Rating Report
RevoCar 2023-2 UG (haftungsbeschränkt)

DBRS Morningstar
October 2023

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Ratings, Issuer's Assets, and Liabilities

Debt	Par Amount (EUR)[1]	Initial Subordination (%)[2]	Coupon (%)	Credit rating[3]	Credit rating Action	Credit rating Action Date
Class A Notes	441,000,000	11.80	One-month Euribor + 0.62	AAA (sf)	Provis. Rating - Finalised	19 October 2023
Class B Notes	33,000,000	5.20	One-month Euribor + 2.75	A (sf)	Provis. Rating - Finalised	19 October 2023
Class C Notes	9,000,000	3.40	One-month Euribor + 3.75	BBB (sf)	Provis. Rating - Finalised	19 October 2023
Class D Notes	11,000,000	1.20	One-month Euribor + 6.50	BB (sf)	Provis. Rating - Finalised	19 October 2023
Class E Notes	6,000,000	0.00	One-month Euribor + 10.50	Not Rated	N/A	N/A

Notes:
1 Size as at the issue date.
2 Subordination is expressed in terms of portfolio overcollateralisation and does not include the liquidity reserve. The liquidity reserve has been funded by the originator at closing.
3 The final credit rating on the Class A Notes addresses the timely payment of interest and the ultimate repayment of principal by the legal maturity date. The final credit ratings on the Class B Notes, Class C Notes, and Class D Notes address the timely payment of interest once most senior and the ultimate repayment of principal by the legal maturity date.

For additional information on the meaning and scope of the financial obligations identified for these credit ratings, please see Appendix D.

	Initial Amount (EUR)	Size (% of Portfolio)
Asset Portfolio	499,999,693	100.0
Liquidity Reserve	6,000,000	1.2
Commingling Reserve	5,000,000	1.0
Servicing Fee Reserve	8,670,000	0.6[1]

1 on any payment date after the closing date, as long as the Class D Notes are not fully redeemed, the required Servicing Fee Reserve will be an amount equal to the product of 0.6% of the aggregate principal balance as of the relevant determination date multiplied by the Remaining Weighted Average Life.

DBRS Ratings GmbH (DBRS Morningstar) finalised its provisional credit ratings of AAA (sf), A (sf), BBB (sf), and BB (sf) on the Class A Notes, Class B Notes, Class C Notes, and Class D Notes (the Rated Notes; together with the unrated Class E Notes, the Notes), respectively, issued by RevoCar 2023-2 UG (haftungsbeschränkt) (the Issuer or RevoCar 2023-2). The Issuer is a company with limited liability incorporated under German law, acting as a special-purpose entity specifically incorporated for the purpose of this transaction.

The transaction represents the issuance of notes backed by approximately EUR 500 million of receivables related to both standard amortising loans (EvoClassic) and amortising loans with a final, mandatory balloon payment (EvoSmart) granted by Bank11 für Privatkunden und Handel GmbH (Bank11; the Originator, the Seller, or the Servicer) to private and commercial borrowers in the Federal Republic of Germany. The underlying receivables relate to the financing of new and used passenger vehicles, motorbikes, and leisure vehicles.

RevoCar 2023-2 is the sixth securitisation sponsored by Bank11 rated by DBRS Morningstar (and the 13th overall sponsored by Bank11). The Originator is a wholly owned, indirect subsidiary of Wilh. Werhahn KG.

The transaction is static and will begin to amortise from the first interest payment date (IPD).

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

Portfolio Summary (as at 30 September 2023)	
Aggregate Original Principal Amount (EUR)	521,660,629
Aggregate Outstanding Principal Amount (EUR)	499,999,693
- of which Amortising Loans (%)	26.1
- of which Balloon Loans (%)	73.9
- of which New Vehicles (%)	30.6
- of which Used Vehicles (%)	69.4
Balloon Component Principal Amount (%)	47.2
Number of Contracts	24,346
Average Original Principal Amount (EUR)	21,427
Average Current Principal Amount (EUR)	20,537
Weighted-Average Original Term (Months)	53.4
Weighted-Average Seasoning (Months)	4.8
Weighted-Average Remaining Term (Months)	48.6
Weighted-Average Interest Rate (%)	5.82

Source: Bank11.

Transaction Parties

Roles	Counterparty	Rating[1]
Issuer	RevoCar 2023-2 UG (haftungsbeschränkt)	N/A
Originator/Seller/Servicer	Bank11 für Privatkunden und Handel GmbH	Not Rated
Corporate Services Provider/ Substitute Servicer Facilitator	Intertrust (Deutschland) GmbH	Not Rated
Account Bank	Citibank Europe plc, Germany Branch	AA (low) / Stable[2]
Paying Agent/Cash Administrator/Interest Determination Agent	Citibank Europe plc	AA (low)/Stable
Trustee/Data Trustee	Intertrust Trustees GmbH	N/A
Swap Counterparty/ Arranger	DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA (low)/Stable

1 Ratings refer to Long-Term Issuer Ratings or Long-Term Senior Unsecured Debt Ratings unless otherwise specified.
2 Rating assigned to the headquarters Citibank Europe plc.

Relevant Dates

Term	Description
Cut-Off Date	30 September 2023
Determination Date	Last calendar day of each month; the first determination date is 31 October 2023
Collection Period	Each calendar month
Interest Determination Date	Two business days prior to the first day of each interest payment period
Interest Period	The period from and including one payment date up to but excluding the following payment date
Calculation Date	Two business days prior to each payment date
Reporting Date	Four business days prior to each calculation date
Payment Date	21st day of each month; the first payment date is 21 November 2023
Legal Maturity Date	Payment date falling in September 2036

Rating Considerations

Notable Features

- The transaction is static, and the Class A to Class D Notes (the Rated Notes) will begin to amortise on a pro rata basis from the first IPD. There is no revolving period.
- The transaction incorporates a mixed pro rata/potentially sequential amortisation mechanism during the normal redemption period.
- The transaction represents the securitisation of auto loan contracts comprising standard amortising and balloon loan receivables. Though the final balloon payments are also encumbered, the obligor is required to make the final payment and may not return the vehicle in lieu of the final balloon payment. The Issuer is therefore not exposed to direct residual value (RV) risk.
- The structure includes a servicing fee reserve that Bank11 funded at closing. As long as Bank11 undertakes the servicing activity, it is entitled to servicing fees equal to 0.4% (per annum) of the aggregate principal balance. However, following the appointment of a successor servicer, the servicing fee will equal such fees as charged by the new servicer. The amounts (if any) standing to the credit of the servicing fee reserve shall form part of the available distribution amount, but only to the extent necessary for the fulfilment on the relevant IPD of the payment obligations to the new servicer.
- All underlying contracts are fixed-rate loans whereas the Class A to Class E Notes represent floating-rate obligations. The interest rate risk is mitigated by an interest rate swap entered into with DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ Bank) that considers a notional amount equal to the aggregate outstanding note principal amount of all classes of Notes.
- The transaction incorporates a single waterfall, which facilitates the distribution of the available distribution amount (including, inter alia, collections representing interest, principal, and recoveries).
- Interest on all classes of Notes, except for the most senior outstanding classes of Notes, may be deferred if the available interest collections are insufficient. No interest will continue to accrue on deferred interest payments.
- The majority of the vehicles in the pool relate to passenger cars. Also included in the pool are motorcycles (0.9%) and leisure vehicles (2.7%).

Strengths

- Prior Bank11-sponsored transactions rated by DBRS Morningstar have demonstrated consistent and stable performance, performing within expectations.
- The transaction documents include a liquidity reserve and commingling reserve fully funded at closing.
- DBRS Morningstar considers the portfolio to be granular. Bank11's primary target market is private individuals, but it also extends loans to commercial clients. The largest exposure represents approximately 0.03% of the portfolio and relates to four loans. The top 15 debtors account for 0.37% of the total portfolio. The portfolio is geographically diversified across Germany, with the highest concentration to obligors residing or incorporated in North Rhine-Westphalia (21.0%).
- The portfolio contains vehicles from a wide range of manufacturers. The largest exposure to a single manufacturer is 11.5%.
- The borrowers settle their monthly instalments via direct debit.

Challenges and Mitigating Factors

- Unrated servicer and no backup servicer named at closing.
  Mitigants: The servicing agreement prescribes a detailed action plan for the substitute servicer facilitator to source and nominate a suitable substitute servicer within 90 calendar days following a servicer termination event and any related activity with the party nominated as responsible for an action to be taken. The structure also benefits from both a liquidity and commingling reserve, which were funded at closing to be applied in the available distribution amount if there is a shortfall or the Servicer fails to transfer the collections, as applicable and respectively. Moreover, the transaction also benefits from a fully funded servicer fee reserve.
- Approximately 73.9% of the portfolio principal amount relates to loans featuring a balloon payment at contract maturity. The total exposure to final balloon payments accounts for 47.2% of the portfolio. The concentration of final balloon payments exposes the transaction to incremental risk compared with amortising loans, as the borrower repays only a portion of principal until the final instalment of the loan and is then required to make the final, mandatory balloon payment. This payment can be affected by the underlying performance and liquidity of the used car market or the availability of refinancing opportunities, as the final balloon payment is typically funded through vehicle sales proceeds or is refinanced through another funding arrangement.
  Mitigants: DBRS Morningstar observed that receivables with a balloon loan repayment schedule show lower historic default rates than amortising loans. To mitigate the balloon risk sufficiently when assessing the sufficiency of credit enhancement afforded to the Class A to Class D Notes, DBRS Morningstar considered default multiples adjusted to include incremental balloon stresses, resulting in multiples selected falling outside the typical ranges applied at each credit rating level detailed in DBRS Morningstar's criteria.

