FitchRatings

Structured Finance
Auto Loans
Germany

RevoCar 2024-1 UG (haftungsbeschraenkt)

EMEA ABS Compare Tool

Inside This Report | Page

This presale report reflects information in Fitch's possession at the time that Fitch's expected ratings are issued; the transaction has yet to be finalised and changes could occur. As a result, the expected ratings disclosed in this report do not reflect final ratings, but are solely based on information provided by the issuer as of 31 January 2024. These expected ratings are contingent on final documents conforming to information already received. Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other material should be reviewed prior to any purchase.

Fitch's related Rating Action Commentary issued at transaction closing will include final ratings, which will include an assessment of any material information that may have changed subsequent to the publication of the presale.

Representations, Warranties and Enforcement Mechanisms Appendix

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Capital Structure

Class	Expected Rating	Outlook	Amount (EURm)	CE (%)	Interest Rate (%)	Legal Final Maturity
A	AAA(EXP)sf	Stable	[TBD]	9.8	1m Euribor + [TBD]	February 2037
B	AA-(EXP)sf	Stable	[TBD]	4.8	1m Euribor + [TBD]	February 2037
C	A-(EXP)sf	Stable	[TBD]	2.6	1m Euribor + [TBD]	February 2037
D	BBB-(EXP)sf	Stable	[TBD]	1.0	1m Euribor + [TBD]	February 2037
E	NR(EXP)sf	n.a.	[TBD]	0.0	1m Euribor + [TBD]	February 2037
Total			**[TBD]**			

Notes: Credit enhancement (CE) consists of overcollateralisation based on a preliminary asset pool of EUR550 million.

This is the 14th public securitisation of German auto loan receivables under the RevoCar platform. The receivables will be granted to private and commercial customers by Bank11 für Privatkunden und Handel GmbH to finance new and used vehicles. The portfolio is static. An interest rate swap will cover the mismatch between fixed-rate assets and floating-rate notes.

Key Rating Drivers

Performance Deterioration Reflected: Fitch Ratings assumes a default base case of 1.5% above most recent historical vintages considering moderate performance deterioration in Bank11's book evidenced by increased arrears and defaults over the past two years. Bank11's stricter underwriting from 2022, a robust labour market with real wage growth in Germany, as well as strong performance of previous RevoCar transactions are expected to support performance. Fitch applies a 'AAA' multiple of 6.25x.

Ample Excess Spread: The weighted average (WA) pool yield of 6.0% reflects the repricing of the originator's assets. Interest in excess of the issuer's expenses can be used to align the liability balance with the non-defaulted asset balance. The useable lifetime excess spread accounted for in our modelling to cure defaults is 1.3% to 1.8% of the initial asset balance depending on the rating scenario and class of notes considered. It adds to the CE provided by overcollateralisation (OC).

Triggers Limit Pro-Rata Period: Classes A to D amortise pro rata from closing. In our modelling, full repayment of the notes depends on the length of the pro-rata period, which is not only driven by the level of credit losses, but also by the timing of losses and prepayment rates. Fitch views the performance triggers as effective in ending the pro-rata period in the event of a significant deterioration in performance.

Servicer Risks Considered: We consider servicer discontinuity risk reduced by the provisions around finding a replacement servicer, the standard nature of the assets and the amortising liquidity reserve, which provides more than three months of liquidity coverage to class A. Interest on the class B to D notes is deferrable.

Only prepayments are exposed to commingling since they are transferred monthly, whereas all scheduled payments are remitted to the issuer's accounts daily. A reserve does not fully cover the commingling exposure yielding an uncovered amount of 0.5% of the initial portfolio balance.

Highlights

Transaction Highlights and Credit Effect

Effect	Highlight
-/+	**Few Structural Changes:** Unlike the last Fitch-rated transaction in 2021, but in line with RevoCar 2023-2, rated notes will start amortising pro rata from day one and switch to sequential subject to certain performance and non-performance related triggers. This means class A to C notes need more credit support to justify the same rating as previously in a sequential structure, whereas the opposite is true for the class D notes. The transaction no longer features a revolving period limiting performance volatility from changes in risk characteristics and risk horizon. This is reflected by a lower default multiple compared to previous Fitch-rated RevoCar transactions. Notes are now floating rate rather than fixed rate previously and a balanced guaranteed fixed-to-floating swap is in place to hedge interest rate risk from fixed-rate loans.
+	**Updated Global SF Criteria:** Fitch now assigns ratings of up to 'AA+sf' to fully deferrable notes from 'A+sf' previously. Payment interruption risk is considered immaterial for these notes up to 'AA+sf'. This change positively impacts class B notes' rating (see Interest Deferral).
+	**Robust Predecessor Deals' Performance:** Bank11 only started operations in 2011, but has meanwhile developed to one of the major non-captive auto lenders in Germany with mature processes and standards. Bank11 issued its first securitisation under the RevoCar platform in 2014 has been issuing since at least on an annual basis. Deal performance of predecessor transaction has been robust over the last years, consistently outperforming its book. Fitch has factored this into its default and recovery expectations.
Neutral	**Disclosure of CO_2 Emissions:** Bank11 discloses the portfolio's distribution by CO_2 emission buckets, with the majority between 100 g/km and 150g/km, but a considerable share in the 150-200g/km range. Overall, the distribution is broadly in line with peers and reflective of the portfolio's tilt towards used vehicles. The average CO_2 emission for new car registrations in Germany in 2023 was about 115g/km.

