCTURE

8.1 Legal framework

This securitisation is affected by three different legal regimes. Receivables are originated and transferred under Austrian law. The issuer is incorporated in Luxembourg, and is therefore subject to its local laws. Other contracts are under German law. The nature and purpose of the vehicle and the legal structure of the issuer effectively result in tax efficiencies, and the effect of tax is therefore immaterial. There is no loss of value or cash flows from taxation in Austria and Luxembourg.

The transaction represents the true sale of the assets to a bankruptcy-remote vehicle, represented by the trustee.

8.2 Asset replacement

The sellers will replace or repurchase any asset in the portfolio that does not comply with eligibility criteria in the documentation or that is subject to non-permitted variations. Only leasing receivables which are standard, in good standing and performing at the closing of the transaction can be transferred to the portfolio. We believe the risk that weaker assets are transferred to the final portfolio is covered by our mean default rate assumption for the portfolio.

8.3 Use of legal and tax opinions

Scope reviewed the legal and tax opinions produced by the legal advisers of the originator: i) opinion on German law by Hogan Lovells International LLP; ii) opinion on Austrian law by Binder Grösswang Rechtsanwälte GmbH and iii) opinion on Luxembourg law and tax by Hogan Lovells (Luxembourg) LLP.

The transaction conforms to international securitisation standards and supports the general legal analytical assumptions of Scope (see 'Legal Risks in Structured Finance – Analytical Considerations', dated January 2015 and available on www.scoperatings.com).

9 MONITORING

Scope will monitor this transaction on the basis of performance reports produced by the servicer and any other information received from the originator. The ratings will be monitored continuously and reviewed once a year or more if warranted by events.

Scope analysts are available to discuss the rating analysis in detail, the risks to which this transaction is exposed, and the ongoing monitoring of the transaction.

10 APPLIED METHODOLOGY AND DATA ADEQUACY

For the analysis of this transaction, Scope applied its 'Auto ABS Rating Methodology', dated 9 June 2016, available on the website www.scoperatings.com.

APPENDIX I. SUMMARY OF PORTFOLIO CHARACTERISTICS

The following table shows the summary of portfolio characteristics considered in Scope's analysis.

Figure 28. Portfolio characteristics

Key Features	Preliminary portfolio as of 30 May 2016	Final portfolio as of 31 August 2016	Post-replenishment portfolio modelled
Originator (% of balance)	Raiffeisen-Leasing Österreich GmbH (50.56%); UNIQA Leasing GmbH (43.34%); Raiffeisen-Leasing Fuhrparkmanagement GmbH (6.09%)	Raiffeisen-Leasing Österreich GmbH (50.81%); UNIQA Leasing GmbH (43.28%); Raiffeisen-Leasing Fuhrparkmanagement GmbH (5.91%)	Raiffeisen-Leasing Österreich GmbH; UNIQA Leasing GmbH; Raiffeisen-Leasing Fuhrparkmanagement GmbH
Closing date	30-May-16	31-August-16	
Portfolio balance (EUR m)	431	437.9	437.9
Number of assets ([2]D diversity index)	29,391	29,915	-
Number of obligors ([2]D diversity index)	-	-	-
Average asset size (EUR)	14,674	15,027	-
Maximum asset size (EUR)	737,067	797,007	-
Private obligors	31.85%	32.15%	-
SME obligors	62.35%	62.97%	-
Other obligors	5.80%	4.88%	-
Segment: Private - New cars	**20.44%**	**N/A**	**10.00%**
Segment: Private - Used cars (including Private - Other)	**11.50%**	**N/A**	**15.00%**
Segment: SME - New cars	**47.34%**	**N/A**	**40.00%**
Segment: SME - Used cars (including SME - Other)	**15.21%**	**N/A**	**25.00%**
Segment: Other	**5.51%**	**N/A**	**10.00%**
Largest obligor	0.60%	0.59%	**-**
Top 10 obligors	3.92%	4.09%	**-**
Top 100 obligors	11.39%	11.49%	**-**
Largest region	18.40%	18.31%	**-**
Top 3 regions	49.45%	49.44%	**-**
Largest sectors (% of balance)	Wholesale and retail trade; repair of motor vehicles and motorcycles (13.27%)	Wholesale and retail trade; repair of motor vehicles and motorcycles (13.38%)	**-**
Top 3 sectors	30.30%	30.72%	**-**
All real estate, construction and materials	10.62%	9.94%	**-**
WAL (0% DR and 0% CPR) (years)	**2.0**	**2.0**	**3.0 (+4 years)**
Current weighted average coupon	**3.15%**	**3.05%**	**-**
Fixed-rate assets (% of balance)	0.00%	0.00%	0.00%
Weighted average coupon of fixed-rate assets	-	-	-
Weighted average margin of floating-rate assets	**3.15%**	**3.05%**	**2.94%**
Amortising loans	100.00%	100.00%	100.00%
Bullet loans	0.00%	0.00%	0.00%

APPENDIX II. VINTAGE DATA

Vintage data

Scope received data from 2005 to 2016 reflecting gross loss and recoveries on the private, SME and other customer segments as split by status of the leased vehicle (new, used and other).

