

# Final CRR Assessment

In respect of the Transaction

**“Finance Ireland Auto Receivables No.1 DAC”**

(Finance Ireland Credit Solutions DAC)

15 November 2023



### **Authorization of SVI as third party**

STS Verification International GmbH ("SVI") has been authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as the competent authority pursuant to Article 29 of the Securitisation Regulation, to act in all EU countries as third party pursuant to Article 28 of the Securitisation Regulation to verify compliance with the STS Criteria pursuant to Articles 18-26 of the Securitisation Regulation ("STS Verification"). Moreover, SVI performs additional services including the verification of compliance of securitisations with (i) Article 243 of the Capital Requirements Regulation (Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms) ("CRR Assessment"), (ii) Article 270 (senior positions in synthetic SME securitisations) of the CRR ("Article 270 Assessment"), (iii) Article 13 of the Delegated Regulation (EU) 2018/1620 on liquidity coverage requirement for credit institutions dated 13 July 2018, amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirements for Credit Institutions ("LCR") ("LCR Assessment"), and (iv) the STS Criteria, in respect of existing securitisations and potential deficiencies regarding compliance with the STS Criteria ("Gap-Analysis"). These additional services are carried out after notification to and in agreement with BaFin.

### **Mandating of SVI and verification steps**

On 23 May 2023, SVI has been mandated by the Originator (Finance Ireland Credit Solutions DAC) to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction "Finance Ireland Auto Receivables No.1 DAC" (the "Transaction").

As part of our verification work, we have received the Due Diligence Presentation by Finance Ireland Credit Solutions DAC, dated July 2023. In addition, we have discussed selected aspects of the Transaction with the Originator, the Arranger and legal counsel and obtained additional



information on the transaction structure, the underwriting and servicing procedures of Finance Ireland Credit Solutions DAC and the underlying Transaction Documents.

For the purposes of this Final CRR Assessment, we have reviewed the following documents and other information related to the Transaction:

- Prospectus
- Receivables Purchase Agreement
- Master Definitions and Framework Agreement
- Additional information received by e-mail, such as confirmations, comments, etc.

### Verification Methodology

The fulfilment of each verification point in this Final CRR Assessment provided to the Originator is evaluated based on the three fulfilment values (traffic light status):

Criterion is fully met	
Criterion is mostly met, but with comments or requests for missing information	
Criterion not (yet) met based on available information	



## **Disclaimer of SVI**

SVI grants a registered verification label "verified – STS VERIFICATION INTERNATIONAL" if a securitisation complies with the requirements for simple, transparent and standardised securitisation as set out in Articles 19 to 22 of the Securitisation Regulation ("STS Requirements"). The same registered verification label is used by SVI in the context of a CRR Assessment, Article 270 Assessment, LCR Assessment and Gap-Analysis. The aim of the Securitisation Regulation is to restart high-quality securitisation markets, and the intention of implementing a framework for simple, transparent and standardised transactions with corresponding STS criteria shall contribute to this. However, it should be noted that the STS verification performed by SVI does not affect the liability of an originator or special purpose vehicle in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of verification services from SVI shall not affect the obligations imposed on institutional investors as set out in Article 5 of the Securitisation Regulation or set out in the CRR, LCR and other relevant regulations, respectively. Notwithstanding confirmation by SVI, which verifies compliance of a securitisation with the STS Requirements, such verification by SVI does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation.

SVI has carried out no other investigations or surveys in respect of the issuer or the notes concerned other than as set out in this Final CRR Assessment and disclaims any responsibility for monitoring the Issuer's continuing compliance with these requirements or any other aspect of the issuer's activities or operations. In particular, SVI has relied on statements made in the offering circular or other legal documentation of the Transaction and based its analysis on information provided directly or indirectly by the Originator or Sponsor of the Transaction. Investors should therefore not evaluate their investment in securitisation positions based on this Final CRR Assessment.

SVI has not provided any form of advisory, audit or equivalent service to the Originator, Issuer or Sponsor.

Accordingly, the Final CRR Assessment is only an expression of opinion by SVI after application of its verification methodology and not a statement of fact. It is not a guarantee or warranty that ECB, any of the ESAs or national competent authorities, courts, investors or any other person will accept the STS status of the relevant securitisation or its status under the LCR and/or the CRR.



