



THE STS VERIFICATION PROCESS  
– THE STRUCTURED PATH TO  
YOUR SUCCESS.

## Update on SVI and STS Verification

STS Verification International GmbH ("SVI")

October 2023



## THE STS MARKET SEGMENT AND THE ROLE OF SVI

### Simple, Transparent & Standardised (“STS”) Securitisations

- As part of the European securitization framework, the STS regime has been established in 2019 as a first-class capital market segment with strict and uniform regulation
- The STS label offers access to the widest investor base possible
- Market standard for public securitisation, widely used by private securitisations
- STS reduces the capital requirements for investors and originators (for retained senior tranches in synthetic transactions)

### The Role of the Third-Party Verifier (“TPV”)

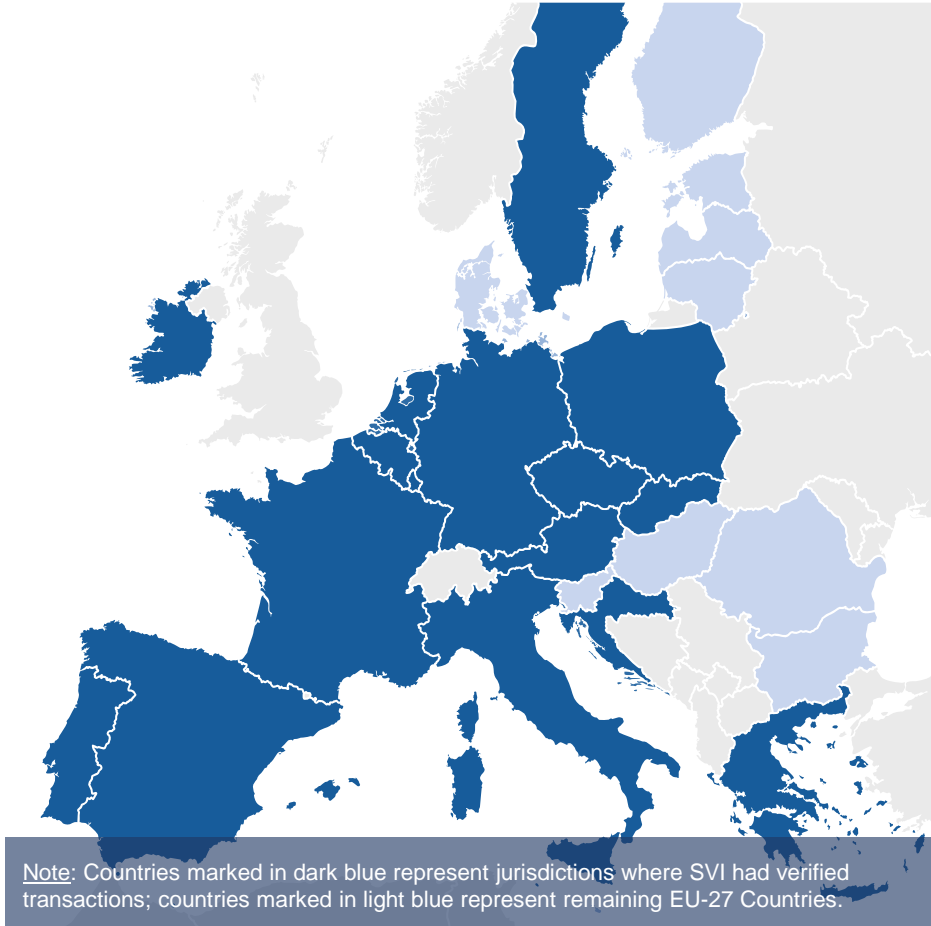


- A Third-Party Verifier can be appointed by the originator, sponsor or SSPE to assess compliance of a securitisation with the STS criteria
- The TPV ensures appropriate interpretation and consistent application of the STS criteria (incl. RTS/ITS and guidelines) during the structuring phase, thereby reducing liability risk for the transaction parties
- The TPV acts as first point of contact for questions and coordinated approach to the competent supervisory authorities