The data received covers a full economic cycle, specifically the 2007-2008 economic downturn in Austria.

Figure 29 and Figure 30 show the granularity of the vintage data provided by the originator. The data refers to gross loss data which includes objective defaults and subjective defaults of 90 days past due, which matches the default definition in the structure.

Figure 29. Coverage and granularity of gross loss vintage data

	Private – New Cars	Private – Used cars	SME – New cars	SME – Used cars	Other
Total origination (EUR m)	379	180	1,259	335	520
Series	128	124	135	133	123
Series period (months)	1	1	1	1	1
Period covered	2005 to 2016	2005 to 2016	2005 to 2016	2005 to 2016	2005 to 2016

Figure 30. Coverage and granularity of recovery vintage data

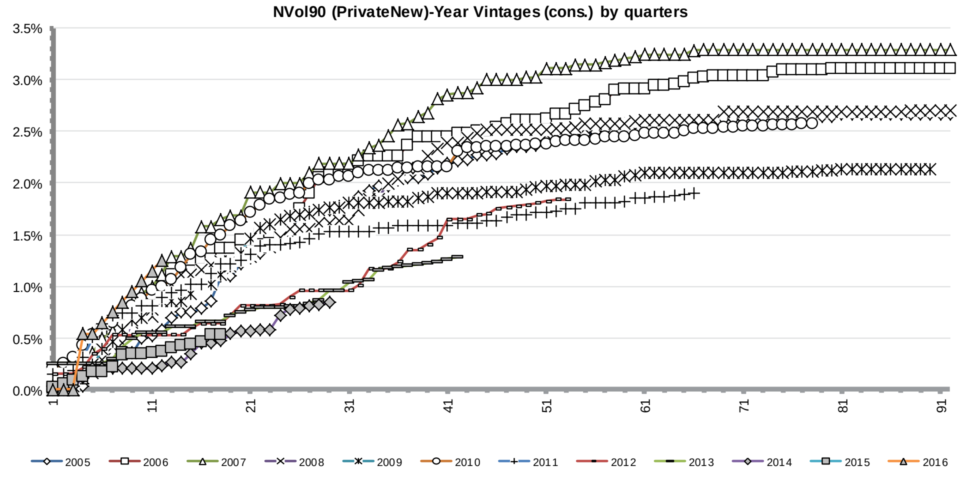
	Private – New Cars	Private – Used cars	SME – New cars	SME – Used cars	Other
Total defaults (EUR m)	7	5	43	15	23
Series	119	112	124	121	92
Series period (months)	1	1	1	1	1
Period covered	2005 to 2016	2005 to 2016	2005 to 2016	2005 to 2016	2005 to 2016

The following figures show the vintage data used in our analysis. The figures display three charts for each portfolio segment and the delinquency or recovery data sets. The charts represent the following:

- Top chart: vintage data consolidated by Scope in annual series.
- Bottom chart: values extrapolated by Scope to the risk horizon in which all assets in the vintage are paid out or defaulted, for each series in the vintage data set.

Gross loss vintage data

Figure 31. Gross loss vintage data (Private - New cars)



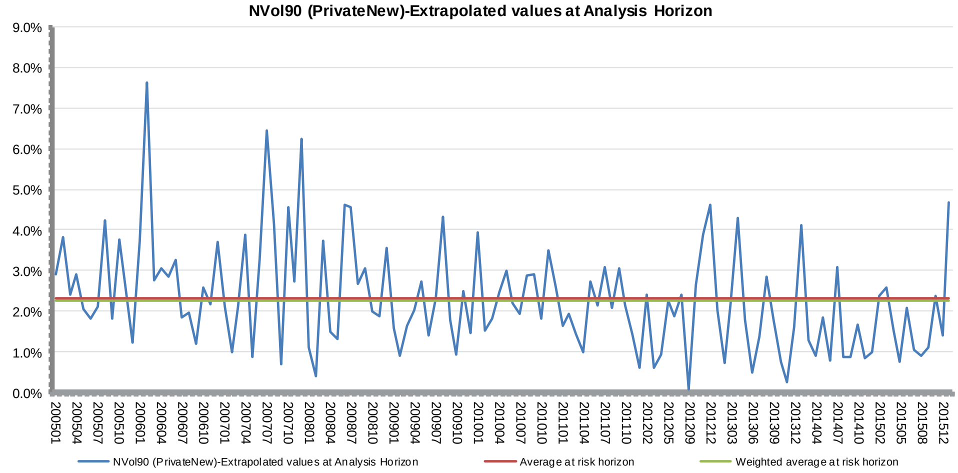
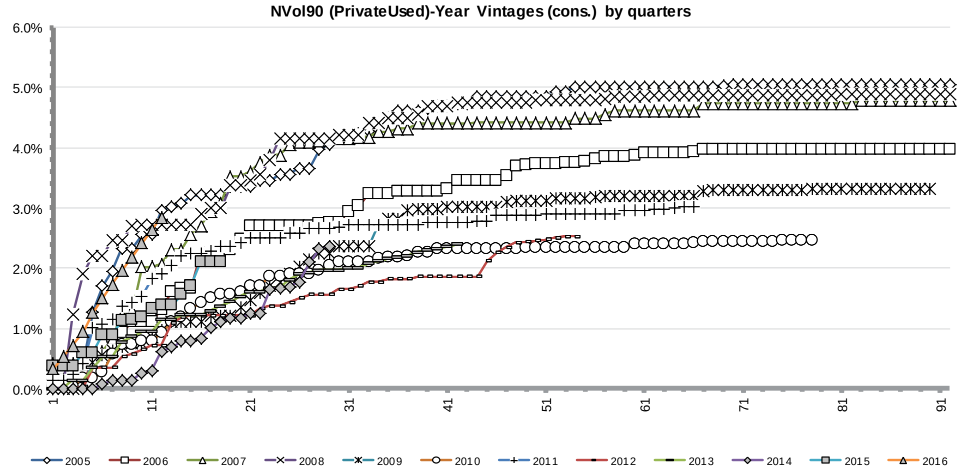


