SCOPE Scope Ratings

ROOF AT S.A., Compartment 2024

Vehicle leasing ABS – Austria

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Related Methodologies

General Structured Finance Rating Methodology, March 2024

Consumer and Auto ABS Rating Methodology, March 2024

Counterparty Risk Methodology, July 2023

Class	Rating	Notional (EUR m)	Notional (% assets[2])	CE (% assets[3])	Coupon per annum	Final maturity
Class A notes	AAA$_{SF}$	125.0	23.6	14.0	3M Euribor + 0.75%	15 Sep 2037
Class A loan notes[1]	AAA$_{SF}$	350.0	66.1	14.0	3M Euribor + 0.75%	15 Sep 2037
Class B notes	NR	54.4	10.3	3.8	3M Euribor + 1.5%	15 Sep 2037
Sub-loan	NR	19.9	3.8		6.5%	15 Sep 2037

1. Class A loan notes corresponds to Class A1 Loan Note and Class A2 Loan Note. Class A notes and class A loan notes are referred to as Class A Instruments in the transaction documentation.
2. Discounted pool nominal balance
3. Including the issuer cash reserve and replenishment fund
Scope's quantitative analysis is based on the portfolio dated 30 April 2024 and the transaction's replenishment criteria, 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 (excluding the step-up component of the margin) by an instrument on a particular payment date or by its legal maturity. See Scope's website for the Scope Ratings Rating Definitions.

Transaction details

Purpose	Liquidity/Funding
Issuer	ROOF AT S.A., Compartment 2024
Originators, servicer, sellers and subordinated lenders	Raiffeisen-Leasing Österreich GmbH, UNIQA Leasing GmbH, Raiffeisen-Leasing Fuhrparkmanagement mbH, and JDRL Landmaschinen Vermietungs GmbH
Arranger, lead manager and back-up servicer	Raiffeisen Bank International AG (RBI AG)
Issuer account bank	Bank of New York Mellon, Frankfurt Branch (BNYM)
Interest rate swap provider	Credit Agricole Corporate and Investment Bank (CACIB)
Closing date	27 May 2024
Notes payment frequency	Monthly (15th of each calendar month)

The transaction is a true-sale securitisation of an initial three-year revolving portfolio of vehicle lease receivables. The assets consist of leases primarily granted to Austrian small-and medium-sized enterprises and private individuals to finance new and used vehicles.

Rating rationale (summary)

The ratings reflect: i) the legal and financial structure of the transaction; ii) the quality of the underlying collateral in the context of the Austrian macroeconomic environment; iii) the ability of the originators and servicers, all part of the Raiffeisen Leasing Group (Raiffeisen); and iv) the counterparty credit risk exposure to the four servicers, BNYM as the issuer account bank and to CACIB as the interest rate swap provider.

Class A instruments benefit at closing date from 14.0% credit enhancement in the form of overcollateralisation and two cash reserves, and also from 0.3% minimum excess spread. The strictly

sequential debt principal amortisation in combination with a fast-amortising portfolio after a revolving period scheduled to last initially three years, reflects positively on the rated class A instruments. Excess spread is available to provision for defaults during the revolving period and accelerates the amortisation of the notes thereafter.

The ratings account for the credit quality of the underlying portfolio and the risk of adverse portfolio migration during the revolving period. We incorporated the credit performance and servicing track record of the originators with respect to leasing receivables and considered the stability of the Austrian macroeconomic stability.

The ratings reflect the transaction's counterparty risk exposure to the servicers, the issuer account bank holder, and the swap counterparty. We have assessed the credit quality of the counterparties through our rating on Raiffeisen Bank International AG and considering public information regarding BNYM and CACIB.

Rating drivers

Positive rating drivers	Negative rating drivers and mitigants
• **Credit enhancement**. The class A instruments benefit from 14.0% credit enhancement provided by the overcollateralisation and the issuer cash reserves (cash reserve and replenishment reserve), plus available excess spread. • **Solid track record of the originators**. Raiffeisen has been active in the leasing market for over 50 years. Its business benefits from seasoned processes, experienced staff and a very granular marketing network. The same procedures and risk-analysis principles are applied by all originators. • **Turbo amortisation.** After the replenishment period, excess spread will be used for debt principal repayment, which allows the rated class A instruments to redeem faster. During the revolving period, the structure uses excess spread available from the asset portfolio to provision for defaulted leases. • **Simple and transparent structure.** The deal features a strictly sequential structure, class A instruments and class B notes and a subordinated loan, a combined priority of payments, and adequately sized cash reserves.	• **Revolving portfolio.** The transaction features an up to three-year initial revolving period, subject to portfolio and performance related early amortization triggers and asset eligibility criteria. • **Unrated servicers.** The four servicers are unrated entities. This is mitigated by the sound credit quality of the servicers' ultimate parents (RBI AG and Raiffeisen Landesbanks). Further mitigation comes from RBI AG's pre-appointment as back-up servicer. • **Fixed-to-floating and basis risks.** The debt instruments are linked to 3-month EURIBOR, paying coupon monthly, while most of the asset portfolio is floating rate linked to 3-month EURIBOR with a small share of fixed-rate contracts. This mismatch is mitigated with an interest rate swap and the available excess spread.

Upside rating-change drivers	Downside rating-change drivers
• **Improvements in the macroeconomic environment** would enhance the support for the rated class A instruments.	• **Worse-than-expected asset performance**, reflected in higher-than-expected defaults or lower-than-expected recoveries upon asset default, may negatively impact the ratings.

1. Transaction summary

The transaction is a cash flow securitisation of leasing receivables. This is the third vehicle lease ABS related to originators from Raiffeisen that we have publicly rated. The underlying receivables consist of 21,511 lease contracts and the transaction features a scheduled initial three-year replenishment period, subject to collateral performance triggers and asset-eligibility covenants. The assets finance new and used vehicles lease contracts, primarily for small and medium-sized enterprises (SMEs) and private individuals in Austria.

