Rating Report

RevoCar 2019 UG (haftungsbeschränkt)

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DBRS

Insight beyond the rating.

Ratings and Issuer's Liabilities

Debt	ISIN	Par Amount (EUR) 1	Subordination 2	Coupon	Rating 3	Rating Action
Class A Notes	XS1971582553	366,000,000	8.5%	One-Month Euribor + 0.49%	AAA (sf)	New Rating
Class B Notes	XS1971582637	18,700,000	3.8%	1.00%	A (sf)	New Rating
Class C Notes	XS1971582983	4,100,000	2.8%	2.00%	BBB (sf)	New Rating
Class D Notes	XS1971583015	7,100,000	1.0%	3.50%	BB (sf)	New Rating
Class E Notes	XS1971583106	4,100,000	-	7.50%	Not Rated (N.R.)	N/A

Notes:
1 As at the Issue Date.
2 Subordination is expressed as a percentage of total debt issued.
3 The rating for the Class A Notes addresses the timely payment of interest and ultimate repayment of principal by the legal final maturity date. The rating for the Class B Notes addresses ultimate (and timely as most senior class) payment of interest and ultimate repayment of principal by the legal maturity date. The ratings for the Class C and D Notes address ultimate payment of interest and ultimate repayment of principal by the legal maturity date.

DBRS assigned ratings of AAA (sf), A (sf), BBB (sf) and BB (sf) to the Class A Notes, Class B Notes, Class C Notes and Class D Notes (the Rated Notes), respectively, (together with the unrated Class E Notes, the Notes) issued by RevoCar 2019 UG (haftungsbeschränkt) (the Issuer). The Issuer is registered at Wilmington Trust SP Services (Frankfurt) GmbH incorporated under German law.

The Notes are backed by a pool of receivables related to auto loan contracts granted to private individuals and commercial clients residing in Germany by Bank11 für Privatkunden und Handel GmbH (Bank11 or the Originator). The collateral portfolio will also be serviced initially by Bank11 (the Servicer).

Portfolio Summary (as at 31/03/2019)

Total Outstanding Principal (EUR)	399,989,205
Number of Contracts	34,591
Weighted-Average Interest Rate	3.52%
New Cars / Used Cars	36.7%/63.3%
EvoClassic (amortising)/EvoSmart (balloon)	84.2%/15.8%
Weighted-Average (WA) Seasoning (months)	5.9

Asset Class	Auto Loans
Asset Governing Jurisdiction	Federal Republic of Germany
Sovereign Rating	AAA

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Transaction Parties

Roles	Counterparty	DBRS Rating
Issuer	RevoCar 2019 UG (haftungsbeschränkt)	N.R.
Originator and (initial) Servicer	Bank11 für Privatkunden und Handel GmbH	N.R.
Substitute Servicer Facilitator	Wilmington Trust SP Services (Frankfurt) GmbH	N.R.
Account Bank	The Bank of New York Mellon Corporation, Frankfurt Branch	AA (low)*
Swap Counterparty	UniCredit Bank AG	Private Rating
Cash Administrator/ Paying Agent	The Bank of New York Mellon Corporation, London Branch	AA (low)*
Corporate Service Provider	Wilmington Trust SP Services (Frankfurt) GmbH	N.R.
Arranger	UniCredit Bank AG	Private Rating
Trustee/Data Trustee	Wilmington Trust SP Services (London) Limited	N.R.

*Rating assigned to the headquarters The Bank of New York Mellon Corporation.

Relevant Dates

Term	Description
Issue Date	17 April 2019
First Monthly Payment Date	21 May 2019
Monthly Payment Date	21st day (or the following business day) of each calendar month
Amortisation Starting Date	21 May 2020
Legal Final Maturity Date	21 April 2033

Rating Considerations

Notable Features

- Historical performance does not cover an economic downturn as the German economic environment has been benign over the past few years.
- The liquidity reserve, commingling reserve and set-off reserve are only available upon the occurrence of certain predefined events.
- Receivables are fixed-rate German auto loans granted mostly to private individual clients for the purchase of new and used vehicles while the Class A Notes pay a floating rate plus a margin. The transaction benefits from a hedging structure to mitigate interest rate mismatches.
- The collateral pool only comprises amortising equal instalment (EvoClassic) and balloon (EvoSmart) auto loan contracts. EvoSuperSmart loans with flexible payments are excluded.

Strengths

- The collateral pool is granular with 34,591 loans without significant concentrations of borrowers and is geographically diversified across Germany, with the highest concentration in North Rhine-Westphalia (21.7%).
- There is no direct residual value risk associated with the collateral as there are no lease contracts.
- Amortisation of the Notes is sequential.

Challenges and Mitigating Factors

- Historical information covering approximately six years of cumulative default and recovery performance by loan type was provided. The time frame of data series is shorter than the loan terms, which can be as long as eight years.

  Mitigant: DBRS made related adjustments in the determination of the expected defaults and expected recoveries. Adjustments have also been made in the cash flow analysis to account for the expected historical performance in an economic downturn.
- All underlying contracts are fixed rate, whilst interest payable on the Class A Notes is based on one-month Euribor.

  Mitigant: Interest rate risk for the Class A Notes is largely mitigated by an interest rate swap provided by UniCredit Bank AG.
- A relatively high portion of 63.3% of the portfolio at closing is composed of financings for used vehicles, which historically perform worse than new vehicle-related loans.

  Mitigant: The expected default rate for the used car loans reflects the historical performance.
- Unrated servicer and no backup servicer named at closing.

  Mitigant: There is a detailed action plan in the servicing agreement for the Substitute Servicer Facilitator and the substitute servicer upon a Servicer Termination Event. The structure also benefits from a liquidity reserve which is available if the Servicer fails to transfer the collections.
- The transaction has a 12-month revolving period. During the revolving period, the Issuer can purchase additional collateral.

  Mitigant: There are comprehensive receivable eligibility criteria and limitations on the type of collateral that can be purchased during the revolving period. DBRS assumed the worst possible collateral composition in terms of expected cumulative net losses (CNLs) during the revolving period, which offers protection against potential adverse changes in collateral composition.