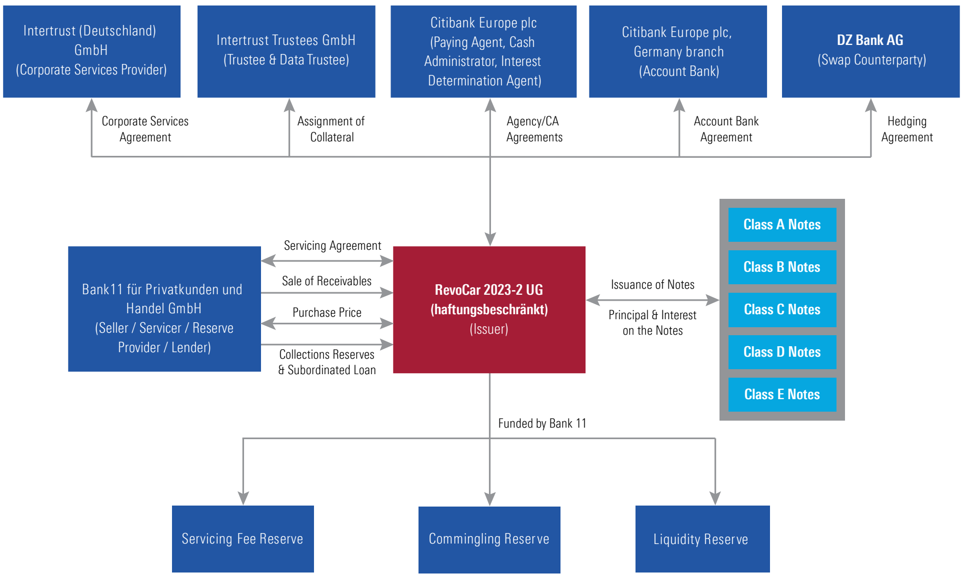
- Similar to RevoCar 2023-1 UG (haftungsbeschränkt) (RevoCar 2023-1), the current transaction no longer contains provisions for a set-off reserve to be funded upon the occurrence of certain events.
  Mitigants: The eligibility criteria exclude loans granted to borrowers with a deposit with Bank11. If borrowers opened a deposit account with Bank11 after their loan agreement is assigned to the Issuer, such loan agreement is covered up to EUR 100,000 by the German national deposit protection scheme. Bank11 also participates in a voluntary deposit scheme (Einlagensicherungsfond der privaten Banken), providing additional set-off coverage beyond the mandatory scheme's protection level. DBRS Morningstar notes that this scheme is voluntary and there is no guarantee that Bank11 will continue to participate as a member. DBRS Morningstar understands that there is no significant overlap between customers with a deposit account and customers with an auto loan.
- Approximately 67.8% of the borrowers have entered into funded Guaranteed Asset Protection (GAP) insurance, payment protection insurance, and/or repair car insurance contracts. The first provides coverage for the difference between the vehicle's market value and its original invoice price in case of total loss; the second offers continued payment of the monthly instalments following the loss of employment and certain other events; and the third provides coverage for potential repair costs.
  Mitigants: DBRS Morningstar considered different scenarios as part of its sensitivity analysis to consider the impact of potential set-off losses arising from these funded insurance contracts.
- Of the portfolio, 15.7% relates to borrowers where the loan-to-value (LTV) ratio of the loan compared with the value of the vehicle exceeds 100%.
  Mitigants: DBRS Morningstar's expected and credit rating-specific recovery assumptions reflect Bank11's origination practices and the underlying portfolio.
- DBRS Morningstar observed an increasing trend in the average funded amount for both new and used vehicles. DBRS Morningstar understands that this is driven by a general increase in used vehicle prices observed in Germany and across other European jurisdictions.
  Mitigants: DBRS Morningstar's assumptions and the stresses applied consider the risk presented. DBRS Morningstar also engaged one of Europe's largest automotive data providers to obtain a forward-looking view of the German auto market.
- The historical performance data provided to DBRS Morningstar does not cover an economic downturn as the German economic environment has been mostly benign over the past few years. DBRS Morningstar received historical data covering approximately seven years of cumulative default and recovery performance by loan type. The time frame of the data series is shorter than the loan terms, which can be as long as 10 years.
  Mitigants: DBRS Morningstar considered this challenge in determining the expected defaults and expected recoveries.
- As a noncaptive lender, a larger share of Bank11's originations relate to used vehicles. Historically, used vehicle loans have underperformed new vehicle loans.
  Mitigants: The expected default rate reflects Bank11's historical performance and the product mix of the portfolio.
- Upon the Servicer's insolvency, the Issuer's collections may be commingled within the Servicer's estate.
  Mitigants: The commingling reserve was funded at closing to its required amount of EUR *5*,000,000. The reserve is available if the Servicer fails to transfer collections to the Issuer. Furthermore, Bank11 receives payments from borrowers into its own accounts twice per month and transfers collections to the Issuer the next calendar day. Due to the daily transfers and the posting of a commingling reserve, DBRS Morningstar deems the commingling risk to be limited.

- On 9 September 2021, the European Court of Justice in Luxembourg ruled against the Federal Court of Justice (Bundesgerichtshof), the highest justice court in Germany, to reinstate and strengthen consumer rights regarding revocation. According to the ruling, customers not provided with adequate information at the onset of a loan agreement can benefit from extended revocation rights. The eligibility criteria stipulate that each loan is compliant with German laws and regulations except for (1) the revocation instructions may not comply with the template wording provided by the German legislator and (2) the loan agreement may contain all mandatory information required by applicable law.
  Mitigants: The structure envisages Bank11, as the Seller, compensating the special-purpose vehicle via deemed collections for losses as a result of legally effective revocations.

Transaction Summary

Term	Description	
Currency	The Issuer's assets and liabilities are denominated in euros (EUR).	
Relevant Jurisdictions	Loan contracts are governed by the laws of the Federal Republic of Germany. The Issuer is incorporated under the laws of the Federal Republic of Germany. The transaction documents are governed by the laws of the Federal Republic of Germany. The swap agreement is governed by English law.	
Interest Rate Hedging	Interest rate swap to be in place at closing Issuer pays: 3.2% Issuer receives: One-month Euribor Notional: The swap notional is the outstanding aggregate balance of the Notes Floor: N/A	
Basis Risk Hedging	N/A	
Liquidity Reserve	Provides liquidity support to the structure. The reserve can be applied to cover senior fees and expenses and interest on the Class A Notes.	
	Initial Amount (at closing)	EUR 6,000,000
	Target Amount	The higher of 1.2% of outstanding principal amounts of all purchased receivables and EUR 800,000.
	Amortising:	Yes, prior to the occurrence of an enforcement event, the excess amount over the target amount is released back to the Seller outside the waterfall.
Servicing Fee Reserve	Designated to mitigate the risk of increased servicing fees in case Bank11 can no longer perform its role as Servicer.	
	Initial Amount (at closing)	EUR 8,670,000
	Target Amount	0.6% of the then-aggregate principal balance multiplied by the remaining weighted-average (WA) life of the portfolio
	Amortising:	Yes, prior to the occurrence of an enforcement event, the excess amount over the target amount is released back to the Seller outside the waterfall.
Commingling Reserve	Designed to mitigate the risk of nonpayment of collections to the Issuer. Forms part of the available distribution amount if the Servicer fails to transfer to the Issuer any collections.	
	Initial Amount (at closing)	EUR 5,000,000
	Target Amount	As long as the Class D Notes remain outstanding, an amount equal to 1.0% of the aggregate principal balance.
	Amortising:	Yes, prior to the occurrence of an enforcement event, the excess amount over the target amount is released back to the Seller outside the waterfall.

The transaction structure is summarised below:



Source: Transaction documents.

Counterparty Assessment

Account Bank

Citibank Europe plc, Germany Branch has been appointed as the account bank for the transaction. DBRS Morningstar publicly rates Citibank Europe plc with a Long-Term Issuer Rating of AA (low) with a Stable trend and concluded that the bank meets the minimum criteria to act in its capacity as account bank. The transaction documents contain downgrade provisions relating to the account bank consistent with DBRS Morningstar's legal criteria where a replacement must be sought within 60 calendar days if the long-term rating on the account bank falls below a specific threshold (i.e., a DBRS Morningstar rating of "A"). The Issuer's accounts include the operating, liquidity reserve, swap collateral, commingling reserve, and servicing fee reserve accounts.

Hedging Counterparty

DZ Bank has been appointed as the swap counterparty for the transaction. DBRS Morningstar rates DZ Bank with a Long-Term Issuer Rating of AA (low) with a Stable trend and a Long Term Critical Obligations Rating of AA with a Stable trend. DBRS Morningstar concluded that DZ Bank meets the minimum criteria to act in its capacity and the hedging documents contain downgrade provisions consistent with DBRS Morningstar's criteria.