SVI assumes due performance of the contractual obligation thereunder by each of the parties and the representations made and warranties given in each case by any persons or parties to SVI or in any of the documents are true, not misleading and complete. SVI shall have no liability for any loss of any kind suffered by any person as a result of a securitisation where the Final CRR Assessment indicated that it met, in whole or in part, the STS Requirements, certain CRR or SRT requirements being held for any reason as not so meeting the relevant requirements or not being able to have lower capital allocated against it save in the case of deliberate fraud by SVI. SVI shall also not have any liability for any action taken or action from which any person has refrained from taking as a result of the Final CRR Assessment.

## LIST OF ABBREVIATIONS/DEFINITIONS

Note: For any other term used in this Final CRR Assessment in capital spelling, please refer to Clause 2. “DEFINITIONS” of the Master Definitions and Framework Agreement.

Arrangers	BNP Paribas, MUFG Securities (Europe) N.V.
AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
CBI	Central Bank of Ireland
CRR	Capital Requirements Regulation (Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms), as amended by Regulation (EU) 2021/558 of 31 March 2021
CF-Model	Cash Flow-Model
Closing Date	15 November 2023
Due Diligence Presentation	Due Diligence Presentation by Finance Ireland Credit Solutions DAC
EBA	European Banking Authority
EBA Guidelines	Final Report on Guidelines on the STS criteria for non-ABCP securitisation, as published by EBA on 12 December 2018
EIOPA	European Insurance and Occupational Pensions Authority
ESAs	European supervisory authorities (EBA, EIOPA and ESMA)
ESMA	European Securities and Markets Authority
Final Verification Report	Final Verification Report prepared by SVI in respect of the Transaction
Finance Ireland	Finance Ireland Credit Solutions Designated Activity Company
Finance Ireland Auto Receivables No.1 DAC	Finance Ireland Auto Receivables No.1 Designated Activity Company
HP and PCP Agreements	Means each of the Hire Purchase Agreements (Consumer PCP), the Hire Purchase Agreements (Non-Consumer) and Hire Purchase Agreements (Consumer).

Investor Presentation	Investor Presentation by Finance Ireland Credit Solutions DAC
Issuer	Finance Ireland Auto Receivables No.1 Designated Activity Company
MDFA	Master Definitions and Framework Agreement
Originator	Finance Ireland
Prospectus	Final Prospectus dated 10 November 2023
RPA	Receivables Purchase Agreement
RTS on Homogeneity	Commission Delegated Regulation (EU) 2019/1851 dated 28 May 2019 supplementing the Securitisation Regulation with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation
RTS on Risk Retention	EBA Final Draft Regulatory Technical Standards specifying the requirements for originators, sponsors and original lenders relating to risk retention pursuant to Article 6(7) of Regulation (EU) 2017/2402
Securitisation Regulation	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, as amended by Regulation (EU) 2021/557 of 31 March 2021
Seller	Finance Ireland
Servicer	Finance Ireland
SSPE	Securitisation Special Purpose Entity or Issuer
STR	Short-Term Rate
STS Requirements	The requirements for simple, transparent and standardised securitisation in respect of a non-ABCP transaction as set out in Articles 19 to 22 of the Securitisation Regulation
Third Country	A country that is not part of the Union
Transaction	The securitisation of receivables (and certain Ancillary Rights) under or in connection with certain hire purchase and personal contract plan agreements involving Finance Ireland Auto Receivables No.1 Designated Activity Company as Issuer
Union	The European Union or "EU"

