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Various Rating Actions Taken On Three GreatAmerica Leasing Receivables Funding LLC Transactions

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OVERVIEW

- We reviewed GreatAmerica Leasing Receivables Funding LLC's series 2017-1, 2018-1, and 2019-1 transactions, which are securitizations of small-ticket equipment leases and loans originated by GreatAmerica Financial Services Corp.
- We raised our ratings on four classes and affirmed our ratings on eight classes from the transactions.
- The rating actions reflect our views regarding each transaction's future collateral performance, structure, and credit enhancement, among other factors.

NEW YORK (S&P Global Ratings) Oct. 28, 2020--S&P Global Ratings today raised its ratings on four classes from GreatAmerica Leasing Receivables Funding LLC's series 2017-1, 2018-1, and 2019-1 transactions. At the same time, we affirmed our ratings on eight classes from the transactions (see list).

Today's rating actions reflect each transaction's collateral performance to date, expected future collateral performance, structure, and credit enhancement. Additionally, we incorporated secondary credit factors, including credit stability, payment priorities under various scenarios, and sector- and issuer-specific analyses. Considering these factors, we believe the creditworthiness of the notes remains consistent with the raised and affirmed

ratings.

Each transaction continues to perform better than our initial lifetime cumulative net loss (CNL) ranges, partly because our initial ranges accounted for stressed recovery rates (of about 10%) along with other factors. As a result, we had lowered our CNL range for series 2017-1 to 1.20%-1.30% in December 2019. We are now lowering our CNL range to no more than 1.10% for series 2017-1, to 1.20%-1.30% for series 2018-1, and to 1.45%-1.65% for series 2019-1 (see tables 1 and 2).

Our stressed loss level for each pool considers obligor concentrations. Each individual obligor concentration is below 1.50% of the pool balance--the threshold level we generally focus on to begin incorporating obligor default risk into our stressed loss analysis. Therefore, we have not included top obligor defaults in our stressed loss analysis as an additive factor to the flow level of losses. We also considered the supplemental largest-obligor default test. However, given the low obligor concentrations, the total hard credit enhancement in each pool can cover many top obligor concentrations.

Table 1
Collateral Performance (%)(i)

Series	Mo.	Pool factor	Current CNL	60+ day delinq.
2017-1	44	11.41	1.00	0.64
2018-1	32	28.08	0.92	0.46
2019-1	20	53.08	0.61	0.31

(i)As of the October 2020 distribution date Mo.--Month. CNL--Cumulative net loss. Delinq.--Delinquencies.

Table 2
CNL Expectations (%)

Series	Original lifetime CNL range	Prior revised lifetime CNL range(i)	Revised lifetime CNL range (ii)
2017-1	2.60-2.70	1.20-1.30	Up to 1.10
2018-1	2.60-2.70	N/A	1.20-1.30
2019-1	2.60-2.70	N/A	1.45-1.65

(i)As of November 2019. (ii)As of Oct. 2020. CNL exp.--Cumulative net loss expectations. N/A--Not applicable.

Each transaction contains a sequential principal payment structure in which the notes are paid principal by seniority. Each transaction also has credit enhancement in the form of a reserve account, overcollateralization, subordination for the higher-rated tranches, and residual receipts that are

available to cover losses. Since the transactions closed, the credit support for each series has increased as a percentage of the amortizing pool balance (see table 3).

The reserve accounts are nonamortizing at 1.00% of the initial pool balance for series 2017-1 and 0.75% of the initial pool balance for series 2018-1 and 2019-1. Each series' overcollateralization will continue to amortize until it reaches its floor of 1.00% of the initial pool balance, and we expect the credit enhancement will continue to grow as a percentage of the outstanding amortizing collateral balance.

