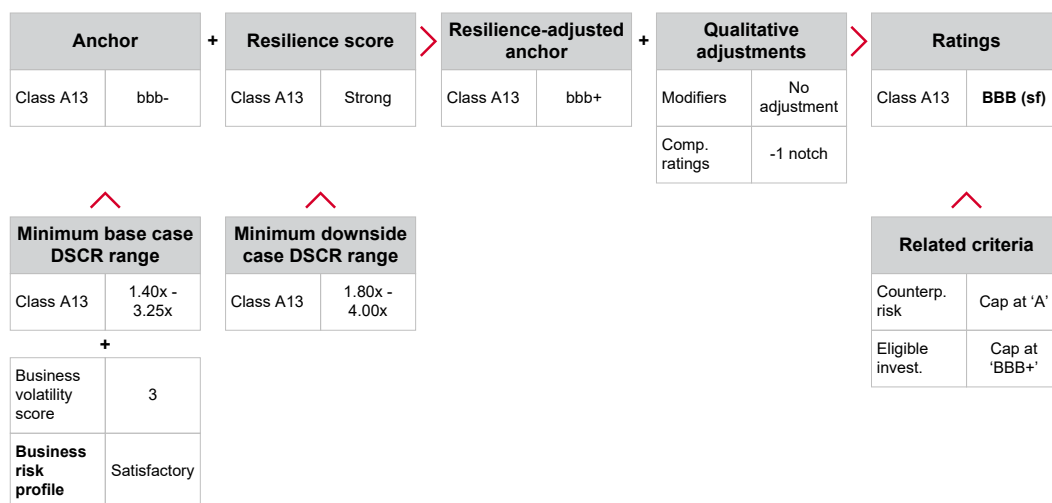


AA Bond Co. Ltd.

November 13, 2025



DSCR--Debt service coverage ratio. Comp.--Comparable. Counterp.--Counterparty. Invest.--Investments.

Rating assigned

Class	Rating§	Balance (mil. £)	Interest rate before EMD (%)	Interest rate after EMD (%)	Expected maturity date	Legal final maturity
A13	BBB (sf)	375.0	5.50	6.00	July 2032	July 2050

*The class A13 notes rank pari passu with the outstanding class A notes, the working capital, and the senior term facilities.
§Our rating on the class A13 notes addresses timely payment of interest and ultimate payment of principal on the legal final maturity date. EMD--Expected maturity date.

Executive Summary

S&P Global Ratings today assigned its 'BBB (sf)' credit rating to [AA Bond Co. Ltd.](#)'s class A13 notes. Our rating is primarily based on our ongoing assessment of the borrowing group's underlying business risk profile (BRP); the integrity of the transaction's legal and tax structure; and the robustness of its operating cash flows, supported by structural enhancements.

On the closing date, the issuer issued £375.0 million class A13 notes to fully redeem £325.0 million of the class A8 notes via a tender purchase. The remaining £50.0 million surplus proceeds from the class A13 notes' issuance will be held in a mandatory prepayment account with the

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AA Bond Co. Ltd.

existing borrower transaction bank account provider, until they can be used to partially repay the outstanding class A notes balances. While the surplus could be used to repay the class A notes on any interest payment date, this is not a contractual obligation. Therefore, in our analysis, we assume that the class A notes' balance will remain unchanged.

AA Bond Co.'s financing structure blends a corporate securitization of the operating business of the Automobile Association (the AA) group in the U.K. We believe the transaction would qualify for the appointment of an administrative receiver under the U.K. insolvency regime. Accordingly, an obligor default would allow the noteholders to gain substantial control over the charged assets before an administrator's appointment, without necessarily accelerating the secured debt, both at the issuer and borrower levels.

AA Bond Co.'s primary sources of funds for principal and interest payments on the class A notes are the loan interest and principal payments from the borrower and amounts available from the liquidity facility, which is shared with the borrower to service the senior term loan (when the latter is drawn). Principal and interest payments under the loan are supported by the operating cash flows generated by the borrowing group through its two main business lines: roadside assistance and insurance brokering.

We have not seen material changes to the business fundamentals for the borrowing group's holding company, AA Intermediate Co., so we continue to view the group's BRP as satisfactory.

Since we assigned our preliminary rating, the cost of funds (that is, the A13 notes coupon) achieved by the issuer is slightly lower than anticipated in our preliminary analysis. However, this does not affect our base-case anchor or resilience-adjusted anchor, and therefore does not affect the maximum potential rating on the class A13 notes. The class A13 notes are priced at the same level as the class A8 notes.

Overview of the new issuance

On the closing date, the issuer issued £375.0 million class A13 notes to redeem the class A8 notes. The class A13 notes have an expected maturity date (EMD) in July 2032 and a legal final maturity date in July 2050. These new notes rank pari passu with the existing senior class A notes. The class A13 notes have access to the same security package as the existing class A notes.

