26 July 2018

Structured Finance

AutoWheel Securitisation D.A.C.

Auto ABS / New Issue Rating Report

SCOPE Scope Ratings

Ratings

Tranche	Rating	Notional (EUR m)	Thickness (%)	CE[a] (%)	Coupon	Final maturity
A1	$BBB-_{SF}$	25.0	24.7	28.5	2.75% fixed	30.09.30
A2	$BBB-_{SF}$	32.3	31.9	28.5	1M Euribor + 2.85%	30.09.30
A3	$BBB-_{SF}$	15.0	14.8	28.5	2.75% fixed	30.09.30
B	NR	28.8	28.5	0.0	Variable	30.09.30
Collateralised notes		101.1				

[a] Credit enhancement (% of collateral balance).

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.

Transaction details

Issuer	AutoWheel Securitisation D.A.C.
Originator and servicer	Autohellas S.A.
Closing date	26 July 2018
Payment frequency	Monthly (12 months for first IPD for Class A1 and A2 only)

The transaction is an 18-month revolving securitisation of operational car leases granted to Greek SMEs with up to 42% residual value exposure. Scope's analysis is based on the portfolio as of the initial cut-off date (31 May 2018) and on portfolio replenishment criteria during the revolving period. The seller and servicer of the receivables is Autohellas, a car rental company and the exclusive franchisee in Greece of US-based car rental group, Hertz. This is the first non-bank leasing securitisation executed in Greece.

Rating rationale (summary)

The ratings reflect i) the legal and financial structure of the transaction; ii) the expected performance of the underlying portfolio of leases; iii) the quality of collateral; and iv) the residual value exposure to movable assets in the context of macroeconomic conditions in Greece. The rating also addresses the credit and operational exposures to the key transaction counterparties: Autohellas, originator and servicer of the portfolio; Autotechnica, the car maintenance provider; Alpha Bank, the Greek account bank and back-up servicer; and Citibank, N.A. the foreign account bank and paying agent.

The class A notes are supported by 28.5% of credit enhancement, provided by the full subordination of class B notes and the trapping of excess spread to either repay the senior notes during the amortisation period or purchase new assets during the revolving period.[1] Three reserve accounts, maintained at Citibank, provide further liquidity and credit protection to the rated notes and mitigate the risk of potential temporary capital controls by the state. Asset risks are partially mitigated by lease repurchase guarantees by Autohellas and early-amortisation triggers, including in a case of default by Autohellas.

The risk exposure of the class A reflects its expected weighted average life of about 20 months after the revolving period concludes, based upon Scope's performance assumptions. Scope assessed both the asset and counterparty risks associated with a possible systemic shock in Greece, taking into account the length of the risk exposure and the transaction's strong protective features.

[1] Gross excess spread at closing, defined as the difference between the annual return on the assets (10.9%) and the annual rate payable on the senior notes (2.0%, relative to the total notes balance), is 8.90%. Excess spread would diminish if the rate of return on the assets decreased to the minimum allowed by the replenishment covenants (9.5%) or the class A2 notes base rate increased. Servicing fees amounting to 2% of collections constitute the main senior cost component.

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Related Research

General Structured Finance Rating Methodology, August 2017

Auto ABS Rating Methodology, August 2017

Methodology for Counterparty Risk in Structured Finance, August 2017

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Rating drivers and mitigants

Positive rating drivers

Strong credit protection. The subordination of class B principal and interest, full trapping of excess spread, and available cash reserves strongly protect senior noteholders against i) credit and residual value losses in the portfolio; ii) counterparty risks such as servicer commingling losses; and iii) sovereign risks such as a severe macroeconomic dislocation that leads to substantial asset impairments.

Foreign account bank. The issuer will use a foreign bank to process noteholder payments, which partly mitigates commingling and liquidity risks arising from potential capital control regulations.

Robust lease book performance. The seller's eligible lease book had lower default rates than for other lease products, such as unsecured SME bank exposures, during the last period of severe economic stress (2008-2017). In Scope's view this is due to product-specific factors on the part of the seller, including i) sound underwriting practices; ii) a large share of repeat clients (70%); and iii) positive product features such as a lower-risk lease purpose, positive borrower selection, and security.

Back-up servicer. Operational risk arising from the servicer's potential default is mitigated by Alpha Bank's appointment on the closing date as standing back-up servicer.

Alignment of interests. Autohellas provides an irrevocable and unconditional guarantee on all interest and principal to be paid to class A noteholders. This ensures the interests of the seller and servicer of the receivables fully align with those of class A noteholders.

Negative rating drivers and mitigants

Residual value risk. Residual values will constitute up to 42% of the securitisation balance. This creates a direct exposure to vehicle-value risk, while the security on defaulted receivables indirectly exposes the transaction to vehicle-value risk.

High operational counterparty risk. The transaction is very reliant on the performance of Autohellas, the servicer, and its fully owned subsidiary, Autotechnica, the car maintenance provider. The replacement of these counterparties may increase operational costs.

High counterparty commingling risk. The transaction is exposed to commingling losses on issuer collections held at the servicer's account and at the issuer's Greek account bank.

Interest rate risk. The portfolio is partly exposed to interest rate risk because assets pay fixed rental coupons while class A2 are linked to one-month Euribor (or 12-month Euribor during the first year).

First-time issuer. This is Greece's first non-bank leasing securitisation. Scope's assumptions on defaults incorporate a layer of stress beyond vintage data, which capture the risks posed by first-time issuers such as the untested reporting framework and the issuer's non-regulated nature.

Systemic weakness. The transaction is exposed to Greece's weak operating environment and volatile macroeconomic performance. The Greek economy has had three bailouts since 2010 and banks are still under emergency liquidity support, although talks between the IMF, ECB and Greek authorities are progressing towards a final review.

Upside rating-change drivers

Economic recovery. An improving economic environment would likely enhance the operating environment in Greece and/or mitigate the credit, operational and commingling risks of counterparties.

Completion of 18-month revolving period. Should the revolving period conclude with robust performance by the portfolio, the seller and the sovereign, and/or higher overcollateralisation (see section 3.5), Scope may upgrade the ratings.

Capital controls. A lifting of capital controls would reduce liquidity risk and the credit risk exposure to the Greek account bank.

Downside rating-change drivers

Banking sector risk. The renewed intensification of banking sector risks could lead to more severe macroeconomic conditions than expected, creating the potential for a disorderly sovereign default that impairs asset performance beyond that represented by stressed historical data.

Capital controls. A reinforcement of capital controls, in a reversal of their gradual alleviation in recent years, could lead to a prolonged deferral of payments nationwide, negatively affecting lease collection rates. Capital controls could also cause a deferral of cross-border payments to the issuer's foreign account and impede the accumulation of payments.

Redenomination risk. Although unlikely over the risk horizon of the class A, an exit of Greece from the euro area, leading to currency redenomination losses beyond Scope's assumptions, would affect the ratings.

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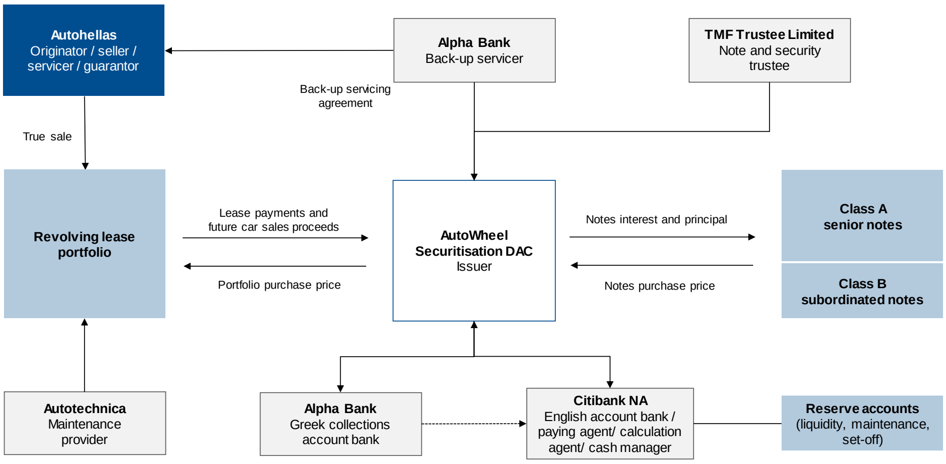
1. Executive summary

Figure 1: Simplified transaction diagram



Source: Transaction documents and Scope.

AutoWheel is an 18-month revolving securitisation of i) operational car leases granted to Greek corporates and SMEs; and ii) future sales proceeds from the underlying vehicles (together, the receivables). The seller and servicer of the receivables is car rental company Autohellas, the exclusive franchisee of Hertz in Greece. This is the first non-bank leasing securitisation executed in Greece, for which Autohellas is securitising about 45% of its lease book.

The transaction is comprised of four series of notes: three pari-passu senior tranches rated BBB-$_{SF}$ – A1 (fixed), A2 (variable) and A3 (fixed); and a fully subordinated class B tranche (unrated). Autohellas will retain the class B tranche. The senior notes' weighted average life is expected to be ca. 20 months at the start of amortisation, based upon Scope's performance assumptions. The class A noteholders will benefit from the following structural features:

- 28.5% of credit enhancement at the closing date, provided by the subordination of class B principal payments;
- Full trapping of available excess spread during both revolving and amortisation periods;
- Dynamic liquidity, car maintenance and set-off reserves, fully funded at closing (see section 5.2); and
- An irrevocable and unconditional guarantee by the seller to of interest and principal payments under the class A notes (see section 5.3).

2. Originator and servicer background

2.1. Financial strength assessment

Autohellas is the originator, seller and servicer of the receivables. The company is one of the largest car-renting and operating-leasing providers in Greece, where it operates a fleet of 27,400 vehicles and employs 510 people. Autohellas has been a franchise of US-based car rental group Hertz since 1960, holding an exclusive right to use the latter's brand until 2023.

The notes are exposed to the credit risk of Autohellas, as its insolvency could lead to substantial commingling and operational losses. The notes also bear operational risk exposure to the Autotechnica, fully owned subsidiary of Autohellas, as car maintenance service provider. Operational risk and structural mitigants are discussed in section 7.

Autohellas exhibits substantial credit risk according to Scope's private credit assessment. The credit profile of Autohellas reflects the company´s exposure to the weak operating environment in Greece (Sovereign rating B+ by Scope) and the risks posed by the company's family-led corporate governance. In addition, Autohellas, is not supervised by any governmental institution, which decreases creditor protection compared with that for systemic Greek banks.