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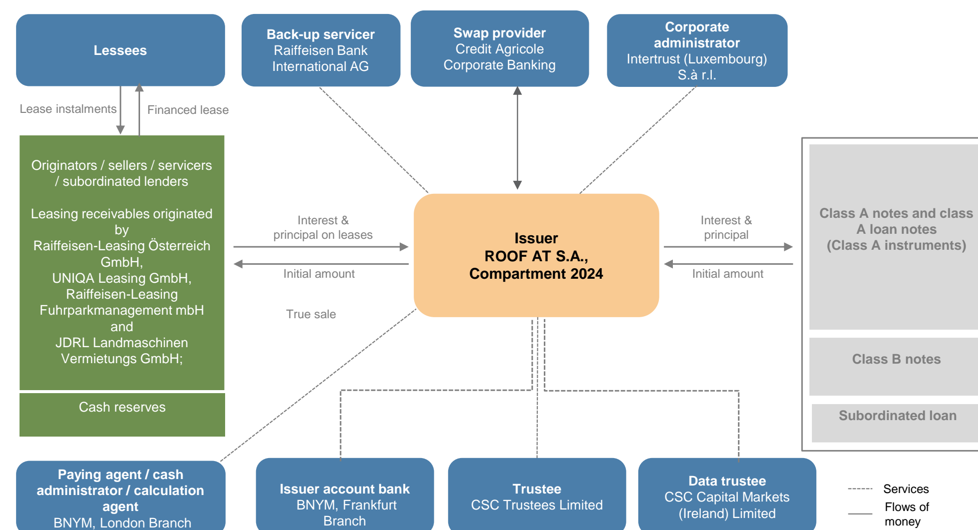
Figure 1. Simplified transaction diagram



2. Macroeconomic environment

The lessees benefit from the still stable macroeconomic environment in Austria. Unemployment, inflation and GDP growth are the main macroeconomic variables, which could affect the collateral performance associated to SMEs and private individuals.

The Austrian unemployment rate has been decreasing since peaking at 6.2% in 2021, as a consequence of the pandemic crisis. We expect a mid-term stabilisation at a level around 5.5%. Austrian GDP shrank by 0.7% in 2023, after a robust growth of 4.8% in 2022. The GDP contraction in 2023 was reflective of elevated inflation, tighter funding conditions and weak external demand in line with European peers. We expect a real GDP growth in Austria of 0.5% and 1.6% for 2024 and 2025, respectively.

High inflation can negatively affect SMEs and private individuals on their ability to pay their vehicles' financing. Like in other euro area countries, Austria saw inflation peak at 8.6% in 2022 with a decrease to 7.8% in 2023. We expect inflation in Austria to decrease and to be at 3.8% and 2.4% in 2024 and 2025, respectively. The expected significant reduction in inflation can remove some negative pressure on lessees' budgets; however partially off-set by increased credit costs from rising interest rates.

3. Originators, sellers and servicers overview

We believe the business of RL is based on sound foundations

The businesses of the originators, which are part of the Raiffeisen Leasing Group, are based on sound foundations and benefit from seasoned processes, experienced staff and a very granular marketing network (1,500 points of sale).

3.1. Business positioning

RL is among top three in Austria for vehicle leases

Raiffeisen's Austrian leasing business, Raiffeisen Leasing (RL) has operated in the Austrian market for the past 53 years and focuses on the vehicle, equipment and real estate segments. Its portfolio of vehicle leases is the third largest in Austria with a growing focus on the granular retail segment. The market shows strong competition reflecting in low but stable margins.

3.2. Origination and underwriting

RL controls the contracts' quality throughout the underwriting process, even when different origination channels are involved. Lease receivables in this securitisation are originated through

four alternative channels: i) Raiffeisen-Leasing Österreich GmbH; ii) UNIQA Leasing GmbH; iii) Raiffeisen-Leasing Fuhrparkmanagement mbH; and iv) JDRL Landmaschinen Vermietungs GmbH.

All lease applications from any of the four origination channels arrive at the same interface office at RL. 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 AG. Anti-fraud policies are also common to all origination channels.

Workflows for sanctioning and executing lease applications helps to reduce credit risk

The workflows for sanctioning and executing lease applications help to reduce credit risk in light of the competitive environment and the originators' low risk appetite. RL's directives follow those of Raiffeisen Bank International AG, focusing on the customer rating, the verification of suppliers and assets, the evaluation of collateral and the transaction terms/risk. The system differentiates between customer groups by total exposure and escalates decision-making authority accordingly. There is no automatic underwriting and sanctioning considers the exposure and risks of a potential new contract within limits set for the client. The underwriting process has more sanctioning power as the size of the contract becomes bigger. Credit risk management becomes involved when exposures exceed EUR 200,000. A special credit committee is needed to approve exposures greater than EUR 1m, with the occasional involvement of the advisory board. Defaulted customers or formerly rejected clients are black-listed and can only be approved with divisional head of account management authority.

RL has a prudent approach for calculating residual values. Residual values have discounts applied that are derived from: i) data gathered by RL 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. A specific residual-value committee must authorise any changes to calculations or assumptions on the residual values of newly launched vehicles. This committee reviews and adjusts residual values twice a year, if necessary.

3.3. Servicing and recovery

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

Collections are performed through direct debits (95.4% in the initial portfolio) on the lessees' accounts, which reduce the operational risk around identifying and assigning payments. RL may modify contractual terms of the securitised lease contracts (e.g. risk costs or refinancing spreads) over its life as part of the lease servicing, with the limits defined in the transaction's permitted variations.

Monitoring is proactive to anticipate and reduce obligor default

RL has implemented an early-warning system that identifies potentially problematic leases during the monitoring process. This system applies to all exposures of RL'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.

RL relies on collateralisation to limit the risk on leasing contracts, supporting the high recovery rates

RL complements its risk avoidance strategy with collateralisation to limit the risk of leasing contracts, which supports its 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. The beneficial ownership of the vehicles is transferred to the special purpose vehicle along with the leasing contracts. We considered in our analysis the provided recovery rate data, which embeds the proceeds from asset sales.

RL aims to help stressed or distressed obligors to become

RL has set up effective processes to recover defaulted contracts

RL's strategy aims at minimising recovery risks and improving both customer friendliness and the returns on handling fees and interest on arrears. Thus, they do not focus on the immediate repossession of leased objects, but rather try to identify solutions that would help distressed obligors to become performing again. This is to ensure payment obligations are met in the long

term and to motivate customers to pay future/outstanding instalments through a newly agreed payment scheme. RL would only seek a managed exit solution or liquidation strategy when a cure is not possible.

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. RL relies on its own sales platform to liquidate repossessed vehicles. Here, about 400 car dealers are registered, and more than 1,000 cars are sold yearly. Average sale proceeds are reported at 20% higher than the residual value.

RL has its own platform to liquidate repossessed vehicles

4. Portfolio characteristics

Our analysis is based on the portfolio as of 30 April 2024.

Figure 2. Portfolio segments and distribution[1] by vehicle condition

Portfolio composition	Covenant share	Current portfolio share	Type
New vehicles	Unlimited	74.2%	Passenger cars, station wagons, trucks <3.5t, trucks >3.5t, minivans, small buses <3.5t, special vehicles (such as forklifts, lawn mowers), tractors, trailers, buses >3.5t, caravans
Used vehicles	35%	25.8%	
Private	Unlimited	30.5%	
SME	55% to 70%	63.9%	n/a
Others	Max. 10%	5.6%	n/a

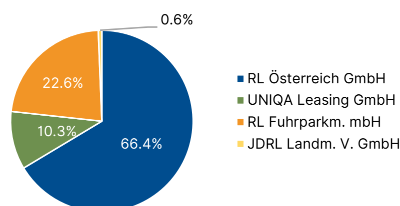
Source: Transaction data tape and documentation

Four Raiffeisen Leasing Group entities originate the leases for the portfolio (see Figure 3). They have the same processes and risk principles, ensuring consistent contracts.