The senior and total debt for the issuer is unchanged by this issuance.

Table 1

Sources and uses of funds

Sources	Mil. £	Uses	Mil. £
Class A13 issuance	375.0	Redemption of the class A8 notes	325.0
Cash from whole business securitization	12.8	Transaction fees	2.7
		Make whole price on A8 notes	4.9
		Accrued interest on A8 notes	5.2
		Mandatory prepayment account	50.0
Total sources	387.8	Total uses	387.8

Tender purchase of class A8 notes

- £325.0 million of class A8 notes will be repaid via tender purchase.

AA Bond Co. Ltd.

- The surplus of £50.0 million from the class A13 notes' issuance will be deposited in the mandatory prepayment account at closing.
- The balance of the mandatory prepayment account will be used only to further partially repay the class A9 or A11 notes on or before their EMD in 2028.

Senior term facility (STF)

The only interest rate swaps the AA Bond Co. has in place are to hedge the drawings on the STF.

Under our ratings scenario, we assume that the STF is fully used and it will remain fully drawn until its legal final maturity date. Thereafter, our analysis assumes that the STF will take a pro rata share of a 100% excess cash sweep, along with all other class A debt that has passed its respective EMD.

Liquidity facility

The liquidity facility has a balance of £200 million, which represents about 9.6% of the current outstanding senior debt. Our threshold for liquidity support to be assessed as significant is 10%. Therefore, we do not apply any uplift to the resilience-adjusted anchor for liquidity support. The current liquidity facility providers are Barclays Bank PLC; BNP Paribas S.A., London branch; Goldman Sachs International Bank; and Standard Chartered.

Strengths, Concerns, And Mitigating Factors

Strengths

- The AA retains a leading market position in the U.K.'s roadside breakdown services industry, which has relatively high barriers to entry.
- The membership-based business model, steady renewal rates, and ability to pass on cost inflation foster cash flow visibility.
- The obligor group's ability to generate cash flows remains robust, and although adjusted EBITDA margins are below historical levels, due to high exceptional costs, they are still above 30%, indicating strong profitability.
- The transaction benefits from performance covenants that might lead to a dividend lockup, and would qualify for the appointment of an administrative receiver.
- The £200 million liquidity facility, which spans the issuer- and borrower-level and is available for senior payments and interest on the class A notes and the STF, would remain available to the issuer should the borrower go into insolvency or default on the STF.

Concerns and mitigating factors

- The AA derives its revenue solely in the U.K. and largely from the roadside segment. The AA is therefore relatively small and undiversified, compared with peers in other business services sectors. The insurance brokerage market is more competitive, fragmented, and volatile than the roadside assistance segment, and carries higher risks. That said, the group's exposure is limited; only 9% of revenue was contributed by the insurance brokerage market in 2025.
- In addition to the issuer-borrower loans, the borrower's obligations comprise a £165 million floating-rate STF (fully drawn at closing), a £55.73 million floating-rate working capital facility

AA Bond Co. Ltd.

(WCF; currently undrawn), and an interest rate hedge; all rank pari passu with the class A notes.

- The senior notes do not amortize and receive only interest until their EMDs. This feature dampens the effectiveness of the class A debt service coverage financial covenants, in our view, as the covenants effectively test only interest coverage. Offsetting this is a cash sweep that repays any class A debt outstanding beyond its EMD, while potentially defeasing cash for the repayment of class A debt yet to reach its maturity date.