Figure 32. Gross loss vintage data (Private - Used cars)



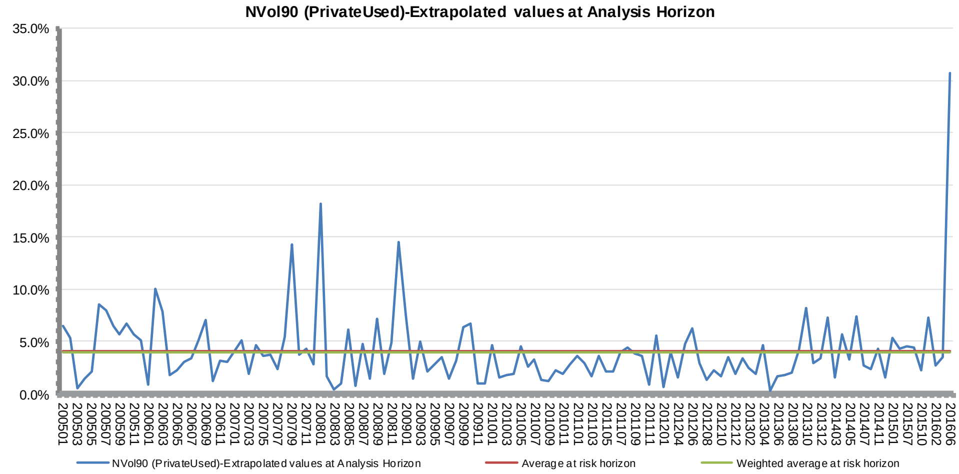
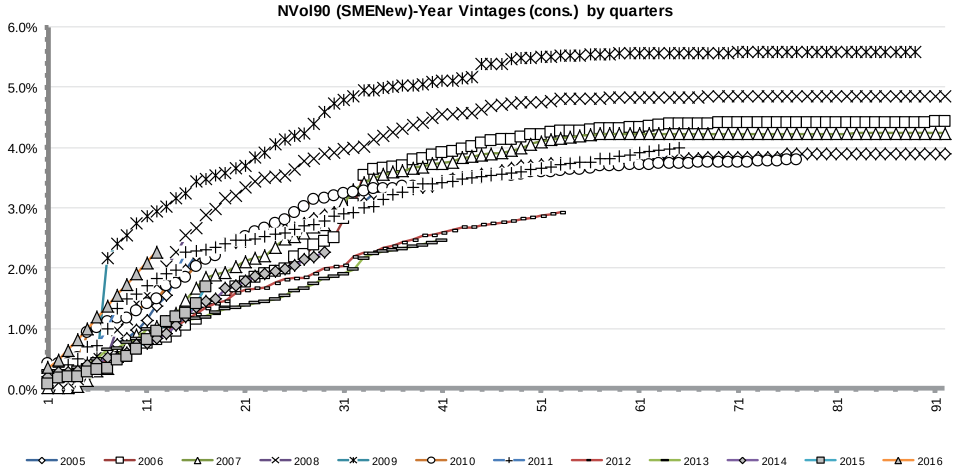


Figure 33. Gross loss vintage data (SME - New cars)