The portfolio is highly granular (see I. Summary of portfolio characteristics) and mostly exposed to the credit risk of SMEs (63.9%) and private individuals (30.5%). The remainder of the portfolio relates to large corporates, public institutions, public authorities and other organisations ('Others' in Figure 4). Portfolio covenants limit the 'Others' share to 10% of the total balance, and the share of SMEs in the portfolio must remain between 55% and 70%.

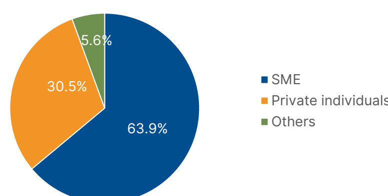
Portfolio mostly exposed to the credit risk of SMEs, financing new vehicles

Figure 3. Portfolio distribution by originator



Source: Transaction data tape and Scope Ratings data aggregation

Figure 4. Pool distribution by obligor type



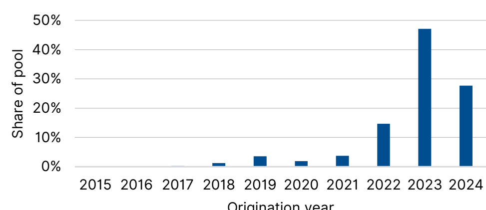
Source: Transaction data tape and Scope Ratings data aggregation

[1] Portfolio shares shown in this section represent shares with regards to the outstanding discounted nominal balance of the leases.

Most of the vehicles leased are classified as 'New' (74.2%), which suggests a stronger lessee base and is reflective of the originators' business focus.

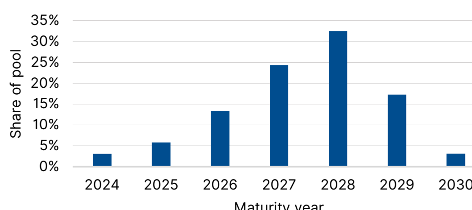
The portfolio is seasoned (1.1 years) and with a low weighted average remaining time to maturity of 3.6 years. The lease receivables in the portfolio were originated between 2015 and 2024, with 98.6% originated in 2019 or later (see Figure 5 and Figure 6).

Figure 5. Portfolio distribution by origination profile



Source: Transaction data tape and Scope Ratings data aggregation

Figure 6. Pool distribution by maturity profile

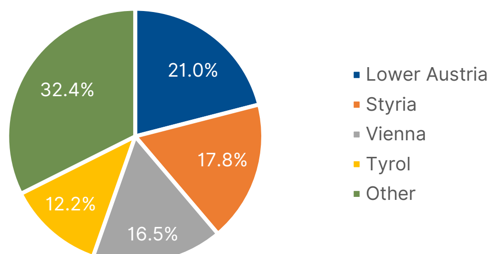


Source: Transaction data tape and Scope Ratings data aggregation

The geographical distribution of exposures in this transaction is a good reflection of the economic relevance of the different Austrian regions, and of the originators' solid countrywide footprint. Figure 7 shows the four largest regions, which account for 67.6% of the portfolio.

Portfolio characteristics may change over the replenishment period

Figure 7. Pool by regional distribution



Source: Transaction data tape and Scope Ratings data aggregation

The current portfolio mainly consists of financial leases on vehicles (69.0% partially amortising, 17.2% fully amortising) and a smaller share of operating leases (7.5%) and hire purchase leases (6.3%) – see Figure 8 for a summary. Financing is granted for the acquisition of new (74.2%) and used (25.8%) vehicles by SMEs (63.9%), private individuals (30.5%) and other entities (5.6%).

Lease receivables in the portfolio have at least one paid instalment and mature up to 84 months after their respective purchase date. The receivables are either fully amortising (including hire purchase) or partially amortising (including operating leases). Partially amortising receivables, except for operating leases, have lower monthly instalments, but have a balloon payment at maturity. The receivables exclude amounts owed under or in connection with the lease agreements other than the lease instalments. In other words, portions relating to VAT and services are not securitised.

Figure 8. Summary of lease products, characteristics and pool distribution

Product type	Characteristics	Residual-value risk
i) Partially amortising	• Down-payments of up to 30% and deposits of up to 50% reduce lease instalments or the balloon payment. • The asset is sold at RV after contract termination. • Full recourse to lessees ff not private individuals; fully liable for any losses from the realisation of the RV. • Private individuals are liable for 75% of residual value losses, if any.[2]	Only if the lessee is a private individual and the MV is lower than the RV.
ii) Fully amortising	• Down-payments of up to 30% and deposits of up to 50% reduce lease instalments over the term.	No
iii) Operating lease	• Only regular monthly instalments are securitised. • Leases can be modified with respect to instalments or maturity date. • Residual value risk lies with the lessor (this part is not securitised).	No
iv) Hire purchase	• 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 term. • Full amortisation.	No

Source: Transaction documentation and data tape

5. Portfolio modelling assumptions

We derived our assumptions by analysing vintage data from the originators over the 2013-23 period, reflecting gross loss and recoveries on the Private, SME and Other customer segments as split by the status of the leased vehicle (new and used). See appendix II Vintage data from the originators for details.

Figure 9. Modelling assumptions for the expected portfolio at the end of the revolving period

	Portfolio	Private – New	Private – Used	SME – New	SME – Used	Others
Mean default rate	2.8%	2.0%	2.5%	2.5%	4.0%	1.0%
Coefficient of variation	70.0%	68.0%	62.0%	62.0%	55.0%	363.0%
Base case (B level) recovery rate	65.9%	65.0%	65.0%	65.0%	65.0%	90.0%
AAA rating-conditional recovery rate	40.0%	39.0%	39.0%	39.0%	39.0%	36.0%

Source: Transaction data tape and Scope Ratings

Raiffeisen has provided good-quality vintage data, which details the individual performance of nine portfolio segments, i.e. split by obligor type ('Private', 'SME' or 'Others') and vehicle condition ('New', 'Used' or 'Others'). The 'Others' vehicle condition refers to demonstration cars or contracts which exhibit both leasing of new and used vehicles within a single contract. Based on the portfolio

[2] Please note that the default and recovery vintage data provided by the originators already captures the cases with originator RV losses.

composition and our understanding of the business model, our analysis was conducted using five representative segments: 'Private – New', 'Private – Used', 'SME – New', 'SME – Used' and 'Others'.