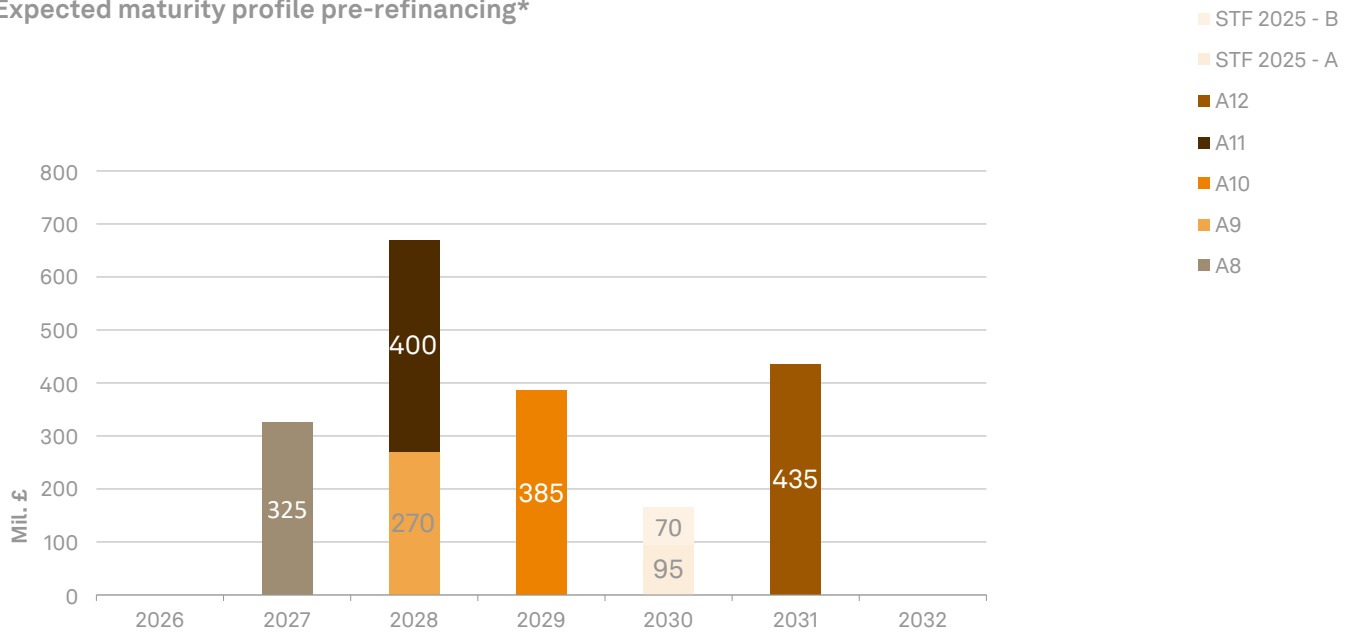
Transaction Summary

Key terms and conditions of the class A13 notes:

- The class A13 notes rank pari passu with the STF, the WCF, and the outstanding senior class A notes.
- Their terms and conditions are broadly in line with the existing class A notes. Notably, if the borrower fails to refinance the A13 loan on its EMD in July 2032, all of the AA restricted borrowing group's excess cash flow may be used to pay down the class A13 notes (pro rata with other senior instruments in their cash accumulation period, beyond their EMD or legal final maturity, or in defeasance).
- In line with the existing class A notes, the class A13 notes do not have a 12-month cash accumulation period before their EMD (unlike the redeemed class A2 notes) and have a modified optional redemption period of up to six months before their EMD.

Chart 1

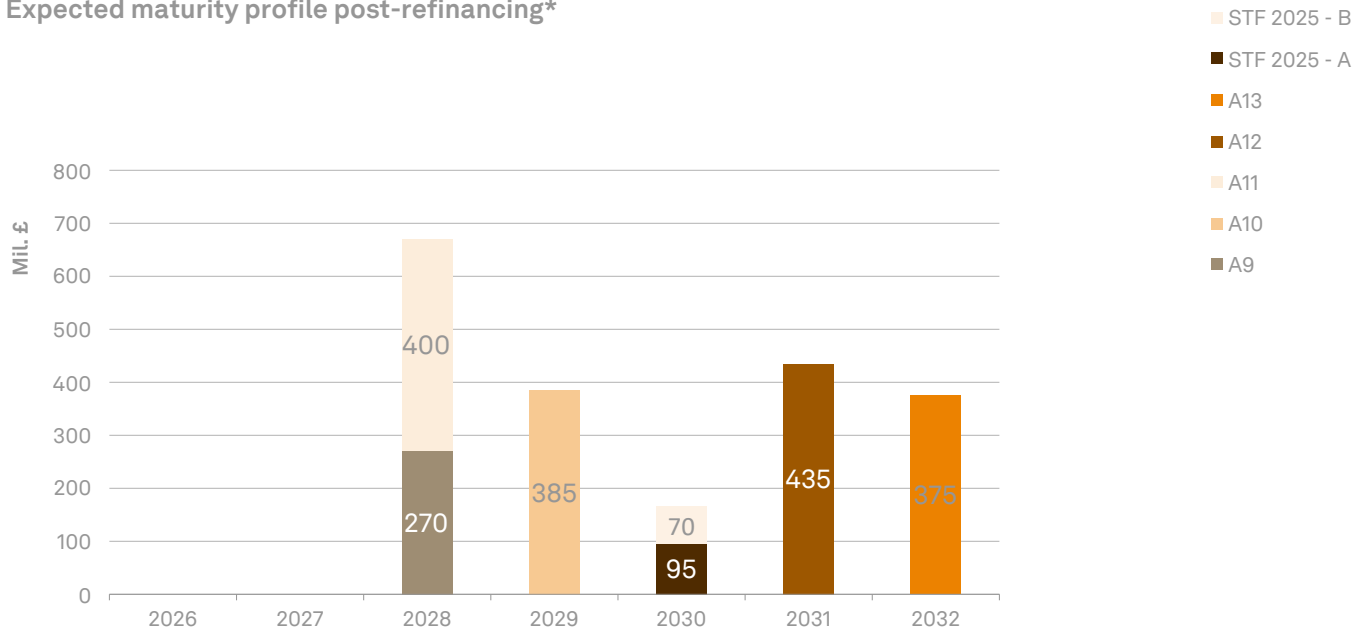
Expected maturity profile pre-refinancing*



