

Rated entity:

Senior Notes with ISIN: NL0013526866 issued by CE Credit Management Invest Fund 1 B.V.

Rating:

BB^{+sf}

Rating outlook / watch:

watch negative

Rating summary:

Creditreform Rating (CRA) has changed the rating of the senior notes with ISIN NL0013526866 issued by Credit Management Invest Fund 1 B.V. (CECMIF1) from BB^{+sf}/stable to BB^{+sf} with qualifier "watch negative". The transaction securitizes a portfolio of overdue receivables from Dutch debtors. Direct Pay Services B.V. manages the portfolio on behalf of the issuer.

The notes will mature in June 2024. At this time, a first loss piece of 5%, the buyback guarantee of Direct Pay Services B.V. and the guarantee of Direct Pay Beheer B.V. had a positive influence on the rating. On July 13, 2020, the issuer CE Credit Management IV (CECM IV) announced that an extraordinary bondholders meeting on July 21, 2020 will decide - among other amendments - on an extension of the senior bond's maturity for two years.

Consequently, we will review the current financial position of the issuer, the servicer and the guarantor Direct Pay Beheer B.V. and review the impact of the proposed amendments.

CRA deems that a further investigation might lead to a negative result and added the qualifier "watch negative".

Primary key rating driver:

- + First Loss Piece of 5% of the total issued amount
- + Deferrable coupon (for one period, max. three times)
- + Granularity of the portfolios – high diversification of receivables
- Asset class sensitive to macroeconomic and political development in the Netherlands
- No early redemption mechanism
- Low level of cash account for final repayment at maturity of the senior notes
- High counterparty risk, since final repayment of the bond depends on the buyback guarantee of Direct Pay Services B.V. and the guarantee of Direct Pay Beheer B.V.

Rating sensitivities:

Best-case scenario: In this scenario, we assumed a full ramp-up and stressed (ceteris paribus) the average money multiple of the portfolio assets by an amount of + 10%, resulting in a rating of BBB^{-sf}.

Worst-case scenario: In this scenario, we assume a default of the guarantor and stressed (ceteris paribus) the average money multiple of the portfolio assets by an amount of - 10%, resulting in a rating of CC^{sf}.

ESG-criteria:

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing the rating object. Overall, ESG factors have a less significant impact on the current rating of the senior bond. Nevertheless, CRA identifies macroeconomic factors (particularly with regard to potential changes in consumer behaviour) to have a high significant impact. Increased macroeconomic uncertainty due to the coronavirus crisis may have adverse effect on Direct Pay Services' strategy and future portfolio performance. Governance is relevant to the rating with respect to the counterparty risk of the Servicer and its internal risk management. A provided buyback guarantee might not be utilisable due to a liquidity shortage of the guarantor. Other individual factors with a potential key rating influence were not identified, and therefore did not affect the final rating.

On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document ("The Impact of ESG Factors on Credit Ratings"), which is available on the homepage under the following link:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

Rating Date / disclosure to rated entity / maximum validity:

July 16, 2020 / July 16, 2020 / June 27, 2024

Between the disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

Initial rating date:

December 19, 2019

Lead-analyst – position / Person approving (PAC):

Philip Michaelis (Lead) – Senior Analyst

Stephan Giebler (PAC) – Senior Analyst

Name & address of legal entity:

Creditreform Rating AG, Hellersbergstraße 11, 41460 Neuss, Germany

Status of solicitation:

The rating is a solicited rating. The degree of participation was as follows:

With Rated Entity or Related Third Party Participation: Yes

With Access to Internal Documents: Yes

With Access to Management: Yes

Rating methodology / Version / Date of application / Link:

[Rating Criteria and Definitions, Version 1.3, January 2018](#)

[Technical Documentation Portfolio Loss Distributions, Version 1.4, July 2018](#)

[Rating Methodology Trade Receivables Securitizations, Version 1.5, July 2016](#)

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions".

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks. In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity. To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants
2. Transaction documents
3. Issuing documents
4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.