5.1. Revolving risk and post-replenishment portfolio characteristics

The portfolio's fast amortisation allows that the portfolio's characteristics could change significantly over the long replenishment period. This is nevertheless substantially mitigated by the concentration limits and eligibility criteria. We do not expect significant regional concentrations, even though replenishment covenants do not prevent this.

The initial revolving period is scheduled to last three years, assuming no early amortisation events occurred. Two months before the end of the scheduled revolving period, the issuer can request an extension. In case of debtholder consent and rating agency confirmation the debt instruments' legal final maturity date and the swap must be extended substantial under the same terms.

5.1.1. Portfolio and asset level covenants

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

Figure 10. Main asset-level replenishment covenants

Risk factor	Restriction
Obligor nature	Lessees cannot be affiliates of the originator or the servicer agent
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 three-month Euribor or have a fixed interest rate
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, Raiffeisen-Leasing Fuhrparkmanagement mbH, and JDRL Landmaschinen Vermietungs GmbH.
Lessee residence	Place of business or residence in Austria only
Contract type	Fully/partially amortising financing leases, operating leases (partial amortisation) and hire purchase
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

Source: Transaction documentation

Figure 11. Main portfolio-level replenishment covenants

Risk factor	Restriction
Segment concentration	Portfolio segments cannot represent more than the following maximum concentrations: • SME: max 70% (but more than 55%) • Other: 10% • Used: 35%
Seller concentration	The following seller exposure caps must be respected: EUR 529.24m (Raiffeisen-Leasing Österreich GmbH), EUR 106.92m (Raiffeisen Leasing Fuhrparkmanagement Gesellschaft mbH), EUR 267.30m (UNIQA Leasing GmbH) and EUR 10.69m (JDRL Landmaschinen Vermietungs GmbH).
Vehicle-brand concentration	The three largest vehicle brands cannot represent more than 45% ('Other' bucket is not considered).

Figure 11. Main portfolio-level replenishment covenants

Risk factor	Restriction
Lessee concentration	The largest lessee group cannot exceed 1%. The 10 largest lessee groups combined cannot exceed 7%.
Industry concentration	The largest industry cannot represent more than 20% ('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.
Fixed-rate contracts	The aggregate discounted balance of fixed-rate-paying receivables cannot exceed 50% of the total balance.

Source: Transaction documentation

We analysed this revolving transaction, accounting for the risks of portfolio deterioration and changes to portfolio characteristics, all within reasonable 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' vehicles to the covenant maximum of 35%; ii) increasing the 'Others' segment share to 10%; and iii) increasing the 'SME' segment share to 70%.

The change in portfolio-segment weights reflects the migration to obligor and vehicle segments that we consider to be riskier, following our analysis of default and recovery vintage data.

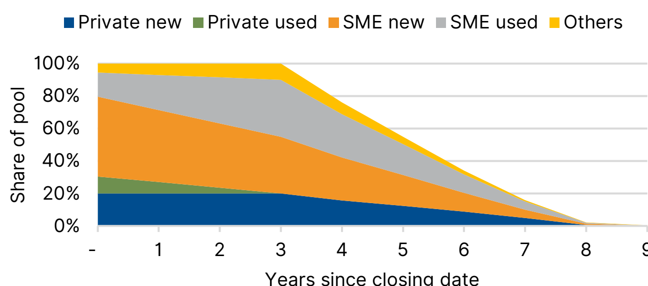
Figure 12. Current and post-replenishment portfolio-segment weights

Segment	Current portfolio	Stress change	Post-replenishment portfolio
Private – New	20.0%	increased to	20.0%
Private – Used	10.5%	reduced to	0.0%
SME – New	49.0%	reduced to	35.0%
SME – Used	14.9%	increased to	35.0%
Other	5.6%	increased to	10.0%
Total	**100.00%**		**100.0%**

Source: Transaction data tape and documentation and Scope Ratings assumptions

Figure 13 shows our assumption of portfolio-segment amortisation and the potential effect of the expected replenishment on segment concentrations.

Figure 13. Proxy pool amortisation with replenishment period (0% prepayment, 0% default)



Source: Transaction data tape and Scope Ratings assumptions

5.1.2. Default rate

We assumed a mean lifetime '90 days past due' default rate of 2.8% on the portfolio and a coefficient of variation of 70.0% (Figure 9). This default rate considers the concentrations and individual default rates of the five segments in the post-replenishment portfolio when the revolving period ends. The potentially longer life of the post-replenishment portfolio is also captured in our default rate assumptions for all segments. Figure 9 shows the five portfolio segments we considered and the model's mean default rates and coefficients of variation, reflecting a risk horizon of seven years and no seasoning (current portfolio: 3.6 years remaining time until maturity and 1.1 years of seasoning).

Replenishments assumed to lead to a significant expansion of the portfolio's life

Our 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. We assume that, over the replenishment period, 100% of the initial portfolio will be replaced with new assets, resulting in the portfolio migrating towards lower seasoning and a longer remaining time to maturity. Our default assumptions conservatively assume an unseasoned portfolio with a maximum remaining term.

5.1.3. Recovery rate

The issuer has full economic ownership of the purchased receivables and beneficial ownership of the vehicles. There is a security over the vehicles, and the issuer has a secured claim against the originators' insolvency estate if they default.

Issuer has full economic ownership of purchased receivables and beneficial ownership of the vehicles

We analysed the recovery vintage data and derived recovery rate assumptions for each portfolio segment – see Figure 14, based on our vintage data analysis. We have stressed our recovery assumptions by applying rating-conditional haircuts; we increased the recovery haircuts for the segment 'Others' to address its lower vintage data granularity.

Figure 14. Rating-conditional recovery rates and recovery lags

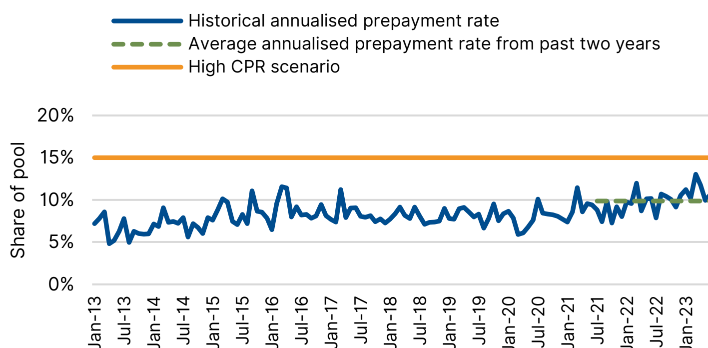
Segment	AAA	AA	A	BBB	BB	B	Lag (month)
Private – New	39.0%	44.2%	49.4%	54.6%	59.8%	65.0%	14
Private – Used	39.0%	44.2%	49.4%	54.6%	59.8%	65.0%	14
SME – New	39.0%	44.2%	49.4%	54.6%	59.8%	65.0%	14
SME – Used	39.0%	44.2%	49.4%	54.6%	59.8%	65.0%	14
Others	36.0%	46.8%	57.6%	68.4%	79.2%	90.0%	19

Source: Scope Ratings

5.1.4. Prepayment analysis

We tested the structure under two constant prepayment rate (CPR) assumptions: 0% for the low prepayment scenarios and 15% for the high prepayment scenarios. The high prepayment scenario equals the observed average in the originators' book past two years historical prepayment rates plus a 5pp stress (see Figure 15).