Servicing of the Portfolio and Collections

Bank11 acts as the Servicer of the transaction. There was no backup servicer appointed as of closing. Intertrust (Deutschland) GmbH has been appointed as the substitute servicer facilitator in the transaction and is required to facilitate, within 90 days, the appointment of a substitute servicer upon the occurrence of a servicer termination event.

Borrowers are required to pay their instalments through direct debit into an account with Bank11, which will transfer the collections on the same business day to the Issuer's operating account maintained with the account bank.

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 section 406 of the German Civil Code (Bürgerliches Gesetzbuch). Typically, these claims would include deposits, saving deposits, insurance policies, and other assets that the borrower has with the defaulting entity.

RevoCar 2023-2 does not feature a set-off reserve. The following features are envisaged to mitigate set-off risk:

- The transaction’s eligibility criteria exclude borrowers who hold deposits with Bank11. Nevertheless, borrowers may open a deposit account after their loans have been assigned to the Issuer.
- Customer deposits are protected to up to EUR 100,000 by the mandatory German deposit protection scheme.
- Bank11 is a member of a voluntary deposit protection scheme (Einlagensicherungsfond deutscher Banken), affording borrowers protection above the statutory minimum. DBRS Morningstar notes the voluntary nature of this scheme and that continued membership may not be guaranteed.
- At present, there is minimal overlap between customers with a car loan and those with a deposit. Bank11 provided DBRS Morningstar with average set-off exposures across all Bank11-sponsored RevoCar transactions and considers such exposures to be minimal.
- Bank11, in its role as Seller, is expected to compensate the Issuer through deemed collections for any set-off by the borrower. Commensurate with the highest credit rating assigned to the Notes and because Bank11 is an unrated Servicer, this transaction feature does not act as a strong mitigant under such circumstances.

As part of its cash flow assumptions and sensitivities, DBRS Morningstar considered the impact of set-off arising from the funded insurance products on the transaction structure.

Commingling Risk

The Servicer receives and collects payments into its own accounts on the Issuer’s behalf. As is typical with German transactions, the monthly collections from customers are collected on two days every calendar month: the first or 15th day of each month. The Servicer is then required to transfer such collections to the Issuer on the same day in the case of collections via direct debit or the following payment date in the case of other payment methods. Of the selected portfolio, 100% pays via direct debit. Should the Servicer default, the Issuer’s funds may be commingled within the defaulted Servicer’s estate in case of insolvency.

The risk of the Servicer's nonpayment is further mitigated by the availability of a fully funded commingling reserve at closing. The commingling reserve will be adjusted on each payment date as long as the Class D Notes are still outstanding. The reserve's required amount is equal to EUR 5,000,000 at closing and, as long as the Class D Notes are outstanding, an amount equal to 1.0% of the aggregate principal balance.

The funds standing to the credit of the commingling reserve will form part of the monthly available distribution amount if the Servicer fails to transfer the collections to the Issuer.

Available Distribution Amount

The Issuer's available distribution amount broadly consist of the following:

- Interest collections corresponding to the auto loan contracts;
- Principal collections;
- Recoveries;
- Liquidity reserve amounts to the extent required to cover shortfalls senior fees and interest due on the Class A Notes only;
- Net swap payments;
- Excess swap termination payments, if applicable;
- Commingling reserve amounts, if collections are not transferred from the Servicer to Issuer;
- Servicing fee reserve amounts, if a servicer termination event has taken place and a substitute servicer has been appointed but only to the extent required to pay the servicing fees; and
- Interest on cash at bank.

Priority of Payments

Prior to the satisfaction of the enforcement condition, the Issuer applies the available distribution amount to a single waterfall with the priority of payments described below. During the normal redemption period, available funds are allocated on a pro rata basis among the Rated Notes if a sequential payment trigger event is not triggered. When a sequential payment trigger event is triggered, the principal redemption of the Rated Notes will become sequential. The Class E Notes will always be redeemed sequentially.

Pre-Enforcement Priority of Payments

1. Issuer fees and expenses;
2. Servicing fee;
3. Senior swap payments;
4. Class A Notes interest;
5. If no Class B principal deficiency event (PDE) is occurring, Class B Notes interest;
6. If no Class C PDE is occurring, Class C Notes interest;
7. If no Class D PDE is occurring, Class D Notes interest;
8. If no Class E PDE is occurring, Class E Notes interest;
9. As long as no Sequential Payment Trigger Event has occurred, to pay on a pro rata basis:
    a. Class A Notes principal redemption amount;
    b. Class B Notes principal redemption amount;
    c. Class C Notes principal redemption amount, and
    d. Class D Notes principal redemption amount.

10. After the occurrence of a Sequential Payment Trigger Event, to pay on a sequential basis:
    a. Class A Notes principal redemption amount;
    b. If a Class B PDE is occurring, Class B Notes interest;
    c. Class B Notes principal redemption amount;
    d. If a Class C PDE is occurring, Class C Notes interest;
    e. Class C Notes principal redemption amount;
    f. If a Class D PDE is occurring, Class D Notes interest;
    g. Class D Notes principal redemption amount;
    h. If a Class E PDE is occurring, Class E Notes interest;
11. Class E Notes principal redemption amount;
12. Commingling Reserve amounts;
13. Subordinated swap amounts;
14. Class E Notes turbo principal redemption amounts;
15. Additional servicing fee, and
16. Transaction gain to shareholders.

Principal Deficiency Event

A PDE of the related class of Notes means if, as of the relevant payment date, the sum of (1) the aggregate note principal amount of the Rated Notes and (2) the aggregate note principal amount of the Class E Notes as of the closing date exceeds the aggregate principal balance of the purchased receivables on the determination date immediately preceding such payment date by at least:

- Class B Notes: EUR 34,250,000
- Class C Notes: EUR 19,250,000
- Class D Notes: EUR 8,750,000
- Class E Notes: EUR 2,500,000

Prior to a breach of the PDE trigger, interest on all classes of Notes is paid ahead of the payment of principal on each class of Notes. Following a breach, the pre-enforcement priority of payment changes only on the relevant payment date and both interest and then principal are paid on each class of Notes sequentially, prior to interest and then principal being paid on lower-ranking Notes subject to available distribution amounts. The PDE breach is curable as the test is performed on each IPD.

Sequential Payment Trigger Event

The sequential payment event is triggered when:

- The cumulative loss trigger from the first payment date in November 2023 until (and including) the payment date in October 2024 is greater than 0.5%; or
- The cumulative loss trigger after the payment date in October 2024 (excluding) is greater than 1.0%; or
- A Class E PDE has occurred; or
- A clean-up call event occurs; or
- A Servicer termination event occurs; or
- An Issuer event of default (EOD) occurs.

Principal Redemption Amounts

Below is an example of the Class A principal redemption amount. For the Class B, Class C, and Class D Notes, the principal redemption amount will be equal.

The Class A principal redemption amount means, on each payment date:

1. Before the occurrence of a sequential payment trigger event, the lower of:
   (A) An amount equal to the Class A principal amount on the preceding determination date; and
   (B) the Pro Rata Amount allocated to the Class A Notes; or

2. On or after the occurrence of a sequential payment trigger event, the lower of:
   (A) An amount equal to the Class A principal amount on the preceding determination date; and
   (B) An amount equal to the difference between:
      (i) The sum of (x) the aggregate note principal amount of the Class A, Class B, Class C, and Class D Notes on the determination date immediately preceding such payment date; and (y) the aggregate note principal amount of the Class E Notes as of the closing date; and
      (ii) The aggregate principal balance on the determination date immediately preceding such payment date;
   but not less than zero.

Pro Rata Amount means in respect of each Class of the Rated Notes on any Payment Date, as determined on the immediately preceding Determination Date, an amount equal to the minimum of:

(A) the difference between
   (i) the Available Distribution Amount and
   (ii) any payments to be made pursuant to items first to eighth of the Pre-Enforcement Priority of Payments on such Payment Date, and

(B) An amount equal to the difference between:
   (i) The sum of (x) the aggregate note principal amount of the Class A, Class B, Class C, and Class D Notes on the determination date immediately preceding such payment date; and (y) the aggregate note principal amount of the Class E Notes as of the closing date; and
   (ii) The aggregate principal balance on the determination date immediately preceding such payment date;

multiplied by the ratio of X to Y
where:
X = the aggregate note principal amount of the relevant Class of the Rated Notes on the determination date immediately preceding such payment date; and
Y = the aggregate note principal amount of the Rated Notes on the determination date immediately preceding such payment date.

The Class E Principal Redemption Amount means, on each payment date, the lower of:

1. An amount equal to the Class E principal amount on the preceding determination date; and
2. An amount equal to the difference between:
    a. The sum of (x) the aggregate note principal amount of the Class A, Class B, Class C, and Class D Notes on the determination date immediately preceding such payment date and (y) the aggregate note principal amount of the Class E Notes as of the closing date; and
    b. The aggregate principal balance on the determination date immediately preceding such payment date;

less the sum of

(a) The Class A principal redemption amount on such payment date;
(b) The Class B principal redemption amount on such payment date;
(c) The Class C principal redemption amount on such payment date;
(d) The Class D principal redemption amount on such payment date;

but not less than zero.