Noteholders are exposed to the credit risk of Autohellas

Nevertheless, the company's business performance remained resilient through the toughest years of the financial crisis and has improved since 2014, reaching its highest level of net income in 10 years during December 2017. Other positive elements are its profitability metrics: ROA (4.9%) and ROE (12.7%) are high and have mostly maintained their levels in the last 10 years.

Historically a domestically focused company in Greece, Autohellas started non-domestic operations in Cyprus in 2005 and has since expanded to other countries: Romania (2007), Serbia and Montenegro (2010), and Croatia, Bulgaria and Ukraine (2015). Nevertheless, as of today Greece still accounts for 83% of group revenues. The domestic nature of Autohellas's business model leaves the company exposed to fluctuations and volatility in Greece's economy.

Figure 2: Key financial metrics

In EUR m	2011	2012	2013	2014	2015	2016	2017
Total assets	401,130,430	371,368,730	349,154,170	355,115,170	457,569,564	492,285,941	572,457,540
Sales	143,506,210	122,469,920	119,660,340	126,163,960	141,239,691	161,432,358	189,135,266
EBITDA	61,393,300	55,634,520	51,809,760	60,491,840	64,982,760	75,549,180	87,006,413
EBITDA/sales	**42.80%**	**45.40%**	**43.30%**	**47.90%**	**46.00%**	**46.80%**	**46.00%**
Depreciation	45,129,110	41,519,760	38,030,000	38,390,890	40,125,210	44,388,200	47,268,000
Earnings before tax	10,253,750	9,001,900	9,405,230	13,137,710	24,032,367	24,345,786	30,731,298
Earnings after tax	9,708,100	6,750,970	2,971,300	10,040,540	15,222,208	15,000,870	22,937,733
Net profit margin	**6.80%**	**5.50%**	**2.50%**	**8.00%**	**10.80%**	**9.29%**	**12.13%**

2.2. Lease underwriting

The company's underwriting is solid. The performance of operating leases has been robust despite the stressed economic environment in Greece (see vintage data in appendix II and Scope's portfolio analysis in section 4).

In Scope's view, the solid operating lease performance compared with that of other financing products, such as unsecured SME lending, may be due to:

- Autohellas's strategic shift from domestic operating leases to tourism-driven short-term rental business, resulting in moderate operating lease volumes during crisis years;
- A 70% share of repeat customers;
- Structural features on products such as car ownership titles that the lessor retains, or borrower guarantee deposits averaging about 5% of the vehicle's purchase price;
- Borrower behaviour, for example, business-critical vehicles may prompt borrowers to default on other financial products first; and
- A less-risky lease purpose compared with those addressing working-capital needs or business expansion.

Lease approvals are centralised and conducted manually by a lease manager and administrator. Approvals are based mainly on i) external credit scores (ICAP) and credit bureau information (Tiresias); ii) public financial information; iii) a set of both ‘hard’ and ‘soft’ credit rules; and iv) historical payment patterns in the case of existing customers. Figure 3 summarises the main information sources used for lease approvals:

Figure 3: Sources of information

Key financial information sources
• ICAP report: includes i) an overall rating of the entity’s financial strength, ranging from A1 (best) to E2, based on the entity’s public financial information, and ii) the trading behaviour rating of the entity, based on the entity’s payable days compared to the industry average • Tiresias report: indicates all ‘bounced’ cheques of an individual/entity • Public financial information: Three latest financial statements (for corporates) or tax declarations (for SMEs) and deed of incorporation, among others • Greek Foundation for Economic and Industrial Research, which provides quarterly statistics on the evolution of Greek economic sectors • Historical payment patterns (in the case of existing Autohellas customers)
Hard credit rules
• No bounced cheque within the last five years • No negative equity
Soft credit rules
• Debt-to-equity ratio of below 3x • Earnings before depreciation and taxes (EBDT) not declining in the last three years • Revenues not declining within the last three-year period • EBDT to rental payment (i.e., debt service coverage ratio) of above 5x • ICAP score better than D2 A breach of more than one soft credit rule typically leads to a rejection of the lease application.

2.3. Contract-type analysis

Riskier lease types featuring early-termination options are limited to 15% of the securitisation balance. Such options expose noteholders to the risk of scheduled rental collections being cancelled. The securitised portfolio has three main types of leases:

- Standard lease contracts with mandatory car return and no early-termination option (73% of the initial portfolio): Upon termination of the lessee’s term, the lessor is obliged to return the vehicle to the lessor. A default under the lease agreement typically triggers the execution of borrower guarantee deposits[2] and a contractual penalty equating to 50% of remaining rental payments. Upon default, the lessee is obliged to immediately turn in the car; refusal to do so will entail an injunction against the lessee.
- Mandatory return with early-termination option (14% of the initial portfolio): The lessee is entitled to terminate the contract at any point during the lease term. The lessee may be penalised for such an action, but the penalty fee would be

[2] Borrower guarantee deposits are not securitised and may trigger set-off risk. This has been analysed in section 7.4.

significantly lower than for contracts without such an option. Although early-termination options tend to be granted to larger borrowers with above-average credit quality (see concentration analysis in section 3.4), historical vintage data shows higher turn-in rates for this borrower segment, driven by more flexible contractual conditions.

- Option-to-buy contract (13% of the initial portfolio): Upon termination of the lease term, the lessee has the option to either return the vehicle to the lessor, or buy the vehicle at a pre-established 'buy-back' balloon amount. Option-to-buy contracts are typically used to mitigate default risk by setting very low buy-back amounts, which incentivise lessees to perform under the contract. Also, very few option-to-buy contracts feature an early-termination option.

Lease contracts are commonly governed by the following general terms and conditions:

- Euro-denominated: should the Greek territory abandon the euro, payment would be calculated using the then-current exchange rate of the new currency against the euro
- Rental rate: fixed
- Rental payment frequency: monthly, on the first business day of each month

Termination events (among others):

- The lessee becomes more than 90 days in arrears
- Breach of permitted car use (e.g., driver's minimum age and licensing requirements)
- Petition of bankruptcy, or filing by the lessee of a payment suspension

Built-in services provided by Autohellas at its own cost may include:

- Road-tax administration;
- Temporary replacement car in case of breakdown; car accident management;
- Replacement in case of theft or total loss; and
- Pick-up and delivery of scheduled services in certain cases.

The following services provided by Autohellas are subcontracted with third parties:

- Car insurance (such as third-party liability, theft, wind-shield damage and fire); and
- Road assistance in Greece.

Car maintenance services provided by Autohellas are subcontracted with its fully owned subsidiary, Autotechnica. These include:

- Car maintenance service (scheduled service and unforeseen failures);
- Body shop repairs; and
- Tyre change arising from normal wear and tear, or accidental damage.

3. Asset analysis

Positive client selection resulting from Autohellas's market positioning and underwriting experience

The securitisation portfolio has strong diversification and has had sound origination practices applied thanks to Autohellas's market positioning and underwriting experience. This has resulted in positive client selection.

3.1. Initial portfolio summary

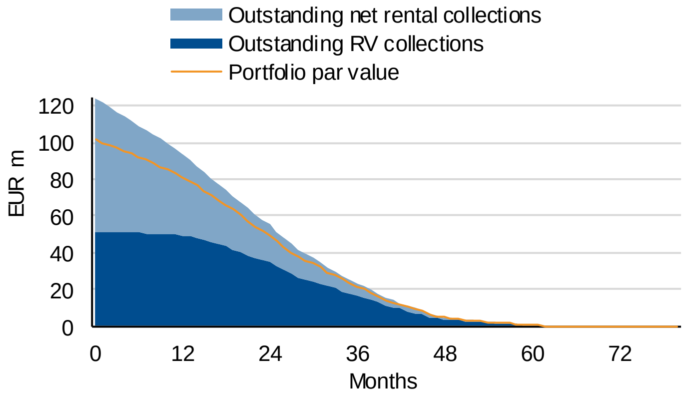
The lessees pay fixed monthly rental payments under the operating lease in exchange for the right to use a new car and car maintenance services over the life of the contract. Figure 4 summarises the portfolio's main characteristics as of closing date.

On average, residual values at contractual maturity amount to about 36.5% of the initial car purchase price, based on an annual depreciation of 13.0% estimated by the servicer. Discounted net scheduled rental collections (after car maintenance fees) under the lease agreements and discounted residual values account for 60% and 40% of the initial securitisation balance respectively. The receivables were assigned to the issuer at par, based on a 10.9% annual discount rate equating to the seller's annualised internal rate of return.[3]

Figure 4: Portfolio summary and amortisation profile

Cut-off date	31.05.2018
Initial portfolio car purchase values (EUR)	139,384,110
Weighted average (WA) car registration date	August 2016
WA remaining lease term (months)	31.2
WA annual car depreciation rate (%)	13.0%
Outstanding net rental payments (EUR)*	70,515,058
Outstanding residual values (EUR)	50,741,040
Total outstanding collections (EUR)	121,256,098
Portfolio net yield (%)	10.9%
Portfolio par value at 10.9% discount rate (EUR)	101,123,226

* Net of 20% of maintenance fees (as per contractual cap price).



3.2. Eligibility criteria and portfolio selection

Autohellas is securitising about 45% of its lease book for the transaction. The securitised portfolio's credit quality, or lease characteristics, is similar to that of Autohellas's total lease book (see Figure 5). Consequently, Scope's assumptions have factored in the historical performance of Autohellas's total lease book (see section 4).

Two main filters were applied for inclusion in the portfolio: i) no encumbered assets, and ii) the prioritisation of leases with larger outstanding principal balances. The securitisation portfolio complies, among other things, with the following eligibility criteria:

- Euro-denominated leases only
- All receivables free from encumbrances
- No lease receivable in arrears or default at closing date
- At least one lease instalment paid at closing
- Maximum remaining lease maturity of seven years
- Lease instalments paid monthly
- No exposure to floating rates
- Vehicle title held by the seller

[3] The internal rate of return is calculated from i) the scheduled net rental collections (net of maintenance fees paid by Autohellas to Autotechnica), plus ii) Autohellas's estimated vehicle residual values at contract maturity, relative to iii) the vehicle's initial purchase price.