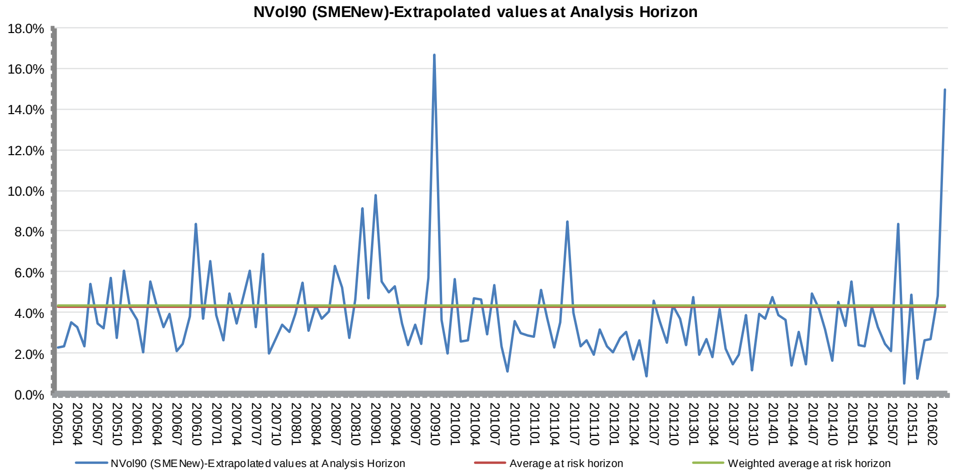
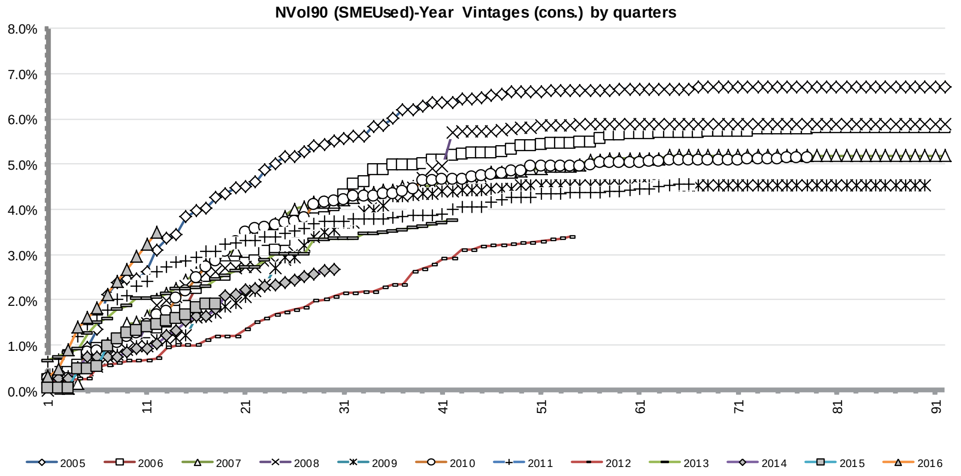


Figure 34. Gross loss vintage data (SME - Used cars)



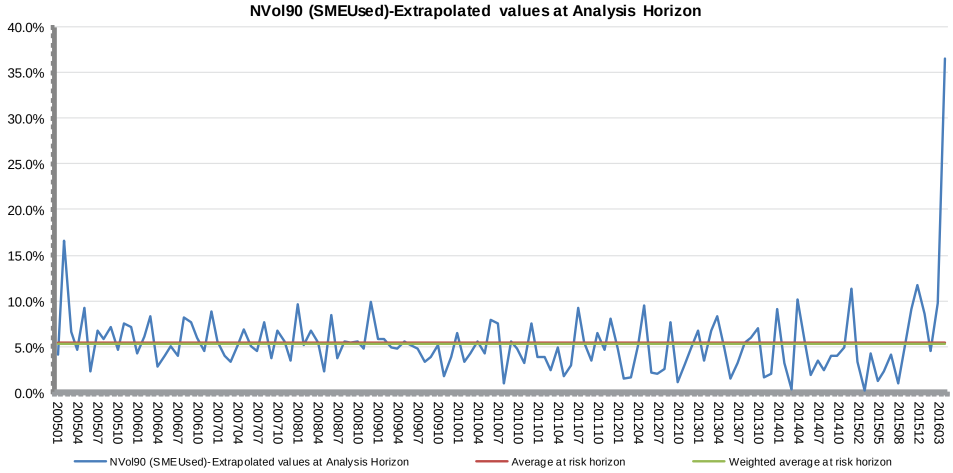
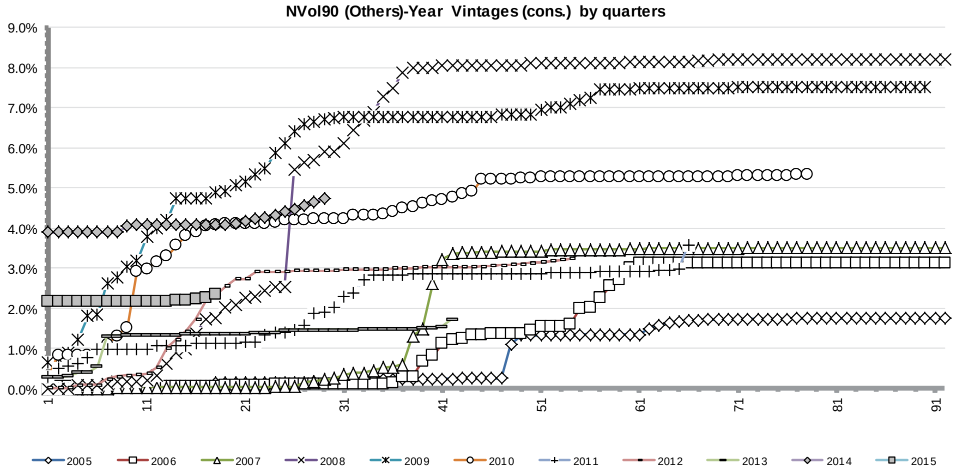
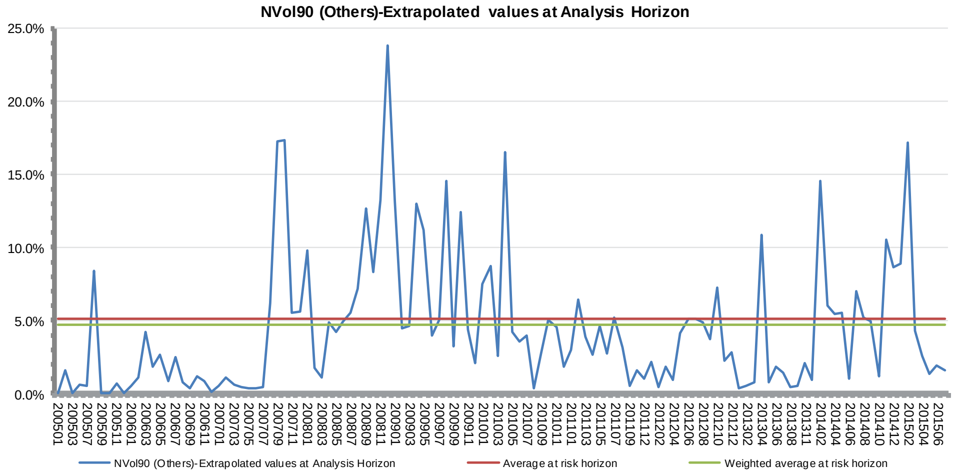