Post-Enforcement Priority of Payments

Following the satisfaction of the enforcement condition, the Issuer applies the available distribution amount into a single waterfall with the priority of payments below:

1. Issuer fees and expenses;
2. Servicing fee;
3. Senior swap payments;
4. Class A Notes interest;
5. Class A Notes principal payment;
6. Class B Notes interest;
7. Class B Notes principal payment;
8. Class C Notes interest;
9. Class C Notes principal payment;
10. Class D Notes interest;
11. Class D Notes principal payment;
12. Class E Notes interest;
13. Class E Notes principal payment;
14. Subordinated swap amounts;
15. Additional servicing fee, and
16. Transaction gain to shareholders.

Enforcement Condition

Each of the following will lead to the satisfaction of the enforcement condition under the Notes:

- An Issuer EOD has occurred;
- The security interests over the security assets have become enforceable; and
- The trustee has sent an enforcement notice to the Issuer.

Events of Default

Each of the following will lead to an EOD under the Notes:

- The Issuer's insolvency;
- Nonpayment of interest on the most senior class of Notes outstanding (with a five-business-day cure period);
- Nonpayment of interest or principal on the legal maturity date within five business days in respect of any class of Notes;
- The Issuer’s breach of contractual obligations under the terms and conditions of the transaction documents where such failure is not cured within 30 business days; or
- The Issuer’s continued performance or compliance with its obligations becomes unlawful.

Optional Redemption

The Seller has been granted a call option to reacquire the purchased receivables when the aggregate principal balance is reduced to less than 10% of the initial aggregate principal amount as at the cut-off date.

Furthermore, the portfolio can be redeemed early if a regulatory change event occurs; at the Issuer’s option, subject to certain conditions; or in the event that the Issuer is required by law to deduct or withhold certain taxes.

Origination and Servicing

DBRS Morningstar conducted an updated operational review of Bank 11’s auto finance operations in March 2023. DBRS Morningstar 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. Werhahn KG, and started its business as an entity to provide automotive financial services to car dealers and individual clients in 2011. Bank11's head office is in Neuss, Germany, where the origination operations and customer service centre are located.

Bank11 is one of the largest issuers of noncaptive car finance in Germany, with new retail production in 2022 totalling EUR 3.8 billion compared with EUR 3.1 billion in 2021. Bank11 has a total of EUR 6.5 billion in assets under management with 346,000 customers managed by 408 employees and relationships with almost 18,000 dealers—all representing an increase from the previous year.

Further information on origination and servicing is available in Appendix A.

Collateral Summary

The Seller has sold and assigned to the Issuer, without recourse, certain eligible loan receivables that represent secured auto loan claims associated with loan agreements. The relevant loan agreements have been granted to private and commercial borrowers for the purchase of used or new vehicles motorcycles or leisure vehicles. The Seller's sale of the loan receivables to the Issuer includes the related loan collateral consisting of, among others, the security interests in the financed vehicles and any insurance product.

The pool consists of two types of retail financing products:

1. Standard financing contracts, called EvoClassic, which provide for equal monthly payments and a linear amortisation profile. Once the final payment is settled by the borrower, ownership passes from Bank11 to the borrower.
2. Balloon financing contracts, called EvoSmart, which provide for equal monthly payments and a linear amortisation profile, with the exception of the final payment. The final, mandatory balloon payment is comparably large, which allows for lower monthly instalments than an equivalent EvoClassic contract. The final payment is often settled either through the proceeds of the customer's sale of the underlying vehicle. The customer may also repay the loan in full or refinance the final balloon payment.

As is typical with German auto loan transactions, neither product affords the customer the right to return the vehicle to Bank11 in lieu of a final balloon payment and, as such, there is no direct RV risk applicable to the transaction. Nevertheless, as the mandatory balloon payment arising under EvoSmart loans is frequently settled through the sale of the underlying vehicle, the health of the secondary auto market and its liquidity is a consideration.

Almost all of the loan receivables (approximately 96.4%) relate to passenger vehicles, with the remainder split between motorcycles and leisure vehicles. The majority of the underlying obligors are private individuals (94.3%) and the remainder are commercial obligors.

Bank11 applies an atypical definition to classify new and used vehicles. A vehicle may be classified as new if there is no previous owner listed on the vehicle registration certificate, the initial registration has taken place less than 15 months ago, or the vehicle has been used as a demonstration vehicle.

Eligibility Criteria

Receivables assigned on the issue date must meet certain criteria specified in the transaction documents, some of which are summarised below:

The loan agreement:

- Contains financing that is not related to an employee programme;
- Constitutes legal, valid, binding, and enforceable obligations of a borrower;
- Is governed by German law;
- Is based on the Originator’s general terms and conditions at the time of execution and has been originated in accordance with its credit and collection policy;
- For balloon agreements, includes a balloon amount that is equal to or lower than 90% of the vehicle sale price;
- For loans with a final balloon instalment, includes an original term not exceeding 61 months;
- For loans without a final balloon instalment, includes an original term not exceeding 120 months;
- Has a LTV that does not exceed 115%;
- Includes a fully disbursed loan that has not been terminated;
- Represents equal monthly payment schedules, apart from balloon products where there is one final balloon instalment;
- Has a remaining term of at least two months;

- Is compliant with all applicable laws and regulations except that the revocation instructions may not comply with the template wording provided by the German legislator, or the loan agreement may not contain all mandatory information required by applicable law;
- Includes loans that each set out the correct effective rate of interest and is not a subordinated, syndicated, or leveraged loan, and
- Includes no loans that borrowers can repay by handing back their vehicles.

Each eligible debtor:

- Does not hold any deposits with the Seller;
- Has paid at least one instalment in full;
- Has permanent residence in Germany and is not a public entity;
- Is not an employee of the Originator or any of its affiliates, and
- Is not a credit-impaired borrower.

Each receivable:

- Is freely assignable and free from rights of third parties;
- Is denominated in euros;
- Gives rise to monthly payments;
- Has monthly instalment payments of at least EUR 20;
- Has an outstanding principal amount of at least EUR 300;
- Has monthly instalments paid by direct debit;
- Is secured by the security transfer (Sicherungsübereignung) of legal title to the relevant vehicle to the Originator;
- Is not in arrears;
- Can be identified and reported separately in the Originator's files and systems, and
- Has a fixed effective interest rate that is not subject to an ordinary interest reset from time to time.

Each related vehicle:

- Exists, and
- Has an initial vehicle sale price not exceeding EUR 150,000.

The Originator:

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

To the Originator's best knowledge:

- No debtor is in a material breach of its obligations;
- No debtor is entitled to or has indicated that it would invoke any right of rescission, counterclaim, contest, challenge, or other defence;
- No debtor has declared set-off in respect of the receivable, and
- No litigation is pending in respect of the receivable.

Pool Characteristics

DBRS Morningstar analysed a pool selected by Bank11 as at the 30 September 2023 cut-off date. The main characteristics of the portfolio are summarised below:

Pool Characteristics	RevoCar 2023-2 UG (haftungsbeschränkt)
Original Principal Balance (EUR)	521,660,629
Current Principal Balance (EUR)	499,999,693
Number of Loans	24,346
Average Original Principal Balance (EUR)	21,427
Average Current Principal Balance (EUR)	20,537
WA Yield (%)	5.82
WA Original Term (months)	53.4
WA Seasoning (months)	4.8
WA Remaining Term (months)	48.6
New/Used Vehicles Mix (%)	30.6 / 69.4
Amortising/Balloon Loan Mix (%)	26.1 / 73.9
Balloon Component Principal Amount (EUR)	235,865,953
Passenger Vehicle/Motorcycle/Leisure Vehicle (%)	96.4 / 0.9 / 2.7
Private Individuals/Corporate Borrowers (%)	94.3 / 5.7

Geographic Mix (Top 5 Regions)	(% of Outstanding Principal Balance)
North Rhein Westfalen	21.0
Bavaria	19.3
Baden-Württemberg	13.9
Hesse	9.0
Lower Saxony	8.0

Borrower Concentration	(% of Outstanding Principal Balance)
Largest Borrower	0.03
Top 5	0.14
Top 10	0.26
Top 15	0.37

Borrower's Employment Type	(% of Outstanding Principal Balance)
Employed	62.2
Self-Employed	14.7
Private-Sector Worker	7.0
Commercial Debtor and Others	6.5
Pensioner	4.7
Civil Servant	3.7
Trainee/Intern	1.0
Unemployed	0.2

Insurances	(% of Outstanding Principal Balance)
Payment Protection Insurance (Yes)	17.7
GAP Insurance (Yes)	31.1
Repair Insurance (Yes)	19.1

Exhibit 1 Distribution by Original Outstanding Principal Balance (EUR)

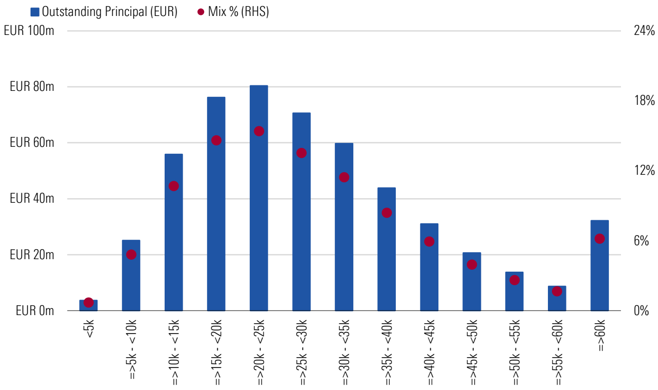
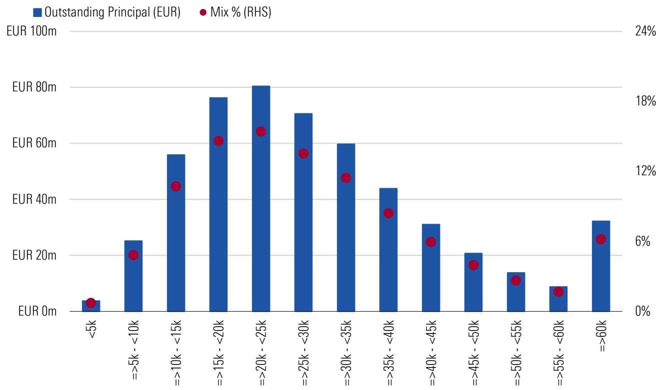


Exhibit 2 Distribution by Current Outstanding Principal Balance (EUR)



Source: Bank11, DBRS Morningstar.