*Our ratings on the class A notes address timely payment of interest and ultimate payment of principal on the legal final maturity date, not on the expected maturity date. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

Chart 2

Expected maturity profile post-refinancing*



Source: S&P Global Ratings. *Our ratings on the class A notes address timely payment of interest and ultimate payment of principal on the legal final maturity date, not on the expected maturity date.
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Table 2

Capital structure pre- and post-refinancing

Class	Balance pre refinancing (mil. £)	Balance post refinancing (mil. £)	Leverage†	Interest rate before EMD (%)	Interest rate after EMD (%)	EMD	12-month cash accumulation period (Y/N)	Legal final maturity
WCF	55.7*	55.7*	-	SONIA plus 2.50‡	SONIA plus 3.50‡	N/A	N	March 2030
2025 STF A (Term loan)	95.0§	95.0§	-	6.56‡	3.50‡	N/A	N	March 2030
2025 STF B (USPP)	70.0§	70.0§	-	6.67‡	7.67‡	N/A	N	March 2030
A8 §§	325.0	-	-	5.50	6.00	July 2027	N	July 2050
A9	270.0	270.0	-	3.25	3.75	July 2028	N	July 2050
A10 (including A10 tap issuance)	385.0	385.0	-	7.375	7.875	July 2029	N	July 2050
A11	400.0	400.0	-	8.45	8.95	January 2028	N	July 2050

Capital structure pre- and post-refinancing

Class	Balance pre refinancing (mil. £)	Balance post refinancing (mil. £)	Leverage†	Interest rate before EMD (%)	Interest rate after EMD (%)	EMD	12-month cash accumulation period (Y/N)	Legal final maturity
A12	435.0	435.0	-	6.85	7.35	July 2031	N	July 2050
A13	-	375.0	-	5.50	6.00	July 2032	N	July 2050
Total senior debt	2,035.7	2,085.7	6.0:1					
Mandatory prepayment account	0.0	(50.0)						
Total net senior debt	2,035.7	2,035.7	5.9:1					

*Undrawn at closing. §Fully drawn at closing. †(Senior or total debt)/(FY2025 EBITDA as adjusted by us). ‡If drawn. §§The class A8 notes will be repaid, using the proceeds of the class A13 notes, and draw from cash within the WBS group. WCF--Working capital facility. EMD--Expected maturity date. N/A--Not applicable. STF--Senior term facility. WBS--Whole business securitization. USPP--U.S. Private Placement

Table 3

Transaction timeline

Closing date	Nov. 12, 2025
Class A13 notes' first payment date	July 31, 2026
Class A13 notes' expected maturity date	July 31, 2032
Class A13 notes' legal maturity date	July 31, 2050
Note payment frequency	Semiannually (January and July)

Table 4

Transaction participants

Issuer	AA Bond Co. Ltd.
Borrower	AA Senior Co. Ltd.
Borrowing group holdco	AA Intermediate Co. Ltd.
Obligors	The borrower, holdco, and most of the subsidiaries*
Liquidity facility providers	Barclays Bank PLC; BNP Paribas S.A., London branch; Goldman Sachs International Bank; Standard Chartered
Issuer and borrower bank account provider	Barclays Bank PLC
Borrower interest swap provider§	Lloyds Bank Corporate Markets PLC

*The insurance underwriting business is not part of the securitization group, only the brokering part of the insurance business is. §This interest rate swap hedges a notional of £95 million until March 2030 under the 2025 STF A (Term loan).

Industry Overview

The U.K. roadside breakdown services market, which accounts for most of the group's activities, is dominated by the AA and the Royal Automobile Club (RAC), whose combined market share is approximately 70% by volume. We view their long-standing brand names, membership-based

business model, strong customer loyalty, and the well-established route density as relatively high barriers to entry. Green Flag, the third-largest player, entered the market in 1971 and since then no other large competitor has emerged. We consider the breakdown services industry as relatively noncyclical--in effect, it offers a form of insurance. The membership cost is low compared with the total cost of owning and maintaining a car, and hence this type of service benefits from relatively low price elasticity. Moreover, there is a partial macroeconomic hedge as consumers tend to keep their vehicles longer during periods of economic decline, which makes them more susceptible to requiring breakdown cover.