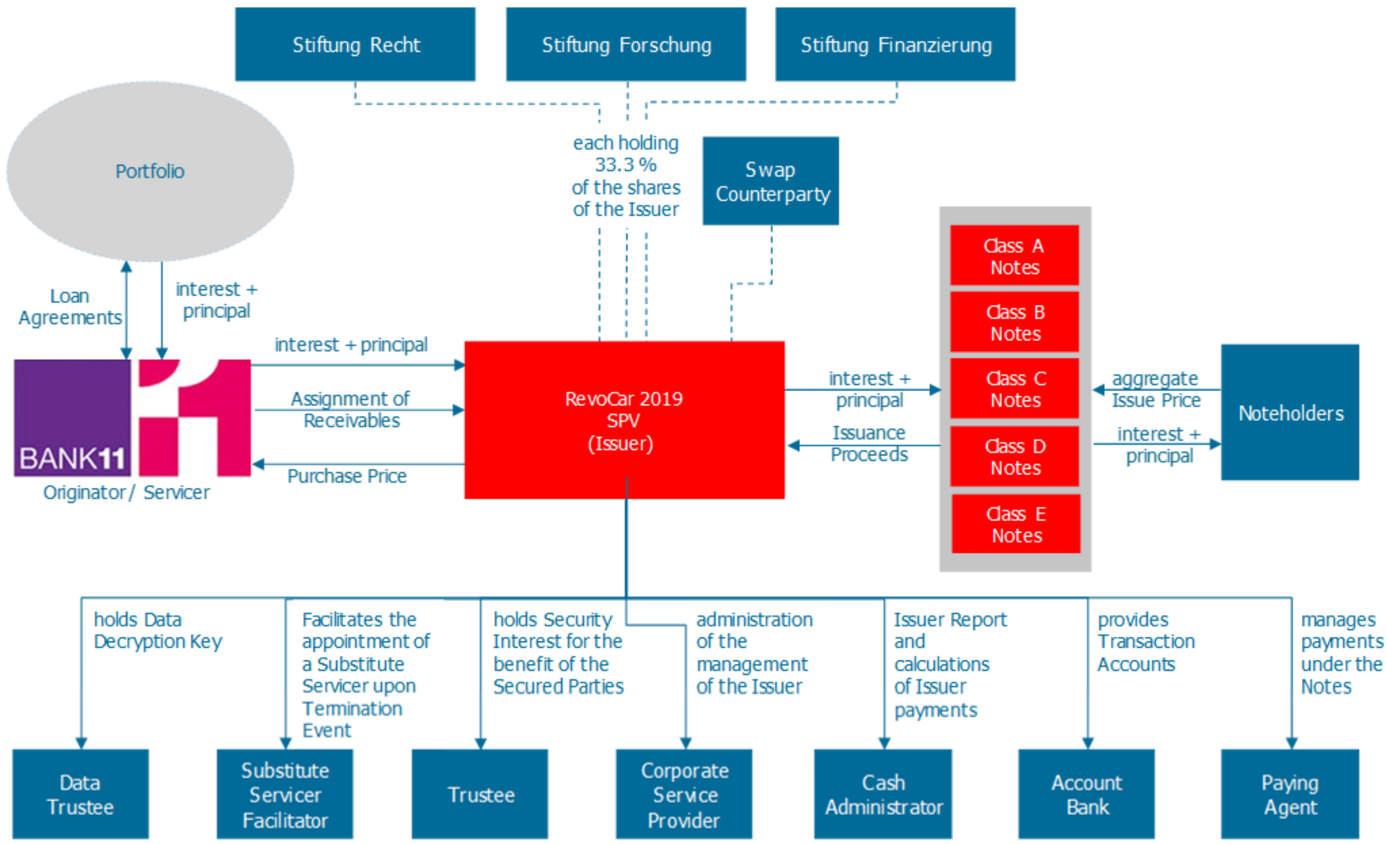
Transaction Structure

Transaction Summary

Currencies:	Issuer's assets and liabilities are denominated in euros (EUR).
Relevant Jurisdictions:	Loan contracts are governed by German law. The transaction documents are governed by German law, except for the swap agreement and Deed of Assignment which are governed by English law. The Issuer is incorporated under the law of the Federal Republic of Germany.
Interest Rate Hedging:	The Issuer will enter into an interest rate swap to hedge the interest rate mismatch between the collateral and the Class A Notes. The Issuer will pay a fixed annualised rate and receive one-month Euribor, based on the notional amount equal to the outstanding Class A Notes, subject to a lower and upper bound based on an expected amortisation profile for the Class A Notes assuming, inter alia, certain prepayment rates.
Liquidity Reserve:	Available only if the Servicer fails to transfer the collections. It provides liquidity support to the structure and can be used to cover senior fees and expenses, swap payments and interest on the Class A Notes. Initial Amount: EUR 2,800,000 Target Balance: 0.7% of outstanding principal amounts of all purchased receivables Amortisation: Yes

Transaction Diagram

The transaction diagram is summarised below:



Counterparty Assessment

Account Bank

The Bank of New York Mellon Corporation, Frankfurt Branch is the account bank for the transaction. DBRS publicly rates the Bank of New York Mellon Corporation with a Long-Term Issuer Rating at AA (low) with a Positive trend.

DBRS concluded that The Bank of New York Mellon Corporation meets DBRS's minimum criteria to act in its capacity as account bank. The transaction contains downgrade provisions relating to the account bank consistent with DBRS's legal criteria.

Other Issuer Accounts

The following current accounts will be opened at the Account Bank in the Issuer's name:

- Operating Account
- Replenishment Shortfall Account
- Liquidity Reserve Account
- Set-Off Risk Reserve Account
- Commingling Reserve Account
- Swap Collateral Account

Commingling Risk

The Servicer receives and collects payments on its own accounts on behalf of the Issuer. Should the Servicer default, the Issuer's funds may be commingled within the defaulted Servicer's estate in case of insolvency.

The commingling risk is mitigated by the transfer of the collection amounts within one business day from the Servicer's general accounts to the Operating Account and by the availability of the Commingling Reserve. The Commingling Reserve will be funded by the Servicer at closing with an amount of EUR 10,000,000 and will be adjusted on each payment date according to the scheduled collections for the next collection period plus 0.5% of the principal balance outstanding of non-defaulted receivables at the beginning of such collection period.

Set-Off Risk

Borrowers in Germany have the right to set off claims against the Issuer that they had at the time of the assignment of receivables or at the time they become aware of the assignment from the Originator to the Issuer, in accordance with Sections 404 and 406 of the German Civil Code (*Bürgerliches Gesetzbuch*). Typically, these claims would include deposits, saving deposits, insurance policies and other assets the borrower has with the defaulting entity.

The set-off risk is mitigated by the loan eligibility criteria at closing which prescribe that borrowers do not hold deposits with Bank11 and the undertaking of Bank11 to fund the Set-Off Risk Reserve upon the occurrence of certain events.

Hedging Counterparty

UniCredit Bank AG is the swap counterparty for the transaction. DBRS privately rates UniCredit Bank AG and concluded that it meets DBRS's criteria to act in such capacity. The swap documentation contains downgrade provisions relating to the swap counterparty that are consistent with DBRS's criteria.

Liquidity Reserve

There is a liquidity reserve of EUR 2,800,000 available at closing, with a target balance of 0.7% of outstanding principal amounts of all purchased receivables. The Liquidity Reserve is available to cover senior expenses, servicing fees, swap payments and interest on the Class A Notes only after the Servicer fails to transfer collections under the servicing agreement resulting in the occurrence of a Servicer Termination Event.

As the liquidity reserve is not available at all times, DBRS gives limited benefit in the analysis.

Priority of Payments

The available funds are disbursed through a combined waterfall with the priority of payments described below. During the revolving period, repayment of principal under the Notes will not occur, but after the end of such period or earlier upon occurrence of a Early Amortisation Event, the Notes will start the amortisation sequentially.

Priority of Payments

Pre-Enforcement Priority of Payments (Replenishment and Amortisation Periods)

1. Issuer fees and expenses;
2. Servicing fee;
3. Payments to the swap counterparty, except any termination payments in case of an event of default or failure by the swap counterparty;
4. Class A Notes interest;
5. If no Class B Principal Deficiency Event is occurring, Class B Notes interest;
6. If no Class C Principal Deficiency Event is occurring, Class C Notes interest;
7. If no Class D Principal Deficiency Event is occurring, Class D Notes interest;
8. If no Class E Principal Deficiency Event is occurring, Class E Notes interest;
9. During Replenishment Period, the purchase price for additional receivables, if any;
10. During Replenishment Period, the replenishment shortfall amount, if any;
11. Class A Notes Principal Redemption Amount;
12. If a Class B Principal Deficiency Event is occurring, Class B Notes interest;
13. Class B Notes Principal Redemption Amount;
14. If a Class C Principal Deficiency Event is occurring, Class C Notes interest;
15. Class C Notes Principal Redemption Amount
16. If a Class D Principal Deficiency Event is occurring, Class D Notes interest;
17. Class D Notes Principal Redemption Amount;
18. If a Class E Principal Deficiency Event is occurring, Class E Notes interest;
19. Class E Notes Principal Redemption Amount; and
20. Other junior items.

Principal Deficiency Event (PDE) of related Class of Notes means if, as of the relevant Payment Date, the Aggregate Note Principal Amount of all Classes of Notes exceeds the Aggregate Principal Balance on the Determination Date immediately preceding such Payment Date by at least:

- Class B: EUR 30,000,000
- Class C: EUR 14,000,000
- Class D: EUR 9,000,000
- Class E: EUR 3,800,000

Key Early Amortisation Events

1. Originator event of default;
2. Servicer Termination Event;
3. The occurrence of an Early Amortisation Event;
4. If on any payment date the initial Note Principal Amount of all Classes of Notes exceeds the sum of the Aggregate Principal Balance and the amount standing to the credit of the Replenishment Shortfall Account;
5. No eligible receivables have been purchased by the Issuer which meet the predetermined credit quality;
6. On any Calculation Date the cumulative gross loss ratio is greater than 0.30% as of any Cut-Off Date prior to or on the payment date falling in March 2020.