Source: Fitch Ratings

Key Rating Driver (Negative/Positive/Neutral)

Rating Impact	Key Rating Driver
Negative	Performance Deterioration Reflected
Positive	Ample Excess Spread
Positive	Triggers Limit Pro Rata Period
Positive	Servicer Risks Considered

Euribor Exposure

Assets	Rated notes	Hedges
100% fixed-rate	100% floating-rate notes referencing one-month Euribor.	SPV pays a fixed rate and receives one-month Euribor.

Source: Fitch Ratings, RevoCar 2024-1 UG

Key Transaction Parties

Key Transaction Parties

Role	Name	Fitch Rating
Issuer	RevoCar 2024-1 UG (haftungsbeschraenkt)	Not rated
Seller, originator, servicer	Bank11 für Privatkunden und Handel GmbH	Not rated
Transaction account bank	BNP Paribas S.A., Germany branch	A+/Stable/F1
Security trustee, data trustee	Intertrust Trustees GmbH	Not rated
Corporate service provider, substitute servicer facilitator	Intertrust (Deutschland) GmbH	Not rated
Paying agent, cash administrator	BNP Paribas S.A., Luxembourg branch	A+/Stable/F1
Swap provider	DZ Bank AG Deutsche Zentral-Genossenschaftsbank	AA-/Stable/F1+
Arranger, joint lead manager	UniCredit Bank GmbH	BBB+/Stable/F2

Source: Fitch Ratings, RevoCar 2024-1 UG

Applicable Criteria

Global Structured Finance Rating Criteria (January 2024)

Consumer ABS Rating Criteria (October 2023)

Structured Finance and Covered Bonds Counterparty Rating Criteria (November 2023)

Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (November 2023)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (December 2022)

Related Research

Global Economic Outlook – December 2023 (December 2023)

EMEA Structured Finance Outlook 2024 (December 2023)

European Auto ABS Recoveries Worsen with Further Declines Expected (January 2024)

Transaction Comparison

Below we compare RevoCar 2024-1's portfolio characteristics and assumptions as of closing with the previous Fitch-rated RevoCar transaction and other German non-captive and captive auto loan peers.

Transaction Comparison

	RevoCar 2024-1	RevoCar 2021-2	Silver Arrow S.A., Compartment 15	Bavarian Sky S.A., Compartment German Auto Loans 13	Red & Black Auto Germany 10 UG
Closing	April 2024 (expected)	October 2021	April 2023	April 2024 (expected)	October 2023
Country of assets	Germany	Germany	Germany	Germany	Germany
Seller	Bank11 für Privatkunden und Handel GmbH	Bank11 für Privatkunden und Handel GmbH	Mercedes-Benz Bank AG	BMW Bank GmbH	Bank Deutsches Kraftfahrzeug-gewerbe GmbH
Static/revolving/pre-funded	Static	Revolving (24 months)	Static	Revolving (12 months)	Static
Issuance volume (EURm)	TBD	500	756	TBD	750
Capital Structure					
Class	A	A	A	A	A
Rating	AAA(EXP)sf	AAAsf	AAAsf	AAAsf	AAAsf
Credit enhancement (%)	9.8	7.9	8.3	7.8	6.5
Class	B	B	B	B	B
Rating	AA-(EXP)sf	Asf	NRsf	NRsf	AA+sf
Credit enhancement (%)	4.8	2.8	1.0	1.1	3.8
Class	C	C			
Rating	A-(EXP)sf	BBBsf			A+sf
Credit enhancement (%)	2.6	1.3			2.5
Class	D	D			D
Rating	BBB-(EXP)sf	BBsf			Asf
Credit enhancement (%)	1.0	0.5			1.0
Portfolio summary at closing					
Largest obligor type (portfolio %)	Individuals (94.6)	Individuals (96.8)	Individuals (54.0)	Individuals (70.0)	Individuals (100.0)
Portfolio balance (EURm)	550	500	790	643	750
Number of receivables	26,967	31,381	33,808	27,640	52,281
Average outstanding balance (EUR)	20,395	15,933	23,364	23,263	14,346
Remaining term (WA, months)	52	51	33	36	49
Seasoning (WA, months)	5	6	16	12	9
WA nominal interest rate (%)	6.0	3.1	3.2	4,9	5.2
Balloon portion (%)	43.8	40.1	52.6	58.7	33.3
Vehicle type (%)					
New cars	34.3	37.0	36.0	47.0	25.0
Used cars	65.7	63.0	64.0	53.0	75.0
'AAA' assumptions (%)					
Default multiple (x)	6.25	6.25	6.5	6.75	7.0
Defaults	9.4	11.9	9.75	8.1	7.0
Recovery haircut	45.0	50.0	45.0	45.0	45.0
Recovery	24.8	22.5	38.5	35.75	33.0
Loss from defaults	7.1	9.2	6.0	5.2	4.7