Figure 15. Annualised monthly prepayment rates



Source: Originators' historical data and Scope Ratings

6. Key structural features

6.1. Capital structure

The capital structure features the rated class A instruments, the strictly subordinated class B notes and the subordinated loan.

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

Proceeds from the class A instruments and class B notes were used to purchase the receivables at discounted value. The subordinated loan was used to fund i) the liquidity reserve of EUR 12.4m and ii) the purchase reserve of EUR 7.4m. The four originators granted the subordinated loan and collectively retained the class B notes.

The notes pay interest monthly, referenced to three-month Euribor plus a margin. The notes will start to amortise when the revolving period ends, which initially is expected to be three years after the closing date or earlier if triggered by an asset performance deterioration. The amortisation is strictly sequential: the class B notes will receive no principal until the class A instruments are fully amortised. During the amortisation period, the class B notes will also not receive any interest, as long as the class A instruments are outstanding. All funds that are not needed to pay senior costs, class A instruments' interest or to refund the liquidity reserve will be used to repay class A instruments' principal until fully repaid.

6.2. Priority of payments

Combined priority of payments is the main protection against payment interruption

The structure features a combined priority of payments, which materially protects against payment interruption. Principal collections from assets can be used to pay timely senior costs and interest on the class A instruments. The priority of payments traps excess spread to cover principal losses due to defaults.

Figure 16. Simplified available funds and pre-and post-enforcement priority of payments

	Priority of payments
Available funds	• Amounts in cash reserve • Amounts in replenishment fund • Any collections received by the servicers during the monthly period • Any tax paid to the issuer by the sellers/servicers in accordance with the lease receivables purchase agreement and/or the servicing agreement (during the monthly period) • Any interest earned on the issuer account (during the monthly period)
Replenishment period	**Monthly notes' payment dates:** 1) Taxes, senior fees and expenses 2) Swap net cash flow payable to the swap counterparty 3) Class A instruments interest 4) Cash reserve up to required amount 5) Replenishment fund up to the target amount 6) Class B interest 7) Any amount due to the swap counterparty upon termination of the swap agreement due to downgrade/default of the swap counterparty 8) Subordinated items
Amortisation period	**Monthly notes' payment dates:** 1) Taxes, senior fees and expenses 2) Swap net cash flow payable to the swap counterparty 3) Class A instruments interest 4) Cash reserve up to the required amount 5) Class A instruments principal 6) Class B interest (only after class A instruments fully redeemed) 7) Class B principal (only after the class A instruments fully redeemed) 8) Any amount due to the swap counterparty upon the termination of the swap agreement due to downgrade/default of the swap counterparty 9) Subordinated items
Post-enforcement	The post-enforcement priority of payments is triggered by the issuer's default on its obligations with respect to the highest-ranking class of notes outstanding. **Monthly application of all funds available:** 1) Taxes, senior fees and expenses 2) Swap net cash flow payable to the swap counterparty 3) Class A instruments interest 4) Class A instruments principal 5) Class B interest (only after class A instruments fully redeemed) 6) Class B principal (only after class A instruments fully redeemed) 7) Any amount due to the swap counterparty upon the termination of the swap agreement due to downgrade/default of the swap counterparty 8) Subordinated items

Source: Transaction documentation

6.3. Liquidity reserve

Fully funded reserve provides 2.6% credit enhancement to the rated class A instruments

The issuer liquidity reserve was fully funded at closing date by part of the subordinated loan. It provides liquidity for the timely payment of senior expenses and interest on class A instruments over the life of the transaction. Upon a servicer disruption event, it ensures timely payment for about five monthly payment periods.

The cash reserve provides credit enhancement to the notes at maturity, as it can pay principal shortfalls when the transaction is liquidated or reaches its maturity.

In addition, excess spread can restore the cash reserve. The cash reserve has limited capacity to trap excess spread due to its amortising nature. The cash reserve must be 2.6% of the outstanding balance of class A instruments and amortises to an absolute floor of EUR 400,000, which is applicable as long as the underlying portfolio is outstanding.

6.4. Replenishment reserve

Replenishment reserve provides additional credit support to rated class A instruments

The structure uses the collected principal and the issuer purchase reserve to acquire new assets and covers any shortfall in the purchase reserve with available excess spread.

The maximum replenishment amount on each monthly replenishment date is the sum of: i) the difference between the outstanding balance of the notes and the outstanding balance of the non-defaulted portfolio; and ii) the closing level of 1.4% of initial discounted pool balance (EUR 7.4m). This definition means that regular principal repayments and asset defaults reduce the relevant balance, which will lead to new assets being acquired by using portfolio principal collections, the reserve, early recovery proceeds and available excess spread.

The remainder of the purchase reserve at the end of the revolving period will be used to repay the class A instruments.

6.5. Excess spread

Our modelling incorporates margin and interest rate stresses

The class A instruments benefit from excess spread available in the transaction. Replenishment covenants require to maintain a minimum excess spread of 0.30% during the revolving period, accounting for senior costs, net-interest rate swap payments and class A instruments' interest.

Our modelling of the transaction considers the minimum excess spread; thus, incorporating a gradual reduction in closing excess spread from replenishment with lower-yielding leases.

6.6. Default and delinquent definitions

We expect a fast pool amortisation once the revolving period ends

The structure establishes prudent definitions of default and delinquency, which allow to make efficient use of available excess spread. The definitions match the originator's practices and allow the timely management of asset credit events during servicing and monitoring.

The transaction defines defaults as contracts that are terminated, because the delinquent period exceeds 90 days or earlier in case the servicer believes the lessee is unlikely to pay its debt.

Delinquent assets are non-defaulted assets for which an amount of at least one instalment is overdue for more than 30 calendar days.

6.7. Replenishment period, amortisation and provisioning

Strictly sequential amortisation protects class A instruments' holders

The transaction features an initial replenishment period that could last up to three years. During the replenishment period, no principal is distributed to the noteholders. Instead, available funds and excess spread are used to acquire new assets, up to the target replenishment amount. Any remaining funds will be used to pay class B notes' interest and further subordinated items.