Post-Enforcement Priority of Payments

1. Issuer fees and expenses;
2. Servicing fee;
3. Payments to the swap counterparty, except any termination payments in case of an event of default or failure by the swap counterparty;
4. Class A Notes interest;
5. Class A Notes Principal Redemption Amount;
6. Class B Notes interest;
7. Class B Notes Principal Redemption Amount;
8. Class C Notes interest;
9. Class C Notes Principal Redemption Amount
10. Class D Notes interest;
11. Class D Notes Principal Redemption Amount;
12. Class E Notes interest;
13. Class E Notes Principal Redemption Amount;
14. Swap termination payments in case of an event of default or failure by the Swap Counterparty; and
15. Other junior items.

Origination and Servicing

DBRS conducted an updated operational review of Bank 11‘s auto finance operations in February 2019. DBRS considers Bank11’s origination and servicing practices to be consistent with those observed among other German auto finance companies.

Bank11 is 100% owned by Wilh. Werhan KG, and was founded in 2009 as an entity to provide automotive financial services for car dealers and individual clients. The bank officially launched in 2011 and its head office is situated in Neuss, Germany, where the origination operations and customer service centre are located.

Bank11 is one of the largest issuers of non-captive car finance in Germany, with an almost 6% market share and new retail production totalling EUR 1.9 billion for 2018. Bank11 has a total of EUR 2.9 billion of assets under management with 510,000 customers, managed by 243 employees and relationships with over 11,500 dealers.

Collateral Summary

The main characteristics of the portfolio as of 31 March 2019 (weighted by balance) are summarised below:

Original Principal Balance (EUR)	442,140,044
Current Principal Balance (EUR)	399,989,205
Number of loan contracts	34,591
Average Original Principal Balance (EUR)	12,782
Average Current Principal Balance (EUR)	11,563
WA Yield (per annum)	3.5%
WA Original Term (months)	66.0
WA Seasoning (months)	5.9
WA Remaining Term (months)	60.1
New Vehicles/Used Vehicles	36.7%/ 63.3%
Amortising/Balloon	84.2%/ 15.8%

Car Type
63.3% of the portfolio is for used car loans whereas only 36.7% of the pool is for new cars.

Loan Type
15.8% of the portfolio are loans with a balloon payment whereas 84.2% are amortising loans. The percentage of balloon amounts in respect of the initial loan balance is 51.5%.

Borrower Type
96.4% of the portfolio are loans granted to private individuals whereas only 3.6% were granted to commercial clients.

Seasoning and Remaining Term
59.6% of the loans are seasoned less than or equal to six months and 97.7% of the pool are below 12 months. The remaining maturity of the loans is mostly between 36 and 96 months with only 13.5% having a remaining maturity below 36 months.

Origination Year
85.3% of the loans in the portfolio were originated in 2018 and 12.8% in 2019. Only small portions of loans were originated before 2018.

Interest Rate
The weighted-average interest rate of the portfolio is 3.5%, slightly higher than the minimum interest rate of 3.25% required during the Replenishment Period.

Geographical Distribution
The provisional portfolio is well distributed in Germany with expected concentrations in three of the country's largest regions: North-Rhine Westphalia (21.7%), Bavaria (14.6%) and Baden-Württemberg (13.9%).

Main Eligibility Criteria
Receivables assigned on the issue date meet certain criteria specified in the transaction documents. Some of the criteria are summarised below:

1. In relation to the loan agreement:

2. Is not related to an employee programme;

3. Constitute legal valid, binding and enforceable rights and claims against respective borrowers;

4. Is governed by German law;

5. Is based on the originator's general terms at time of execution and in accordance with its credit and collection policy;

6. For balloon agreements, the balloon amount is equal to or lower than 90% of the vehicle sale price;
7. LTV does not exceed 150%;
8. Has not been terminated;
9. Represents equal monthly payment schedules, apart from balloon products where there is one final balloon instalment;
10. Has a remaining term of at least two months;
11. Has an original term that does not exceed 120 months;
12. Is compliant with all applicable laws and regulations;
13. Sets out the correct effective rate of interest (effektiver Jahreszins); and
14. Cannot be repaid by the borrower by handing over the vehicle in settlement of the loan agreement.

In relation to each debtor:

1. Has paid at least one instalment in full;
2. Has permanent residence in the European Union and is not a public entity;
3. Is not an employee of the originator or any of its affiliates;
4. Does not hold any deposits with the Originator; and
5. Does not owe to the Originator of more than EUR 150,000.

In relation to each receivable:

1. Is freely assignable and free from rights of third parties;
2. Is denominated in euros;
3. Monthly instalment payments are at least EUR 20;
4. Has an outstanding principal amount of at least EUR 300;
5. Is payable by direct debit;
6. Is secured by the security transfer (Sicherungsübereignung) of legal title to the relevant vehicle to the originator;
7. Is not in arrears or a defaulted receivable;
8. Can be identified and reported on separately in the originator's files and systems; and
9. Has a fixed effective loan interest rate above or equal to 0.30% and is not subject to an ordinary interest reset from time to time.

In relation to the related vehicles:

1. Exists and is situated in Germany; and
2. Has an initial vehicle sale price not exceeding EUR 150,000.

In relation to the Originator:

1. Is the sole creditor of the receivable;
2. Has not agreed to suspend repayment of the receivable outside of its credit and collection policies; and
3. Has not commenced enforcement proceedings against a borrower in respect of the receivable.

Concentration Limits during the Replenishment Period

During this period, the assignment of additional collateral is subject to certain concentration limits specified by the transaction documents summarised below:

On the total portfolio:

1. The minimum weighted-average portfolio yield must at least be equal to 3.25% per annum.
2. The ratio of outstanding loans granted to private customers must at least be 90%.
3. The maximum remaining term of the loans must not be above 65 months.
4. The ratio of outstanding loans with balloon instalments does not exceed 25%.

On additionally purchased receivables:

1. The ratio of outstanding new vehicle loans over the outstanding receivables of the collateral excluding defaulted receivables (but including the newly assigned additional portfolios) must be at least 30%.

Failure by Bank11 to select a portfolio that complies with such limits may result in rejection (in whole or in part as the case may be) of the receivables newly offered.

Rating Analysis

The ratings are based on the following considerations:

- The Transaction capital structure including available credit enhancement in the form of subordination, liquidity support and excess spread.
- Sufficient credit enhancement levels to support DBRS' expected credit losses under various stress scenarios.
- The ability of the Transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested.
- The Originator's capabilities with respect to originations, underwriting, servicing and financial strength.
- An operational risk review of Bank11, which is deemed to be an acceptable servicer.
- The transaction parties' financial strength with regard to their respective roles.
- The credit quality of the collateral and diversification of the collateral and historical and projected performance of the collateral.
- The sovereign rating of the Federal Republic of Germany, currently at AAA.
- The consistency of the transactions' legal structure with DBRS's *Legal Criteria for European Structured Finance Transactions* methodology, the presence of legal opinions that address the true sale of the assets to the Issuer.

Portfolio Performance Data

DBRS was provided with historical dynamic and static data on the EvoClassic (amortising) loans, EvoSmart (balloon) loans, new vehicle loans and used vehicle loans originated by Bank11 below:

- Monthly dynamic delinquency data from January 2013 to December 2018.
- Monthly static prepayment data from January 2013 to December 2018.
- Quarterly static default data from January 2013 to December 2018.
- Quarterly static recovery data from January 2013 to December 2018.

DBRS also received a set of stratification tables in relation to the loan pool as of 31 March 2019 and its related contractual amortisation profile.

DBRS considers the information available to it for the purposes of providing this rating to be of satisfactory quality.

Gross Defaults

Data is grouped into vintages by the date of loan origination. DBRS understands that the default definition used in the data is consistent with the definition in the transaction documents.