	RevoCar 2024-1	RevoCar 2021-2	Silver Arrow S.A., Compartment 15	Bavarian Sky S.A., Compartment German Auto Loans 13	Red & Black Auto Germany 10 UG
Base-case assumptions (initial; %)					
Defaults	1.5	1.9	1.5	1.2	1.0
Recovery	45.0	45.0	70.0	65.0	60.0
Loss from defaults	0.8	1.0	0.5	0.4	0.4
Prepayments	11.0	11.0	10.0	13.0	12.0

Source: Fitch Ratings

Sector Risks: Additional Perspective

Key Sector Risks

Sector or asset outlook	Fitch's 2024 asset performance outlook for auto ABS in Germany is deteriorating. Auto loan performance will face moderate pressure in 2024 from the macroeconomic environment. Losses are expected to increase given the influence of both defaults and likely lower recoveries. Notwithstanding those increasing headwinds, we expect car financing to continue to benefit from its mostly creditworthy customer base and the importance they attach to car ownership.
Macro or sector risks	**Macro Outlook** Germany is the laggard among the main eurozone countries and Fitch expects GDP to have contracted by 0.2% in 2023. Despite this better-than-expected outcome for 2023, we lowered our 2024 GDP forecast in our December *Global Economic Outlook* to just 0.4% from 0.7%. This is driven by Germany continuing to struggle in an environment of lower global trade growth, higher energy costs and a more restrictive fiscal policy following a ruling by the federal constitutional court. It is exacerbated by the financing cost-induced difficulties faced by the manufacturing and construction sectors, which are central to the economy. Declining inflation and the tight labour market have helped real wage growth to return to positive territory in 2H23. We expect the skill shortages to persist and the labour force to shrink given the decline in the working-age population, with unemployment broadly flat at 3.1% in 2024 and 3.0% in 2025. While there is strong evidence of labour hoarding, illustrated by the divergence between job creation and hours worked, given the gloomy economic outlook we expect a slight weakening in the labour market, contributing to the downward adjustment of our forecast 2025 GDP growth from 2.0% to 1.6%. **Used Car Market Outlook** Recoveries from the sale of repossessed vehicles increased in 2021-1H22 as used car prices rose after the pandemic and the semi-conductor chip crisis due to disruptions in the supply of new cars. However, with the easing of supply-side difficulties and reduced demand amid cost-of-living pressures and higher interest rates, prices have been decreasing and we expect this to continue in 2024. Fitch's existing recovery base cases already embed an implicit assumption of reduced recoveries in 2024 from the 2022 peak. Our view has always been that the large increases in used car prices in 2021-2022 were not sustainable in the long run, so we did not materially adjust our forward-looking recovery expectations from pre-Covid levels. This should limit the impact of current trends on existing ratings, but Fitch is nevertheless closely monitoring these developments to determine whether existing assumptions remain adequate
Relevant research	Global Economic Outlook – December 2023 EMEA Structured Finance Outlook 2024 European Auto ABS Index – 4Q23 European Auto ABS Recoveries Worsen with Further Declines Expected

Source: Fitch Ratings

Asset Analysis

Portfolio Summary

The preliminary portfolio contains mainly private and only a few small commercial debtors. It is granular with no obligors accounting for more than 3bp of the total portfolio balance. The geographical portfolio distribution is close to the population shares throughout the country.

All assets were originated in line with Bank11's credit policy and are serviced according to its standard procedures. Fitch reviewed Bank11's origination and servicing processes in a virtual meeting in February 2024, and considered them adequate and in line with standard market practice (see *Appendix 1*).

Key Portfolio Characteristics (Preliminary Portfolio as of January 2024)

Loan balance (EURm)	**550.0**
Number of loan contracts	26,967
Average balance per loan (EUR)	20,395
WA original term (month)	57
WA seasoning (month)	5
WA nominal interest rate (%)	6.0
WA loan-to-value (%)	87.5
Exposure to top 15 borrowers (%)	0.3
New cars (%)	34.3
Used cars (%)	65.7
Commercial customers (%)	5.4
Private customers (%)	94.6
Amortising loans (%)	30.0
Balloon loans (%)	70.0
Hybrid vehicles (%)	5.0
Fully electric vehicles (%)	4.4

Percentages shown are per balance.
Source: Fitch Ratings, RevoCar 2024-1 UG

Key Asset Eligibility Criteria

Receivables	Has been originated in accordance with the originator's credit and collection policy.
	Is neither defaulted nor in arrears.
	If it is a balloon loan, the balloon instalment is equal to or lower than 90% of the vehicle sale price.
	For which the loan-to-value does not exceed 115%.
	In case of balloon loans has an original term of not more than 73 months and in case of amortising loans of not more than 120 months.
Debtors	Is a resident in Germany
	Has paid at least one instalment.
	Does not hold deposits with the originator.
	Is not employed by the originator or any affiliates.
	Is not insolvent and no insolvency proceedings have been started.