Figure 5: Securitisation portfolio versus seller's lease book

	Securitisation	Lease book
Cut-off date	31.05.2018	31.05.2018
Percentage of total lease book	50%	100%
Number of leases	8,974	20,073
Average initial car purchase value (EUR)	15,532	15,012
WA car registration date	August 2016	May 2016
Total residual value to initial purchase price (%)	36.4%	39.5%
WA annual car depreciation rate (%)	13.0%	13.0%
WA lease initial lease term to maturity (months)	52.0	50.5
Average scheduled gross lease collections (EUR)	15,750	16,598

3.3. Portfolio diversification

Appendix I provides detailed portfolio stratifications. The securitisation portfolio is well diversified by car brands (over 30 brands; top ten accounts for 77% of the portfolio) and by vehicle categories within each car brand.

However, the portfolio has high concentration of cars with diesel engines (85%). The number of new diesel-car registrations has been declining in some European countries (for example, Germany), a result of proposed restrictions on diesel cars in metropolitan areas as well as trade-in bonuses granted by carmakers in exchange for diesel vehicles. These trends could put diesel-car residual values under pressure.

Scope has applied rating-conditional residual-value haircuts to cover for this and other sources of risk (see section 4.2). Even so, the agency does not expect used car prices in Greece to diverge materially between diesel and non-diesel types during the transaction's life. This expectation is based on past price performance globally of cars after significant regulatory changes or technological advancements.

3.4. Borrower concentration

Concentration by borrower group constitutes only a moderate credit risk, as the top-one and top-10 exposures account for 1.9% and 9.3% of the securitisation balance respectively.

Large borrowers in the portfolio feature an above-average credit quality

Concentration risk is strongly mitigated by the above-average credit quality of the large borrowers. Scope reviewed the credit reports of a sample of the top borrower names, comparing these against the reports of a random sample of smaller borrowers. The analysis showed that the top borrowers on average have better credit scores.

Concentrated positions increase a portfolio's exposure to non-diversifiable idiosyncratic risk. Scope has addressed this by stressing the coefficient of variation of the portfolio's default rate distribution to 85.0% from 55.2% (see section 4.3).

Borrower group exposure is not a relevant risk factor in terms of residual values as the top borrowers' lease contracts have a relatively granular and diversified underlying pool of vehicles.

3.5. Revolving-period risk

The 18-month revolving period exposes noteholders to i) a deterioration of the portfolio's credit quality (negative portfolio migration), ii) a lower portfolio yield (yield compression), and iii) an extension of the transaction's risk horizon. These risks are well mitigated by transaction's structural features.

Early amortization triggers limit credit risk

Credit risk during the revolving period is significantly mitigated by early amortisation triggers. In particular, a decrease in the credit enhancement below 28.5% (i.e., the closing level) would trigger the end of the revolving period. As the transaction's early-default definition is 90 days past due, this covenant limits the build-up of early arrears that could roll quickly into default. Autohellas has the option to repurchase at par value any defaulted, early-terminated or contractually amended receivable during the life of the transaction. An event of default of Autohellas would also trigger the end of the revolving period.

Portfolio covenants mitigate the risk of negative portfolio migration

The risk of negative portfolio migration is mitigated by portfolio replenishment covenants, which are reasonably close to the preliminary portfolio's composition (see Figure 6). There are strict covenants on the portfolio's main risk attributes, i.e., residual value share and the share of contracts with an early-termination option. In addition, Scope has assumed that the residual value share will migrate to the replenishment limit as of the end of the revolving period.

Yield compression risk and the extension of the transaction's risk horizon are primarily addressed by the complete trapping of available excess spread to purchase new assets during the revolving period, which may build-up overcollateralisation. In addition, a transaction covenant requiring the portfolio's weighted average net yield to remain at a minimum of 9.5% after each new purchase sets a floor on potential yield compression.

Figure 6: Portfolio replenishment covenants (%)

	Preliminary portfolio	Covenants (maximum)
Borrower group concentration		
Top 1	1.9	2.0
Top 3	3.6	6.0
Top 8	7.7	8.0
Top 25	17.3	22.0
Top 50	25.7	30.0
Car brand concentration		
Top 1	12.5	18.0
Top 3	32.7	40.0
Other portfolio covenants		
Luxury vehicles[4]	17.9	25.0
WA residual value share	39.5	42.0
Share of contracts with early-termination option	14.5	15.0
WA annual net yield	10.9	9.5 (minimum)
WA remaining life	31.2 months	44 months
Remaining lease term [5] 5 to 6 years 6 to 7 years	 n.a. n.a.	 10.0 5.0
Reclaimable guarantee amounts	3.4m	3.5m

The noteholders' counterparty, liquidity and credit risk exposure during the revolving period is also limited by early-amortisation triggers, with the main ones listed in figure 7.

[4] Luxury vehicles are defined as those having a purchase price of greater than EUR 35,000 or an engine size greater than 2,000cc.
[5] Applicable to each newly added portfolio during the replenishment period.

Figure 7: Key early-amortisation events

Cash accumulation on the revolving replenishment ledger that exceeds EUR 5m over two consecutive payment dates
Any of the transaction's reserves (liquidity, maintenance, set-off) not being fully funded
A seller event of default, or a replacement event for either the servicer or the maintenance servicer
A portfolio delinquency (>30 days past due, unless subsequently cured) ratio of 8% or higher, or a cumulative gross loss ratio of 10% or higher

4. Portfolio analysis

Scope has analysed expected portfolio collections as of the start of the amortisation period based on the initial portfolio, adjusted to address the risk of an increased residual share up to the 42% replenishment limit (from 39.5% at closing). Scope has not sized for overcollateralisation from the trapping of excess spread during the revolving period, which compensates for the extension of the transaction's risk horizon and potential negative portfolio migration toward the covenanted limits.

The portfolio analysis comprises two steps:

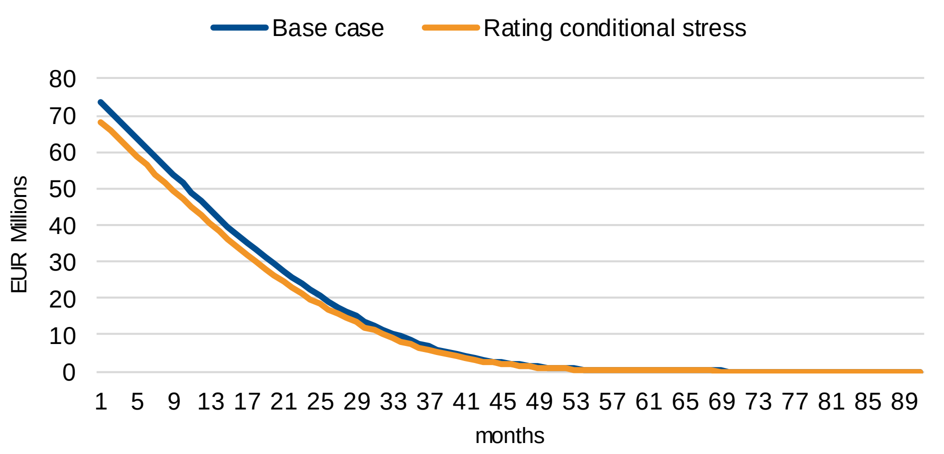
First, Scope has derived rating-conditional scheduled collections as of the start of the amortisation period, which are composed of i) schedule net lease amortisations (after servicer maintenance fees) and i) car-sale-proceeds assumptions at lease expiry (i.e., residual value assumptions). Scheduled collection amounts decrease as the instrument's target rating increases, driven by stressed assumptions on servicer maintenance fees and on car value depreciation rates.

Second, Scope captures expected portfolio credit losses based on i) a probability distribution of lease defaults and ii) recovery-given-default assumptions, which are driven by the enforcement of the underlying vehicles.

4.1. Scheduled net lease collections

For the analysis of the notes, Scope has stressed scheduled net lease collections to EUR 68.2m from EUR73.4m. The stressed values result from an assumed increase in car maintenance fees over gross collections to 22.2% from 20.0% (see section 6.2.2), and from an assumed increase in the residual value share during the revolving period to 42% from 39.5%.

Figure 8: Scheduled net lease collections



4.2. Residual-value assumptions

High residual-value risk

The securitisation portfolio is highly exposed to residual-value risk. Scope has derived rating-conditional assumptions for the residual value based on three fundamental drivers (see Figure 9): monthly vehicle-depreciation rates[6], sales timing, and vehicle liquidation costs. An additional haircut of 20% was applied to all vehicle sale proceeds to address servicing-disruption risk (see section 7 on counterparty risk).

Car-value-decline stresses above B level mainly address cyclical downturn risk on used-car prices. Scope's assumptions also reflect the potential for the accelerated obsolescence of used cars in light of the technological transformation of the auto industry and the fundamental shift in customer preferences.

Figure 9: Residual value – underlying fundamental assumptions

	Monthly car-value-decline stresses					
	Total	Of which, cyclical downturn-driven	Of which, obsolescence risk-driven	Time to sell (months)	Liquidation costs	Servicing disruption costs
B	2.5%	2.50%	0.0%	2	10%	20%
BB	2.85%	2.75%	0.1%	3		
BBB	3.20%	3.00%	0.2%	4		
A	3.55%	3.25%	0.3%	5		
AA	3.90%	3.50%	0.4%	6		
AAA	4.25%	3.75%	0.5%	7		

The application of the assumptions detailed above, result in significant haircuts to the residual values estimated by the servicer, and shown in Figure 10. Scope has applied these haircuts after examining the historical used-car sales prices provided by Autohellas, and addressing concerns over the data's consistency, as i) the implied car-depreciation rates are lower than those of European peers, and ii) historical vintage recovery data imply higher vehicle-depreciation rates, consistent with Scope's B-level assumption.