Exhibit 1: EvoClassic (amortising)

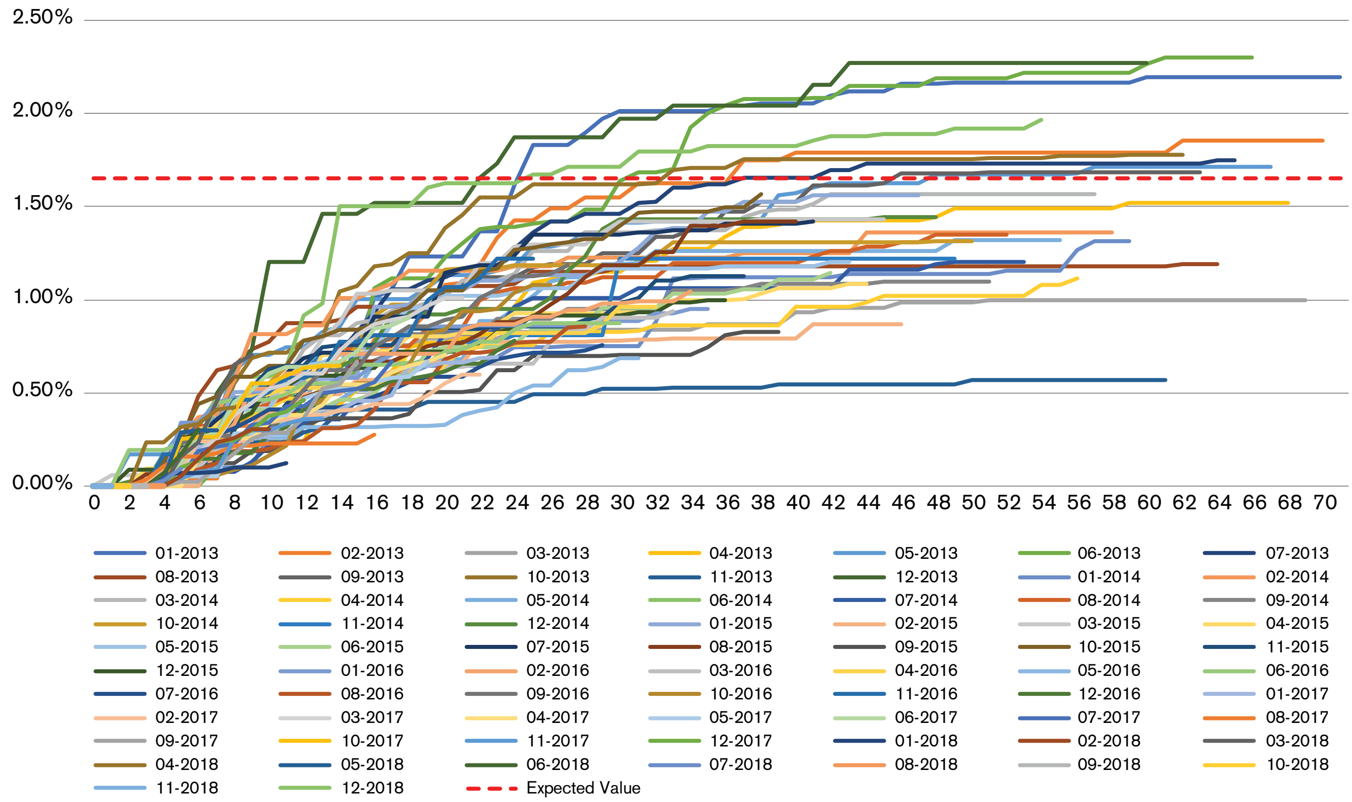


Exhibit 2: EvoSmart (balloon)