Source: Fitch Ratings, Bank11

Assumptions

Defaults

In this transaction, as well as the provided default vintages, a contract is considered defaulted if, among other factors, the servicer has terminated the loan. This typically occurs when the contract is about 120 days past due.

Fitch set a single default base case for the total portfolio in light of the static nature of the transaction and the stability of originations in terms of key risk characteristics.

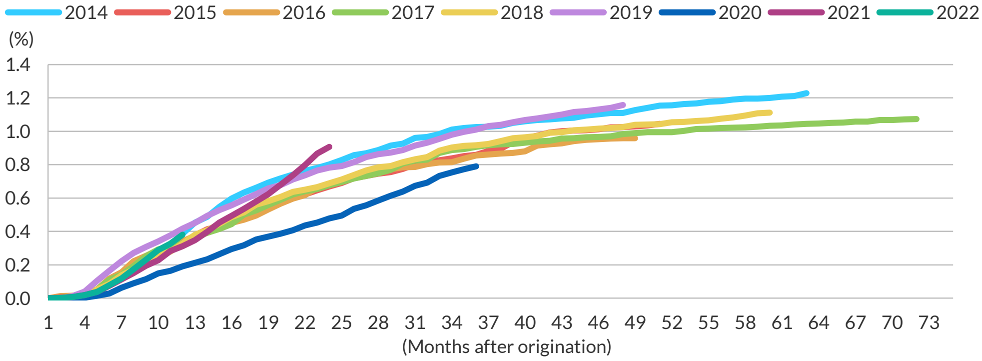
Fitch assumes a default base case of 1.5%. The base case was set at the upper end of observed default vintages and considers the trend of moderate performance deterioration in Bank11's book in the past two years both in terms of increased arrears and defaults.

Supporting factors are that Bank11 has adjusted their underwriting (i.e. increased cut-offs) in 2022 and 2023 to address the trend of weaker borrower quality, real wage growth became positive again in 2023 in Germany and the labour market is expected to remain strong. Lastly, predecessor RevoCar transactions have outperformed the originator's book.

Fitch applies a 'AAA' multiple of 6.25x, reflecting the low absolute level of the base case and presence of balloon risk.

Default Vintages

As % of originated amount



Source: FitchRatings, Bank11 fuer Privatkunden und Handel GmbH

Recoveries

We assumed a 45% recovery base case. This is supported by historical performance of Bank11's total book and predecessor transactions. It is below the level assumed in other German captive auto loan securitisations, albeit in line with other non-captive portfolios.

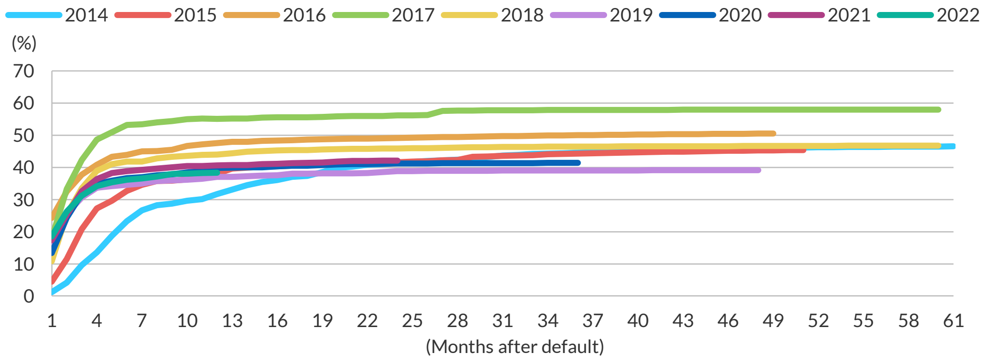
The base case also considers the expectation of a further normalisation in used car prices in 2024. The portfolio seasoning is very low such that the majority of loans was not originated at the peak of used car prices in 2022.

Fitch gives an additional small credit to recoveries from bad debt sales after the sale of the car collateral since the provided historical data are inclusive of these cash flows and the issuer will also benefit from these proceeds.

To determine the 'AAA' recovery rate assumption we used a 45% haircut, which is in line with German auto loan peers, but has been lowered from 50% in the last Fitch-rated RevoCar transaction in 2021 as most criteria considerations point towards a lower-to-median haircut.

Recovery Vintages

as % of defaulted amount



Source: FitchRatings, Bank11 fuer Privatkunden und Handel GmbH

Fitch Stressed Assumptions

Rating scenario	Rating default rate (%)	Rating recovery rate (%)	Rating loss rate (%)
AAA	9.4	24.8	7.1
AA-	6.9	30.2	4.8
A-	5.1	33.9	3.4
BBB-	3.6	36.9	2.3
Base case	1.5	45.0	0.8

Source: Fitch Ratings

Prepayments

Historical prepayment rates have been stable and are 8% to 12% annually. Fitch applied a base-case prepayment rate of 11% a year, which we stressed in line with our *Consumer ABS Rating Criteria* assumptions. For instance, high and low prepayments in a 'AAA' scenario are 16.5% and 5.5%, respectively.