Exhibit 3 Distribution by Original Term (months)

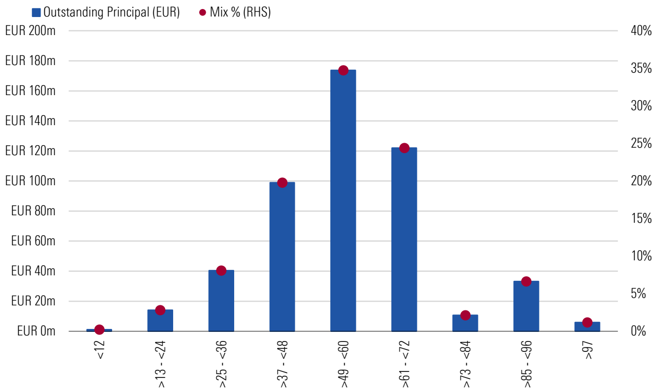
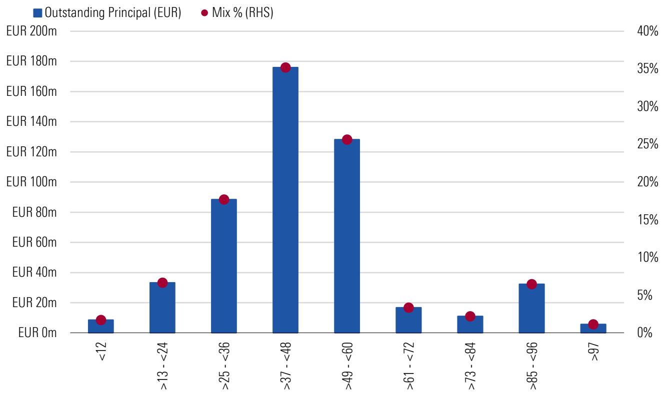


Exhibit 4 Distribution by Remaining Term (months)



Source: Bank11, DBRS Morningstar.

Exhibit 5 Distribution by Seasoning (months)

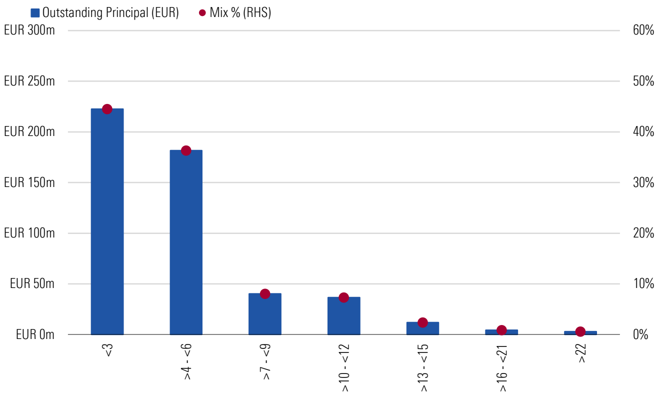
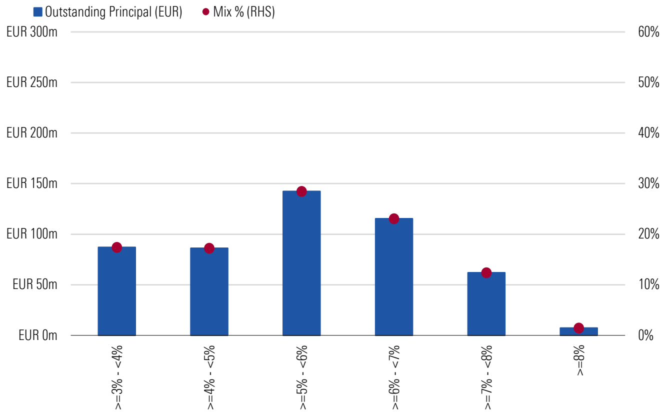


Exhibit 6 Distribution by Yield (%)



Source: Bank11, DBRS Morningstar.

Exhibit 7 Distribution by Origination Year

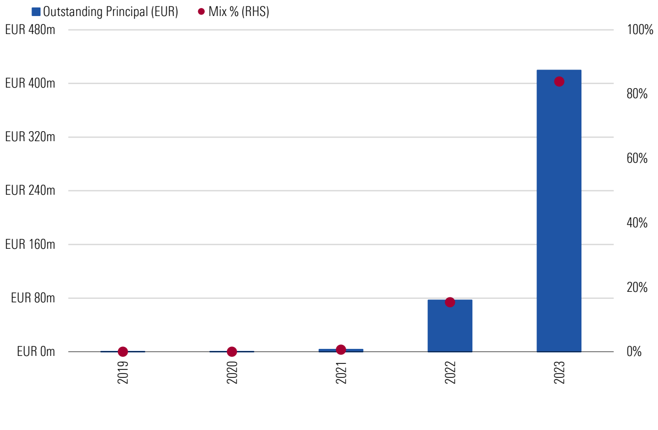
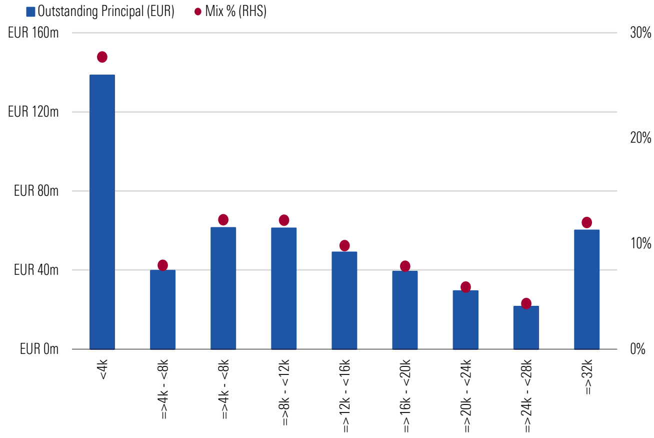


Exhibit 8 Distribution by Balloon Distribution



Source: Bank11, DBRS Morningstar.

Exhibit 9 Distribution by Fuel Type

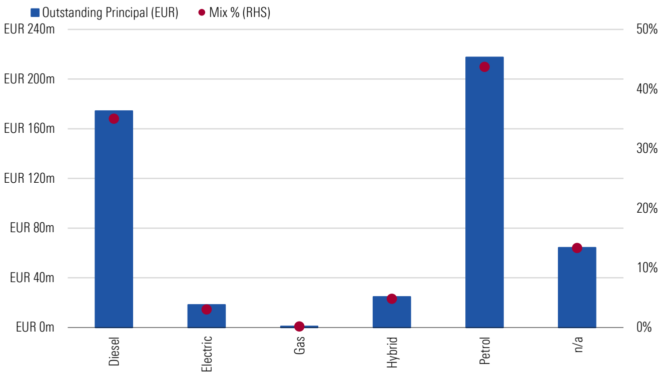
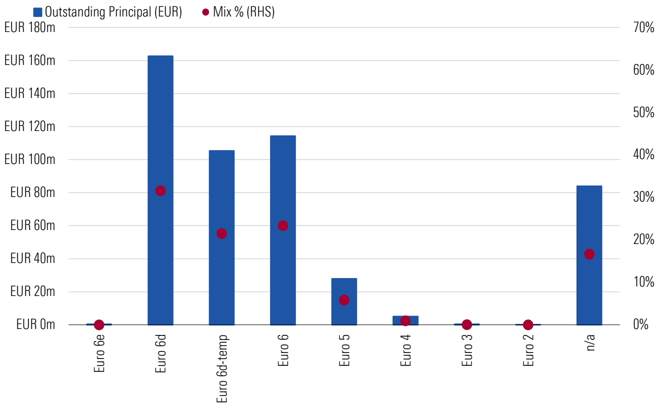


Exhibit 10 Distribution by Engine Euro Classification



Source: Bank11, DBRS Morningstar.