Following the end of the replenishment period the transaction employs a strictly sequential amortisation between the class A instruments and class B notes which protects class A instruments' holders through accelerated notes repayment from portfolio collections including excess spread; even class B interest is subordinated.

6.8. Early-amortisation triggers

Replenishment covenants protect the collateralisation of rated class A instruments

The transaction is protected against risks inherent to revolving transactions: portfolio-quality migration and portfolio-performance deterioration. We consider the single-asset and portfolio covenants, to be effective at protecting the transaction from substantial negative portfolio migration arising from replenishments and portfolio underperformance. Non-compliance with these covenants, would prevent the acquisition of additional assets and may lead to an early amortisation of the transaction.

The amortisation phase starts early if originators breach any representations and warranties relating to the assets' eligibility or the portfolio's concentration limits, or if the servicers cannot

originate enough eligible assets to maintain collateralisation, i.e. the maximum allowed collateralisation in cash is 15%.

Underperformance of the assets also triggers the amortisation phase. The structure defines several triggers for this (see Figure 17 for a summary).

We have considered the structure's trigger mechanisms and reduced the effective notional of performing assets to account for possible weak assets in the portfolio after the replenishment period. We deducted 1.5% from the effective balance at the end of the revolving period, derived from the 2.5% delinquency trigger considering the AAA rating-conditional recovery rate. We believe the other triggers will not result in the same level of stress, because at the time of their activation, some of the stress will be offset with excess spread.

The structure would also enter the amortisation phase early 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 17. Early-amortisation triggers relating to assets or originators

Trigger	Amortisation starts:
Cumulative net loss	- when the cumulative net loss ratio exceeds on any cut-off date: i. 1.2% before the sixth payment date ii. 1.6% between the sixth (inclusive) and 12th payment dates iii. 2.0% between the 12th (inclusive) and 18th payment dates iv. 2.4% between the 18th (inclusive) and 24th payment dates v. 2.7% on or after the 24th payment date Cumulative net loss ratio is defined as i) the sum of all defaulted assets minus the sum of all recoveries over ii) the sum of all purchased assets.
Gross loss	- when on the cut-off date, i) the gross loss ratio exceeds 1.5%; or ii) the three-month rolling average of the gross loss ratio exceeds 1.2%. The gross loss ratio is defined as the ratio of defaulted assets and the outstanding portfolio.
Delinquencies	- if i) '30+ days past due' delinquencies exceed 2.5% of the currently outstanding portfolio; or ii) the three-month rolling average of '30 days past due' delinquencies exceeds 2.1%.
Replenishment fund	- if the amount deposited in the replenishment fund exceeds 15% of the outstanding portfolio. - 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	- if excess spread is less than 0.3% on any cut-off date.

Source: Transaction documentation

6.9. Hedging of interest rate risk

Fixed-floating risk well mitigated by the presence of an interest rate swap

Interest rate risk is limited due to the natural hedge created by the floating rates on the liabilities and the majority of the assets, referenced to three-month Euribor. The risk arising from fixed interest rates paid on part of the portfolio is also hedged.

Replenishment criteria permit fixed-rate contracts to account for up to 50% of the portfolio balance, which, however, is addressed through a fixed-floating interest rate swap with CACIB that scales the notional accordingly.

Throughout the life of the swap, the issuer will receive the higher of: i) three-month Euribor plus 0.75%; and ii) zero and will pay a fixed rate in return; both based on a swap notional defined as the lower between the outstanding balance of fixed-rate assets and the maximum share of fixed rate

assets permitted during the revolving phase. The hedging net-proceeds are accounted for in the determination of the minimum excess spread during the revolving period.

6.10. Issuer accounts

The issuer holds all its accounts with Bank of New York Mellon, Frankfurt Branch. The issuer accounts include: i) the operating account, ii) the cash reserve account, ii) the replenishment fund account, iv) the back-up servicing account and v) the counterparty downgrade collateral account. The accounts yield interest at the euro short-term rate minus 0.115% p.a., floored at 0%.

6.11. Clean-up call

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

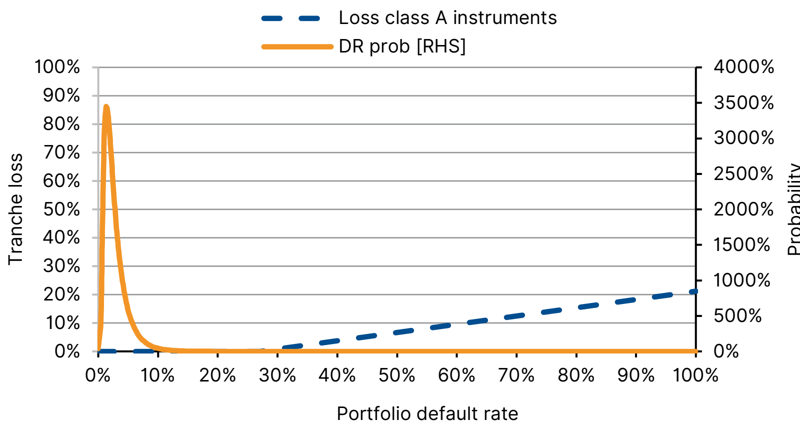
Our analysis disregards the option that allows the originators and sellers to terminate the transaction before final legal maturity date if the assets' balance is less than 10% of the original portfolio balance after closing date.

7. Cash flow analysis and rating stability

We have considered a front-loaded default-timing term structure

We have assigned a AAA_{SF} rating to the class A instruments considering our cash flow analysis. This result incorporates our view on the current macroeconomic conditions and displays the strong support provided to the class A instruments by the transaction's credit enhancement mechanisms.

Figure 18. Tranche losses for all portfolio default rates



Note: The probabilities displayed on the right-hand axis should be considered in the context of probability density calculations.
Source: Scope Ratings

Credit enhancement, excess spread and recoveries protect the class A instruments

Figure 18 shows the losses of the class A instruments at all portfolio default rates. The chart shows how credit enhancement, recovery in case of default and excess spread protect the class A instruments.

We have analysed the transaction with a cash flow tool combined with the portfolio default distribution (inverse Gaussian) to calculate the probability-weighted loss and expected weighted average life of the rated tranche.

We have 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 represent the assumed default timings for the 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.

7.1. Rating sensitivity

We have tested for deviations in the main input parameters: i) the mean default rate; and ii) the base case recovery rate. 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. For the class A instruments, the following shows how the results change compared to the assigned credit rating in the event of:

- an increase of the mean default rate by 50%: minus two notches; and
- a decrease of the recovery rate by 50%: minus one notch.