Business Description

The AA is the market leader in the U.K. roadside breakdown assistance services industry. With about 3.3 million personal customers and about 11.3 million business customers in the financial year (FY) ending Jan. 31, 2025, the group boasts approximately 40% market share in the U.K. consumer (B2C) segment and 60% share in the business (B2B) segment. Founded in June 1905, the group boasts a highway patrol fleet of more than 7,000 staff, assisting paid members with car breakdowns across the U.K. Furthermore, the AA operates some additional road service businesses, including the largest driving school franchise in the U.K. (through the AA and The British School of Motoring). These services accounted for about 89% and 98% of the restricted group's revenue and EBITDA base, respectively, in FY2025. In addition, the restricted group also operates an insurance brokerage arm in the U.K. This segment accounted for about 11% of group revenue and about 2% of EBITDA in FY2025.

Revenues in the consumer roadside segment are primarily generated through annual or monthly subscriptions. By contrast, in the business roadside segment, contracts with corporate clients have an average tenure of three to five years. The group has achieved consistently good retention rates giving it relatively consistent and stable cash flows.

Key Credit Considerations

We have not seen a material change in the business fundamentals for AA Intermediate Co., and therefore our BRP assessment is unchanged at satisfactory. Our BRP assessment is based on the factors outlined below.

Table 5

Key credit considerations

Leading market position	With a market share of about 40% in the B2C and 60% in the B2B roadside segments, the AA is the market leader in the U.K.'s roadside breakdown services industry.
Membership-based business model	In FY2025, the AA had about 3.3 million paid members in the B2C roadside segment, reflecting 1% member growth year-on-year. Within B2C, average income per customer was up 9%, due to pricing action and benefits from upselling. Meanwhile, the borrower had 11.3 million paid members in the B2B roadside segment, reflecting 3% member growth year-on-year. Within B2B, average income per business was up 4%, due to continued commercial strategies around customer relationship management and deepening scope of services for specific customers. Although the AA has potential exposure to some churn in membership base and potential renewal risk for the longer-term B2B contracts, we believe this membership-based business model provides good earnings and cash flow visibility.
Relatively high barriers to entry	The AA's long-standing brand name, strong customer loyalty, and retention rates, as well as its national roadside assistance fleet, create relatively high barriers to entry.
Strong profitability	The BRP is underpinned by above-average S&P Global Ratings-adjusted EBITDA margins of about 30%. We expect margins to be 31%-33%, going forward, because of the AA's lower exceptional costs, better efficiency, and higher volumes. Absent major operational issues related to the program's implementation and given its ability to largely pass on cost increases to its customers (especially in the roadside segment), adjusted EBITDA margins should remain comfortably above

Key credit considerations

	the 25% threshold we would expect from the group, and so will support the group's satisfactory BRP.
Limited scale	Despite the significant advantage in terms of size relative to its direct competitors, we view its base as relatively small compared with peers from across other business services sectors.
Limited service diversification and weak geographic diversification	The AA's roadside segment accounted for about 89% of the group's revenue base and about 98% of company-reported EBITDA in FY2025. The AA derives its revenue solely in the U.K.
Moderate customer concentration	Top 10 B2B clients account for about 15% of the group's revenue in that segment.

Recent Performance

In FY2025, the AA's revenue increased by about 7% year-on-year. This was driven by increasing income paid per member in both B2C and B2B, continued expansion of the driving school, service, maintenance, and repair businesses, and the acquisition of Keycare Ltd. Meanwhile, the borrower's S&P Global Ratings-adjusted EBITDA was maintained at about 30%, broadly in line with historical levels. The stable profitability reflects growth in the roadside segment due to increased holdings, price increases, improved operational efficiencies, and the introduction of risk-based pricing for new business. This was partly offset by a reduction in insurance arising from lower retention and some marketing spend on new customer acquisition. Supported by consistent earnings growth and modest working capital needs, the borrower continues to demonstrate solid free operating cash flow.

Table 6

Historical trading performance

AA Intermediate Co. Ltd.

Financial year (FY) ending Jan. 31	FY2025	FY2024	FY2023	FY2022	FY2021
Trading revenue (mil. £)	1,142	1,067	994	940	927
Adjusted EBITDA (mil. £)	347	302	299	306	318
Roadside paid personal members (millions)	3.298	3.263	3.252	3.177	3.111
Roadside business customers (millions)	11.323	10.995	10.6	8.842	8.702
Breakdowns attended (millions)	3.499	3.480	3.172	3.072	3.014

*All figures adjusted by S&P Global Ratings.

Structural Enhancements

The structural features and credit enhancements are generally consistent with those of other recently rated corporate securitizations.