Exhibit 11 Distribution by Energy Performance Certificate (EPC) Rating

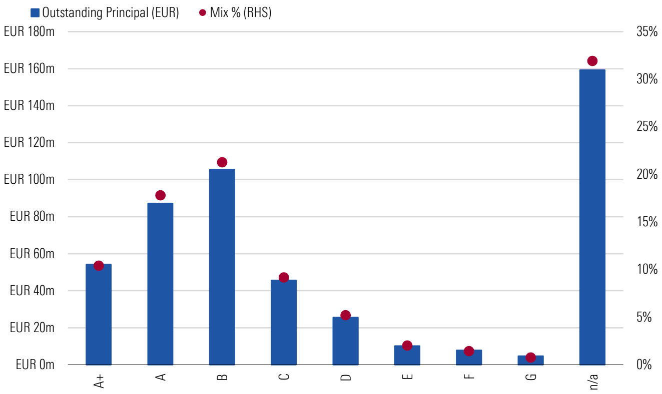
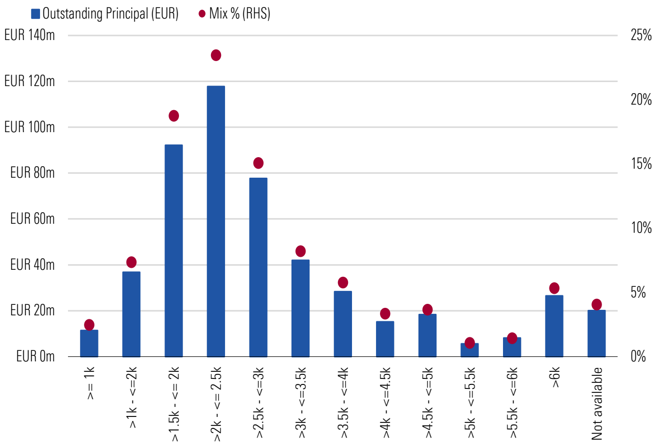


Exhibit 12 Distribution by Debtor Net Income



Source: Bank11, DBRS Morningstar.

DBRS Morningstar notes the following when comparing the pool with other European auto loan portfolios:

- Approximately 49.1% of the receivables have an original principal balance of EUR 25,000 or less. This reflects the comparatively larger share of used vehicles in the initial pool.
- Bank11 may extend loans up to 120 months. The WA original term is approximately 53.4 months. Around 59.2% of the receivables have an original term between 49 and 72 months. DBRS Morningstar considers this to be longer than typically observed in other transactions rated in Germany.
- The WA portfolio yield at closing is approximately 5.82%. The eligibility criteria do not include a minimum interest rate for the portfolio or the auto loan. DBRS Morningstar considers yield compression to be a potential risk and considered this as part of its cash flow analysis.
- Approximately 83.9% of the loans were originated in 2023, as reflected in the comparatively low seasoning of 4.8 months.
- The majority of the loan contracts relate to EvoSmart contracts (73.9%). These contracts include a final, mandatory balloon payment payable by the customer. Approximately 15.3% of the balloon loan contracts feature a final mandatory balloon payment of up to EUR 10,000. An additional 30.1% of the balloon loan contracts include a final balloon payment of EUR 20,000 or more.
- The majority of the vehicles are equipped with an internal combustion engine: 43.5% of the vehicles are equipped with a petrol engine and an additional 34.9% with a diesel engine. Of the loans, 12.9% do not indicate the fuel type.
- A small percentage, approximately 0.1% of the vehicles, are equipped with a Euro-2 or Euro-3 standard-compliant engine. Vehicles not meeting the Euro-4 classification do not qualify for the green environmental badge (Umweltplakette) and face regional bans in some large cities across Germany. Approximately 76.6% of the vehicles are equipped with Euro-6 standard or better engines or are electric vehicles (3.6%).
- The majority (90.3%) of the underlying borrowers are of working age (under 65). Another 3.7% of the receivables relate to obligors between age 66 and age 75.
- An EPC certificate is available for approximately 68.2% of the portfolio. Around 10.9% of the loans have an EPC rating of A+ and an additional 17.4% and 21.1% have EPC ratings of A and B, respectively.

Rating Analysis

DBRS Morningstar based its credit ratings on a review of the following analytical considerations:

- The transaction's capital structure, including form and sufficiency of available credit enhancement;
- Relevant credit enhancement in the form of subordination, liquidity reserve fund, and excess spread;
- Credit enhancement levels that are sufficient to support DBRS Morningstar’s projected cumulative net loss assumption under various stressed cash flow assumptions for the Rated Notes;
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested;
- Bank11’s capabilities with regard to originations, underwriting, servicing, and its financial strength;
- The transaction parties’ financial strength with regard to their respective roles;
- The credit quality of the collateral and historical and projected performance of the Seller’s portfolio;

- DBRS Morningstar's sovereign rating on the Federal Republic of Germany, currently at AAA with a Stable trend; and
- The expected consistency of the transaction's legal structure with DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology and the presence of legal opinions that are expected to address the true sale of the assets to the Issuer.

Portfolio Performance Data

DBRS Morningstar received the following data from Bank11 and its agents:

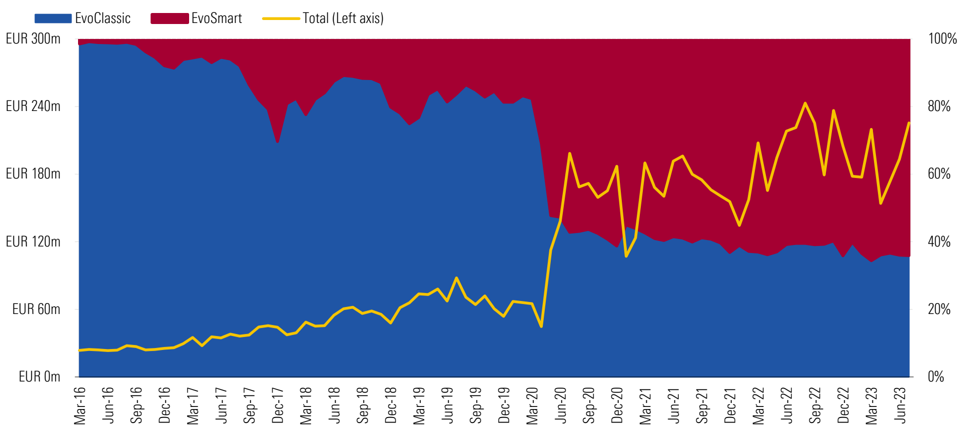
- Monthly static default data from March 2016 to July 2023, split into total, amortising, and balloon loans; new and used vehicles; and various LTV bucket subsets;
- Monthly static recovery data from March 2016 to July 2023, split into total, amortising, and balloon loans as well as new and used vehicle subsets;
- Monthly dynamic origination and delinquency data from March 2016 to July 2023;
- Monthly static and dynamic prepayment data from March 2016 to July 2023; and
- Portfolio stratification tables as at 30 September 2023 and the related theoretical amortisation schedule.

Originations and Outstanding Balances

DBRS Morningstar noted a marked increase in the origination volumes from mid-2020 onwards. The growth in origination volumes has been aided by new sales co-operation with automobile associations and a growth in the number of dealer partners.

The discontinuation of another product, EvoSuperSmart (not eligible for this transaction), led to an increase in the origination volumes of EvoSmart contracts. The origination mix remains unchanged at approximately 25% new vehicles and 75% used vehicles.

Exhibit 13 Origination Volumes (Excluding EvoSuperSmart)



Source: Bank11.

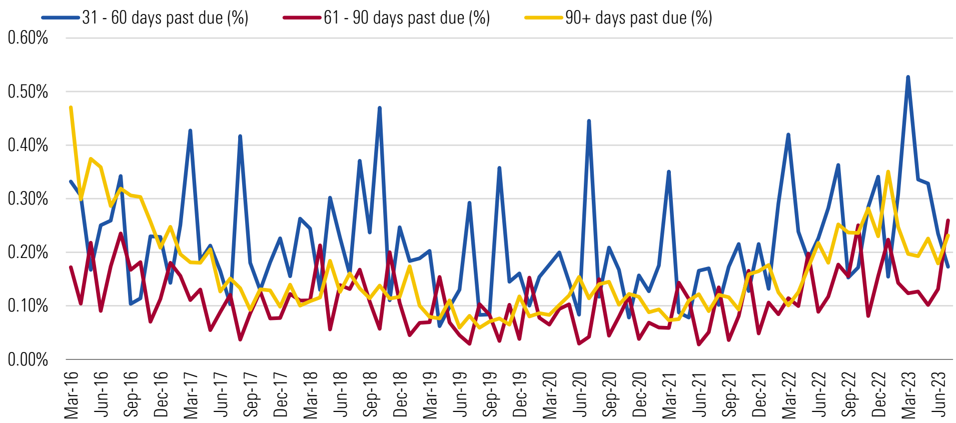
In line with the broader growth of new vehicle registrations in Germany, Bank 11's originations increased consistently since 2016 and subsequently experienced a small drop in March 2020, driven by the Coronavirus Disease (COVID-19) pandemic-related lockdown measures and the wider impact on demand, returning quickly to the previous levels from April 2020 onwards. Since then, origination volumes remain on an upward trajectory, with Bank11 forecasting further growth.

