

Final LCR Assessment

In respect of the Transaction „ **Limes 2021-1**“
(Deutsche Sparkassen Leasing AG & Co. KG)

30 June 2021



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 agreement with BaFin.

Mandating of SVI and verification steps

On 12 April 2021, SVI has been mandated by the parent company (Deutsche Leasing Sparkassen AG & Co. KG) of the Originators (Deutsche Leasing für Sparkassen und Mittelstand GmbH, Deutsche Leasing International GmbH and Deutsche Leasing AG) to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction "Limes 2021-1" (the "Transaction").

As part of our verification work, we have met with representatives of Deutsche Leasing Sparkassen AG & Co. KG to conduct a virtual due diligence meeting on 16 April 2021. In addition, we have discussed selected aspects of the Transaction with Deutsche Leasing and the legal

counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of Deutsche Leasing and the underlying transaction documentation.

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

- Final Prospectus dated 28 June 2021
- Additional information received by e-mail, such as confirmations, comments, etc.

Verification Methodology

The fulfilment of each verification point in this Final LCR 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 26 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 LCR 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 LCR Assessment.

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

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 to SVI or in any of the documents are true, not misleading and complete.

LIST OF ABBREVIATIONS/DEFINITIONS

Note: For any other term used in this Final LCR Assessment in capital spelling, please refer to the defined terms in the section “MASTER DEFINITIONS SCHEDULE” in the Final Prospectus.

AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
CF-Model	Cash Flow-Model
Closing Date	30 June 2021
CMBS	Commercial Mortgage-Backed Securitisation
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
Data Package	Data Package received by Deutsche Leasing
Deutsche Leasing	Deutsche Leasing Sparkassen AG & Co. KG
Due Diligence Presentation	Due Diligence Presentation by Deutsche Leasing
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
ECAI	External credit assessment institution
Final Prospectus	Final Prospectus dated 28 June 2021
Final Verification Report	Final Verification Report prepared by SVI in respect of the Transaction
Fitch	Fitch Ratings – a branch of Fitch Ratings Ireland Limited
LCR	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
Level 2B Securitisations	Asset-backed securities as referred to in Article 12(1)(a) of the LCR that fulfil the requirements of Article 13 of the LCR
LO	German Legal Opinion
Issuer	Limes 2021-1
Limes 2021-1	Limes Funding S.A., acting on behalf and for the account of its Compartment 2021-1

Originator 1	Deutsche Leasing für Sparkassen und Mittelstand GmbH
Originator 2	Deutsche Leasing International GmbH
Originator 3	Deutsche Leasing AG
Originators	Originator 1, Originator 2 and Originator 3
RMBS	Residential Mortgage-Backed Securitisation
RPSA	Receivables Purchase and Servicing Agreement
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	Deutsche Sparkassen Leasing AG & Co. KG
Servicer	Deutsche Sparkassen Leasing AG & Co. KG
SME	Small or medium-sized enterprise
SPV	Special Purpose Vehicle or Issuer
S&P	S&P Global Ratings Europe Limited (Niederlassung Deutschland)
Transaction	The securitisation of commercial lease and hire purchase receivables involving Limes 2021-1 as Issuer

#	Criterion Article 13, Paragraph 1 of the LCR	LCR Assessment
1	Qualification of the securitisation position as STS securitisation and fulfilment of additional criteria	<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 Originator to ESMA as meeting the requirements of Articles 20 – 22 of the Securitisation Regulation in respect of non-ABCP securitisations, see section “COMPLIANCE WITH STS REQUIREMENTS” in the Final Prospectus. Please also refer to the Final Verification Report prepared by SVI in respect of the Transaction.</p> <p>The additional criteria laid down in paragraph 2 and paragraphs 10 to 13 of Article 13 of the LCR are met, please refer below to #2-8.</p>

#	Criterion Article 13, Paragraph 2 (a) of the LCR	LCR Assessment
2	Credit Rating of the securitisation position	<p><u>Verification Method:</u> Legal (Prospectus), Due Diligence (Rating report)</p> <p>The Class A Notes to be issued by the Issuer have been assigned a AAA (sf) and AAA (sf) long-term ratings by Fitch and S&P, respectively. Both Fitch and S&P have the status of a nominated ECAI. Hence, the Securitisation Position has been assigned a credit assessment of credit quality step 1 (AAA or equivalent) by a nominated ECAI in accordance with Article 264 of Regulation (EU) No 575/2013.</p>