Figure 10: Residual-value haircuts relative to servicer estimates

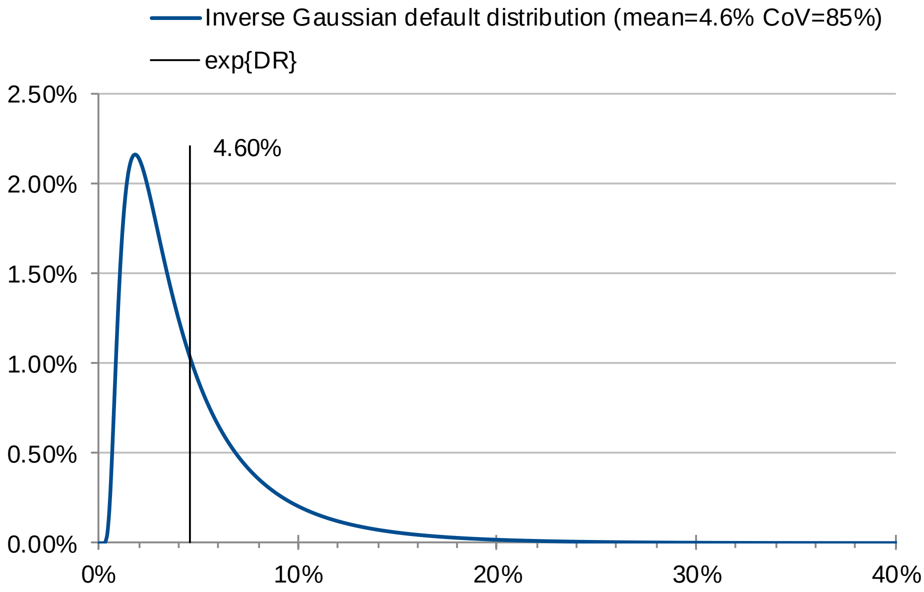
	Servicer	B	BB	BBB	A	AA	AAA
Haircut	**0%**	**53%**	**62%**	**70%**	**76%**	**81%**	**85%**
RV/initial price	36.4%	17%	14%	11%	9%	7%	5%

4.3. Portfolio default rate distribution

Scope has applied an inverse Gaussian default distribution, with a mean default rate of 4.6% and a coefficient of variation of 85% (see Figure 11). For the analysis, defaulted contracts are broadly defined as contracts that are either i) 90 days past due, ii) subject to early termination, or iii) subject to contractual amendments.

[6] Except for option-to-buy contracts, for which Scope generally assumes the purchase option will be executed at final maturity.

Figure 11: Portfolio default distributions



Scope's base case default distribution reflects credit-positive transaction features like:

- Good underwriting policies and lease product structural features (see section 2)
- Sound lease-book performance during high-stress years for Greek obligors (2008-2017), reflected in vintage data provided by Autohellas (see appendix II)

The base case default distribution also reflects a through-the-cycle view which captures a layer of stress beyond that evidenced in vintage data. This reflects the following risk drivers:

- First-time issuer and securitisation, with untested reporting framework;
- Borrower concentration, which increases the risk of performance volatility (see section 3.4); and
- Scope's assessment of the improving, but still weak, credit environment in Greece.

4.4. Recoveries given default

Scope has applied rating-conditional assumptions on the recovery rate in a case of default, as shown in Figure 12 below.

Figure 12: Recoveries given default

B	BB	BBB	A	AA	AAA
60%	55%	51%	46%	41%	37%

B-level recoveries are commensurate with historical recovery data provided by Autohellas. Stresses above the B level have been calibrated considering the historical recovery-rate volatility and are consistent with the fundamental residual value haircuts detailed in section 4.2.

5. Transaction structure

This section describes the main features of the financial structure captured in Scope's quantitative analysis (see section 6).

5.1. Capital structure

The portfolio is purchased at par value through the issuance of four series of notes: three pari-passu senior tranches rated BBB-$_{SF}$ – A1 (fixed), A2 (variable) and A3 (fixed); and a fully subordinated class B tranche (unrated) providing 28.5% of credit enhancement to the senior noteholders.

All senior tranches pay interest monthly – except in the first 12 months of the transaction during which tranche A1 and A2 feature an annual coupon. Interest is funded monthly into the liquidity reserve and held in the foreign account bank, before being paid out to noteholders after the period ends.

The class A benefits from fully trapped excess spread

The senior noteholders will also benefit from the full subordination of class B interest payments until the class A notes are paid in full, and from fully trapped excess spread, which will accelerate amortisation (see priority of payments in section 5.4).

Figure 13: Capital structure

Series	Rating	Notional (EURm)	Notional (% assets)	CE (% assets)	Coupon (quarterly)	Final maturity
A1	BBB-$_{SF}$	25.0	24.7	28.5	2.75% fixed	30.09.30
A2	BBB-$_{SF}$	32.3	31.9	28.5	1M Euribor + 2.85%	30.09.30
A3	BBB-$_{SF}$	15.0	14.8	28.5	2.75% fixed	30.09.30
B	NR	28.8	28.5	0.0	Variable	30.09.30
Collateralised notes		101.1				

5.2. Reserve funds

Three reserve funds provide additional liquidity and credit enhancement

The transaction has four dynamic reserve ledgers (see Figure 14) that provide an additional layer of liquidity and credit enhancement to the senior noteholders. On each payment date, the reserves will form part of the available funds for distribution and will be applied in accordance with the priority of payments.

The ledgers -except the pre-funding ledger- will be fully funded at closing through a subordinated loan provided by the seller. The accounts will be held at an eligible foreign bank, Citibank, which was opened by the issuer (see section 7.5).

Figure 14: Transaction reserves

Reserve ledger	Funding at closing	Coverage/target amount
Liquidity reserve	EUR 380,000	Two months of class A interest payments
Maintenance reserve	EUR 4.09m	Six months of maintenance fees
Set-off reserve	EUR 374,100	See section 7.4
Pre-funding ledger	EUR 0	Accrued interest on classes A1 and A2 during the first 12 months, then zero.

5.3. Seller guarantee

The seller unconditionally and irrevocably guarantees timely payment of interest and ultimate payment of principal under the class A notes, as well as to repurchase receivables that breach eligibility criteria and lease guarantees provided at closing.

5.4. Priority of payments

The structure features a combined priority of payments (see Figure 15). Issuer available funds will contain all collections received by the seller under lease agreements and all sale proceeds from underlying vehicles, excluding VAT and the execution of guarantee deposit amounts (see section 7.4). Available collections include lease collections, vehicle sale proceeds, seller repurchase or compensation payments, insurance payments and amounts standing to the credit of the issuer accounts.

Figure 15: Simplified transaction waterfall

1.	Issuer taxes and expenses, servicing and car maintenance fees
2.	Class A interest
3.	Replenishment of transaction reserves
4.	During the revolving period, additional portfolio purchases or crediting of the replenishment ledger
5.	Class A principal until paid in full
6.	Class B and other subordinated amounts

Non-timely payment of interest or any performance breach by the issuer constitutes a default event under the transaction documents. This would trigger the post-enforcement waterfall, which would still provide similar protection for senior noteholders as the pre-enforcement waterfall because only some senior waterfall items would be modified.

6. Quantitative analysis

6.1. Expected loss framework

Scope has assigned a BBB-SF rating to the senior notes, incorporating the results from its cash flow analysis. Scope's cash flow analysis derives expected loss over the expected weighted average life of the senior notes from the beginning of the amortisation period. This analysis considers i) portfolio assumptions described in section 4, i.e., the probability distribution of portfolio defaults, rating-conditional recoveries given default and rating-conditional residual-value losses on performing contracts, ii) the financial structure and credit-enhancement mechanisms outlined in section 5, and iii) additional cash-flow assumptions on the assets and liabilities, as outlined in the section below.

6.2. Cash-flow analysis assumptions

6.2.1. Commingling losses

The transaction is highly exposed to commingling risk

The portfolio is highly exposed to commingling risk, given Scope's assessment that the servicer's and maintenance provider's financial strength is weak, particularly in view of the current financial and macroeconomic backdrop in Greece. Scope has assumed 4% of additional commingling losses over expected collections given zero defaults (see section 7.1 for more details).

6.2.2. Car maintenance fees

The lease agreements state that Autohellas must provide car maintenance to lessees. Most of these services are subcontracted to Autotechnica on an arm's-length basis, the costs of which are passed onto the leases. Maintenance fees payable under the transaction structure are contractually capped at 20%, which is broadly based on average historical maintenance costs, but could increase in the case of Autohellas's replacement by a third party during the transaction's life (see section 7.3). Scope has assumed rating-conditional maintenance fees over gross collections, shown in Figure 16.

Figure 16: Car maintenance fees over gross collections

	Rating-conditional stresses					
Contractual cap	B	BB	BBB	A	AA	AAA
20.0%	20.5%	21.4%	22.2%	23.0%	23.9%	24.7%

6.2.3. Servicing and back-up servicing fees

Scope has captured annual servicing fees of 2% of net lease and residual value collections, in accordance with the servicing agreement.

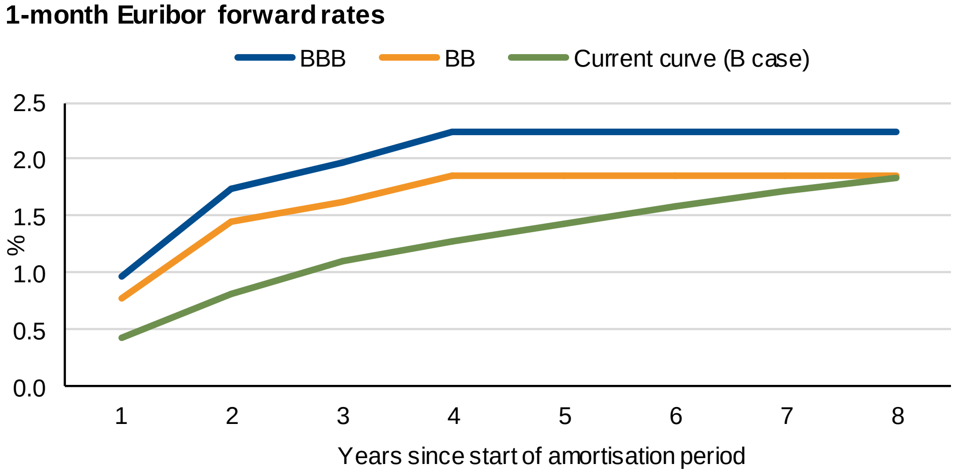
While Scope has assumed that fees payable to the back-up servicer will be commensurate with the initial servicing fees, Scope has stressed collections by 20% to address potential lost efficiency in the collection process. Under the back-up servicing agreement, the back-up servicer will be paid a fee equivalent to 1% of lease collections and will pass on to the SPV the costs of certain outsourced servicing functions (see section 7.2)

6.2.4. Interest rate stresses

Scope used rating-conditional interest rate stresses to address interest rate risk

The portfolio is partly exposed to interest rate risk because assets pay fixed rentals while class A2 notes will be linked to one-month Euribor. Scope has addressed interest rate risk by applying rating-conditional interest rate stresses, shown in Figure 17. Scope's base case scenario has replicated the current one-month Euribor forward-rate curve. Stresses were derived based on a statistical analysis of the Euribor upside realised semi-variance over the last 25 years.