Further information on the trends associated with the growth in used vehicle financing is available in DBRS Morningstar's commentary, *European Auto ABS Outlook: Changing Lanes*.

Delinquencies

Though the delinquency levels fluctuate month to month, the rates observed remain consistent over the period and remain at low levels.

Exhibit 14 Delinquencies



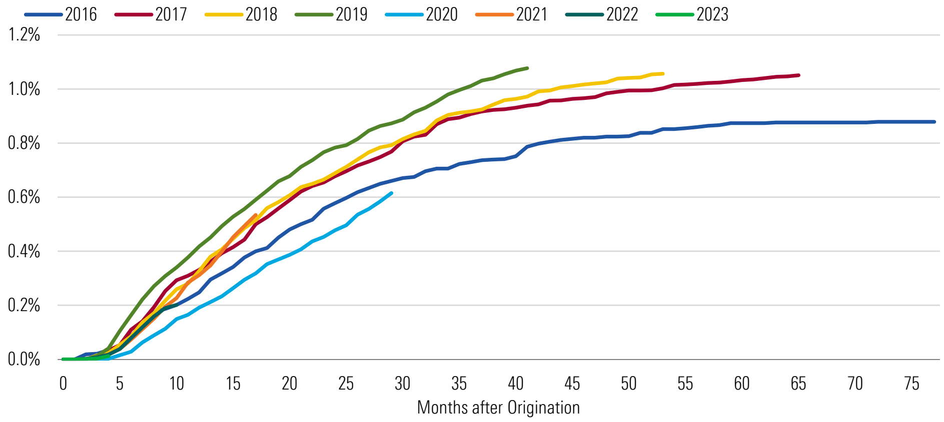
Source: Bank11, DBRS Morningstar.

Defaults

DBRS Morningstar understood that the default definition used in the preparation of the historical default performance data is the same definition applied to the transaction. The definition of defaulted receivables includes loan contracts that the Servicer terminated for good cause, the security in respect of the receivable has been enforced by the Servicer, the borrower is insolvent, or the Servicer declared the receivable due and payable in full in accordance with section 498 of the German Civil Code.

DBRS Morningstar noted that historical defaults experienced by Bank11 are consistent, low, and comparable with other similar German auto transactions. Based on the pool composition, DBRS Morningstar established lifetime defaults for each loan type and constructed a portfolio-level expected default rate of 1.8%.

Exhibit 15 Defaults – Total Portfolio

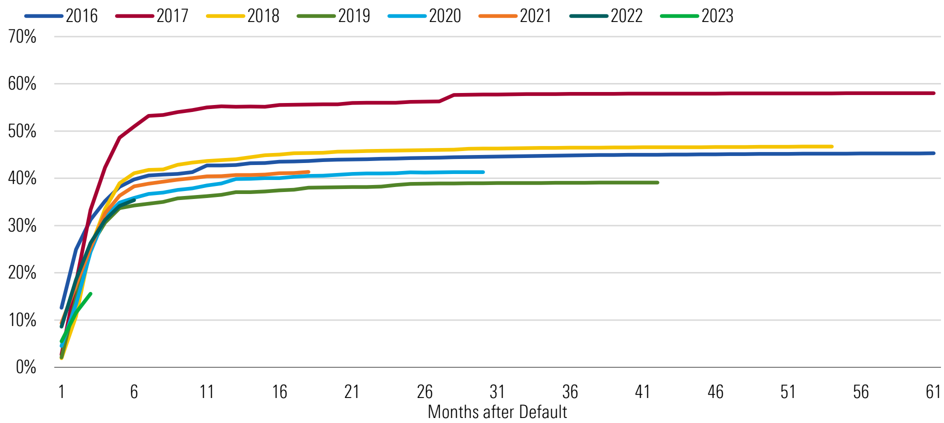


Source: Bank11, DBRS Morningstar.

Recoveries

Balloon loans demonstrate a stronger recovery performance compared with amortising loans. The expected recovery rate derived for this transaction is lower than for peers in Germany. DBRS Morningstar attributed this to a larger share of used vehicles comprising the portfolio. Furthermore, in line with the growth in originations, the volume of recoveries (and therefore defaults) related to used vehicles increased proportionally.

Exhibit 16 Recoveries – Total Portfolio



Source: Bank11, DBRS Morningstar.

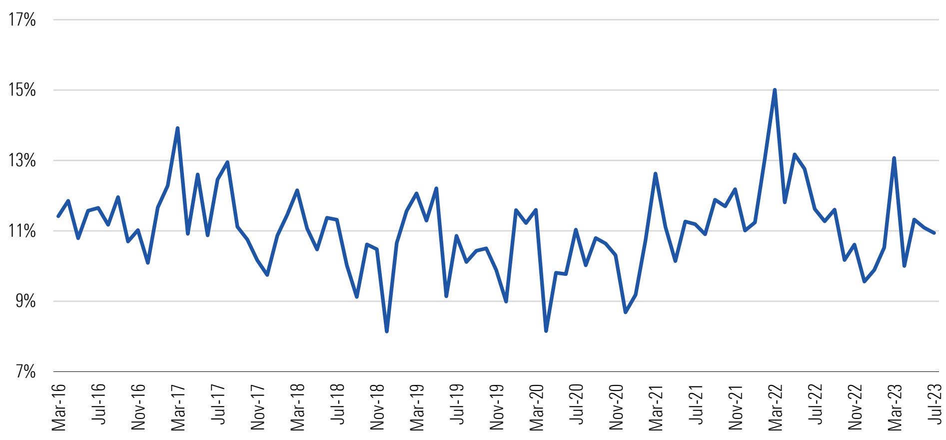
DBRS Morningstar understood that the historical performance data related to recoveries now includes the proceeds of a bad debt sale, previously excluded from the historical performance data. These proceeds were applied retrospectively, leading to an increase across the vintage curves.

Based on the pool composition, DBRS Morningstar established an expected recovery for each loan type and constructed a portfolio-level expected recovery rate of 45.4%.

Prepayments

DBRS Morningstar received static and dynamic prepayment data for the portfolio. Annualised prepayment rates (APRs; prepayments/nondefaulted receivables) for the portfolio have typically fluctuated between 8% and 15%. The average APR for the period is approximately 11.0%. Lower levels were reported in 2020, representing the effect of lockdowns, but the levels have risen and normalised more recently.

Exhibit 17 Prepayments



Source: Bank11, DBRS Morningstar.

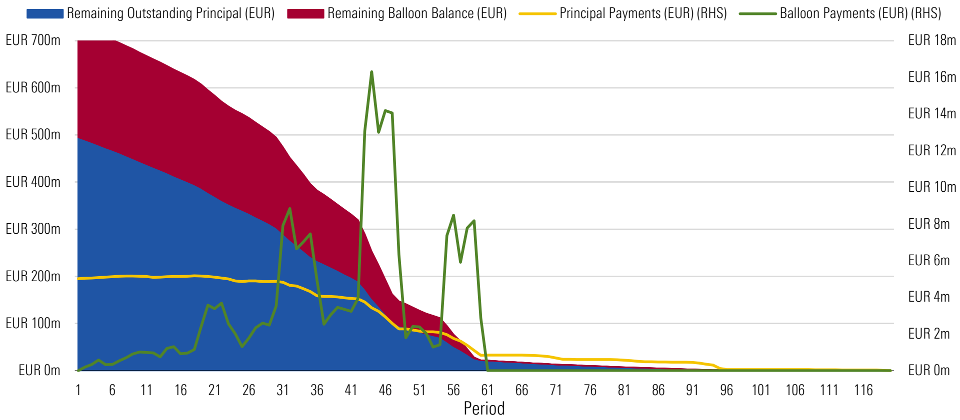
Portfolio Amortisation and Interest Rate

The purchase price that the Issuer paid for the receivables to Bank11 is based on the actual principal balance due from borrowers under the loan contracts. The value of the principal component is aligned with the issuance size of the Notes.

The transaction is static and the WA interest rate of the pool is 5.8%. DBRS Morningstar considered rating-specific levels of yield compression within its cash flow analysis with a WA minimum yield compressed to 5.3% in a AAA (sf) scenario. DBRS Morningstar considered lower levels of yield compression for lower credit rating levels.

Exhibit 18 demonstrates the theoretical amortisation of the portfolio, assuming no prepayments and no defaults. The amortisation profile for the monthly instalments is linear and reflects a broad range of remaining terms. As is typical with transactions that encumber final balloon instalments, these fall due at contract maturity and indicate certain concentrations leading to volatility at the tail end of the transaction.

Exhibit 18 Theoretical Amortisation Schedule



Source: Bank11, DBRS Morningstar.

Summary of Cash Flow Scenarios

DBRS Morningstar's cash flow assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds, and interest rates. DBRS Morningstar evaluated several different prepayment scenarios within its cash flow analysis that considered prepayment rates between 0% and 20%. DBRS Morningstar noted that the transaction is sensitive to high prepayment scenarios. DBRS Morningstar assessed a total of 18 cash flow scenarios to evaluate the performance of the Class A to Class D Notes that incorporated front-, mid-, and back-loaded default timings and interest rates stresses.

Interest Rate Risk and Basis Risk

Interest rate risk arises from the fixed interest rate on the loan receivables and the one-month Euribor floating rate linked to the Notes. To mitigate the risk, the Issuer entered into a swap agreement.