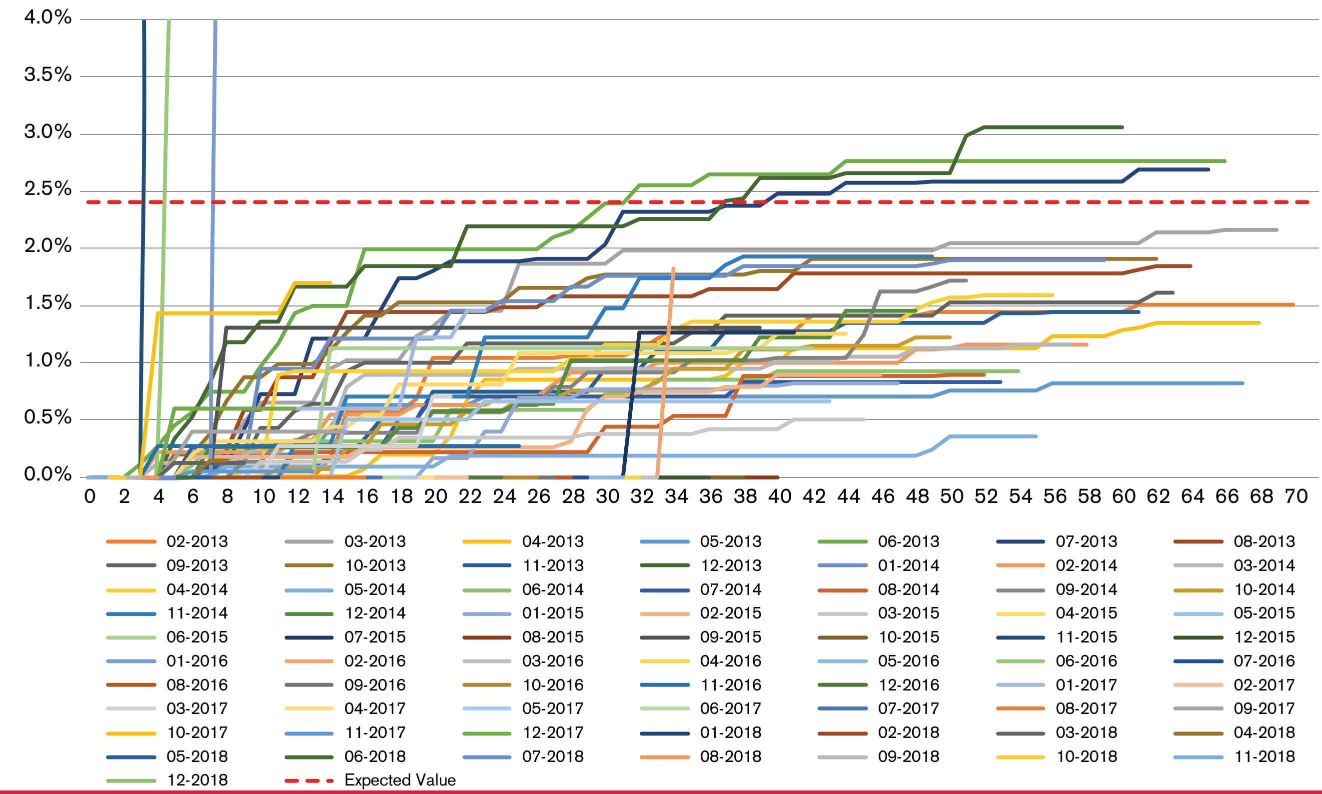


Exhibit 3: New Vehicles

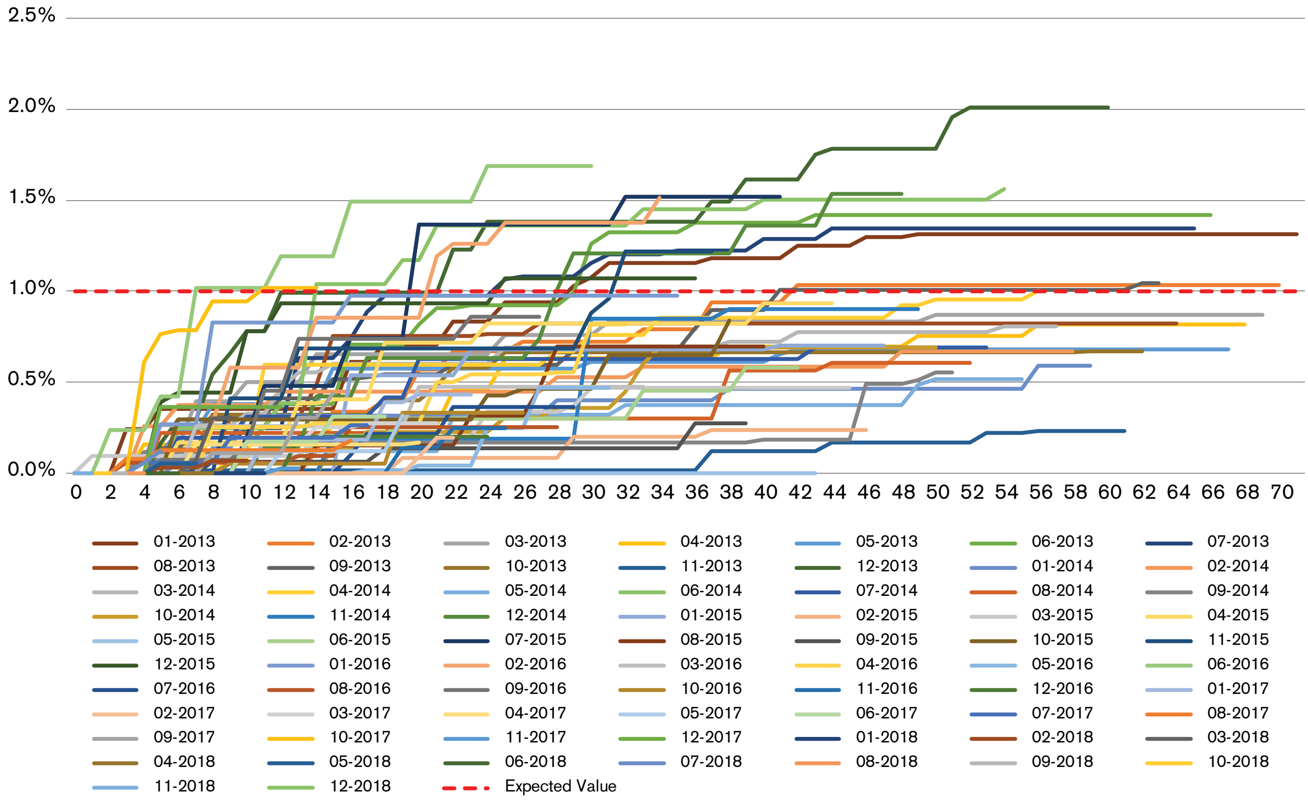
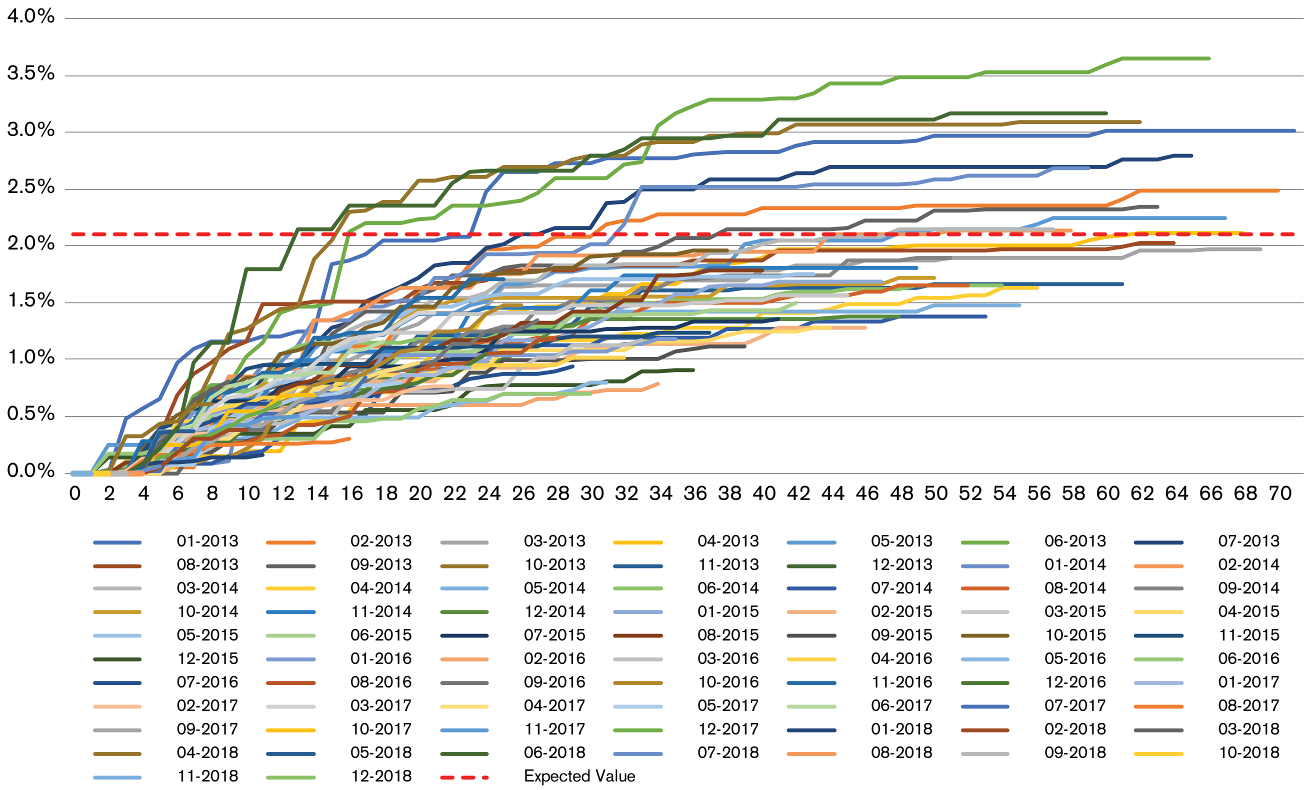


Exhibit 4: Used Vehicles



DBRS notes that historical defaults experienced by Bank11 are low and comparable with other similar German auto transactions as a result of a very benign economic environment over the past few years. The historical performance has not been tested in an economic downturn.

The three high default vintage outliers seen on Exhibit 2 are attributed to low origination volumes where only a few loans have defaulted. There is no noticeable difference between EvoClassic and EvoSmart default history whereas new vehicle loans perform considerably better than used vehicle loans.

After considering the quality and trend of data, DBRS constructed lifetime defaults for each loan type and constructed a portfolio-level expected default of 1.8% based upon the worst pool composition during the Replenishment Period.

Recoveries (Loss Severities)

Data is grouped into vintages by the date of loan default.

Exhibit 5: EvoClassic (amortising)