Table 7

Selected structural enhancements

Required minimum capex*	£44 million per year*
Selected financial default covenants	Class A FCF DSCR < 1.10:1; Class B FCF DSCR < 1.00:1.
Selected dividend lock-up covenants	Class A FCF DSCR < 1.35:1; Common terms agreement event of default; Total class A notes net debt to EBITDA > 5.5:1.
Hedging policy	At least 75% and no more than 110% drawn floating-rate debt to be hedged at any point in time.
Liquidity facility	The transaction features a liquidity facility of £200 million available to cover interest on about 18 months of forecast debt service and the issuer's senior expenses. The notes benefit from shared security, and ultimately benefit from the issuer-loan agreements from first-ranking security fixed- and floating-rate charges over properties, shares, and accounts. The notes also benefit from the obligor security trustee's ability to appoint an administrative receiver for the assets in the ring-fenced structure.
Security package	

*This amount increased to £44 million from £35 million at the end of February 2023, when the AA completed a five-year review of the minimum capex required under the WBS documentation. Therefore, we adjusted our long-term maintenance capex accordingly. The new floor is effective from the period beginning Feb. 1, 2023. Capex--Capital expenditure. FCF--Free cash flow. DSCR--Debt service coverage ratio.

Payment Priority

The following table summarizes the issuer's pre-acceleration priority of payments.

Table 8

Simplified payment priority

Priority	Payment
1	Senior fees;
2	Amounts payable to the liquidity facility providers;
3	Interest on the class A notes, scheduled amounts payable to the hedging providers;
4	Principal on the class A notes and termination payments due to the hedge providers (other than subordinated termination payments);
5	Interest on the class B notes; (now redeemed)
6	Principal on the class B notes; and (now redeemed)
7	Amounts due to the defaulting or affected swap counterparty, liquidity subordinated amounts.

Rating Rationale (Issuance Of The Class A13 Notes)

AA Bond Co.'s primary sources of funds for principal and interest payments on the class A13 notes are the loan interest and principal payments from the borrower and amounts available from the liquidity facility, which is shared with the borrower to service the senior term loan (if the latter is drawn).

Our rating on the class A13 notes addresses the timely payment of interest and the ultimate payment of principal due on these notes. It is based primarily on our ongoing assessment of the borrowing group's underlying BRP; the integrity of the transaction's legal and tax structure; and the robustness of operating cash flow, supported by structural enhancements.

Our cash flow analysis serves to both assess whether cash flow will be sufficient to service debt through the transaction's life and to project minimum debt service coverage ratios (DSCRs) in base-case and downside scenarios. In our analysis, we have excluded any projected cash flow from the underwriting part of the AA's insurance business, which is not part of the restricted borrowing group (only the insurance brokerage part is included).

Under our criteria, we typically expect liquidity facilities and cash trapped by a breach of a financial covenant or following an expected repayment date to be kept in the structure if:

- The funds are held in accounts or may be accessed from liquidity facilities; and
- We view it as dedicated to service the borrower's debts--specifically, that the funds are exclusively available to service the issuer/borrower loans and any super senior or pari passu debt, which may include bank loans.

In this transaction, although the borrower and the issuer share the liquidity facility, the borrower's ability to draw on it is limited to liquidity shortfalls related to the STF and does not cover the issuer/borrower loans. Therefore, we do not give credit to the liquidity facility in our base-case DSCR analysis. Currently, as per AA Ltd.'s semiannual report, about £115 million of cash is trapped in the WBS structure, given the breach of the restricted payment condition (RPC). The RPC permits the upstreaming of unrestricted surplus cash if the class A net debt-to-EBITDA ratio is less than or equal to 5.5x. Since the unrestricted cash is not dedicated for debt service and may be upstreamed at any point the RPC is satisfied, we do not account for it in our DSCR analysis.

Our base-case EBITDA, short-term operating cash flow projections, and the company's satisfactory BRP rely on our corporate methodology (see "Related Criteria"). Our base-case forecasts of cash flow available for debt service reflect the following assumptions:

- U.K. GDP growth of 1.2 % in 2025, rising to 1.3% in 2026 and 1.6% in 2027. Consumer price index growth in 2025 of 3.4%, slowing to 2.5% in 2026 and 2.0% in 2027. These forecasts are for the calendar years.
- Revenue of about £1.2 billion in FY2026 and about £1.3 billion in FY2027. This will be driven by increasing income paid per member in both consumer (B2C) and business (B2B) as well as continued expansion of the driving school, service, maintenance, and repair businesses.
- S&P Global Ratings-adjusted EBITDA margin of 30%-31% in FY2026-2027, thanks to good cost control, improved operational efficiencies, and continued investments in data, technology, and artificial intelligence.