Under the interest rate swap agreement, the Issuer pays on each payment date a fixed rate while the swap counterparty pays one-month Euribor. The swap notional amount tracks the aggregate outstanding principal balance of the Notes.

DBRS Morningstar applied its standard interest rate stresses as detailed in its *Interest Rate Stresses for European Structured Finance Transactions* methodology.

Prepayment Stress

Prepayments may lead to a reduction in the availability of excess spread. Within the cash flow Analysis, DBRS Morningstar evaluated sensitivities to APRs of between 0% and 20%.

Default and Recovery Assumptions

DBRS Morningstar considered default maturity to be aligned with the maximum term of the underlying agreements. For vintages that were not fully seasoned, DBRS Morningstar projected defaults to maturity using historical data relating to default timings.

	Expected	AAA (sf)	A (sf)	BBB (sf)	BB (sf)
Default Rate (%)	1.8	15.4	7.9	5.3	2.7
Recovery Rate (%)	45.4	29.5	34.8	38.0	41.2

DBRS Morningstar applied high-range core multiples to the expected default rate and made adjustments to incorporate the balloon risk presented in arriving at its adjusted multiple.

Defaults and Recovery Timings

DBRS Morningstar estimated the default timing patterns by considering the static nature of the pool and the weighting of credit defaults. DBRS Morningstar assessed the following front-, mid-, and back-loaded default curves:

Month	Front (%)	Mid (%)	Back (%)
1-12	50	25	20
13-24	30	50	30
25-36	20	25	50

Recovery is applied one month after defaults and is staggered over 24 months.

Risk Sensitivity

DBRS Morningstar determines an expected probability of default (PD) and loss given default (LGD), for each rated pool based on a review of historical data. Adverse changes to asset performance may cause stresses to assumptions and therefore have a negative effect on credit ratings. The tables below illustrate the sensitivity of the credit ratings to various changes in the expected default rates and

loss severity assumptions relative to the expected assumptions that DBRS Morningstar used to assign the credit ratings.

Class A Notes

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	AAA (sf)	AA (high) (sf)	AA (sf)
	25	AA (sf)	AA (sf)	A (high) (sf)
	50	AA (sf)	A (high) (sf)	A (low) (sf)

Class B Notes

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	A (sf)	BBB (high) (sf)	BBB (sf)
	25	BBB (high) (sf)	BBB (sf)	BB (high) (sf)
	50	BBB (sf)	BB (high) (sf)	BB (high) (sf)

Class C Notes

Increase in LGD (%)	Increase in Default Rate (%) 0	25	50
0	BBB (sf)	BBB (low) (sf)	BB (high) (sf)
25	BBB (low) (sf)	BB (high) (sf)	BB (high) (sf)
50	BB (high) (sf)	BB (high) (sf)	BB (high) (sf)

Class D Notes

Increase in LGD (%)	Increase in Default Rate (%) 0	25	50
0	BB (sf)	B (sf)	B (low) (sf)
25	B (high) (sf)	B (low) (sf)	Below B (low) (sf)
50	B (low) (sf)	Below B (low) (sf)	Below B (low) (sf)

Appendix A – Origination and Servicing

Origination and Underwriting

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 approximately 90% of Bank11's total credit volume and each loan is secured by the security assignment (Deutsch Sicherungsbereignung). Dealer floorplan financing and cash credit to private customers represent the remaining amount of total credit volume as of December 2022, consistent with previous years.

For retail loan financing within scope of the securtisation, Bank11 offers classical financing and balloon financing as its 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 identify and income verification practices, including the 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 recognized bureaux (SCHUFA and Verein Creditreform) and incorporated into the automated scoring models.

All loan applications are transmitted from a network of almost 18,000 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 that splits the country into four 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 to be 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 in late 2016, followed by a statistical scoring model in 2017 to complement the underwriting process. Bank11 updates and replaces the scorecards annually.

The automatic approval rate in 2022 continued to reduce slightly from previous years, averaging approximately 46% compared with approximately 50% in 2021. Over the same period, the automatic decline rate increased to average approximately 25% from 20%. 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 is 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. The threat of termination is typically enforced after four missed instalments, leading to a 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 shorter than 36 months, or a minimum of 5% of the financed amount is delinquent if the term is longer is 36 months.

Repossession of the vehicle typically happens after termination and an appraisal report by an independent agency is obtained. The vehicle is subsequently sold to the highest bidder at auction. If the vehicle could not be auctioned (or 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 Weakness

- 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 from shareholders.
- Relatively young age of company compared with peers.
  Mitigants: Robust use of technology and high level of experience at the senior management level.

Opinion on Backup Servicer

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

Furthermore, Intertrust (Deutschland) GmbH has been appointed as the substitute servicer facilitator, also known as the 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 Morningstar's opinion, constitute a cold backup arrangement. As a result, BUSFs offer limited protection in the event of a servicer's default. DBRS Morningstar 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 EOD. DBRS Morningstar believes that this may ultimately reduce the estimated lengthy servicing transfer period for transactions with no existing backup agreement.

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

Appendix B — Methodologies

Methodologies Applied

The principal methodology applicable to assign credit ratings to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations* (19 October 2022), https://www.dbrsmorningstar.com/research/404212/rating-european-consumer-and-commercial-asset-backed-securitisations.

Other methodologies referenced in this transaction are listed below:

- *Legal Criteria for European Structured Finance Transactions* (30 June 2023), https://www.dbrsmorningstar.com/research/416730/legal-criteria-for-european-structured-finance-transactions.
- *Rating European Structured Finance Transactions Methodology* (6 October 2023), https://www.dbrsmorningstar.com/research/421599/rating-european-structured-finance-transactions-methodology.
- *Derivative Criteria for European Structured Finance Transactions* (16 June 2023), https://www.dbrsmorningstar.com/research/415976/derivative-criteria-for-european-structured-finance-transactions.
- *Interest Rate Stresses for European Structured Finance Transactions* (15 September 2023), https://www.dbrsmorningstar.com/research/420602/interest-rate-stresses-for-european-structured-finance-transactions.
- *Operational Risk Assessment for European Structured Finance Servicers* (15 September 2023), https://www.dbrsmorningstar.com/research/420572/operational-risk-assessment-for-european-structured-finance-servicers.
- *Operational Risk Assessment for European Structured Finance Originators* (15 September 2023), https://www.dbrsmorningstar.com/research/420573/operational-risk-assessment-for-european-structured-finance-originators.
- *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (4 July 2023), https://www.dbrsmorningstar.com/research/416784/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

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

Surveillance Methodology

DBRS Morningstar monitors this transaction in accordance with its *Master European Structured Finance Surveillance Methodology*, which is available at www.dbrsmorningstar.com under Methodologies & Criteria. Alternatively, please contact info@dbrsmorningstar.com.

Appendix C—Environmental, Social, and Governance (ESG) Checklist and Considerations

Environmental, Social, and Governance (ESG) Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis:
Environmental	**Overall:**	N	N
Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
Carbon and GHG Costs	Do the costs or risks related to GHG emissions result in higher default risk or lower recoveries of the securitized assets?	N	N
	Are there potential benefits of GHG-efficient assets on affordability, financeability, or future values (recoveries)?	N	N
	Carbon and GHG Costs	N	N
Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries?	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors?	N	N
Social	**Overall:**	N	N
Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and/or society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
	Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and society, and does this result in different default rates and/or recovery expectations?	N	N
	Considering changes in consumer behavior or secular social trends: does this affect the default and/or loss expectations for the securitized assets?	N	N
	Social Impact of Products and Services	N	N
Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
	Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Human Capital and Human Rights	N	N
Product Governance	Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in financial penalties or losses to the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors?	N	N
Governance	**Overall:**	N	N
Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
	Considering the alignment of interest between the transaction parties and noteholders: does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
	Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
	Considering how the transaction structure provides for timely and appropriate performance and asset reporting: does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
	Corporate / Transaction Governance	N	N
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors?	N	N
	Consolidated ESG Criteria Output:	N	N

* **A Relevant Effect** means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.

* **A Significant Effect** means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.

ESG Considerations

Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis. For more details about which environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social

There were no social factors that had a relevant or significant effect on the credit analysis. For more details about which social factors could have an effect on the credit, please refer to the checklist above.

Governance

There were no governance factors that had a relevant or significant effect on the credit analysis. For more details about which governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could impact the financial profile and therefor the rating of the issuer. They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at https://www.dbrsmorningstar.com/research/416784/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

Appendix D — Scope and Meaning of Financial Obligations

DBRS Morningstar's credit ratings on the Rated Notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For information on the associated financial obligations, please refer to the corresponding press release published for this credit rating action.

DBRS Morningstar's credit ratings do not address non-payment risk associated with contractual payment obligations contemplated in the applicable transaction document(s) that are not financial obligations.

DBRS Morningstar's long-term credit ratings provide opinions on risk of default. DBRS Morningstar considers risk of default to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the terms under which a long-term obligation has been issued. The DBRS Morningstar short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner.

About DBRS Morningstar

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We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

DBRS Morningstar is empowering investor success as the go-to source for independent credit ratings. And we are bringing transparency, responsiveness, and leading-edge technology to the industry.

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