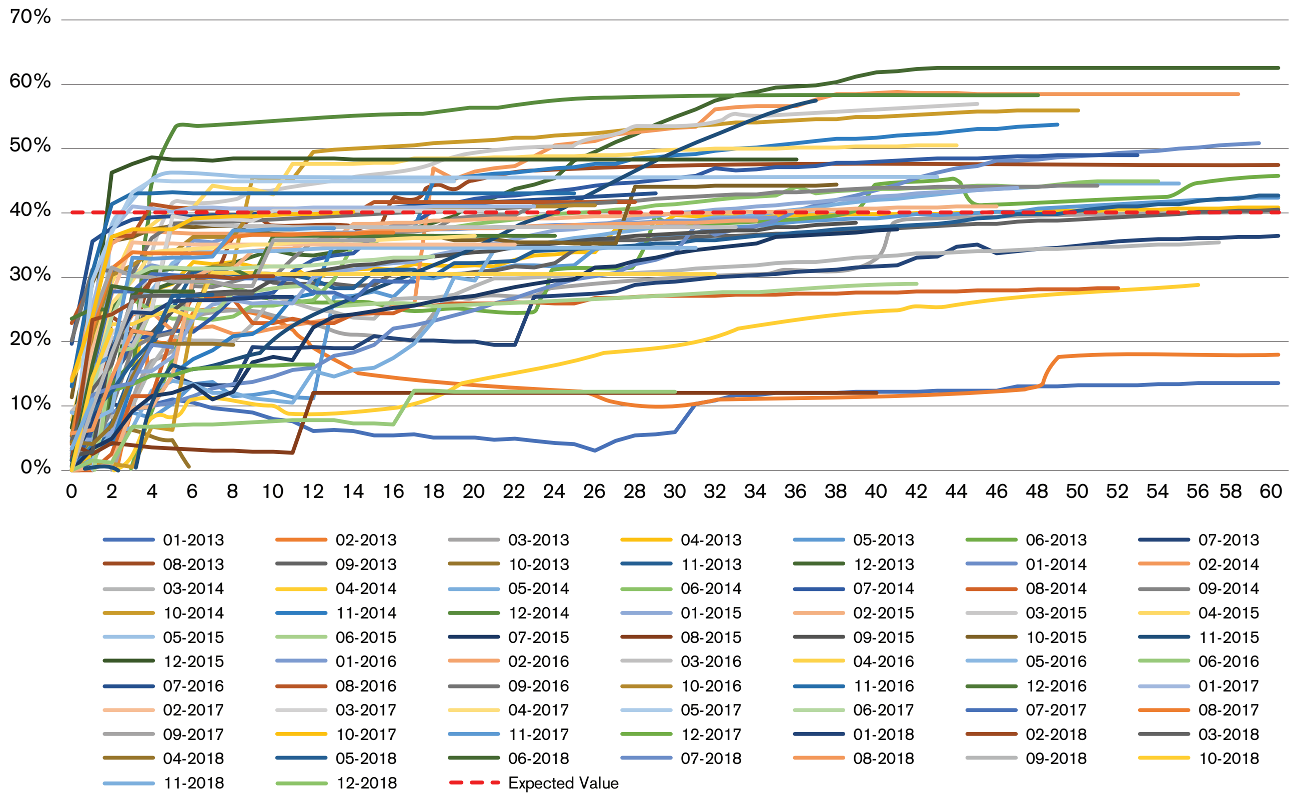


Exhibit 6: EvoSmart (balloon)