## TOP 5 FACTS ABOUT SVI

- **Mission:** Established in 2018 as 100% subsidiary of True Sale International (“TSI”), the mission of SVI is to contribute to a well developed, high quality and sustainable securitisation market in Europe through the provision of neutral and objective verification of compliance of securitisation transactions with the STS (“Simple, Transparent, Standardised”) criteria, acting as Third-Party Verifier pursuant to Art. 28 of the Securitisation Regulation
- **Authorization/Supervision:** SVI has been authorized and is supervised by the competent authority (BaFin) to act as Third-Party Verifier in all countries of the EU
- **Transaction Types & Asset Classes:** SVI covers the transaction types non-ABCP (=Term ABS), ABCP and synthetic on-balance-sheet securitisations involving all asset classes that are potentially eligible for STS and also provides certain (CRR/LCR/Article 270) assessments building upon STS
- **Resources:** 4 SVI staff, 3 TSI staff (through a partnership agreement) and a panel of 3 external lawyers (focus on review of legal opinions) involved in the STS verification process for SVI, led by Michael Osswald (Managing Director)
- **Track Record:** More than 200 securitisations verified by SVI so far, healthy pipeline of verifications in progress

# SVI – A PAN-EUROPEAN STS VERIFIER



## ■ Jurisdictions where SVI has verified transactions include the following:

➤ Austria		➤ Belgium	
➤ Czech Republic		➤ France	
➤ Germany		➤ Greece	
➤ Ireland		➤ Italy	
➤ Luxembourg		➤ Netherlands	
➤ Poland		➤ Portugal	
➤ Spain		➤ Slovakia	
➤ Sweden		➤ International	

■ In addition, SVI has verified transactions where the Seller was domiciled in a third country (e.g. UK, Switzerland, US), but a EU-domiciled related company has acted as Originator in line with the Securitisation Regulation.

## SVI TRACK RECORD ACROSS THE KEY MARKET SEGMENTS

### Auto ABS

SVI clients include all major originators:

- Captives (BMW, Ford, Mercedes, RCI, Stellantis, VWFS)
- Non-Captives (ALD, ICLH, LeasePlan, Raiffeisen Leasing)
- Bank lenders (321Crédito, Bank11, BBVA, BDK, BNPP, CreditPlus, MyMoney Bank, Porsche Bank, Santander Consumer Bank)

Underlyings include auto loan and auto leases (including residual values)

### RMBS

SVI clients include major mortgage lenders from:

- Germany (UniCredit, undisclosed)
- France (undisclosed)
- Ireland (Finance Ireland, Allied Irish Banks)
- The Netherlands (NIBC, undisclosed)

Mortgage portfolios include both

- owner-occupied
- Buy-to-Let and
- mixed portfolios

# SVI TRACK RECORD ACROSS THE KEY MARKET SEGMENTS

(CONTINUED)

## Consumer ABS

SVI clients include credit card issuers (e.g. Advanzia Bank) and consumer lenders (e.g. Auxmoney, Santander Consumer Bank)

## Equipment Lease ABS

SVI clients include abcbank, ALBIS Leasing, Deutsche Leasing, Grenke, PEAC Finance and PKO Leasing

## Synthetic Securitisations

SVI clients include major commercial banks from Belgium (BNPP Fortis), France (BNPP, CACIB), Germany (BayernLB, Commerzbank, LBBW), Greece (Piraeus Bank), Italy (BNL) and other undisclosed credit institutions