Cash Flow Analysis

Fitch used its proprietary multi-asset cash flow model to test whether the available funds for each class of notes are sufficient to allow timely payment of interest when required and ultimate payment of principal by final maturity in various stressed scenarios, incorporating that class B to D interest is deferrable.

Asset Assumptions

The portfolio amortisation was modelled based on data provided to Fitch and defaults, recoveries and prepayments were applied in line with the stressed assumptions summarised above. The WA life of the current portfolio, considering base case prepayments, is about 30 months. From this, we determined the default timing applied in Fitch's cash flow model in line with the *Consumer ABS Rating Criteria*. The originator's recovery processes were considered when deriving the recovery timing assumption. We assume that most recoveries are received within a year of default generated.

Interest income was on the receivables' balance assuming the weighted average portfolio yield of 6.0% and a WA coupon compression of 50% for defaulted loans.

Liability Structure

We assumed that the Issuer would have to pay a servicing fee of 1% in the 'AAA' scenario. This is the higher of the fees set out in the transaction documents and those foreseen in Fitch's *Consumer ABS Rating Criteria*. Fees were applied to the performing portfolio balance only, since the provided recovery data are net of selling costs and contractual fees are expressed as a percentage of performing assets.

Available cash was then distributed through the transaction's priority of payments, which features pro rata amortisation and an implicit provisioning mechanism for defaults (see *Priority of Payments and Pro Rata Amortisation* below).

Cash Flow Model Results

Fitch tested the transaction's sensitivity to different default distributions (front-loaded, even and back-loaded), combined with high or low prepayments as well as rising, decreasing or stable interest rates.

Fitch found a scenario with decreasing interest rates, high prepayments and a back-loaded default timing to be most stressful for all rated notes.

High prepayments swiftly reduce the interest-generating portfolio balance and thus excess spread, which is then not available to cover defaults. For class A to C notes, high prepayments additionally lead to more cash outflows to junior notes.

In case of class A to C notes, back-loaded defaults are the driving scenario, because they extend the pro rata period. More excess spread is used to pay interest on mezzanine and junior notes since principal deficiency events causing interest subordination occur later. Despite the positive effect from a longer pro-rata period, back-loaded defaults are also driving the results for class D notes since a large chunk of the available excess spread is not trapped in the beginning of the transaction's lifetime in such scenario.

The transaction's sensitivity to decreasing interest rates comes from a combination of the hedging-related funds' distribution among the notes, as well as the negative interest rates charged on the issuer accounts.

We consider the available credit enhancement for the rated notes adequate to allow full repayment in the scenarios corresponding to their rating.

The *Rating Sensitivity* section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modelling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment. The results below should only be considered as one potential outcome, as the transaction is exposed to multiple dynamic risk factors. It should not be used as an indicator of possible future performance.

(green)	No change or positive change
(yellow)	Negative change within same category
(orange)	-1 category change
(light red)	-2 category change
(red)	-3 or larger category change
	See report for further details

Expected Rating Sensitivity

Rating Sensitivity to More Stressful Assumptions

	Class A	Class B	Class C	Class D
Original rating	AAAsf	AA-sf	A-sf	BBB-sf
Increase of defaults by 10%	AAAsf	AA-sf	BBB+sf	BBB-sf
Increase of defaults by 25%	AAAsf	A+sf	BBBsf	BB+sf
Increase of defaults by 50%	AA+sf	A-sf	BBB-sf	BBsf
Reduction of recoveries by 10%	AAAsf	AA-sf	BBB+sf	BBB-sf
Reduction of recoveries by 25%	AAAsf	A+sf	BBB+sf	BB+sf
Reduction of recoveries by 50%	AAAsf	A+sf	BBBsf	BB+sf
Increase/reduction of defaults/recoveries by 10%	AAAsf	A+sf	BBB+sf	BB+sf
Increase/reduction of defaults/recoveries by 25%	AA+sf	Asf	BBB-sf	BBsf
Increase/reduction of defaults/recoveries by 50%	AA-sf	BBB+sf	BBsf	Bsf

Source: Fitch Ratings

Rating Sensitivities – Downgrade

Auto performance will not be immune to inflationary pressures on household finances and slightly increasing unemployment in 2024. Fitch sees the outlook for EMEA auto ABS asset performance as deteriorating. Meanwhile, we believe that the importance of car ownership and the overall prime borrower quality remain powerful positive performance differentiators for auto lease transactions.

