
Fitch Upgrades Bee First Finance S.A. - Compartment Edelweiss 2013 – 1

Fitch Ratings, London, 26 October 2015: Fitch Ratings has upgraded Bee First Finance S.A. - Compartment Edelweiss 2013 – 1, as follows:

EUR 140.4m Class A affirmed at 'AAAsf'; Outlook Stable
EUR 18.4m Class B upgraded to 'AAsf'; Outlook Positive, from 'Asf'
EUR 9.3m Class C upgraded to 'Asf'; Outlook Positive, from 'BBBsf'
EUR 6.7m Class D upgraded to 'BBB-sf'; Outlook Stable, from 'BB+'

KEY RATING DRIVERS

The upgrade reflects the transaction's better than expected performance to date. As of October 2015, the transaction has paid down approximately 39% of the class A notes' initial balance. Credit enhancement (CE) has increased significantly for the class A, B and C notes, and marginally for the class D notes.

Delinquencies and cumulative defaults have performed better than Fitch's expectations. Excess spread is available to cover losses and so far was sufficient to cover all losses without any requirement to draw upon the reserve fund. The static cash reserve, funded at closing by the originator through a subordinated loan, equal to 1.25% of the portfolio balance (EUR3.3m), will provide CE by covering for any unpaid PDL. The reserve has been fully funded since closing.

Based on actual defaults and collateral amortisation to date, Fitch has revised the transaction's remaining lifetime default base case to 2.96% from 2.80% at closing. Due to the good performance of the transaction, the lifetime default rate has fallen to 2.63% from 2.80% at closing.

The class A, B, C and D notes are redeemed sequentially. This mechanism ensures that potential losses will be first allocated to the junior notes, providing CE to the more senior ones. CE for the senior notes has risen substantially since the notes started amortising.

As of the last report date, the pool collateral consisted of 15,509 auto lease receivables granted to private (44.1%) and commercial (55.9%) borrowers. The average outstanding balloon amount is EUR6,394 as of October 2015.

Fitch expects the repayment abilities of Austrian consumers to remain stable, based on flat unemployment rates (5.3% expected throughout 2015 and 2016), an improvement in GDP growth (0.8% forecasted for 2015, up from 0.4% in 2014) and stable interest rates.

RATING SENSITIVITIES

The rating of the class D notes cannot exceed Erste Group Bank's Issuer Default Rating (IDR; BBB+). This is due to the exposure of up to 5% of the portfolio to Erste Bank employees. In addition, Fitch has used the contractual servicing/back-up servicing fee of 20bp in its modelling for the lower rating categories (instead of its normal servicing fee assumption of 70bp) as in such scenarios the agency assumes that Erste Bank will perform its obligations. For

those reasons, significant changes to Erste Bank's IDR may lead to changes to the rating of the class D notes.

The ratings would not be sensitive to an unexpected increase in the unemployment rate causing significantly higher default rates, due to above average lessee credit risk.

Expected impact upon the note rating of increased defaults and reduced recoveries:

Class A:

Current Rating 'AAAsf'

Increase base case defaults by 25%: 'AAAsf'; reduce base case recoveries by 25%: 'AAAsf';

Increase base case loss by 25%: 'AAAsf'

Class B:

Current Rating: 'AAsf'

Increase base case defaults by 25%: 'AAsf'; reduce base case recoveries by 25%: 'AAsf';

Increase base case loss by 25%: 'AAsf'

Class C:

Current Rating 'Asf'

Increase base case defaults by 25%: 'Asf'; reduce base case recoveries by 25%: 'Asf'; Increase base case loss by 25%: 'Asf'

Class D:

Current Rating: 'BBB-sf'

Increase base case defaults by 25%: 'BBB-sf'; reduce base case recoveries by 25%: 'BBB-sf';

Increase base case loss by 25%: 'BBsf'

DUE DILIGENCE USAGE

No third party due diligence was provided or reviewed in relation to this rating action.

DATA ADEQUACY

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pool and the transaction. There were no findings that were material to this analysis. Fitch has not reviewed the results of any third party assessment of the asset portfolio information or conducted a review of origination files as part of its ongoing monitoring.

SOURCES OF INFORMATION

The information below was used in the analysis.

- Investor reports and information provided by Erste Group Bank AG as at 9 October 2015

REPRESENTATIONS AND WARRANTIES

A comparison of the transaction's Representations, Warranties & Enforcement Mechanisms to those typical for the asset class is available by accessing the appendix that accompanies the

initial new issue report (see [Bee First Finance S.A. – Compartment Edelweiss 2013-1-Appendix](#), dated 18 December 2013 at www.fitchratings.com). In addition refer to the special report "Representations, Warranties, and Enforcement Mechanisms in Global Structured Finance Transactions" dated 12 June 2015 available on the Fitch website.

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