#	Criterion Article 243 (2)	CRR Assessment
1	Qualification of the securitisation position as <b>STS securitisation</b>	<p><u>Verification Method</u>: Legal (Prospectus) / Regulatory (STS Notification, STS Verification Report)</p> <p>The Transaction and therefore also the Securitisation Position will be notified according to Article 27 (1) of the Securitisation Regulation by the Seller to ESMA as meeting the requirements of Articles 20 – 22 of the Securitisation Regulation in respect of non-ABCP securitisations, see Section "RISK RETENTION AND SECURITISATION REGULATION REPORTING" of the Prospectus. Please also refer to the Final Verification Report prepared by SVI in respect of the Transaction.</p>
#	Criterion Article 243 (2) (a)	CRR Assessment
2	<b>Granularity</b> of the securitised portfolio in terms of single obligor concentrations	<p><u>Verification Method</u>: Legal (Prospectus, Receivables Purchase Agreement)</p> <p>At the time of inclusion in the securitisation, the total amount of Purchased Receivables assigned hereunder resulting from HP and PCP Agreements with one and the same Obligor will not exceed 2% of the Aggregate Outstanding Principal Balance of the Purchased Receivables as at the Closing Date in respect of any single Obligor, please refer to Sections "RECEIVABLES POOL AND SERVICING", Subsection "Features of Purchased Receivables" and "PROVISIONAL PORTFOLIO CHARACTERISTICS AND HISTORICAL DATA", Table "Top Borrowers" of the Prospectus.</p> <p>Furthermore, Finance Ireland confirmed that there is no group of connected clients with HP and PCP Agreements which exceed 2% of the Aggregate Outstanding Principal Balance of the Purchased Receivables as at the Closing Date, see Sections "RECEIVABLES POOL AND SERVICING", Subsection "Features of Purchased Receivables" and "PROVISIONAL PORTFOLIO CHARACTERISTICS AND HISTORICAL DATA", Table "Top Borrowers" of the Prospectus.</p> <p>The underlying exposures represent certain hire purchase and personal contract plan agreements (including certain Ancillary Rights) and do not include any securitised residual leasing values. Hence, Article 243 (2) (a) 2nd Paragraph of the CRR is not applicable to the Transaction.</p>
#	Criterion Article 243 (2) (b)	CRR Assessment
3	<b>Maximum risk weight under the Standardised Approach</b>	<p><u>Verification Method</u>: Legal (Prospectus, Receivables Purchase Agreement), Due Diligence (explicit confirmation by Originator)</p> <p>None of the underlying exposures are secured by residential mortgages or commercial mortgages, therefore Article 243(2) (b) (i) and (ii) are not applicable.</p>



	<p>At the time of inclusion in the securitisation, the underlying exposures meet, in relation to the Seller, the conditions for being assigned, under the Standardised Approach and taking into account any eligible credit risk mitigation, the following maximum risk weights:</p> <p>Retail exposures: 75% (individual exposure) Any other exposures: 100% (individual exposure)</p> <p>The underlying HP and PCP Agreements have been entered into exclusively with (i) consumers resident or (ii) non-consumers located in the Republic of Ireland and the Obligors are not credit-impaired, please refer to SCHEDULE 2 "Eligibility Criteria", Items (d), (l) and (t) of the RPA.</p> <p>Therefore, the underlying exposures meet the conditions for being assigned under the Standardised Approach and, taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than 100% for other (=entrepreneurs) exposures in accordance with Article 122 (2) and equal to or smaller than 75% for retail exposures in accordance with Article 123 of the CRR, on an individual exposure basis.</p>
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#	Criterion Article 243 (2) (c)	CRR Assessment
4	<b>Inclusion of loans secured by lower ranking security rights</b> for RMBS and CMBS	<p><u>Verification Method</u>: Legal (Prospectus, Receivables Purchase Agreement)</p> <p>The Eligibility Criteria restrict the underlying exposures to Receivables under HP and PCP Agreements – therefore, residential or commercial mortgage loans do not form part of the portfolio, please refer to SCHEDULE 2 "Eligibility Criteria" of the RPA.</p>

#	Criterion Article 243 (2) (d)	CRR Assessment
5	<b>Maximum loan-to-value</b> for RMBS	<p><u>Verification Method</u>: Legal (Legal opinion, Receivable purchase agreement)</p> <p>The Eligibility Criteria restrict the underlying exposures to Receivables under HP and PCP Agreements – therefore, residential mortgage loans do not form part of the portfolio, please refer to SCHEDULE 2 "Eligibility Criteria" of the RPA.</p>



As a result of the verifications documented above, we confirm to Finance Ireland Credit Solutions DAC that the requirement pursuant to Article 243 (2) of Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, have been fulfilled for the Transaction "**Finance Ireland Auto Receivables No.1 DAC**".

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