

Final CRR Assessment

In respect of the Transaction “**Red & Black Auto Germany 10**”
(Bank Deutsches Kraftfahrzeuggewerbe GmbH)

4 October 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 3 July 2023, SVI has been mandated by the Originator (Bank Deutsches Kraftfahrzeuggewerbe GmbH) to verify compliance with Article 243 (2) of the CRR for the securitisation transaction "Red & Black Auto Germany 10" (the "Transaction").

As part of our verification work, we have met with representatives of Bank Deutsches Kraftfahrzeuggewerbe GmbH to conduct a virtual due diligence meeting on 10 July 2023. In addition, we have discussed selected aspects of the Transaction with Bank Deutsches

Kraftfahrzeuggewerbe GmbH and legal counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of Bank Deutsches Kraftfahrzeuggewerbe GmbH and the underlying transaction documentation.

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
- 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 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 CRR 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 CRR Assessment in capital spelling, please refer to the defined terms in the Section “Transaction Definitions” in the Prospectus.

BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BDK	Bank Deutsches Kraftfahrzeuggewerbe GmbH
Closing Date	4 October 2023
CMBS	Commercial Mortgage-Backed Securitisation
CRR	Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms
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
ESMA	European Securities and Markets Authority
Final Verification Report	Final Verification Report prepared by SVI in respect of the Transaction
Issuer	Red & Black Auto Germany 10 UG (haftungsbeschränkt)
LCR	Liquidity Coverage Requirements
Originator	Bank Deutsches Kraftfahrzeuggewerbe GmbH
Prospectus	Prospectus dated 26 September 2023
RMBS	Residential Mortgage-Backed Securitisation
RPA	Receivables Purchase 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
Seller	Bank Deutsches Kraftfahrzeuggewerbe GmbH
Servicer	Bank Deutsches Kraftfahrzeuggewerbe GmbH
SSPE	Securitisation Special Purpose Vehicle or Issuer

Standardised Approach	The regulatory capital requirements according to Part 3, Title II, Chapter 2 of the CRR
STS Criteria	Articles 18-26 of the Securitisation Regulation, setting out criteria for simple, transparent and standardised securitisations
Transaction	The securitisation of auto loan receivables involving Red & Black Auto Germany 10 UG (haftungsbeschränkt) as Issuer

#	Criterion Article 243 (2)	CRR Assessment
1	Qualification of the securitisation position as STS securitisation	<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 "RISK RETENTION", Subsection "THE EU RISK RETENTION AND EU TRANSPARENCY REQUIREMENTS", Paragraph 2 "EU Transparency Requirements" in 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	Granularity 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 Loan Receivables assigned hereunder resulting from Loan Agreements with one and the same Debtor will not exceed 2% of the Outstanding Principal Amount in respect of any single Debtor as at the Cut-Off Date and any Determination Date, see Table "2.9 Concentration of Top 20 Debtors" of the Prospectus.</p> <p>Furthermore, BDK confirmed that there is no group of connected clients with loans which exceeds 2% of the Outstanding Principal Amount.</p> <p>The underlying exposures represent auto Loan Agreements and/or Related Claims and 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	Maximum risk weight under the Standardised Approach	<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>The underlying Loan Agreements have been entered into exclusively with Debtors, which are consumers (Verbraucher) resident located in the Federal Republic of Germany and the Debtors are not credit-impaired, please refer to section "DESCRIPTION OF THE PORTFOLIO", Subsection 1 "Overview over the key terms of the Purchased Receivables", and as well as Section "THE ASSETS AND RESERVES", Subsection "Eligibility Criteria" Items (ii) (a) and (iii) (k) in the Prospectus.</p> <p>The portfolio contains Loan Agreements that have been entered with Debtors that fall into the 'retail exposure' category of Article 243(2) (b) (iii) as, according to Article 123 of the CRR,</p> <ul style="list-style-type: none"> a) each exposure is to natural persons, see DESCRIPTION OF THE PORTFOLIO", Subsection 1 "Overview over the key terms of the Purchased Receivables", and as well as Section "THE ASSETS AND RESERVES", Subsection "Eligibility Criteria", Item (ii) (a) in the Prospectus. b) each exposure is one of a significant number of exposures with similar characteristics, see #11-13 of the Final Verification Report and c) the total amount owed by each obligor client or group of connected clients does not exceed EUR 1 million, see Section "THE ASSETS AND RESERVES", Subsection "Eligibility Criteria", Paragraph (iii) (i) in connection with Paragraph (iv) (b). Since the Debtors are natural persons only, Debtors will not be aggregated into groups of connected clients. <p>As a result, these retail exposures would have a risk weight of 75% under the Standardised Approach.</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 75% for retail exposures in accordance with Article 123 of the CRR, on an individual exposure basis.</p>

#	Criterion Article 243 (2) (c)	CRR Assessment
4	Inclusion of loans secured by lower ranking security rights for RMBS and CMBS	<p><u>Verification Method</u>: Legal (Prospectus, Receivables Purchase Agreement)</p> <p>The Eligibility Criteria restrict the underlying exposures to Loan Receivables under auto Loan Agreements – therefore, residential or commercial mortgage loans do not form part of the portfolio, please refer to the Cover Page and to Section “THE ASSETS AND RESERVES”, Subsection “Eligibility Criteria” in the Prospectus.</p>

#	Criterion Article 243 (2) (d)	CRR Assessment
5	Maximum loan-to-value for RMBS	<p><u>Verification Method</u>: Legal (Legal Opinion, Receivables Purchase Agreement)</p> <p>The Eligibility Criteria restrict the underlying exposures to Loan Receivables under auto Loan Agreements – therefore, residential or commercial mortgage loans do not form part of the portfolio, please refer to the Cover Page and to Section “THE ASSETS AND RESERVES”, Subsection “Eligibility Criteria” in the Prospectus.</p>

As a result of the verifications documented above, we confirm to **Bank Deutsches Kraftfahrzeuggewerbe GmbH** 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 "**Red & Black Auto Germany 10**".

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