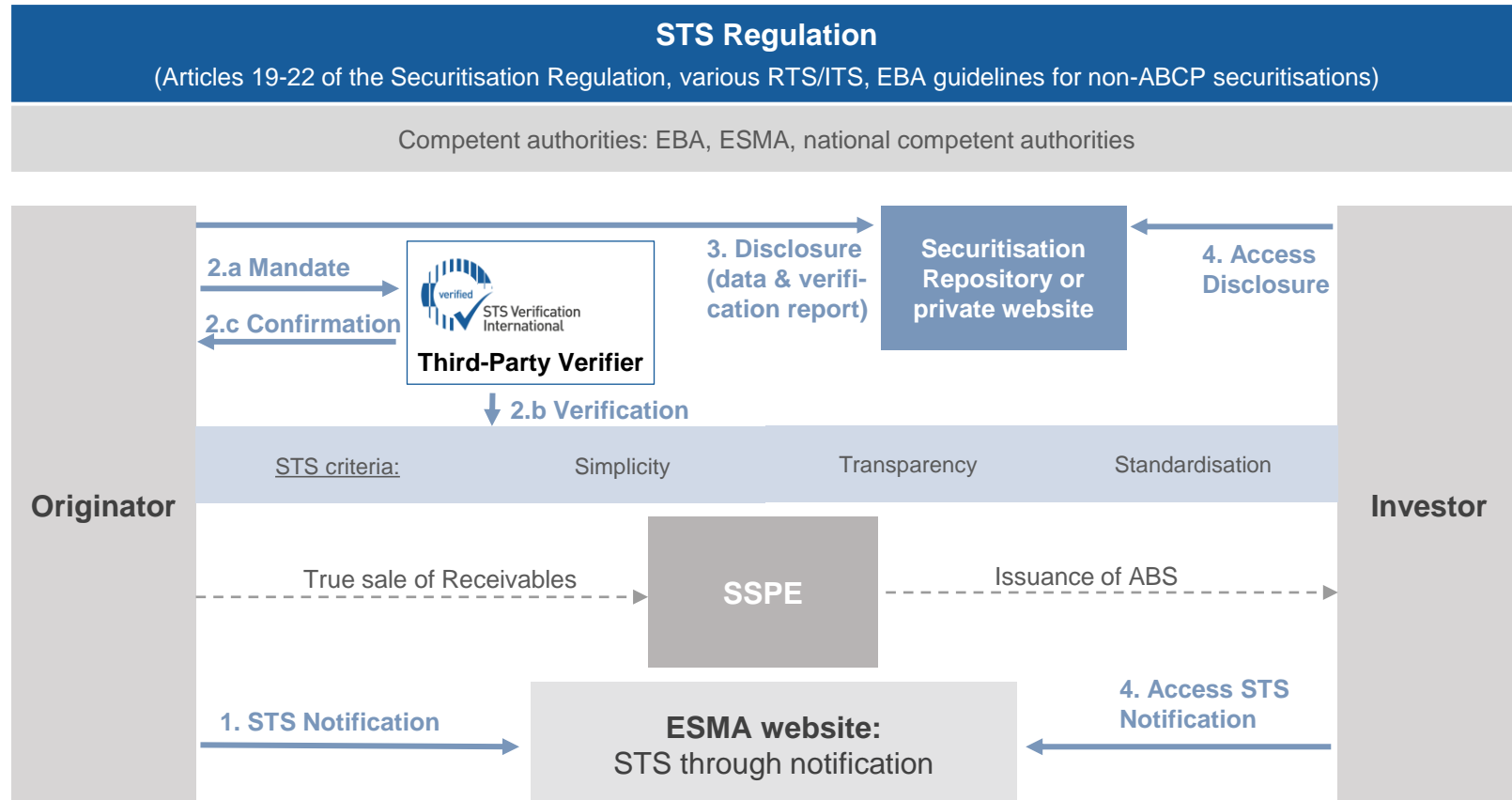
## ABCP

SVI clients include all major ABCP sponsor banks from:

- France (BNPP, CACIB, CIC, SocGen)
- Germany (BayernLB, DZ Bank, Helaba, LBBW, NordLB)
- Italy (Intesa, UniCredit)
- The Netherlands (ING, Rabobank)

# STS VERIFICATION AS PART OF THE ABS PROCESS

(EXAMPLE OF NON-ABCP SECURITISATIONS)