Table 3
Hard Credit Support (%)(i)

Series	Class	Total hard credit support at issuance(ii)	Current total hard credit support (% of current)(ii)
2017-1	A-4	12.25	74.49
2017-1	B	8.50	41.63
2017-1	C	5.75	17.53
2018-1	A-3	12.00	29.93
2018-1	A-4	12.00	29.93
2018-1	B	8.25	16.57
2018-1	C	5.75	7.67
2019-1	A-2	12.00	18.19
2019-1	A-3	12.00	18.19
2019-1	A-4	12.00	18.19
2019-1	B	8.25	11.12
2019-1	C	5.75	6.41

(i)As of the October 2020 distribution date. (ii)Calculated as a percentage of the total gross receivable pool balance, which consists of a reserve account, overcollateralization, and, if applicable, subordination. Does not include residuals.

The rating actions on the series 2017-1 and 2018-1 transactions reflect our view that each transaction's total hard credit support (excluding residuals) as a percentage of the amortizing pool balance, compared with our CNL range, is commensurate with the affirmed or raised ratings. For the series 2019-1 transaction, we incorporate the booked residuals that are not included in the pool balance calculation. Our analysis assumes that 70% of booked residuals are available to cover losses that occur in the same monthly period. We also conducted sensitivity analyses for all three series to determine the impact that a moderate ('BBB') stress scenario would have on the ratings. The results show consistency with our credit stability criteria for each raised and affirmed rating.

We will continue to monitor the performance of the outstanding transactions to

evaluate if the credit enhancement remains sufficient, in our view, to cover our CNL range under our stress scenarios for each of the rated classes.

S&P Global Ratings acknowledges a high degree of uncertainty about the evolution of the coronavirus pandemic. The current consensus among health experts is that COVID-19 will remain a threat until a vaccine or effective treatment becomes widely available, which could be around mid-2021. We are using this assumption in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

RELATED CRITERIA

- Criteria | Structured Finance | ABS: Global Equipment ABS Methodology And Assumptions, May 31, 2019
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria | Structured Finance | General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Economic Research: A Double-Digit Rebound Has Begun, But It's No Time To Celebrate, Oct. 6, 2020
- Global Credit Conditions: The K-Shaped Recovery, Oct. 6, 2020
- Economic Research: The U.S. Economy Reboots, With Obstacles Ahead, Sept. 24, 2020
- Economic Research: U.S. Real-Time Economic Data Continues To Paint A Mixed Picture, Aug. 14, 2020
- Global Credit Conditions: The Shape Of Recovery: Uneven, Unequal, Uncharted, July 1, 2020
- Credit Conditions North America: Rolling Out The Recovery, June 30, 2020
- Economic Research: The U.S. Faces A Longer And Slower Climb From The Bottom, June 25, 2020
- Economic Research: U.S. Biweekly Economic Roundup: A Burst Of Activity

From Low Levels, June 19, 2020
- Economic Research: The Federal Reserve Performs A Rebalancing Act To Ease Conditions, June 18, 2020
- Four Ratings Raised And 12 Affirmed On Five CNH Equipment Trust Transactions, Sept. 20, 2019
- Presale: GreatAmerica Leasing Receivables Funding LLC (Series 2019-1), Jan 31, 2019
- Presale: GreatAmerica Leasing Receivables Funding LLC (Series 2018-1), Jan. 31, 2018
- Presale: GreatAmerica Leasing Receivables Funding LLC (Series 2017-1), Feb. 2, 2017

RATINGS RAISED
GreatAmerica Leasing Receivables Funding LLC

		Rating	
Series	Class	To	From
2018-1	B	AAA (sf)	AA+ (sf)
2018-1	C	AAA (sf)	AA (sf)
2019-1	B	AA+ (sf)	AA (sf)
2019-1	C	AA (sf)	A (sf)

RATINGS AFFIRMED
GreatAmerica Leasing Receivables Funding LLC

Series	Class	Rating
2017-1	A-4	AAA (sf)
2017-1	B	AAA (sf)
2017-1	C	AAA (sf)
2018-1	A-3	AAA (sf)
2018-1	A-4	AAA (sf)
2019-1	A-2	AAA (sf)
2019-1	A-3	AAA (sf)
2019-1	A-4	AAA (sf)

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