Figure 17: Class A2 base rate assumptions



6.2.5. Currency redenomination event

There is no foreign exchange risk because the transaction's assets and liabilities are denominated in euro. However, Scope has stressed expected losses by 2.5%, which accounts for the risk of a disorderly sovereign default that leads to currency redenomination and a severe depreciation of asset cash flows (see section 8 for a detailed analysis of sovereign risks).

6.2.6. Default timing

Scope has allocated lifetime portfolio default rates assuming a constant default frequency across all quarters, resulting in front-loaded cumulative defaults through the compounding effect of amortisation. As excess spread is fully trapped to amortise the senior notes, back-loaded default intensities would accelerate amortisation and lessen credit risk for class A noteholders.

6.3. Cash-flow analysis results

See section 10

7. Counterparty risk

Figure 18: Transaction parties

Role	Entity
Issuer	AutoWheel Securitisation
Seller	Autohellas
Servicer	Autohellas
Guarantor	Autohellas
Subordinated loan provider	Autohellas
Maintenance provider	Autotechnica
Back-up servicer	Alpha Bank
Greek account bank	Alpha Bank
Foreign account bank	Citibank, N.A.
Paying and calculation agent, and cash manager	Citibank, N.A.
Corporate services provider	TMF Administration Services ltd
Note trustee	TMF Trustee ltd
Security trustee	TMF Trustee ltd
Arranger	Stormharbour

7.1. Servicer and account bank: financial risks

Noteholders are materially exposed to the credit risk of the servicer, Autohellas, and the issuer's Greek account bank, Alpha Bank.

Servicer collections are transferred daily to the Greek issuer account, held with Alpha Bank. Subsequently, the issuer transfers the moneys to an eligible account held at the issuer's foreign bank, Citibank. An insolvency event of either the servicer or the Greek account bank may lead to a loss of noteholder moneys.

Scope assumed 4% of expected losses over the portfolio collections from commingling

Scope has stressed portfolio cash flow on day one by EUR3.4m, equivalent to about 4% of scheduled net lease and residual value collections, to account for expected commingling losses. Scope's assumption reflects the low credit quality of the counterparties and an average commingling exposure worth three months of collections over the transaction's life. The latter accounts for i) the frequency of cash sweeps, ii) an assumed one-month borrower notification period, and iii) the potential for capital controls regulations.

The exposure to the servicer's account bank is mitigated by daily sweeps to the issuer's Greek account bank and by pre-established procedures upon servicer default whereby borrowers are informed to no longer pay that counterparty.

The exposure to the Greek account bank could worsen if capital control restrictions (see the sovereign risk analysis in section 8) delay the transfer of moneys into the issuer's foreign account bank, leading to a longer holding period at the Greek bank.

Due to the lack of practical legal precedents, Scope's analysis has not considered legal covenants stating that, under Greek securitisation law, securitisation flows shall not be subject to the bankruptcy estate of a defaulted counterparty, provided these are held in segregated format.

7.2. Servicer operational risk

The noteholders are strongly exposed to Autohellas's ability as servicer. This risk is mitigated by the appointment of Alpha Bank as back-up servicer. Scope considers the back-up servicing arrangements to be warm: Under the back-up serving agreement, the back-up servicer will conduct preparatory activities relating to IT, reporting and administrative systems which would allow it to take over within three months. Noteholders will be informed of the progress of the preparatory activities at least on a monthly basis.

Alpha Bank will outsource certain services: the disposal of vehicles through a specialised party, legal enforcement services as well as car maintenance services in the event of Autotechnica's replacement. Hyundai Hellas – a car dealer with a market share of about 5% in Greece – will prospectively be appointed as the residual value realisation agent, in accordance with the back-up servicing agreement.

A replacement of a specialised servicer by a non-specialised and non-integrated servicer raises the risk of lower realised residual values and lower recoveries given default, which may result in increased operational losses. Autohellas has proven expertise in residual values and secondary markets as well as a record for managing defaults and turn-ins efficiently. A replacement of this servicer could lead to a loss of this competitive advantage.

Scope has captured this risk by applying a 20% haircut to expected collections under all rating scenarios. This haircut was calibrated using historical auto ABS data, which shows that captive (i.e., specialised) lenders tend to outperform non-captive lenders.

7.3. Car maintenance provider: operational risks

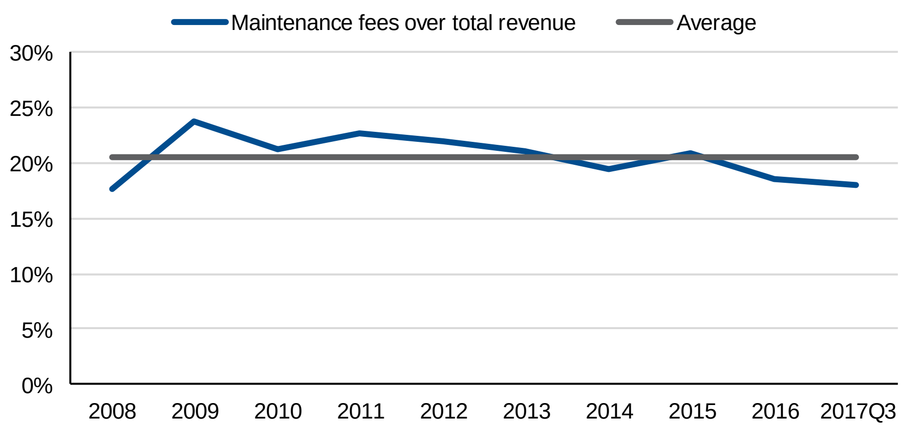
The ability of Autotechnica as car maintenance provider constitutes a risk for noteholders. Maintenance fees with Autotechnica are contractually capped at 20% of gross lease collections. Should Autotechnica be replaced, a new party may charge higher fees. Scope has captured this risk by applying rating-conditional stresses to the maintenance fee, as reflected in section 6.2.2, Figure 16.

Autotechnica would be replaced if it became insolvent or materially breached obligations under the maintenance agreement. If the breach involved certain financial triggers under the transaction documents, the back-up servicer would also have to identify a suitable replacement that can take over within 90 days.

Scope has applied relatively mild stresses in terms of a replacement event because:

- The current fee cap broadly reflects market average fees.
- Historical data provided by Autohellas show that maintenance fees tend to be stable (see Figure 19). Autotechnica provides maintenance services on an arm's-length basis to its parent company (Autohellas) and to third parties.

Figure 19: Autotechnica's historical maintenance fees



- Maintenance fees cover customary car maintenance services such as oil changes and general car revisions. Additional costs may be covered partially by insurance. Car insurance policies typically cover third-party liability as well as fire and road assistance. Some cars are also insured against theft or rupture of glass.
- A breach by Autotechnica of its obligations under the car maintenance agreement will trigger its replacement. However, its parent company, Autohellas, remains liable to provide maintenance services at the agreed-upon capped price.

7.4. Set-off risk

Set-off risk is mitigated by a dynamic reserve

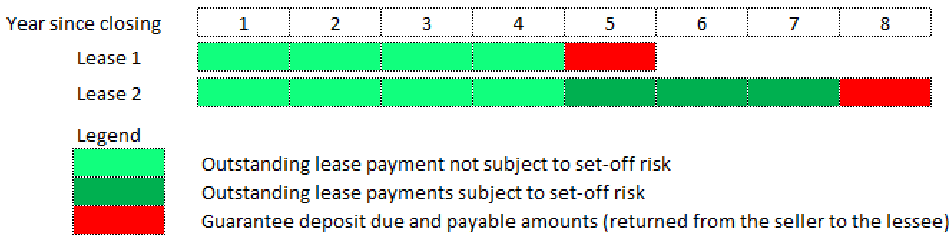
Because set-off can be legally invoked only in very few circumstances, Scope does not view this as a material risk (see section 9). Additionally, the transaction has a dynamic set-off reserve funded at closing that is kept separate from the securitisation's available funds. This mitigates set-off risk against borrower guarantee deposits held by Autohellas.

Under the lease agreements, borrowers typically fund a variable guarantee deposit of up to 25% of the scheduled lease payments. As of closing date, the aggregate amount of such guarantees is EUR 6.6m, equivalent to 9.2% of the senior notes' principal balance.

Greek securitisation law generally stipulates that borrowers cannot invoke set-off against guarantee deposits. This is because under a receivables contract i) the seller does have to return guarantee deposits to the borrower until the lease contract is terminated (i.e., the guarantee deposits are not due and payable until this point), and ii) the seller's bankruptcy cannot prompt a termination of the lease agreements.

Set-off can only be invoked when a borrower has more than one lease agreement with the seller, or if various vehicles under a same lease agreement have different maturity dates. This is represented in Figure 20.

Figure 20: Set-off risk



The set-off reserve is funded at closing with EUR 374,100 and adjusted dynamically subject to certain financial triggers[7] on Autohellas and Autotechnica:

a) Before a financial trigger event: an amount equal to the higher of i) the aggregate amount of lease guarantees due to be reclaimed by lessees over the upcoming six-month period, and ii) an amount equal to 0.5% of the outstanding class A balance.

b) After a financial trigger event: an amount equal to the greater of i) EUR 3.5m, and ii) the aggregate amount of lease guarantees subject to set-off at any time during the transaction's remaining life (i.e., dark-green and red cells in Figure 20).

7.5. Foreign SPV account bank

The foreign account bank, Citibank, does not constitute a material credit-risk driver. Scope has assessed the bank's financial strength as strong based on public ratings.

[7] Autohellas financial trigger events: i) tangible equity-to-asset ratio of less than 27.5%, ii) total debt to 12-month EBITDA of greater than 4.3, and iii) EBIT to interest rate expense of less than 2. Autotechnica financial trigger events: i) equity-to-asset ratio of less than 20%, ii) quick ratio of less than 0.5, and iii) total debt-to-equity ratio of more than 3.

Securitisation flows will be swept monthly from the issuer's Greek account to its foreign account. Citibank will also hold the transaction's reserve ledgers (liquidity, maintenance and set-off) and the portfolio replenishment during the revolving period.