# VERIFICATION METHODS AND THE SVI VERIFICATION REPORT

## Verification Methods: How are individual criteria checked?

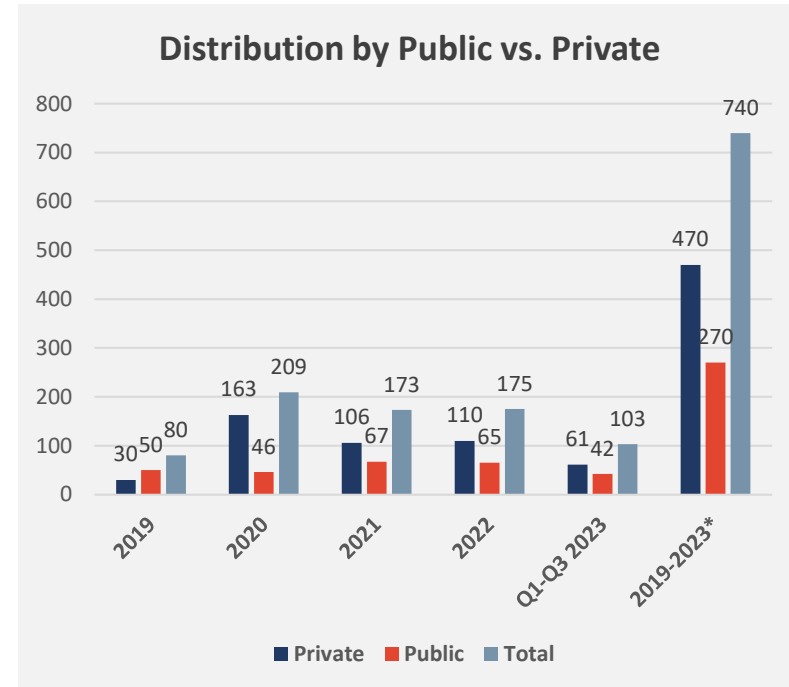
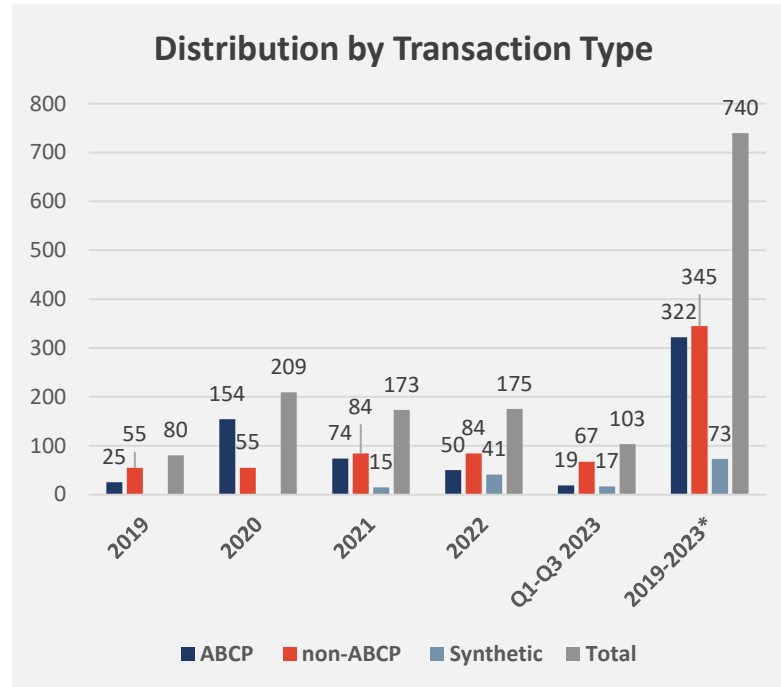
- a) **Regulatory:** Certain STS criteria relate to supervisory mechanisms and regulatory aspects
- b) **Legal:** Reference to contractual obligations and structural features as laid down in the transaction documentation and legal opinion(s)
- c) **Due Diligence:** Written and verbal evidence based on due diligence presentations, credit & collection policies, Q&A with senior management and other relevant specific information
- d) **Data:** Verification on the basis of full data (e.g. performance history), verification on the basis of samples (e.g. AuP report), Cashflow model

## SVI Verification Report

- Confirms compliance of a specific transaction with the STS criteria and how SVI has come to such conclusion
- Available as Preliminary (at deal announcement) and Final Verification Report (at closing) for Originator and Investors
- For examples see: [www.sts-verification-international.com/transactions](http://www.sts-verification-international.com/transactions)