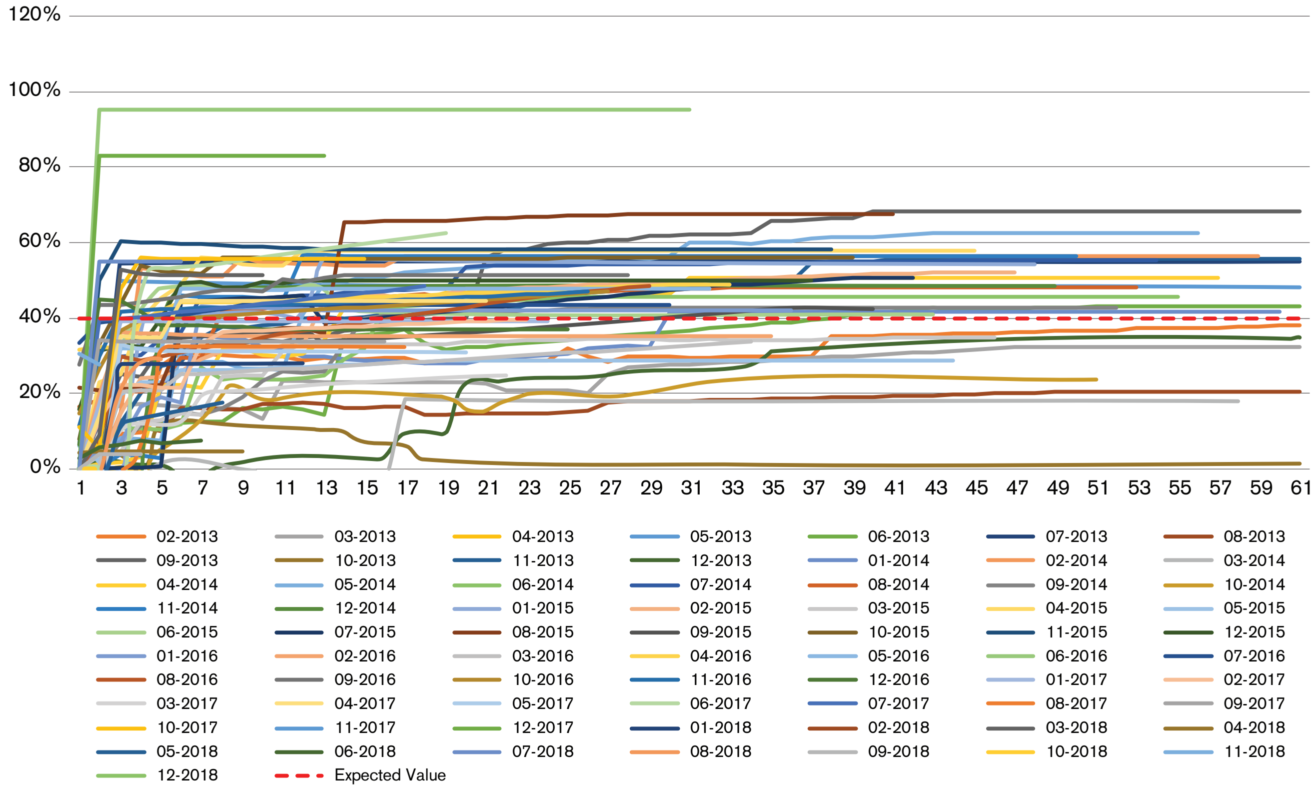


Exhibit 7: New Vehicles

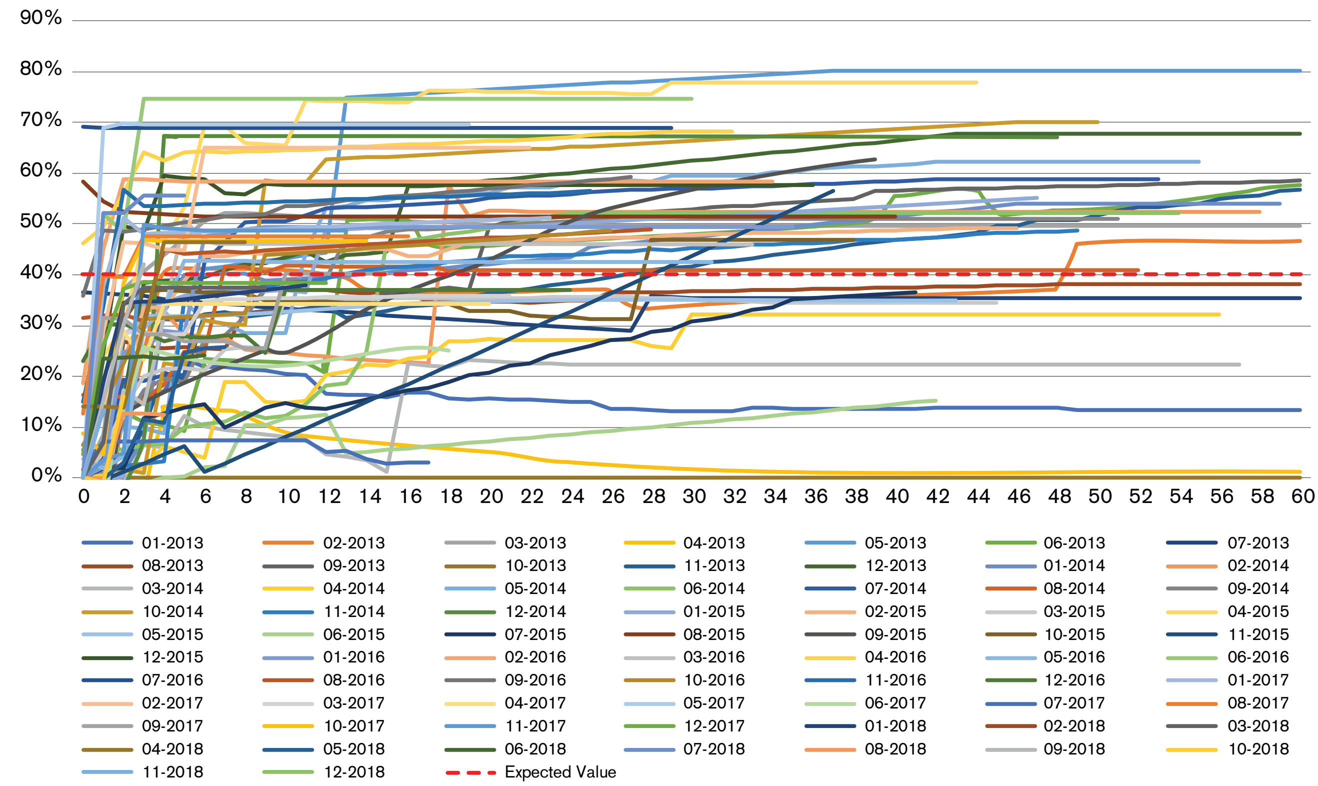
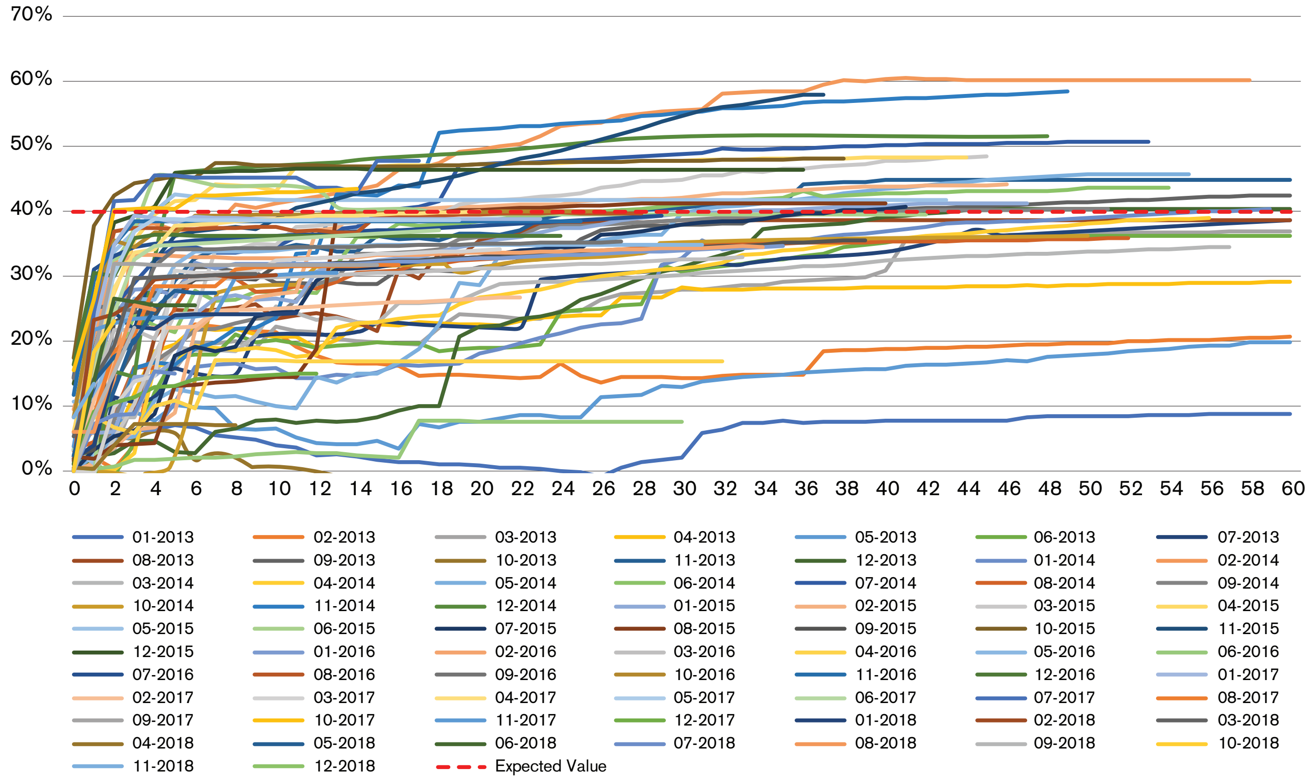


Exhibit 8: Used Vehicles



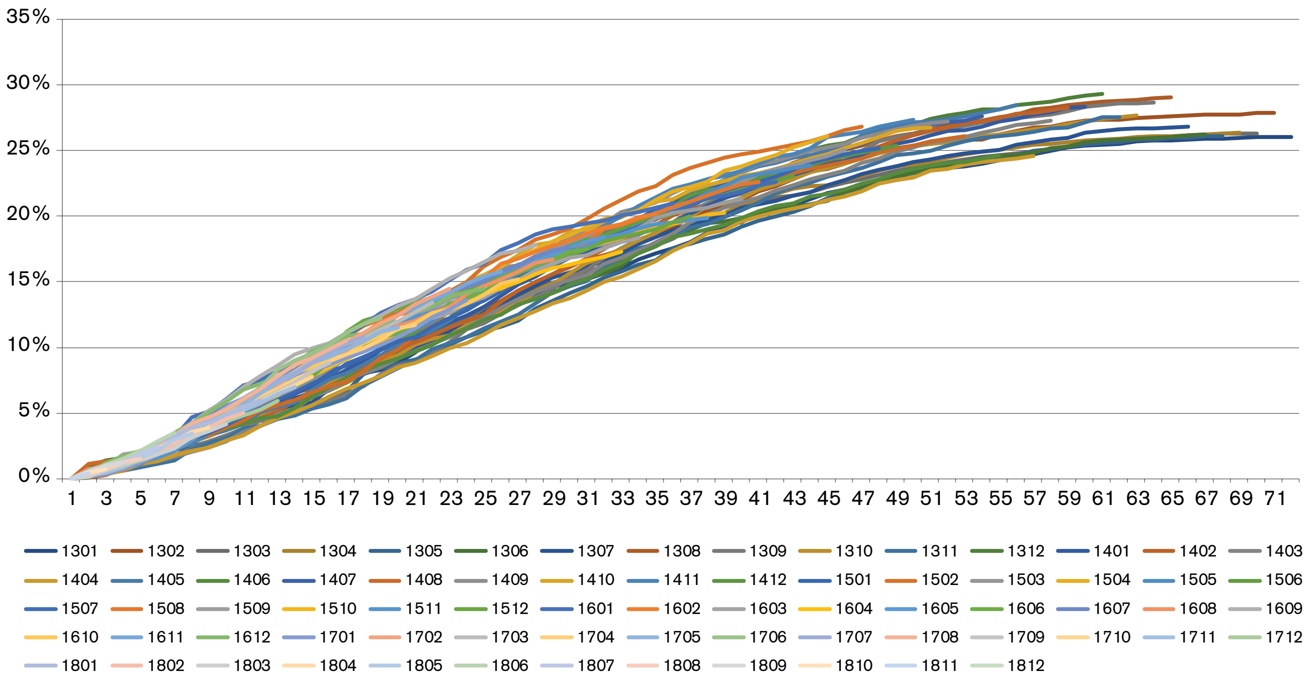
The unusual dips in the cumulative recoveries provided by Bank11 include fees and charges in the recovery data. In the scenario that the asset is sold first and at a later stage fees and charges are booked against the sales proceeds, this can lead to a decreasing cumulative recovery rate.

Volatility seen in the cumulative recovery charts can be attributed to low default volumes in a very benign economic environment over the past few years. After considering the quality and trend of data, DBRS established an expected recovery for each loan type and constructed a portfolio-level expected recovery of 40% (i.e., loss severity of 60%).

Prepayments

Bank11 provided static historical prepayments as presented in the graph below.

Exhibit 9: Prepayments



DBRS notes that prepayment levels have been consistent among vintages over time without significant deviations.

Hedge Agreement

There is a swap agreement in place for the Class A Notes. Under the swap agreement, the Issuer will pay a fixed annualised rate and receive one-month Euribor, based on the notional amount equal to the outstanding Class A Notes, subject to a lower and upper bound based on an expected amortisation profile for the Class A Notes assuming, inter alia, certain prepayment rates.