7.6. Permitted investments

Cash management credit risk is not material due to investment restrictions in the transaction. Funds standing to the credit of issuer's foreign bank account may only be invested in securities with the following characteristics:

- Euro deposits held at an institution with a minimum short-term rating of A-1 (by S&P) or P-1 by Moody's; or A+ by S&P if the institution has no short-term ratings;
- Securities with a payment at maturity of at least equal to the amount invested and a maturity of at least one business day before the next payment date; and
- Securities allowing amounts to be withdrawn at any time without penalty.

8. Sovereign risk

In May 2018, Scope upgraded Greece's sovereign rating to B+/Positive Outlook from B-/Stable, based on stronger fundamentals and reform progress. The rating reflects: i) Scope's expectation that Greece will successfully conclude the third adjustment programme, driven by stabilising macroeconomic indicators and strong reform progress; ii) structurally improving budgetary performance with fiscal results exceeding targets, backed by a robust public debt profile and an ongoing build-up of a large cash buffer which should support Greece's sustainable return to market funding; and iii) reduced policy uncertainties given the demonstrated support and strong commitments of official euro area creditors to provide Greece with additional debt relief measures along with all major political parties supporting Greece's membership in the euro area. The Positive Outlook reflects Scope's view that risks to the ratings are titled to the upside over the next 12 to 18 months and expectations of potentially further credit-positive outcome as a result of the exit from the adjustment programme and negotiations over debt relief.

8.1. Transaction-specific approach

Sovereign risk was assessed transaction-specific

Scope has assessed sovereign risk in the context of the class A notes' expected weighted average life of 20 months as of the end of the revolving period and of the 18-month revolving period. In Scope's view, sovereign risk is highly correlated with systemic counterparty risks, which have been captured through commingling losses and operational performance stresses.

Additional drivers and mitigants of the sovereign risk assessment are discussed in the sections below.

8.2. Revolving period

The extension of the transaction's risk horizon is mitigated by the excess-spread-trapping mechanism which is likely to result in a build-up of portfolio overcollateralisation during the revolving period.

8.3. Borrower performance stresses

A disorderly sovereign default leading to severe macroeconomic dislocation or a banking system crisis could impair asset performance to a level not reflected in historical data. Historical vintage data reflect positive borrower performance amid a period of significant economic stress, but does not cover a severe market meltdown.

The sensitivity analysis, i.e., a 50% increase in both the mean default rate and the default rate coefficient of variation (see section 10), shows that the senior notes rating is resilient against an increase in borrower defaults beyond those reflected in historical vintage data.

8.4. Vehicle market-value risk

Used-vehicle prices are a key performance driver in the transaction because i) the residual-value exposure is up to 42% of securitisation amounts as per revolving-period covenants and ii) Scope assesses that vehicle prices are likely to depreciate well beyond the residual values estimated by Autohellas (see section 4.2). Noteholders are also exposed to vehicle values in the event of contractual defaults or early termination (i.e., recoveries given default).

Should the domestic market deteriorate, it is unlikely that vehicle-price declines would exceed stresses already captured by Scope's analysis. This is because:

- Vehicles are movable assets that can be sold in foreign markets at a moderate extra cost of export; and
- Part of Scope's vehicle-value-decline stresses captures accelerated obsolescence risk, which are unlikely to correlate with a domestic market meltdown.

8.5. Capital controls

Implementation of foreign account bank mitigates capital controls risk

The risk of capital controls is mitigated by the implementation of a foreign account bank to process foreign noteholder payments. Therefore, fund transfers from the issuer's Greek account to its foreign account would not be subject to capital controls until cumulative cash transfers exceed the senior notes' principal balance (see exception for 'new money' below). At that point, the issuer's account bank must request every month a special approval from the Greek Ministry of Finance to transfer moneys abroad.

A denial of approval by the Ministry or tighter capital controls could lead to a deferral of interest and principal payments to senior noteholders. Non-timely payment of interest constitutes a default event under the transaction documents and would trigger the post-enforcement waterfall.

A prolonged deferral of payments would also substantially increase the risk relating to the account bank, as collections would have been accumulated in the issuer's non-eligible Greek account bank. This risk has been sized by Scope in its assessment of commingling losses (see section 7.1).

Greek regulation prohibits capital and cash transfers abroad unless it relates to (among other exceptions):

- 'New money': Amounts transferred from abroad by credit transfer to accounts held at a credit institution operating in Greece can be transferred again, partially or wholly to an account held at a credit institution operating abroad. This exception would apply, for instance, to note issuance proceeds imported into the issuer's collection account held with a Greek account bank;
- Transfers to certain international institutions, such as the EIB or the IMF; and
- A special approval granted by the Commission for the Approval of Banking Transactions, established by the Greek Ministry of Finance.

8.6. Currency redenomination risk

Scope has analysed the impact of an additional 2.5% expected loss relating to the risk of severe currency depreciation due to a disorderly sovereign default leading to currency redenomination. Should this occur, noteholders may incur severe foreign exchange losses, as the cash flows of assets would have to be converted into the new currency while notes remain euro-denominated.

This stress was sized under the consideration that a Greek departure from the eurozone over the transaction's life is significantly less likely than a sovereign default. Scope has assigned a B+ rating to Greece.

9. Legal analysis

The receivables will be governed by Greek securitisation law 3156/2003, pursuant to the Greek assignment agreement entered into between the issuer and the seller at closing (regarding the preliminary portfolio), or on each additional portfolio purchase date, (regarding the revolving period). English law will govern other transaction documents, including the class A notes' purchase agreement, the receivables purchase agreement, the servicing agreement and the back-up servicing agreement. The issuer will be incorporated under Irish law and taxed pursuant to Irish securitisation law.

The transaction conforms to the principles of securitisation. This has been confirmed by the transaction's draft legal opinions, which address i) the issuer's legal recourse to the asset proceeds, ii) the issuer's bankruptcy remoteness, iii) the validity and enforceability of transaction documents, and iv) the issuer's tax neutrality.

Scope's other legal considerations include:

- True-sale: The terms of the Greek assignment agreement constitute a true and unconditional sale of the receivables and all ancillary rights, but no obligations, from the seller to the issuer. The validity of the transfer applies both to the receivables relating to the lease agreements, as well as to the proceeds from the sale of the underlying lease vehicles. The assignment is perfected upon registration of a summary of the agreement (the receivables notification form) with the relevant Greek pledge registry. The seller and the issuer have agreed to procure the registration of the receivables notification form at closing, pursuant to the provisions of the receivables purchase agreement.

- Set-off: Under Greek law only monetary claims can be subject to set-off. Under the lease agreements, the only monetary claim the lessee may invoke is the return of a guarantee deposit held by the seller. The claim of such deposit amounts may be only invoked at the end of the lease period (i.e., once they become due and payable, in accordance with lease agreements).

- Claw-back: The validity of the sale and the assignment of the lease receivables and ancillary rights cannot be contested by any third party following the enforcement of a bankruptcy proceeding in respect to the seller or the servicer of the receivables. Furthermore, upon proper notification each lessee will have to make payments under the lease agreement directly to the issuer for such lessee's obligations under the lease agreement to be discharged.

- Commingling: No provision under Greek law would seek to include the issuer's assets in the seller's or servicer's bankruptcy estate. However, in the event of bankruptcy proceedings regarding the issuer's Greek account bank, the issuer will rank pari-passu with other unsecured creditors and will be treated as a creditor of the bankruptcy estate on the bank.

- Transaction documents: Each of the transaction documents constitutes a legal, valid and binding obligation of each Greek party, so far as Greek law is concerned. This also applies to the seller as such, or the servicer, even in bankruptcy.

- Tax neutrality: The issuer will not be subject to income or withholding taxes in Greece. Scope's stressed assumptions on senior-note costs capture the issuer's potential tax liabilities, among other servicer expenses. These include i) taxes on the enforcement of transaction documents, ii) VAT on the back-up servicing agreement, and iii) VAT on other corporate services. The servicing agreement will be exempt of VAT on the basis of Greek law 2559/00 provisions for as long as the seller remains the servicer of the receivables.

10. Rating stability and cash flow results

Scope tested the resilience of the rating against deviations of the main input parameters listed in Figure 21: Sensitivity analysis below. This analysis has the sole purpose of illustrating the sensitivity of the rating to input assumptions and is not indicative of expected or likely scenarios. Figure 22 shows how the quantitative results change compared to the assigned credit ratings when the assumptions are modified as per the column 'change relative to base case', all other assumptions remaining equal:

Figure 21: Sensitivity analysis

	Change relative to base case	Class A rating
Base case		**BBB-**
No commingling losses	4%-0%	+2 notches
Mean default rate (DR) increase	+50%	-1 notch
Default rate coefficient of variation (CoV)	+50%	-1 notch
DR and CoV up by 50%	+50%	-2 notches
Residual values (RV) and recovery rates (RR)	-50%	-5 notches
DR & CoV / RV and RR	+50% / -50%	-5 notches

11. Monitoring

Scope will monitor this transaction on the basis of performance reports from the management company as well as other available information. The ratings will be monitored continuously and reviewed at least once a year, or earlier if warranted by events.

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

12. Applied methodology and data adequacy

The methodologies applied for this rating are the General Structured Finance Methodology and the Auto ABS Rating Methodology. Scope also applied the principles contained in the Methodology for Counterparty Risk in Structured Finance. All documents are available on www.scoperatings.com.

Autohellas provided Scope with default and recovery data segmented by quarterly vintage of origination, referring to a '90 days past due' default definition. The default rate data were split into i) cumulative defaults, ii) defaults from non-early-termination contracts, and iii) defaults from early-termination contracts. The data cover a period from Q1 2008 to Q4 2017 and are generally granular. The recovery data cover a period from Q1 2008 to Q2 2016 for recoveries from non-early-termination contracts and from Q1 2008 to Q1 2017 for recoveries from early-termination contracts.