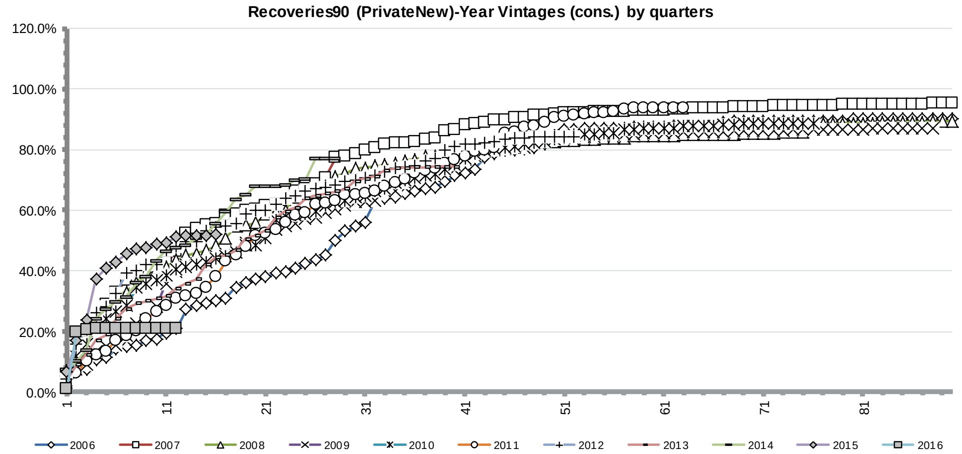
Figure 35. Gross loss vintage data (Other)





Recovery vintage data

Figure 36. Recovery vintage data (Private - New cars)



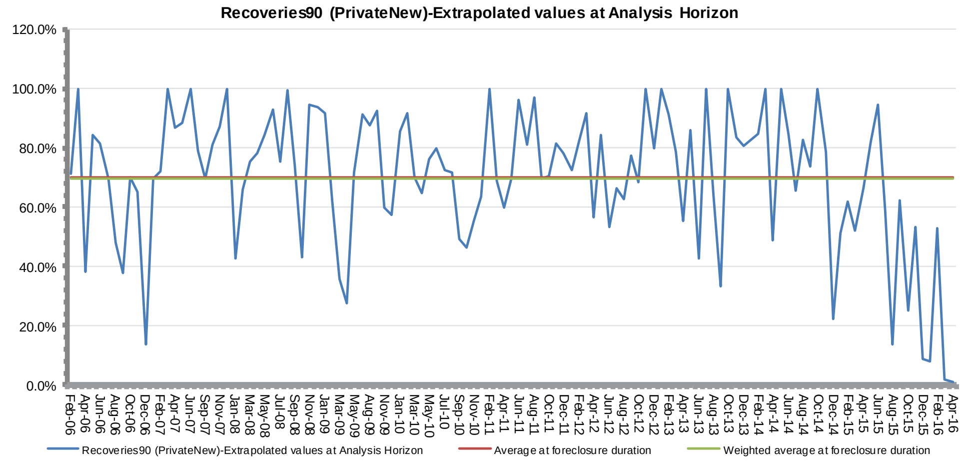
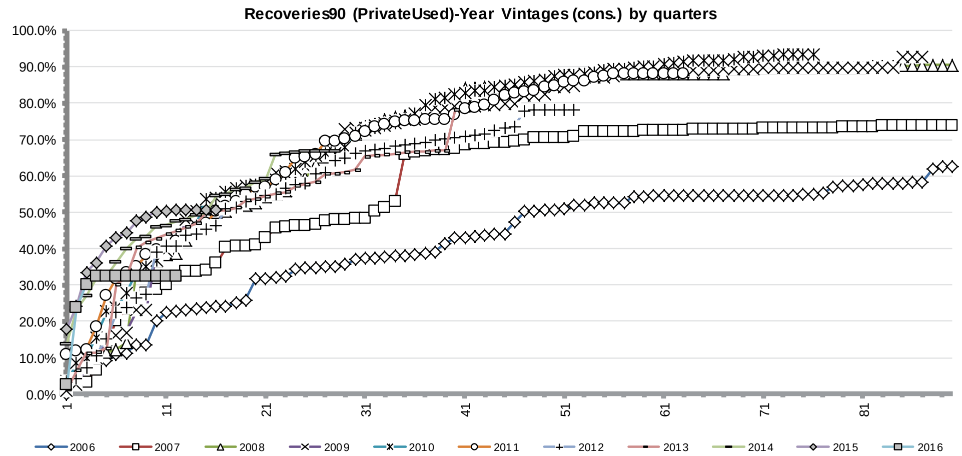