Table 9

Cash flow assumptions

Base case scenario		
Item	Initial growth period	Beyond growth period
Criteria	Our base-case EBITDA, operating cash flow projections in the short term, and BRP rely on our corporate methodology. We gave credit to growth through the end of FY2027.	Beyond FY2027, our base-case projections are based on our methodology and assumptions for corporate securitizations, from which we then apply assumptions for capex, finance leases, pension liabilities, and taxes to arrive at our projections for the cash flow available for debt service.
Maintenance capex*	£97.1 million for FY2026, and £108.9 million for FY2027.	£44 million, in line with the transaction documents' minimum requirements.§
Development capex	£23.9 million for FY2026, and £26.4 million for FY2027.	As we assume no growth, we considered no investment capex.

Cash flow assumptions

Pension contributions	We considered the plan agreed by the company with the trustee in February 2023, £25 million for FY2026 and FY2027	We considered the plan agreed by the company with the trustee in February 2023, £25 million up to FY2031.
Tax	£24.1 million for FY2026 and £30.7 million for FY2027.	Thereafter, we considered tax exposure of about £30.7 million.
Amortization profile	Interest-only until the EMD on any of the outstanding class A notes. Thereafter, we apply the benchmark amortization profile for each class A notes.	The transaction structure includes a cash sweep mechanism for the repayment of principal following an EMD on each class of class A notes. Therefore, in line with our corporate securitization criteria, we assumed a benchmark principal amortization profile where each class A note is repaid over 15 years following its respective EMD based on an annuity payment that we include in our calculated DSCRs.

Cumulative decline (%)

Business Segment	Base case	Downside case	Description
Roadside assistance	0	30	Determined as per appendix B of the corporate securitization criteria (see "Related Criteria"). Segment is part of the business and consumer services industry.
Insurance brokerage	0	30	Same as above.
Liquidity facility at the issuer level			
	Base case	Downside case	Description
Consideration in the DSCR	No	Yes	Our downside DSCR analysis tests whether the issuer-level structural enhancements improve the transaction's resilience under a stress scenario.

*Including net finance leases. §The AA completed a five-year review on the minimum capex required under the WBS documentation, and agreed to increase it to £44 million from £35 million from the end of February 2023. Subsequently, we adjusted our long-term maintenance capex. BRP--Business risk profile. Capex--Capital expenditure. EMD--Expected maturity date. DSCR--Debt service coverage ratio.

Table 10 details our specific conclusions for each of the five analytical steps in our ratings process for the class A13 notes.

Based on our assessment of AA Intermediate Co.'s BRP as satisfactory, which we associate with a business volatility score of 3, and the minimum DSCR achieved in our base-case analysis, we established a 'bbb-' anchor for the class A notes.

Given our revised base-case forecast and lower debt service, the minimum DSCR achieved in our analysis is at the lower end of the 1.40x-3.25x range, which implies a 'bbb-' base-case anchor.

Table 10

Credit rating steps

Step	Result	Comment
Step 1 (unchanged since previous review)		
Eligibility conditions	Met	This transaction continues to meet the eligibility conditions, which allow us to rate through the insolvency of the operating company and differentiate the rating on the corporate securitization debt from the creditworthiness of the operating company, in terms of: Bankruptcy remoteness and asset isolation, replaceability of the management team, compatibility with long-term cash flow projections, sufficient liquidity, and isolation from refinancing risk, among other considerations.
Step 2 (unchanged since previous review)		
BRP	Satisfactory	Our current satisfactory BRP assessment on the AA (the borrowing group holdco) reflects our view of its strong competitive position as the U.K.'s market leader, low-risk membership-based operating model, with national scale and strong brand recognition,

Credit rating steps

Step	Result	Comment
		and strong profitability. These are counterbalanced by the AA's limited geographic and service diversification, and moderate customer concentration in the roadside B2B customer segment.
BVS	3*	The holdco's BRP maps to an unadjusted BVS of '3'*
Base-case cash flow assumptions	See table 9, above	
Step 3 (revised)		
Minimum base-case DSCR range	Lower end of 1.40x-3.25x	Principal and interest are fully paid in this scenario according to the transaction terms.
Anchor	bbb-	Determined as per table 1 of our corporate securitization criteria, (see "Related Criteria"). Given our revised base-case forecast and lower debt service, the minimum DSCR achieved in our analysis is at the lower end of the 1.40x-3.25x range, which implies a 'bbb-' base-case anchor.
Minimum downside DSCR range	1.8x-4.0x	Principal and interest are fully paid in this scenario, according to the terms of the transaction.
Resilience score	Strong	Determined as per table 3 of our corporate securitization criteria.
Resilience-adjusted anchor	bbb+	Determined as per table 4 of our corporate securitization criteria.
Liquidity adjustment	No adjustment	The £200 million balance in the liquidity facility represents liquidity support of about 9.6% of the current outstanding senior debt, which is below the 10% level we typically assess as offering significant liquidity support. Therefore, we have not considered any further uplift adjustment to the resilience-adjusted anchor for liquidity.
Step 4 (unchanged since previous review)		
Modifier analysis	No adjustment	The expected maturity date of the class A13 notes, which rank pari passu with the existing class A and all other senior notes, falls in July 2032, in seven years. In line with our corporate securitization criteria, we have not applied any adjustments under our modifier analysis.
Step 5 (unchanged since previous review)		
Comparable rating analysis	-1 notch	Due to its cash sweep amortization mechanism, the transaction relies significantly on future excess cash. In our view, the uncertainty related to this feature is increased by the execution risks related to the company's investment plan and the returns it will effectively generate. The company may need to invest periodically to maintain its cash flow generation potential over the long term, which could erode future excess cash. To account for this combination of factors, we applied a one-notch decrease to the senior class A13 notes' resilience-adjusted anchor.