I. Appendix: Initial portfolio stratifications

Figure 22: Geographical distribution

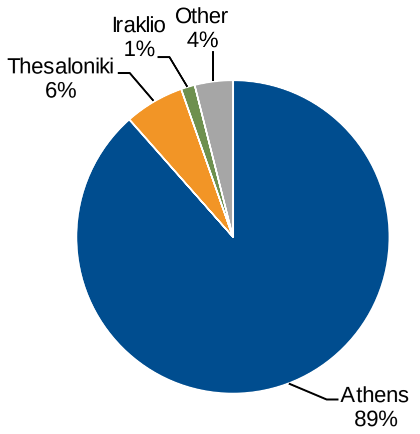


Figure 23: Borrower concentration

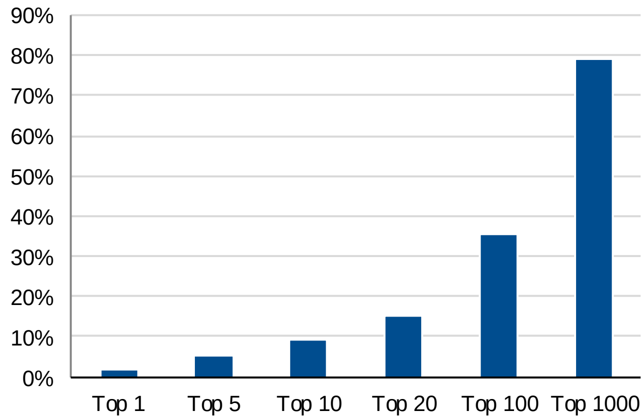


Figure 24: Largest brands

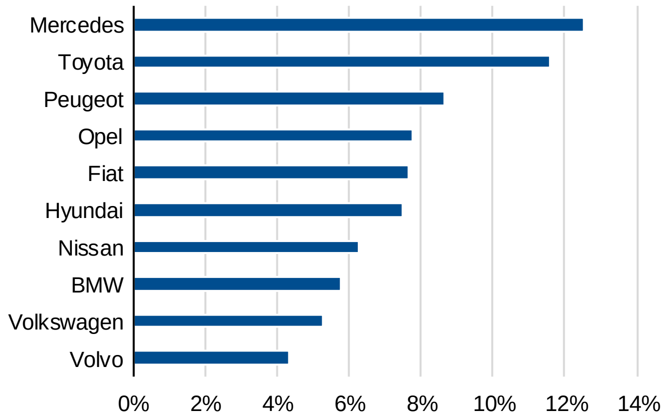


Figure 25: Engine size

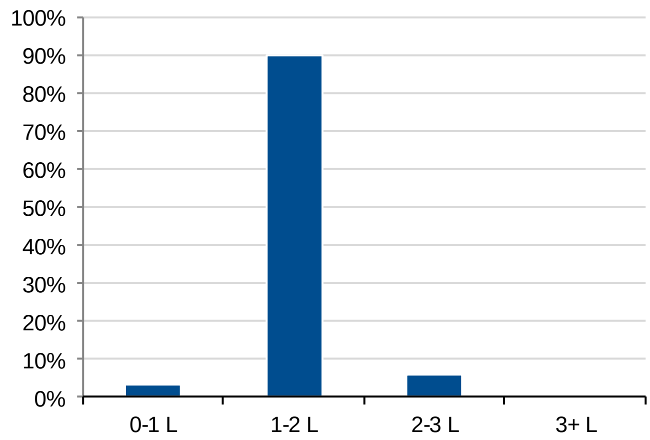


Figure 26: Car purchase price

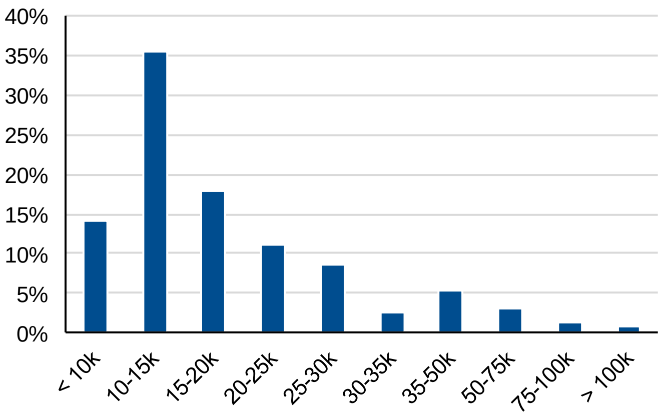


Figure 27: Luxury vehicles (i.e., engine size >2L purchase price

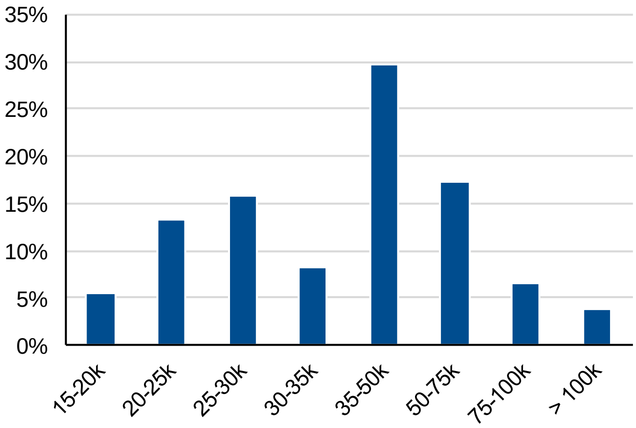


Figure 28: Lease origination year

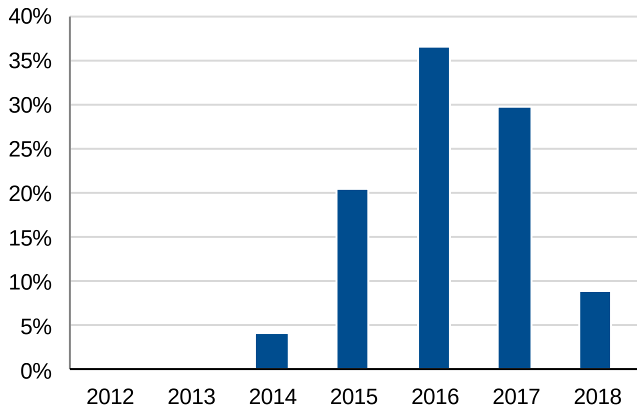


Figure 29: Lease maturity year

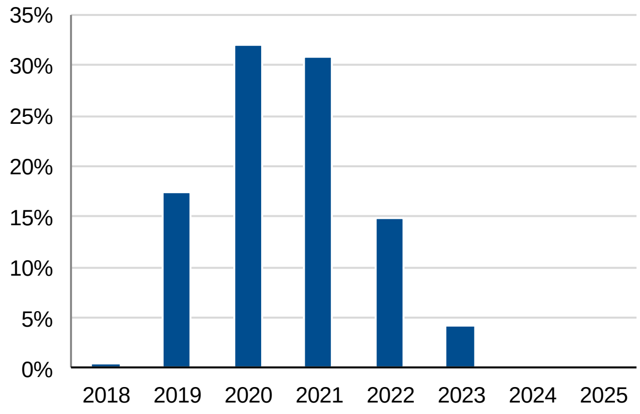


Figure 30: Lease rate (i.e., net yield)

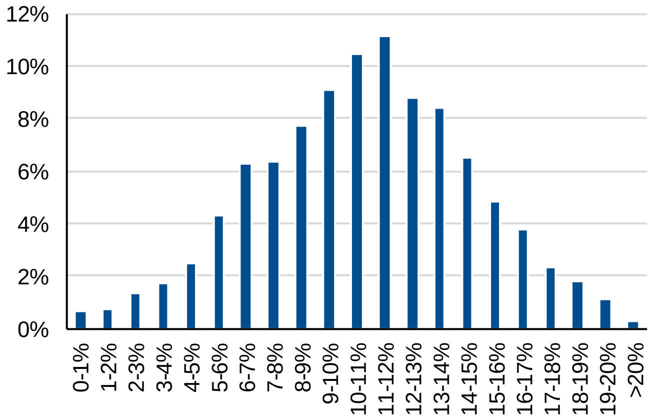


Figure 31: Residual value as % of vehicle price

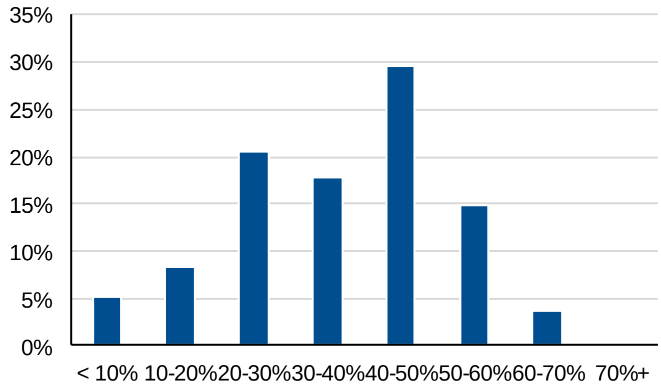


Figure 32: Contract types

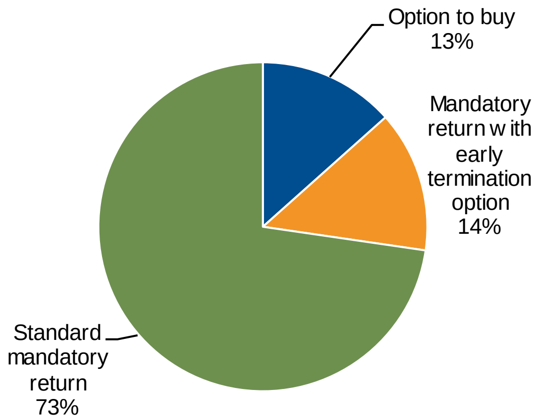
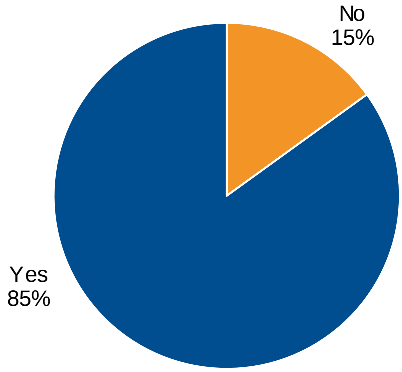