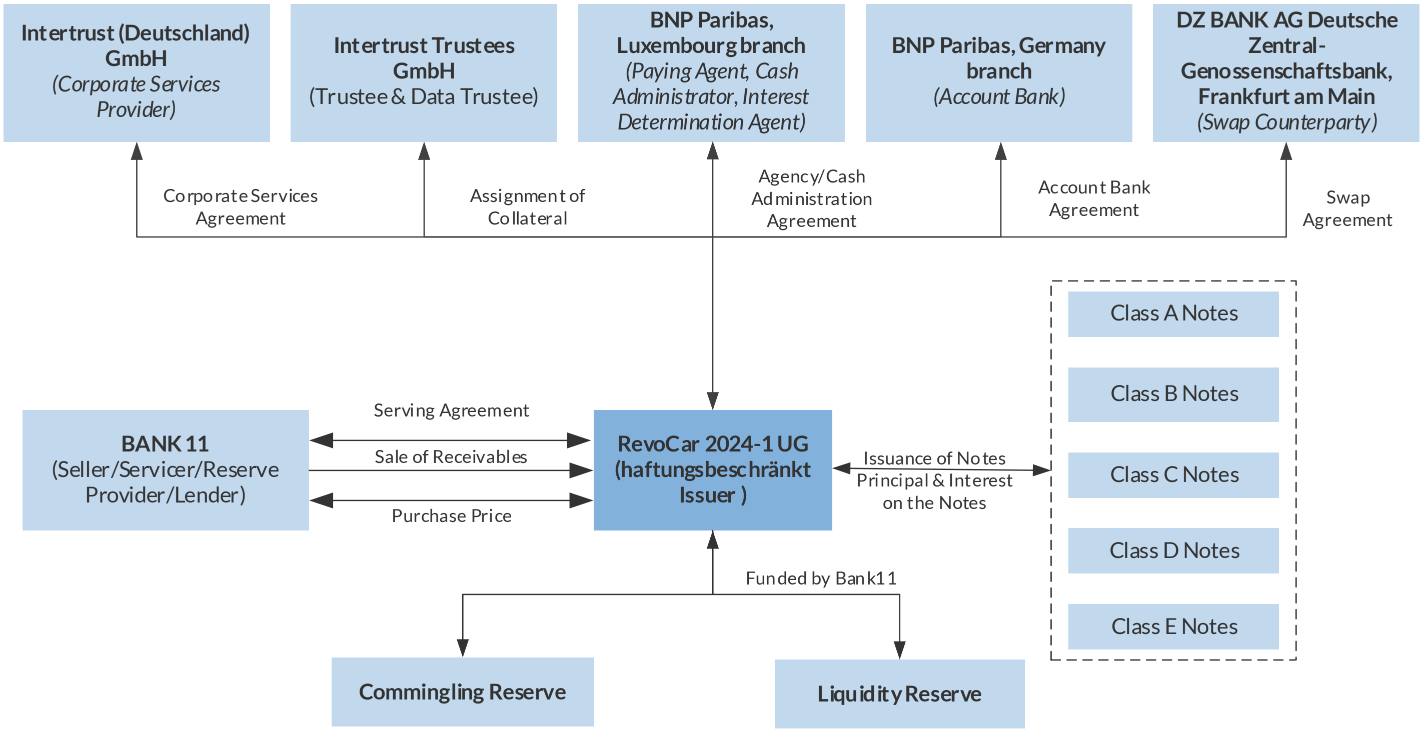
Ratings may be negatively affected if defaults and losses are larger or more back-loaded than assumed, leading to a longer pro-rata period and a lower lifetime excess spread.

Rating Sensitivities – Upgrade

Actual defaults are lower and losses smaller or more front-loaded than assumed, leading to a less negative lifetime excess spread.

Transaction Structure

Structure Diagram



Source: Fitch Ratings, RevoCar 2024-1 UG

Issuer and True Sale

RevoCar 2024-1 UG is a special-purpose, bankruptcy-remote company incorporated with limited liability under German law. At closing, the issuer has acquired claims arising under loan contracts between the seller and certain debtors. The claims arising under the loan contracts and the related collateral have been assigned and transferred to the issuer as security.

Capital Structure and Credit Enhancement

The capital structure consists of the rated class A to D notes as well as the unrated equity tranche. CE is provided by overcollateralisation based on a total asset balance of EUR550 million. In addition, the transaction benefits from CE through excess spread.

The issuer's assets and liabilities at closing are summarised in the balance sheet below.

Issuer's Balance Sheet

Assets	Amount (EURm)	Liabilities	Amount (EURm)	Size in % of receivables
Receivables	550	Class A	[TBD]	90.2
		Class B	[TBD]	5.0
		Class C	[TBD]	2.2
		Class D	[TBD]	1.6
		Class E	[TBD]	1.0
Total	550		[TBD]	100.0

Source: Fitch Ratings, RevoCar 2024-1 UG

Priority of Payments

The transaction uses a combined waterfall for interest and principal payments. The available distribution amount comprises interest, principal, recoveries, swap receipts and interest earned on the issuer's accounts.

In addition, a liquidity reserve can be drawn in case there are insufficient funds to pay senior expenses, servicing fees, net swap payments and class A interest. The commingling reserve will only be drawn to the extent the servicer failed to transfer any collections during the collection period.

Before an issuer event of default, payments will be made on each monthly payment date in accordance with the priority of payments shown below.