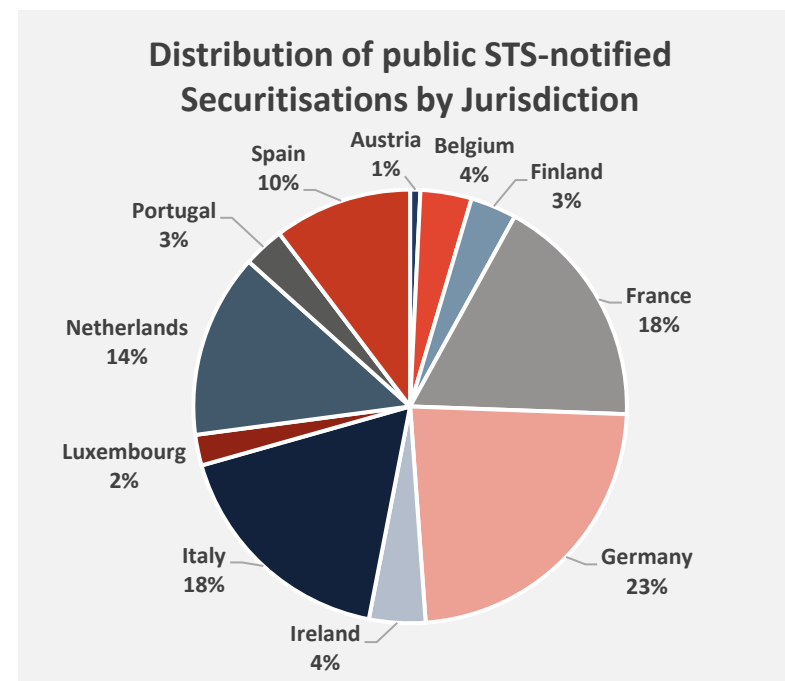
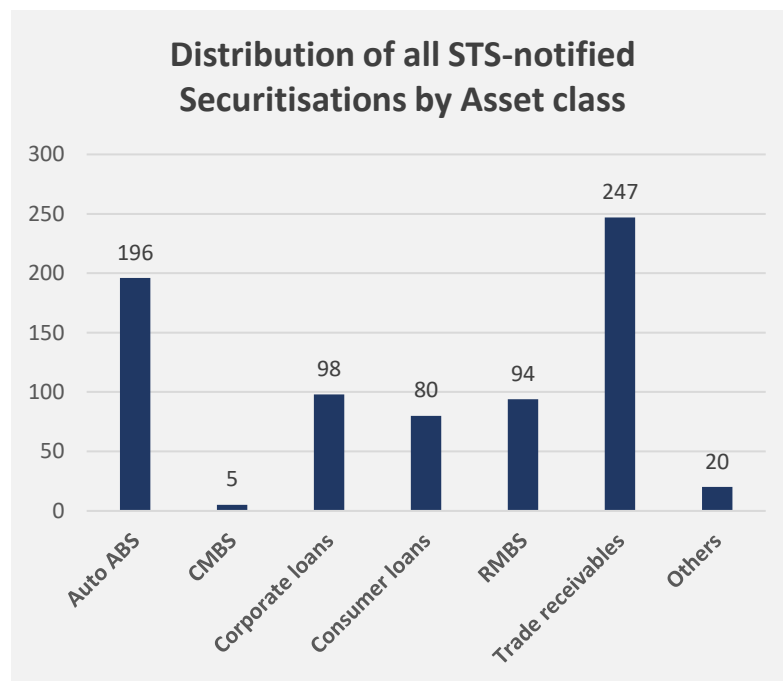
# DEVELOPMENT OF THE MARKET FOR STS TRANSACTIONS (2019 - Q3 2023)



\*Period 1.1.2019 – 30.9.2023; Source: ESMA Website 06.10.2023, SVI

- Currently 740 securitisations have been notified as STS-compliant (345 non-ABCP vs. 322 ABCP vs. 73 Synthetic, 270 public vs. 470 private transactions)
- STS-compliant transactions can be notified to ESMA as either “public” or “private” transactions, with resulting vastly different level of disclosure