Figure 33: Diesel vehicles



II. Appendix: Default and early termination vintage data provided by Autohellas

Figure 34: Cumulative default data

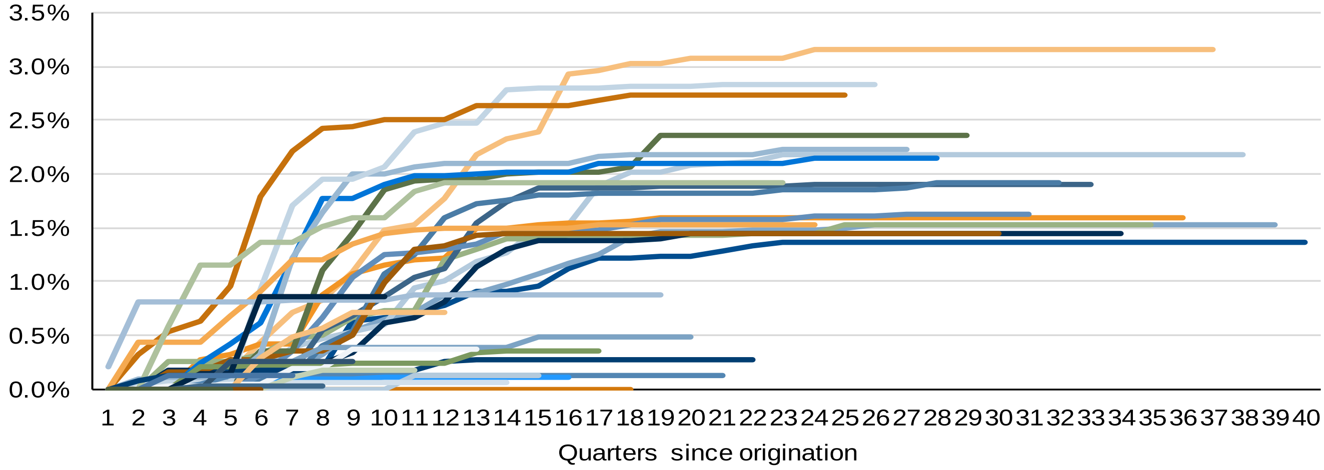


Figure 35: Cumulative default data on contractual amendments

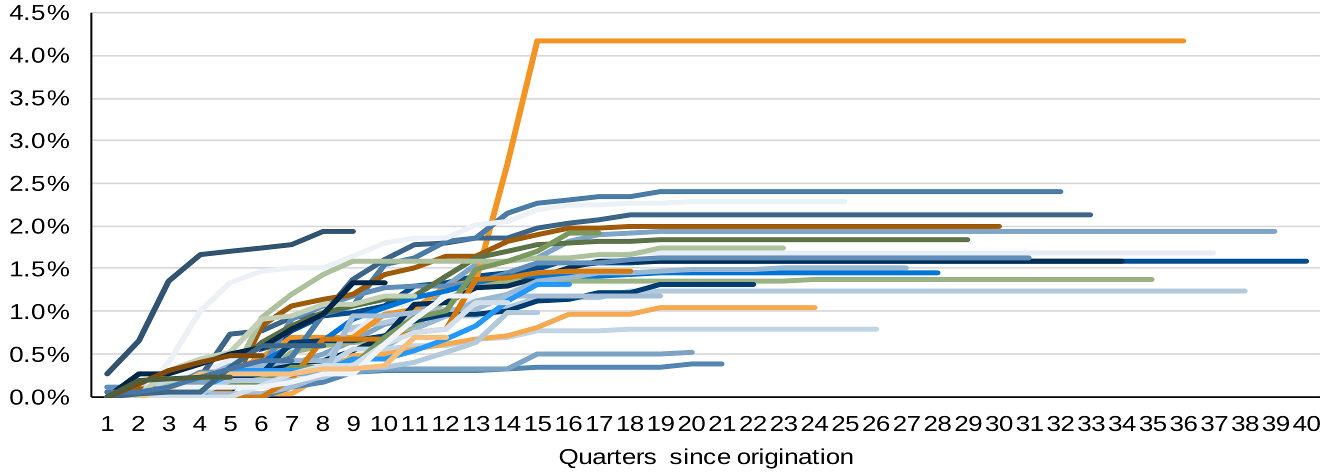
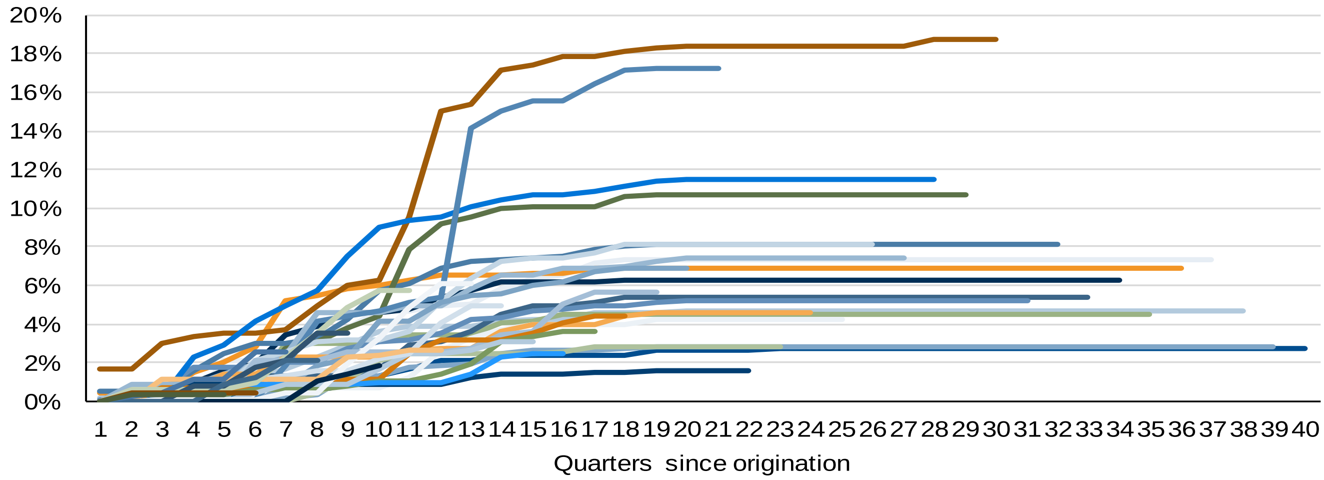


Figure 36: Cumulative default data on early terminations



III. Appendix: Recovery vintage data provided by Autohellas

Figure 37: Recovery vintage data on defaulted contracts

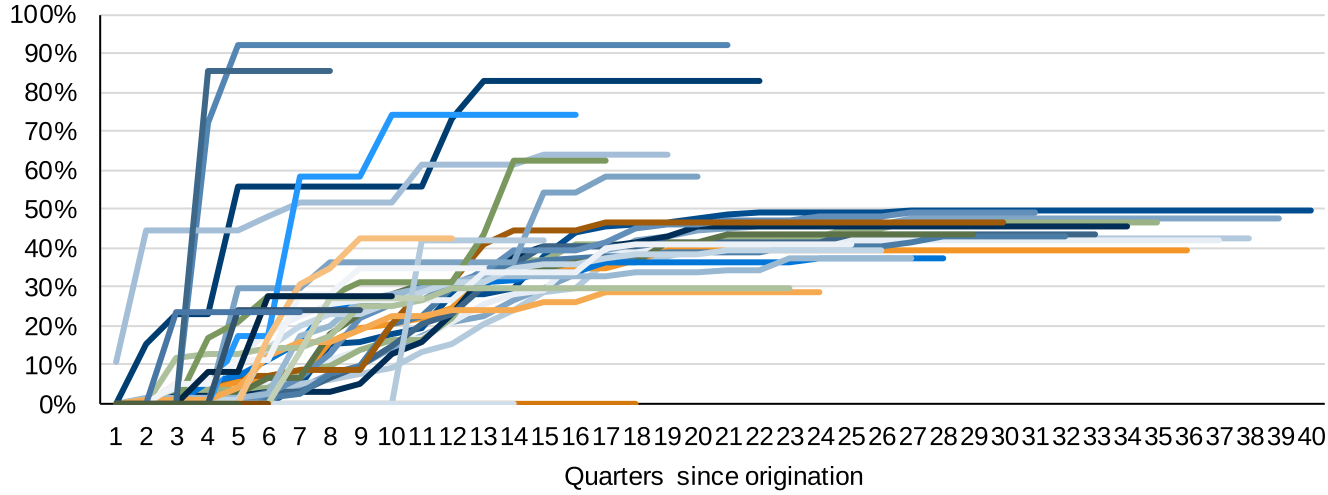
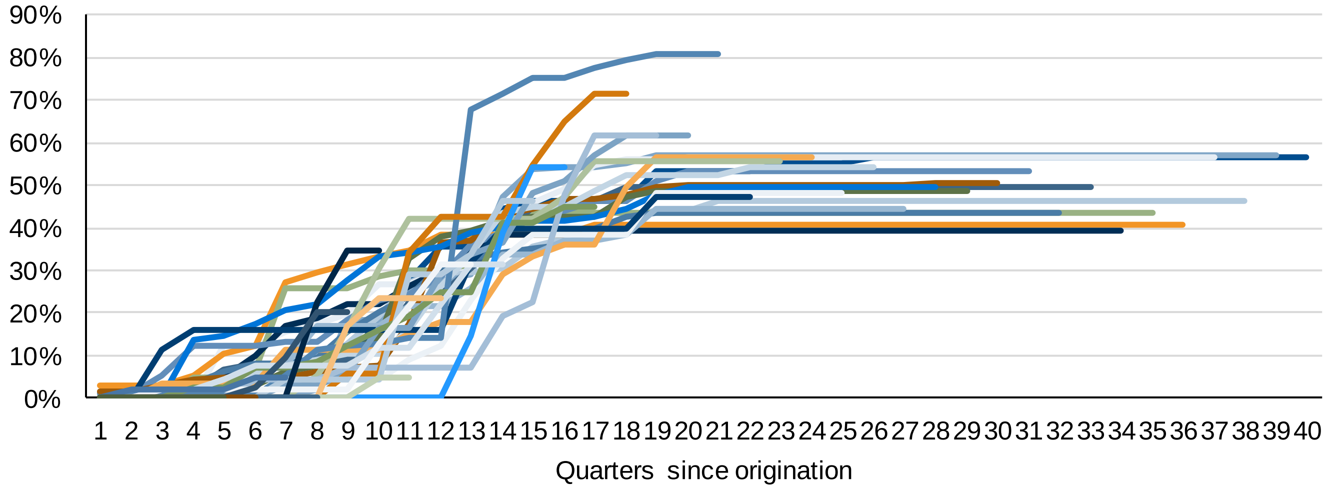


Figure 38: Recovery vintage data on early-terminated contracts



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