7.2. Break-even analysis

The resilience of the class A instruments' rating is even better illustrated in the break-even default rate analysis. Class A instruments would not experience any loss at portfolio default rates below 12.0%, under a zero recovery-rate assumption and 15% constant prepayment rate. This break-even default rate is 4.3 times higher than our assumed mean default rate for the portfolio. The class A instruments would not suffer any losses at portfolio default rates below 17.8% under the 40% AAA recovery-rate assumption.

Figure 19. Break-even default rate as a function of prepayments and recovery rates

Prepayments	0% constant prepayment rate		15% constant prepayment rate	
Portfolio recovery rate	40.0% (AAA level assumption)	0.0%	40.0% (AAA level assumption)	0.0%
Break-even default rates	**17.8%**	**12.0%**	**18.7%**	**12.0%**

Note: All results incorporate the stress that we apply for weak obligors at the end of the revolving period. As a result, we assume that 1.5% of the performing balance will be lost due to weak obligors at the start of the amortisation phase.
Source: Scope Ratings

8. Sovereign risk

Sovereign risk does not limit the transaction's ratings

Sovereign risk does not limit the class A instruments' rating. The risks of an institutional framework meltdown or legal insecurity are immaterial for the ratings.

For more insight into our fundamental analysis of the Republic of Austria economy, see our press release dated 26 April 2024 ('Scope downgrades Austria to AA+ and revises the Outlook to Stable').

9. Counterparty risk

Back-up servicer appointed at closing date

The transaction's counterparty risk supports the rated instruments' ratings. We do not consider any counterparty exposure to be excessive. The limited exposures, the generally high credit quality of the counterparties, and the downgrade and replacement mechanism support the rated instrument. The counterparty roles performed by the servicers, the issuer account bank (BNYM) and the interest rate swap provider (CACIB) are considered material before considering the available mitigants. The transaction's downgrade and replacement language and related remedy period over the issuer account bank and the interest rate swap provider are effective at mitigating counterparty risk for this transaction, with the remaining risk being considered immaterial. The servicers are not rated entities, but members of Raiffeisen Leasing Group. The contracted back-up servicer (RBI AG) together with the Issuer cash reserve, further mitigate servicer disruption risk.

9.1. Commingling risk

We consider commingling risk to be immaterial

We consider cash-commingling risk in the context of this transaction as immaterial. The transaction benefits from the following cash-commingling risk mitigants, by order of its relevance: i) the implied credit quality of the non-rated servicers, driven from its ultimate parents (RBI AG and Raiffeisen Landesbanks); ii) monthly sweeps from the servicers collection bank accounts into the issuer account bank; iii) the appointment at closing date of RBI AG as back-up servicer; iv) the majority of the debtors pay by direct debit (95.4%); and v) the swift and clear lessee notification process upon servicer termination event.

The transaction is exposed to cash-commingling risk until there is a servicer termination event. Before a servicer termination event, collections from lessees are paid into the servicers collection bank accounts held with Raiffeisen Leasing Group entities. Then all monies sitting on the servicers collection bank accounts are swept, on a monthly basis, on the second business day, after the first calendar day to the issuer account bank held with BNYM.

Once there is a servicer termination event, debtors will be notified to pay directly into the issuer account bank, effectively eliminating cash commingling risk.

9.2. Set-off risk

We consider set-off risk to be immaterial

Set off risk in the context of this transaction is considered immaterial.

In case set-off risk crystalised and as long as the originators are solvent, they would have the obligation to buy-back the receivables from the issuer at their outstanding nominal face value. The originators are not deposit taking institutions, eliminating deposit set-off risk. No value added tax (VAT) or servicing components are securitised or financed by the issuer, reducing lessees set-off rights related to others originator services provided to the lessees. Vehicle insurance contracts are outside of the lease agreements, mitigating insurance set-off risk.

10. Legal structure

10.1. Legal framework

The transaction represents a true sale of Austrian lease receivables to a Luxembourg special purchase vehicle (SPV), which by law is a bankruptcy-remote vehicle.

This securitisation is governed by four different legal regimes. Receivables are originated and transferred to the issuer under Austrian law. The issuer is incorporated in Luxembourg. The conditions of the notes and of the subordinated loan, the bank account agreement, the trust agreement, the calculation agent agreement and the agency agreement are under German law. Documents related to the interest rate swap and the security deed are governed by English law.

The issuer's sole shareholder (ROOF Stichting AT) is a Dutch stichting foundation, a common setup for securitisation transactions which use a SPV in Luxembourg, among others due to its orphan nature and possibility to separate economic interest and control of an asset through the usage of compartments.

The effect of taxes in the transaction is considered immaterial and captured within our modelling assumption for senior costs.

10.2. Use of legal and tax opinions

The issuer is considered to be a bankruptcy-remote special purpose vehicle

We reviewed the Austrian, Luxembourg, German and the English legal and tax opinions produced by reputable law firms with significant experience in international securitisation. These provide comfort on the issuer's legal and tax structure and support our general legal analytical assumptions.

The issuer is based in Luxembourg, established as a securitisation company and subject to the Luxembourg securitisation laws. The issuer has the authority to enter into transaction documents, exercise and perform its obligations, and to issue notes. The issuer's obligations under a Luxembourg court would be recognised as legal, valid and binding in accordance with the transaction documents. Transaction documents governed by Austrian, German and English law, would be recognised by the courts in Luxembourg, where the issuer is located.

Only immaterial taxes remain a cost to the transaction, i.e. i) minimum net wealth tax and ii) VAT in the context of the issuer contracted legal and tax advisory services.

11. Monitoring

We will monitor this transaction based on performance reports from the servicers, 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

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

We analysed this transaction using our General Structured Finance Rating Methodology dated March 2024, Consumer and Auto ABS Rating Methodology dated March 2024 and Counterparty Risk Methodology dated July 2023. All are available on our website, www.scoperatings.com.

Raiffeisen provided us with default and recovery data, being the default data segmented by monthly vintage of origination, referring to a '90 days past due' default definition. The default rate data covers a period from January 2013 to July 2023 and is generally very granular, except for the 'Others' segment. The recovery data also covers a period from January 2013 to July 2023, referring to all recoveries occurred during that period. Due to limited defaults observed, the recovery data is less granular, in particular for the 'Others' segment. We received originators' historical monthly prepayment rates data from January 2013 to June 2023 and delinquency data from January 2013 to July 2023.

We also received a detailed line-by-line portfolio data tape and related stratification tables with cut-off date 30 April 2024.

I. Summary of portfolio characteristics

The table shows the summary of portfolio characteristics considered in our analysis. The portfolio cut-off date is 30 April 2024.