Figure 37. Recovery vintage data (Private - Used cars)



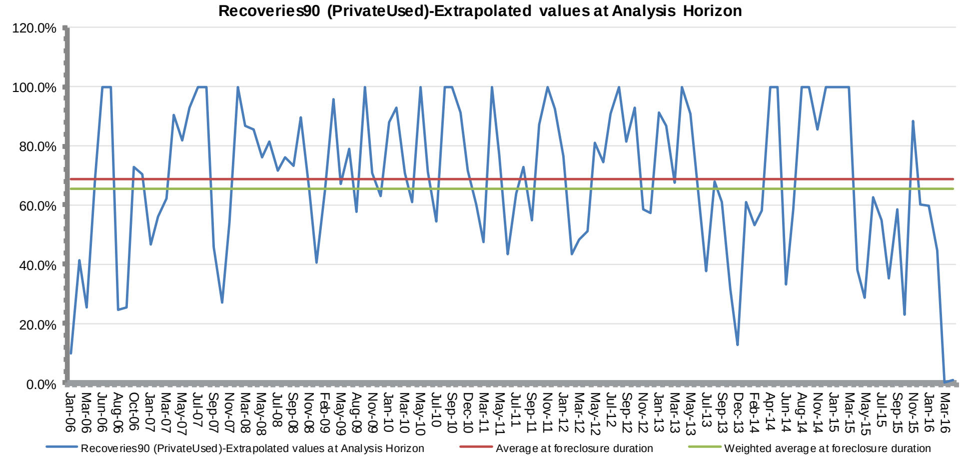
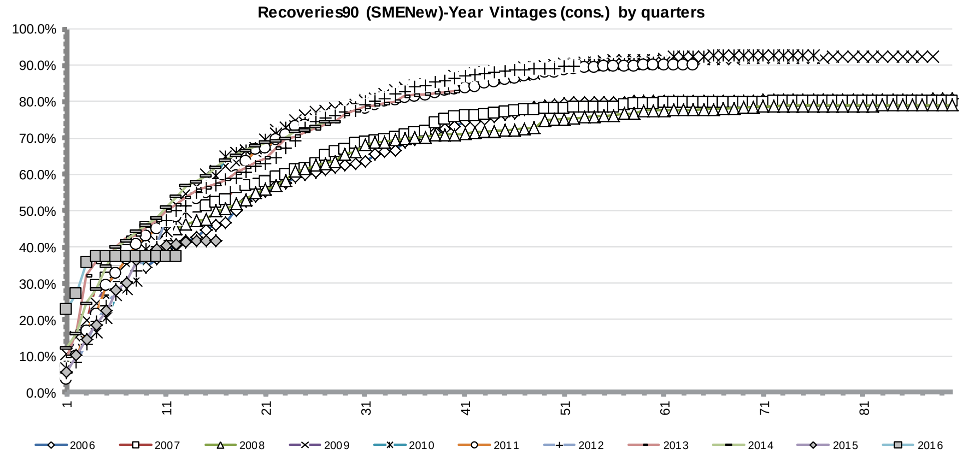


Figure 38. Recovery vintage data (SME - New cars)



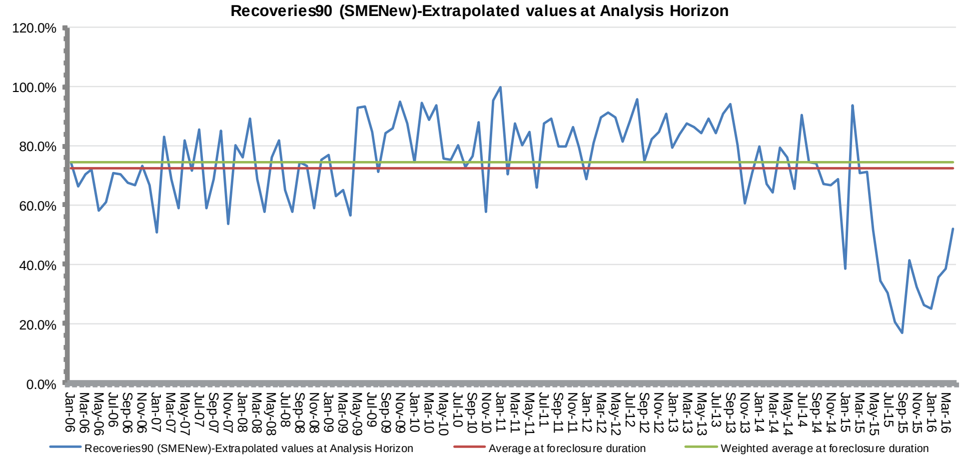


Figure 39. Recovery vintage data (SME - Used cars)

