

AA Bond Co. Ltd. Class A8 U.K. Corporate Securitization Notes Rating Reinstated

December 5, 2025

Overview

- On Nov. 13, 2025, we withdrew our rating on AA Bond Co Ltd.'s class A8 notes on the understanding that the issuer was going to use the proceeds of the class A13 notes issuance to fully redeem the class A8 notes at the same time.
- Post closing of the class A13 notes, we became aware that redemption of the class A8 notes was by tender offer and £15.17 million remained outstanding. Therefore, we reinstated our 'BBB (sf)' rating on the notes.
- AA Bond Co.'s financing structure blends a corporate securitization of the operating business of the Automobile Association (AA) group in the U.K.

LONDON (S&P Global Ratings) Dec. 5, 2025--S&P Global Ratings today reinstated its 'BBB (sf)' credit rating on AA Bond Co. Ltd.'s fixed-rate £15.17 million class A8 notes with an expected maturity date in July 2027.

Our ratings are 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.

Summary

AA Bond Co.'s financing structure blends a corporate securitization of the operating business of the Automobile Association (AA) group in the U.K. Debt repayment is supported by the operating cash flows generated by the borrowing group's two main lines of business: roadside assistance and insurance brokering.

The transaction will likely qualify for the appointment of an administrative receiver under the U.K. insolvency regime. 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 at the borrower level.

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On Nov. 13, 2025, at the time of the issuance of class A13 notes, we expected the class A8 notes to be fully redeemed following a tender exercise carried out by the issuer, however £15.17 million of the class A8 notes remain outstanding.

Following the issuance of the class A13 notes and part redemption of the class A8 notes, the excess of proceeds from the issuance of the class A13 notes is held in the mandatory prepayment account. We expect this excess will be applied toward the repayment of the outstanding class A8 notes along with the make-whole price on the upcoming interest payment date in January 2026. Accordingly, we reinstated our 'BBB (sf)' rating on the class A8 notes.

Our 'BBB (sf)' ratings on the class A notes are not constrained by the ratings on any of the counterparties, including the liquidity facility, derivative, and bank account providers. The counterparties can 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, we can only fully rely on excess cash flows in rating scenarios up to 'BBB+'.

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
- [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

AA Bond Co. Ltd. Class A8 U.K. Corporate Securitization Notes Rating Reinstated

- [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

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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