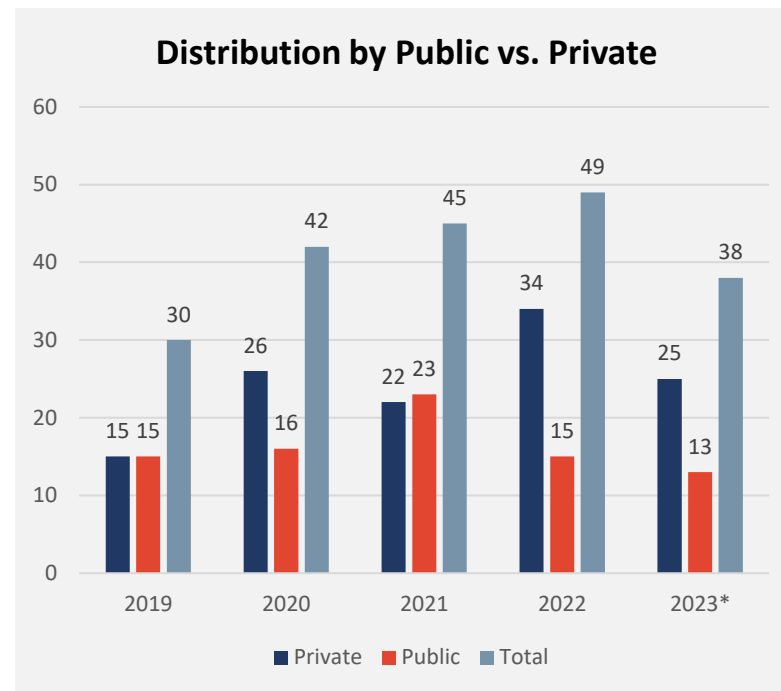
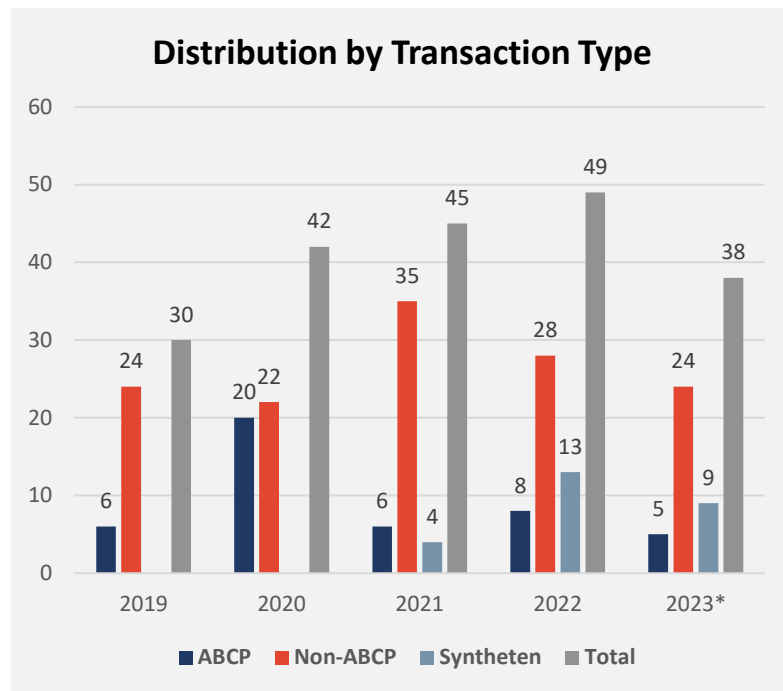
## DEVELOPMENT OF THE MARKET FOR STS TRANSACTIONS (2019 - Q3 2023) (CONTINUED)



Period 1.1.2019 – 30.9.2023; Source: ESMA Website 06.10.2023, SVI

- The categorisation according to asset classes reflects the various asset types as proposed by the STS notification template provided by ESMA for traditional and synthetic securitisations, respectively