Key features	Portfolio
Originators*	Raiffeisen-Leasing Österreich GmbH (66.4%); UNIQA Leasing GmbH (22.6%); Raiffeisen Leasing Fuhrparkmanagement Gesellschaft mbH (10.3%); JDRL Landmaschinen Vermietungs GmbH (0.7%)
Closing date	27 May 2024
Portfolio balance (EUR m)	529.5
Number of assets	21,511
Average asset size (EUR)	24,615
Maximum asset size (EUR)	696,058
Segment: Private – New*	**20.0%**
Segment: Private – Used*	**10.5%**
Segment: SME – New*	**49.0%**
Segment: SME – Used*	**14.9%**
Segment: Others*	**5.6%**
Largest obligor*	0.6%
Top 10 obligors*	3.7%
Largest region*	20.3%
Top 3 regions*	55.4%
Largest sector (excluding private)*	11.1%
Top 3 sectors (excluding private)*	28.5%
Weighted average life (0% default rate and 0% CPR) (years)**	**2.5**
Current weighted average asset yield**	**6.0%**

*As a percentage of the outstanding discounted nominal balance, as of cut-off date 30 April 2024.
**Weighted by the outstanding discounted nominal balance.
Source: Transaction data tape and Scope Ratings data aggregation

II. Vintage data from the originators

Figure 20 and Figure 21 show the granularity of the originators' vintage data. The data refers to gross loss data, which includes defaults at 90 days past due or earlier in case the servicer believes the lessee is unlikely to pay its debt, which matches the default definition in the transaction.

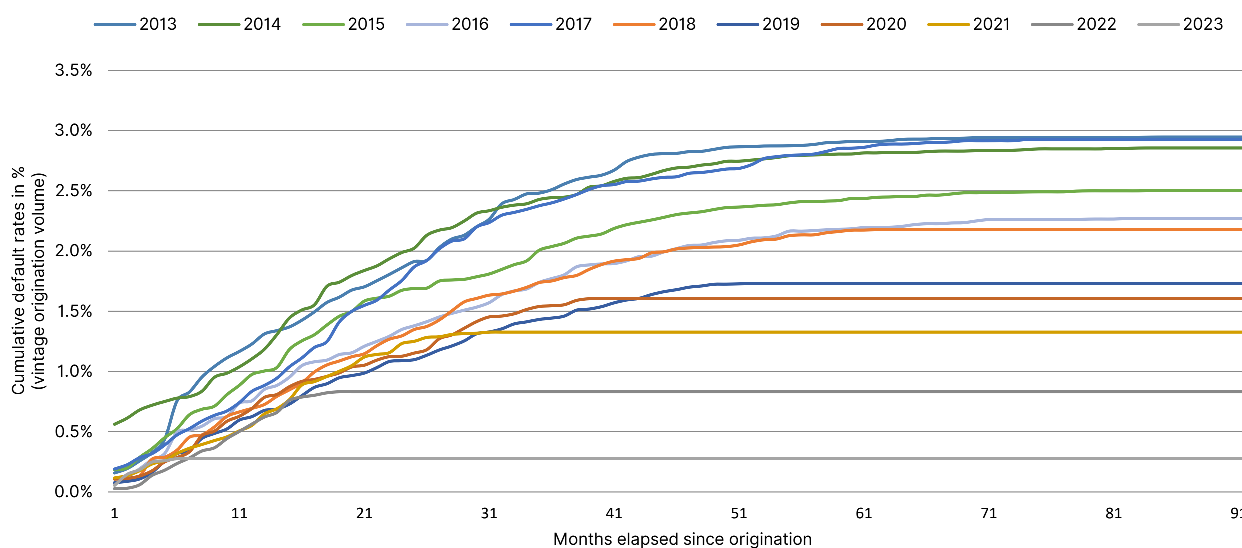
	Private – New	Private – Used	SME – New	SME – Used	Others
Total origination (EUR m)	546.0	429.1	1,789.5	544.3	362.6
Series	127	127	127	127	127
Series period (months)	1	1	1	1	1
Period covered	Jan. 2013 to Jul. 2023				

	Private – New & Used	SME – New & Used	Others
Total defaults (EUR m)	14.4	54.2	2.2
Series	127	127	124
Series period (months)	1	1	1
Period covered	Jan. 2013 to Jul. 2023		Jan. 2013 to Apr. 2023

Source: Originators' vintage data and Scope Ratings data aggregation

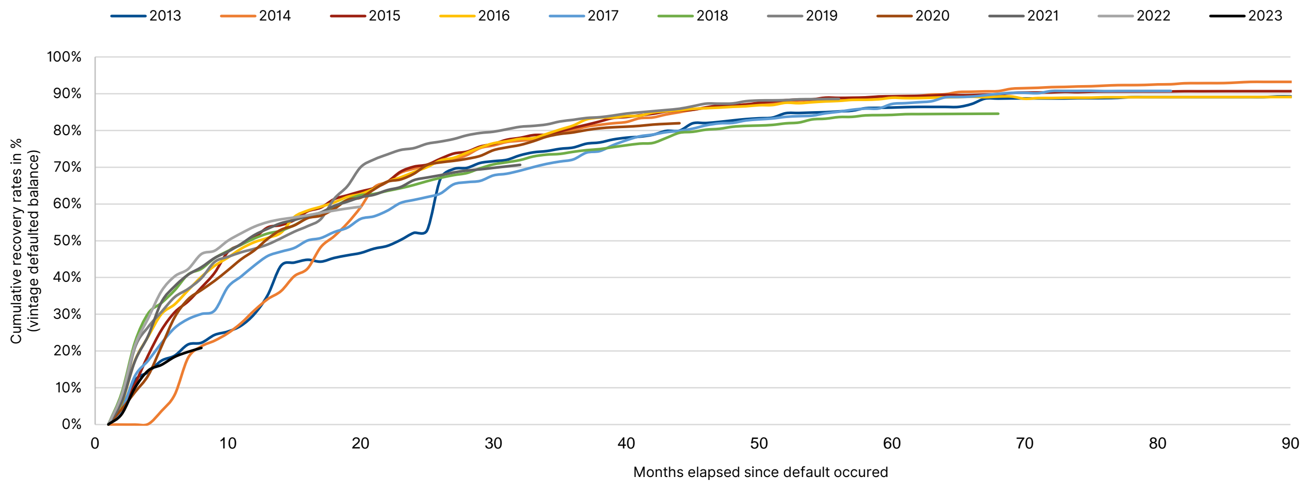
The following figures shows the vintage data used in our analysis.

Figure 20. Vehicle leasing book – 90 days past due delinquency vintage data presented by Raiffeisen Leasing Group for Austria



Source: Originators' vintage data

Figure 21. Vehicle leasing book – 90 days past due recovery vintage data presented by Raiffeisen Leasing Group for Austria



Source: Originators' vintage data

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