#	Criterion Article 13, Paragraph 2 (b) of the LCR	LCR Assessment
3	Most senior tranche of the securitisation	<p><u>Verification Method:</u> Legal (Prospectus)</p> <p>The Securitisation Position is the most senior tranche issued by the Issuer under the Transaction and possesses the highest level of seniority at all times during the ongoing life of the Transaction, see section "TERMS AND CONDITIONS OF THE CLASS A NOTES", subsection "8. PRIORITIES OF PAYMENTS" of the Final Prospectus.</p> <p>The Class A Notes represent the most senior tranche given that, following the occurrence of an Enforcement Event, the Class A Notes are not subordinated to other tranches (in particular the Class B Notes) of the Transaction in respect of receiving principal and interest payments, see the Post Enforcement Priority of Payments (please refer to section "TERMS AND CONDITIONS OF THE CLASS A NOTES", subsection "8. PRIORITIES OF PAYMENTS", paragraph "8.2 Priority of Payments after the Occurrence of an Enforcement Event" of the Final Prospectus).</p>

#	Criterion Article 13, Paragraph 2 (g) of the LCR	LCR Assessment
4	Homogeneity requirements	<p><u>Verification Method:</u> Legal (Offering Circular), Data</p> <p>The Securitisation Position is backed by a pool of homogeneous underlying exposures, which – as confirmed by Deutsche Leasing - all belong to only one subcategory, namely commercial loans, leases and credit facilities to undertakings established in a Member State (Germany) to finance capital expenditures or business operations other than the acquisition or development of commercial real estate, provided that at least 80 % of the borrowers in the pool in terms of portfolio balance are small and medium-sized enterprises at the time of issuance of the securitisation, and none of the borrowers is an institution as defined in Article 4(1)(3) of Regulation (EU) No 575/2013, see Article 13, paragraph 2 (g) (iii) of the LCR.</p>

#	Criterion Article 13, Paragraph 10 of the LCR	LCR Assessment
5	Securitisation position not held by the credit institution or group company that originated the underlying exposures	<p><u>Verification Method:</u> Legal (Offering Circular), Due Diligence (explicit confirmation by the originator)</p> <p>The underlying exposures have been originated by Deutsche Leasing für Sparkassen und Mittelstand GmbH, Deutsche Leasing International GmbH and Deutsche Leasing AG acting as Originators. For the purpose of compliance with this requirement it is assumed that the credit institution holding the Securitisation Position in its liquidity buffer is not one of the Originators, any of their subsidiaries, their parent undertaking, a subsidiary of their parent undertaking or any other undertaking closely linked with the Originators.</p>

	Criterion Article 13, Paragraph 11 of the LCR	LCR Assessment
6	Requirement regarding Tranche Size	<p><u>Verification Method:</u> Legal (Offering Circular)</p> <p>The Nominal Amount of the Class A Notes is expected to amount to approximately EUR 588,200,000, hence the issue size of the tranche amount is at least EUR 100 million (or the equivalent amount in domestic currency).</p>

#	Criterion Article 13, Paragraph 12 of the LCR	LCR Assessment
7	Requirements regarding Weighted Average Life of the securitisation position	<p><u>Verification Method:</u> Legal (Offering Circular), Data (Cashflow Model)</p> <p>Under all Prepayment Rate assumptions for the Transaction (5%), the remaining weighted average life of the Class A Notes is 5 years or less, see section "AMORTISATION AND WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES", subsection "1. Weighted Average life of the Notes" of the Final Prospectus.</p>

#	Criterion Article 13, Paragraph 13 of the LCR	LCR Assessment
8	Requirements regarding the Originator	<p><u>Verification Method</u>: Legal (Offering Circular), Due Diligence (explicit confirmation by originator)</p> <p>The Originator is not a credit institution as defined in Article 4 (3) of the CRR, but pursues one or more of the activities listed in points 2 to 12 and point 15 of Annex I to Directive 2013/36/EU, namely 'Financial Leasing' (point 3).</p>

#	Criterion Article 37 of the LCR	LCR Assessment
9	Transitional provisions for RMBS	<p><u>Verification Method</u>: Legal (Offering Circular)</p> <p>The securitised exposures consist exclusively of commercial lease and hire purchase receivables, hence the exceptions for residential mortgages regarding loan-to-value or loan-to-income requirements do not apply.</p>



As a result of the verifications documented above, we confirm to Deutsche Sparkassen Leasing GmbH & Co. KG that the requirements pursuant to 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 for HQLA as Level 2B Securitisations, have been fulfilled for the transaction "**Limes 2021-1**".

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