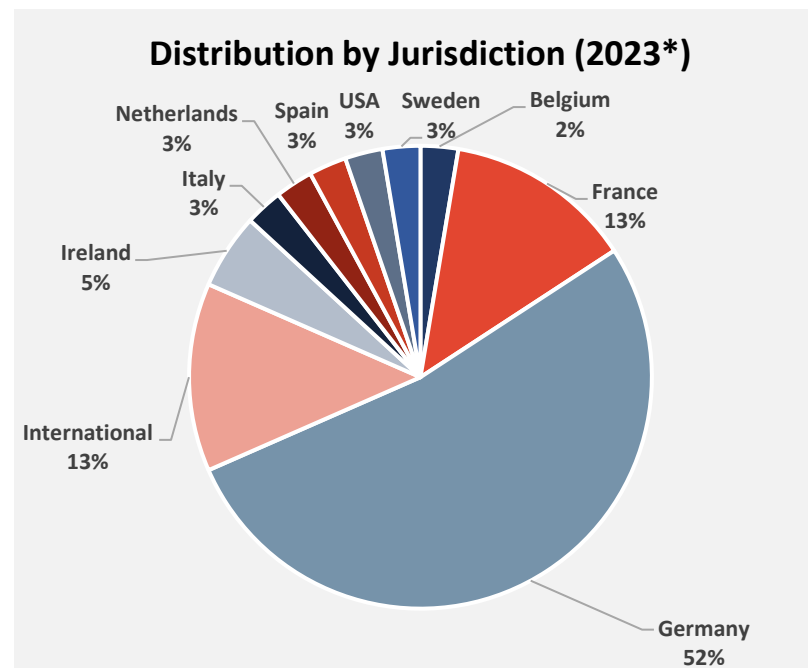
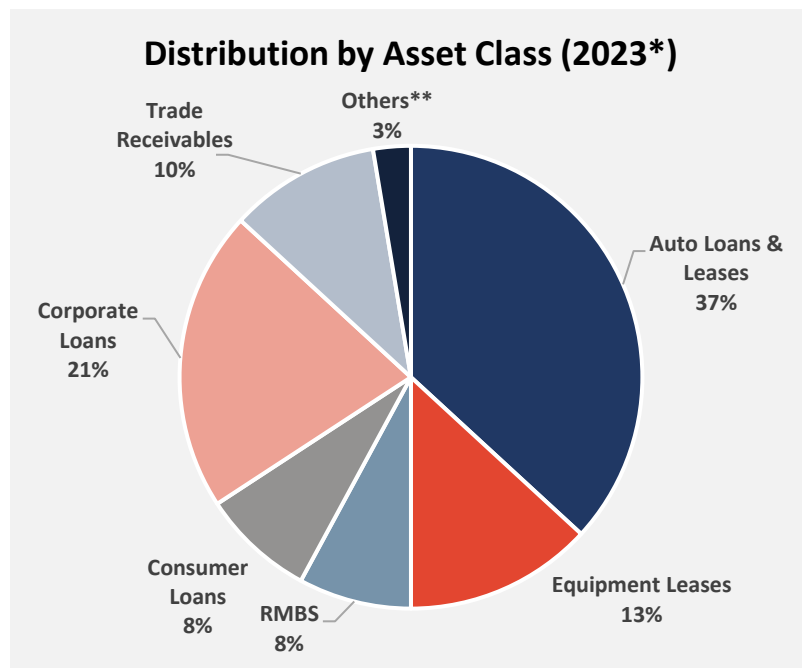
## UPDATE ON THE TRANSACTIONS VERIFIED BY SVI



\*Cut-off date 24.10.2023

- In 2022 strong growth in private transactions due to market volatility on public ABS markets and growth of the Synthetic STS market segment. In 2023 about same share of private transactions.
- SVI covers all STS transaction types (ABCP, Non-ABCP, Synthetic) and other services (CRR and LCR assessments)

## UPDATE ON THE TRANSACTIONS VERIFIED BY SVI (CONTINUED)



\* Cut-off date 24.10.2023 ;\*\*include dealer floorplan receivables, credit cards, shipping loans, project finance

- SVI is active across the full range of STS-eligible asset classes, with Auto ABS continuing to be one of its focus areas
- In addition to its continued strong foothold in Germany, SVI has vastly increased its coverage of other EU jurisdictions and international transactions over the last years

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