Simplified Pre-Enforcement Priority of Payments

(1)	Senior and other statutory expenses
(2)	Servicing fees
(3)	Net swap payments
(4)	Class A interest
(5)	Class B interest if no class B PDE is occurring
(6)	Class C interest if no class C PDE is occurring
(7)	Class D interest if no class D PDE is occurring
(8)	Class E interest if no class E PDE is occurring
(9)	As long as no sequential payment trigger event has occurred, principal redemption of class A to D notes on a pro-rata basis
(10)	After the occurrence of a sequential payment trigger event, class A principal redemption amount up to target amount
(11)	In case a class B PDE is occurring, class B interest
(12)	After the occurrence of a sequential payment trigger event, class B principal redemption amount up to target amount
(13)	In case a class C PDE is occurring, class C interest
(14)	After the occurrence of a sequential payment trigger event, class C principal redemption amount up to target amount
(15)	In case a class D PDE is occurring, class D interest
(16)	After the occurrence of a sequential payment trigger event, class D principal redemption amount up to target amount
(17)	In case a class E PDE is occurring, class E interest
(18)	Class E principal redemption amount up to target amount
(19)	Commingling reserve replenishment up to the required amount
(20)	Subordinated swap payments
(21)	Class E turbo principal redemption
(22)	Additional servicing fee to the servicer
(23)	Transaction gain (lower of EUR100 and the remainder) to the shareholders of the issuer

Note: PDE – Principal deficiency event
Source: Fitch Ratings, RevoCar 2024-1 UG

Target note redemptions amounts are defined such that funds are always used to equalise collateralised note (considering the class E note amount as of closing) and non-defaulted asset balances, if sufficient. That means that excess spread is used to cover defaults.

Principal Deficiency Event Trigger

The structure foresees principal deficiency event (PDE) triggers that change the priority of payments. A PDE occurs if, on any payment date following the application of the available distribution amount on such payment date, the aggregate note amount (considering the class E note amount as of closing) exceeds the outstanding asset balance (excluding defaults) by a defined trigger level, shown below. For example, when a class B PDE occurs, interest payments on class B to E notes become subordinated to class A principal, as shown in the priority of payments above.

PDE Trigger Levels (EURm)

Class B PDE	Class C PDE	Class D PDE	Class E PDE
33.3	17.3	7.7	2.8

Source: Fitch Ratings, RevoCar 2024-1 UG

Pro-Rata Amortisation

The transaction starts amortising pro rata among the rated class A to D notes from closing. During the pro-rata period, principal will be allocated between the class A to D notes based on the ratio of the respective notes' outstanding balance and the aggregate notes outstanding balances.

Amortisation will irreversibly switch back to sequential upon the earlier of:

- The cumulative net loss ratio (defined as the ratio of cumulative defaults minus cumulative recoveries up to the relevant cut-off date and the initial asset balance as of closing) exceeding
  - 0.5%, applicable during the first 12 payment dates;
  - 1%, applicable after the 12th payment date.
- a class E PDE (as defined above) has occurred.
- the non-defaulted assets dropping below 10% of the initial asset balance.
- The occurrence of a servicer termination event.
- The occurrence of an issuer event of default.
- The occurrence of a regulatory change event.

Interest Deferral

According to transaction documentation, unpaid interest on the class B to E notes can be deferred to the next payment dates. Non-payment of class B to E notes interest would only constitute an issuer event of default on the legal final maturity date. Interest does not accrue on the interest shortfalls. The agency tested for timely payment of interest on the class A notes and ultimate payment of interest on the rated class B to D notes in its cash flow modelling.

As non-payment of interest does not cause an event of default for class B to D notes, payment interruption risk is considered immaterial for ratings up to 'AA+sf'.

Liquidity Reserve

The transaction benefits from a EUR6.6 million liquidity reserve. It amortises in line with 1.2% of the outstanding asset balance including defaults and is subject to a floor of EUR550,000. It will form part of the available distribution amount only in case there are insufficient funds to pay senior expenses, servicing fees, net swap payments and class A interest.

The liquidity reserve is also not part of the priority of payments and thus once drawn cannot be re-filled. Excess amounts above its target balance are released outside the waterfall. It is ultimately released on the last payment date.

The initial liquidity reserve provides sufficient liquidity to cover any senior costs and interest payments on the class A notes for at least three months, assuming the criteria 'B' servicing fee of 0.7%. Overall, Fitch deems payment interruption risk sufficiently addressed by the liquidity reserve.

Hedging

A balance guaranteed interest rate swap linked to class A to E notes balance is in place to hedge the mismatch between fixed rate assets and floating rate notes. Under the terms of the swap, the issuer pays a fixed rate and receives 1m Euribor.

Early Redemption Events

Clean-Up Call

The seller has the option to repurchase all loans once the non-defaulted asset balance falls below 10% of the initial pool balance. Unlike in previous RevoCar transactions, such a repurchase is only viable if the repurchase price is sufficient to fully repay all rated notes.

Tax Event

Upon the occurrence of a tax event (i.e. issuer is required to deduct taxes), the issuer can sell all receivables at a set price, whereby Bank11 may choose to repurchase the loans by matching that price. As for the clean-up call option, the option can only be executed if the repurchase price is sufficient to redeem all rated notes.