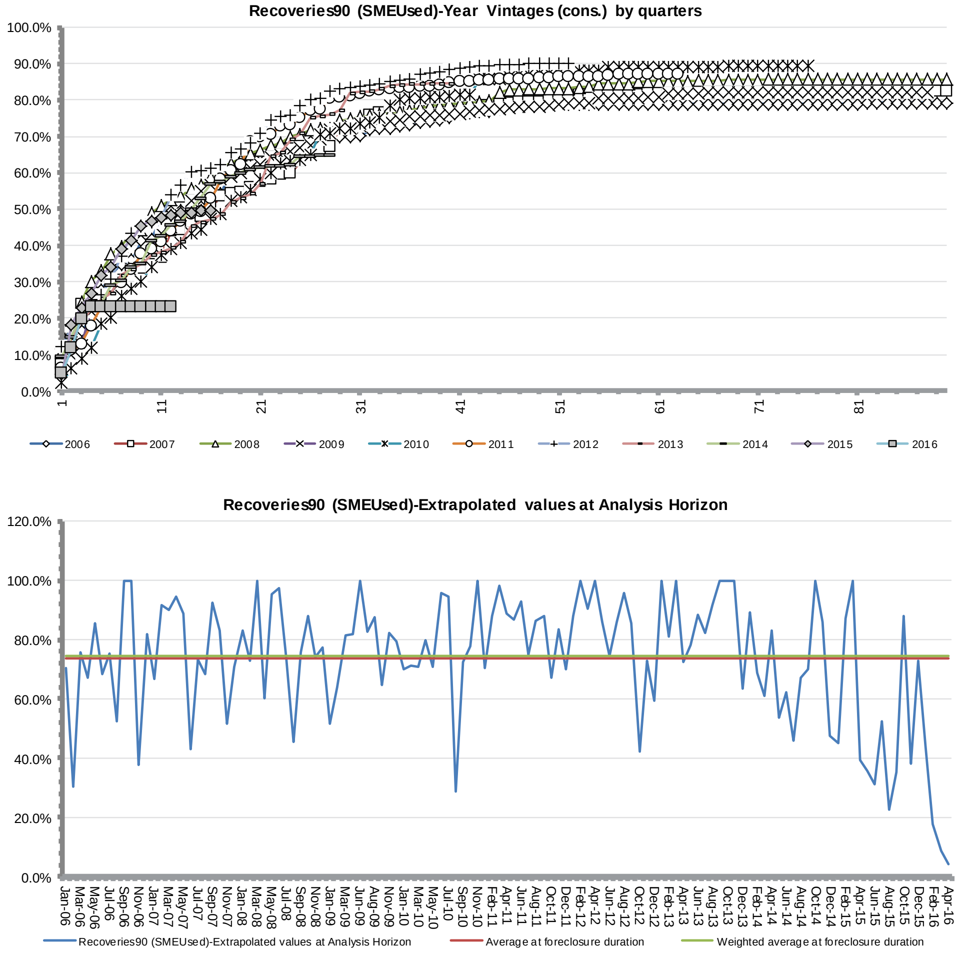
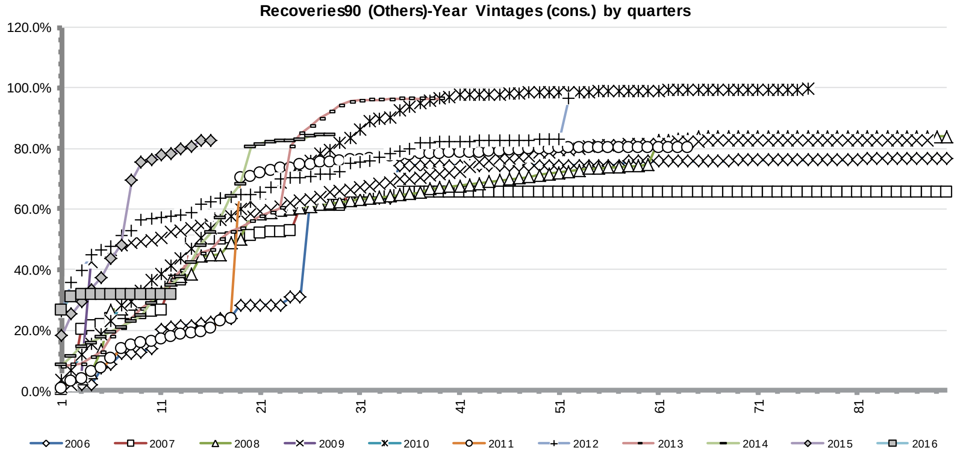
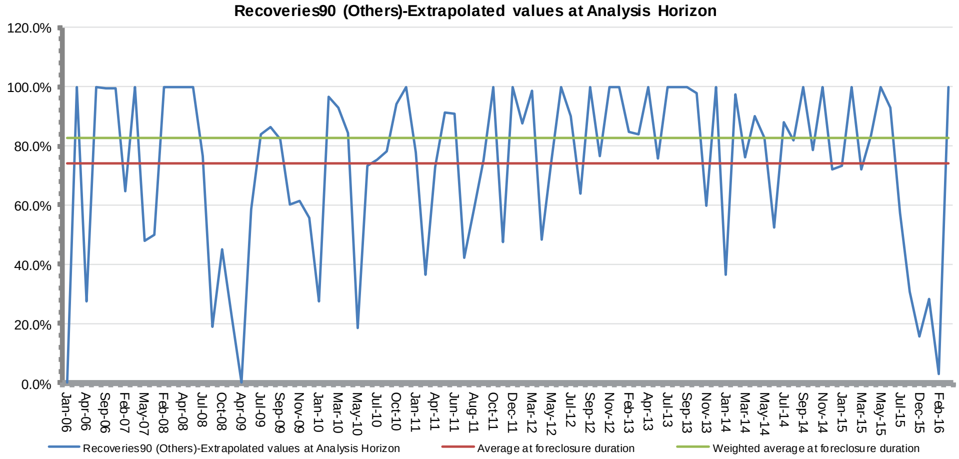