*The mappings from BRP to BVS are: Excellent=1; Strong=2; Satisfactory=3; Fair=4; Weak=5; and Vulnerable=6. BRP--Business risk profile. BVS--Business volatility score. DSCR--Debt service coverage ratio.

Counterparty risk

Our 'BBB (sf)' rating on the class A13 notes is not constrained by the ratings on any of the counterparties, including the liquidity facility, derivatives, and bank account providers.

Eligible investments

Following amendments to the transaction documents, the counterparties are allowed to invest cash in short-term investments with a minimum required rating of 'BBB+'. Given the substantial reliance on excess cash flow as part of our analysis and the possibility that this could be invested in short-term investments, full reliance can be placed on excess cash flows only in rating scenarios up to 'BBB+'.

Outlook

A change in our assessment of the company's BRP would likely prompt a rating action on the notes. To achieve the same anchor, we would expect higher DSCRs for a weaker BRP and lower DSCRs for a stronger BRP.

Upside scenario

We do not expect to revise upward our assessment of the borrowing group's BRP because it is constrained by the group's weak geographic and service diversification, as well as its exposure to the insurance broker business. We may consider raising our rating on the class A13 notes if our minimum projected DSCR reaches the middle of the 1.4x-3.25x range, under our base-case scenario.

Downside scenario

We could lower our anchor or the resilience-adjusted anchor for the class A13 notes if we were to revise the borrowing group's BRP to fair from satisfactory. This could occur if the group faced significant operational difficulties in relation to its investment plan or if trading conditions in its core roadside service market were to deteriorate, so that it saw a significant loss of customers or lower revenue per customer. Under these scenarios, we would likely observe margins falling below 25% with little prospect for rapid improvement or an increase in the volatility of the group's profitability.

We may also consider lowering our rating on the class A13 notes if our minimum projected DSCR falls below 1.4x in our base-case scenario or 1.8x in our downside scenario. This could happen if the cash flow available for debt service declines beyond our expected base-case level.

Surveillance

We will maintain active surveillance on the rated notes until the notes mature or are retired. The purpose of surveillance is to assess whether the notes are performing within the initial parameters and assumptions applied to each rating category. The transaction terms require the issuer to supply periodic reports and notices to S&P Global Ratings to enable it to maintain continuous surveillance on the rated notes.

We view the AA's performance as an important part of analyzing and monitoring the performance and risks associated with the transaction. Although company performance will likely affect the transaction, we believe other factors, such as cash flow, debt reduction, and legal framework, also contribute to the overall analytical opinion.

Related Criteria

- [Criteria | Structured Finance | General: Counterparty Risk Methodology](#), July 25, 2025
- [Criteria | Structured Finance | Legal: Asset Isolation And Special-Purpose Entity Methodology](#), May 29, 2025
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities](#), Dec. 22, 2020

AA Bond Co. Ltd.

- [Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance](#), Oct. 18, 2019
- [Criteria | Structured Finance | ABS: Global Methodology And Assumptions For Corporate Securitizations](#), June 22, 2017
- [Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions](#), Oct. 9, 2014
- [Criteria | Structured Finance | General: Global Derivative Agreement Criteria](#), June 24, 2013
- [General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts](#), May 31, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [United Kingdom](#), Oct. 13, 2025
- [Credit Conditions Europe Q4 2025: Resilient Credit, Fractious World](#), Sept. 24, 2025
- [U.K. Economic Outlook Q4 2025: Inflation And Labor Costs Are A Persistent Challenge](#), Sept. 23, 2025
- [AA Bond Co Ltd. Refinancing Of Existing Facilities Has No Ratings Impact](#), March 24, 2025
- [U.K. Corporate Securitization Issuers Can Withstand Higher Refinancing Rates](#), Sept. 18, 2024
- [New Issue: AA Bond Co. Ltd.](#), May 22, 2024
- [Credit Rating Model: Standard & Poor's Cash Flow Evaluator](#), April 12, 2019
- [Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors](#), Dec. 16, 2016
- [European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors](#), Dec. 16, 2016

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