Cash Flow Analysis

The cash flow assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds and interest rates.

Excess Spread

As both the portfolio and the Notes carry fixed interest rates to a large degree and there is an interest rate swap on the floating rate-based Class A Notes, the transaction's exposure to potential excess spread compression is limited.

Expected Default and Recoveries

The DBRS cumulative default expectation for the transaction is 1.8%, based on the worst composition of the portfolio during the Replenishment Period. The expected recovery of 40% is subject to rating-specific haircuts to reflect the potential used car market volatility in Germany. This results in expected recovery rates of 28.0% for AAA, 32.0% for A, 34% for BBB and 36.0% for BB.

For the timing of defaults and recoveries, DBRS estimated the default timing patterns and created base-, front- and back-loaded default curves over 30 months as shown below. The average recovery time lag was assumed to be 12 months.

Month	Front	Base	Back
1-6	30%	10%	10%
7-12	25%	25%	15%
13-18	20%	30%	20%
19-24	15%	25%	25%
25-30	10%	10%	30%

Prepayment Stress
DBRS applied three prepayment speed scenarios ranging from 0% to 25%.

Summary of the Cash Flow Scenarios
Based on a combination of the above assumptions, a total of 18 cash flow scenarios (a combination of three default timing scenarios, three prepayment speed scenarios and two interest rate scenarios) were tested. The cash flow results are commensurate with the assigned ratings.

Risk Sensitivity

Class A

		Increase in Default Rate (%)		
		0	25	50
Increase in Loss Severity (%)	0	AAA	AA	AA (low)
	25	AA	A (high)	A (high)
	50	AA (low)	A (high)	A (low)

Class B

		Increase in Default Rate (%)		
		0	25	50
Increase in Loss Severity (%)	0	A	A (low)	BBB
	25	A (low)	BBB	BB (high)
	50	BBB	BB (high)	BB

Class C

		Increase in Default Rate (%)		
		0	25	50
Increase in Loss Severity (%)	0	BBB	BB (high)	BB (low)
	25	BB (high)	BB (low)	B (high)
	50	BB (low)	B (high)	B

Class D

		Increase in Default Rate (%)		
		0	25	50
Increase in Loss Severity (%)	0	BB	B (high)	B (low)
	25	B	CCC	CCC
	50	CCC	CC	CC

Appendix

Origination and Sourcing

Bank11 offers auto loan financing to retail customers as well as dealer floorplan financing and cash credit loans to private customers. Auto loans to customers represent 85% of Bank 11's total credit volume and each loan is collateralised with the car title. Dealer floorplan financing and cash credit to private customers equally represented the remaining 15% of total credit volume, as of December 2018.

For retail loan financing within scope of the securitisation, Bank11 offers classical financing and balloon financing as the core products, together with various insurance and warranty products.

Underwriting Process

All underwriting activities at Bank11 are appropriately segregated from marketing and sales. Bank11 adheres to standard identity and income verification practices including collection of income statements while identity cards, proof of address, rental statements and utility bills are reviewed. External credit data is retrieved from two nationally recognised bureaux (SCHUFA, Verein Creditreform) and incorporated into the automated scoring models.

All loan applications are transmitted from a network of over 11,500 dealers. Although all dealers within the network do not provide regular business, each dealer is monitored and reviewed at least annually.

Bank11 operates a field service structure which splits the country into three core regional areas: West; North/East and South. The structure enables the sales department to personally visit 90 dealers per day, or 1,800 dealers per month.

All retail customers undergo a scoring process determining the risk profile and probability of payment. If an application is deemed low risk, it is acceptable and will typically be approved.

Loan approvals are based on the credit amount and risk as determined by the scoring models. Bank11 implemented a Credit Decision Engine (MKE) in late 2016, followed by a statistical scoring model in 2017 to complement the underwriting process. Bank11 updates and replaces the scorecards annually.

Between January 2017 and December 2018, the automatic approval rate increased to 55% from 44%, on average. Over the same period, the automatic decline rate increased to 20% from 0%. The manual process for the remaining loans will include a sanity check for affordability, validation of the proposed down payment and consideration of a guarantor to support the loan.

Servicing

Servicing is centralised in Neuss and begins during the final stages of initial financing with the customer services department reviewing all borrower documents and credit terms including interest rates, loan maturity, insurance and prepayment terms. Most of the payments are made via direct debit and have monthly payment frequencies, paying on either the 1st or 15th of the month.

The arrears management process is focused on collecting all delinquent amounts through an automated dunning process, complemented with additional telephone calls and individual letters throughout the process.

Once an account is one payment delinquent it enters the collections process and follows the appropriate client segmentation strategy with the payment reminders sent to the borrower and telephone contact initiated. After two missed instalments, further reminder letters are sent. If no response has been received or the arrears are still outstanding after three missed instalments, an external field service attempts to contact the client for full collection and or recovery of the vehicle. Threat of termination is typically enforced after four missed instalments leading to final settlement thereafter.

Under German law, legal termination can happen once the contract is two months delinquent, and a minimum of 10% of the amount financed is delinquent, if the term is less than 36 months, or a minimum of 5% of the financed amount is delinquent if the term is greater is 36 months.

Repossession of the vehicle typically happens just after termination, and preparation of an appraisal report by one of two independent agencies is obtained. The vehicle is subsequently sold to the highest bidder at auction. If the vehicle could not be auctioned (or not found) or should not be auctioned due to low value, the security will be transferred to the purchaser of the receivable.

Summary Strengths

- Use of multiple rules-based credit scoring models incorporating credit bureau data and analysis of business rules.
- Centralised and independent credit and risk management functions with underwriting teams split between retail and corporates.
- Majority of payments made via direct debit.
- Active early arrears management practices which benefit from behavioural scoring functionality and risk segmentation strategies.

Summary Weaknesses

- Weaker financial position than peers and chief competitors.

  Mitigants: Company is not supported by an investment grade-rated bank; however, there is strong financial support for shareholders.
- Relatively young age of company compared with peers.

  Mitigants: Robust use of technology and high level of experience at senior management level.

Opinion on Backup Servicer

There is no backup servicer at closing of the current transaction, unlike previous transactions from the same issuer. However, DBRS believes that Bank11's improving financial condition mitigates the risk of a potential disruption in servicing following a servicer event of default, including insolvency.

Furthermore, Wilmington Trust SP Services (Frankfurt) GmbH (Wilmington) has been appointed as Substitute Servicer Facilitator, also known as Backup Servicer Facilitator (BUSF), to facilitate the appointment of a Substitute Servicer upon the occurrence of a Servicer Termination Event in respect of the Servicer. There is a detailed action plan in the servicing agreement for the BUSF and the substitute servicer upon a Servicer Termination Event.

While the BUSF may be able to assume the servicing role, the BUSF agreement does not, in DBRS's opinion, constitute a cold backup arrangement.

As a result, BUSFs offer limited protection in the event of servicer default. However, DBRS acknowledges that facilitator agreements do provide benefits, namely a dedicated resource charged with engaging a substitute servicer, within 90 days in this instance, following a servicer event of default. DBRS believes that this may ultimately reduce the estimated lengthy servicing transfer period for transactions with no existing backup agreement.

Further mitigating the potential disruption risks is the presence of a liquidity reserve funded at closing of the transaction.

Methodologies Applied

The principal methodology applicable to assign ratings to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations.*

Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions.*
- *Operational Risk Assessment for European Structured Finance Servicers.*
- *Operational Risk Assessment for European Structured Finance Originators.*
- *Derivative Criteria for European Structured Finance Transactions.*
- *Interest Rate Stresses for European Structured Finance Transactions.*

The rating methodologies and criteria used in the analysis of this transaction can be found at: http://www.dbrs.com/about/methodologies. Alternatively, please contact info@dbrs.com.

Surveillance Methodology

The transaction is monitored by DBRS in accordance with its *Master European Structured Finance Surveillance Methodology*, which is available at www.dbrs.com under Methodologies. Alternatively, please contact info@dbrs.com.

Notes:
All figures are euros unless otherwise noted.

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