Figure 40. Recovery vintage data (Others)




Recoveries90 (Others)-Extrapolated values at Analysis Horizon
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
Jan-06
Apr-06
Sep-06
Feb-07
May-07
Feb-08
Apr-08
Jul-08
Oct-08
Apr-09
Jul-09
Sep-09
Nov-09
Jan-10
Mar-10
May-10
Jul-10
Oct-10
Jan-11
Apr-11
Jun-11
Aug-11
Oct-11
Dec-11
Mar-12
May-12
Jul-12
Sep-12
Nov-12
Feb-13
Apr-13
Jul-13
Sep-13
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Dec-15
Feb-16
Recoveries90 (Others)-Extrapolated values at Analysis Horizon
Average at foreclosure duration
Weighted average at foreclosure duration

APPENDIX III. REGULATORY AND LEGAL DISCLOSURES

Important information

Information pursuant to Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulations (EU) No. 513/2011 and (EU) No. 462/2013

Responsibility

The party responsible for the dissemination of the financial analysis is Scope Ratings AG, Berlin, District Court for Berlin (Charlottenburg) HRB 161306 B, Executive Board: Torsten Hinrichs (CEO), Dr Stefan Bund, Dr Sven Janssen.

The rating analysis has been prepared by Martin Hartmann, Lead Analyst. Guillaume Jolivet, Committee Chair, is the analyst responsible for approving the rating.

Rating history

The rating concerns newly-issued financial instruments, which were evaluated for the first time by Scope Ratings AG.

Information on interests and conflicts of interest

The rating was prepared independently by Scope Ratings but for a fee based on a mandate of the issuer of the investment, represented by the management company.

As of the time of the analysis, neither Scope Ratings AG nor companies affiliated with it hold any interests in the rated entity or in companies directly or indirectly affiliated to it. Likewise, neither the rated entity nor companies directly or indirectly affiliated with it hold any interests in Scope Ratings AG nor any companies affiliated to it. Neither the rating agency, the rating analysts who participated in this rating, nor any other persons who participated in the provision of the rating and/or its approval hold, either directly or indirectly, any shares in the rated entity or in third parties affiliated to it. Notwithstanding this, it is permitted for the above-mentioned persons to hold interests through shares in diversified undertakings for collective investment, including managed funds such as pension funds or life insurance companies, pursuant to EU Rating Regulation (EC) No 1060/2009. Neither Scope Ratings nor companies affiliated with it are involved in the brokering or distribution of capital investment products. In principle, there is a possibility that family relationships may exist between the personnel of Scope Ratings and that of the rated entity. However, no persons for whom a conflict of interests could exist due to family relationships or other close relationships will participate in the preparation or approval of a rating.

Key sources of information for the rating

Offering circular and transaction-related contracts; management due diligence presentation; gross loss and recovery vintage data; loan-by-loan portfolio information; portfolio audit report; legal opinions.

Scope Ratings considers the quality of the available information on the evaluated entity to be satisfactory. Scope ensured as far as possible that the sources are reliable before drawing upon them, but did not verify each item of information specified in the sources independently.

Examination of the rating by the rated entity prior to publication

Prior to publication, the rated entity was given the opportunity to examine the rating and the rating drivers, including the principal grounds on which the credit rating or rating outlook is based. The rated entity was subsequently provided with at least one full working day, to point out any factual errors, or to appeal the rating decision and deliver additional material information. Following that examination, the rating was not modified.

Methodology

The methodology applicable for the ratings is “Auto ABS Rating Methodology”, dated August 2016 and the “Rating Methodology for Counterparty Risk in Structured Finance

Transactions”, dated August 2016. Both files are available on www.scoperatings.com. The historical default rates of Scope Ratings can be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA): http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml. A comprehensive clarification of Scope’s default rating, definitions of rating notations and further information on the analysis components of a rating can be found in the documents on methodologies on the rating agency’s website.

Conditions of use / exclusion of liability

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