Regulatory Change Event

In case a change in regulation makes the transaction less economically beneficial for the originator, Bank11 has the option to offer a mezzanine loan to the issuer to fully redeem the outstanding class B to D notes. The loan proceeds must be used exclusively for this purpose and there must be enough available funds to cover all due and payable interest on the rated notes.

Interest and principal due on the mezzanine loan need to be paid after class A principal redemption and therefore do not affect class A notes rating. Class E interest will also be irreversibly subordinated upon such an event and is paid after principal redemption on the mezzanine loan.

Euribor Fall-Back Provisions

Assets	Rated Notes	Derivatives
All fixed-rate.	If Euribor is discontinued, the servicer is responsible for determining a new base rate in accordance with the terms and conditions of the notes.	Any change to the reference rate shall be made in accordance with the terms and conditions of the notes so follows the base rate on the notes.

Source: Fitch Ratings, RevoCar 2024-1 UG

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Counterparty Risk

Fitch assesses the counterparty risk under its *Structured Finance and Covered Bonds Counterparty Rating Criteria* to be in line with the ratings assigned based on the documentation provisions and analytical adjustments described in the following table.

Counterparty Risk Exposures

Counterparty role/risk	Counterparty	Relevant rating under criteria	Minimum ratings and remedial actions	Adjustment to analysis if minimum ratings and remedial actions not in line with criteria
Account bank	BNP Paribas, Germany Branch	Parent DR: AA-/F1+	Minimum DRs of 'A' or 'F1'; replacement within 60 calendar days of becoming ineligible	Minimum ratings and remedial actions in line with criteria.
Swap counterparty	DZ Bank AG Deutsche Zentral-Genossenschaftsbank	Without collateral posted: DCR: 'A' or ST IDR: 'F1'. With collateral posted: DCR: 'BBB-' or ST IDR: 'F3'.	Minimum IDR (or DCR, as applicable) of 'A' or 'F1'; Upon downgrade below minimum ratings: within 14 calendar days, MtM collateral posting required and within 60 calendar days either • post additional collateral (liquidity adjustment and volatility cushion) or • guarantee or • replacement. If the counterparty elects to post collateral, minimum IDR (or DCR, as applicable) of 'BBB-' or 'F3'; replacement or guarantee within 60 days of downgrade below minimum ratings.	Minimum ratings and remedial actions in line with criteria.
Servicer and collection account bank	Bank11 für Privatkunden und Handel GmbH	There are no rating thresholds for servicers. Collections, other than prepayments, are transferred daily.	There is no minimum rating for the servicer.	Servicer continuity risk has been assessed to be mitigated in accordance with Fitch's counterparty criteria, by a liquidity reserve and a substitute servicer facilitator.

DCR – Derivative counterparty rating. IDR – Issuer Default Rating. DR – Deposit rating. ST – Short term. Fitch does not issue ST DCRs. MtM – Mark-to-Market
Source: Fitch Ratings, RevoCar 2024-1 UG

Servicer and Substitute Servicer Facilitator

The originator, Bank11, is acting as the servicer. Bank11 is not rated, but Intertrust (Deutschland) GmbH acts as substitute servicer facilitator and shall appoint a substitute servicer within three months in case of servicer termination. There is also a liquidity reserve available to cover senior expenses and class A interest for a limited period of time. Fitch views servicing discontinuity risk as sufficiently addressed.

Commingling

All regular payments (i.e. interest and principal collections) are received via direct debit and are transferred from the servicer's collection account to the issuer on the day of receipt. Since scheduled amounts are transferred daily, we deem commingling risk for these funds immaterial in line with our *Structured Finance and Covered Bonds Counterparty Rating Criteria*.

Collections not received through direct debit payment (e.g. prepayments) will be transferred monthly on the 21st (the payment date) in the month following collection. For those funds, Fitch considers commingling risk to be a secondary risk driver. To cover commingling risk, Bank11 has funded at closing a commingling reserve, held in the name of the issuer. The reserve has a target amount equal to 1% of the non-defaulted asset balance.

Fitch estimates the potential commingling exposure to be 1.7x monthly prepayment collections, which the commingling reserve does not fully cover. We therefore determined an uncovered commingling exposure by comparing the commingling reserve's expected size to the average expected prepayments over the first 12 months.

The resulting uncovered amount was 0.5% of the initial portfolio balance. Since a servicer termination event ends the pro-rata period, we considered the impact of a day-one commingling loss in combination with fully sequential amortisation on the notes' ratings.

Set-Off

The transaction is exposed to two set-off risks: deposit set-off and insurance set-off.

Deposit Set-Off Risk

Borrowers with deposits are excluded from the pool in line with the eligibility criteria. However, borrowers may open an account with Bank11 during the transaction's lifetime. Set-off losses may arise where obligors seek to set off outstanding loan amounts against deposits held with Bank11 following its insolvency.

Deposits up to EUR100,000 gross of any debts owed to the bank are covered by the deposit protection scheme.

Fitch considered deposit set-off risk as limited since borrowers are almost exclusively private individuals, and it is deemed a remote risk that they will open an account with Bank11 post-closing in combination with holding material amounts in excess of EUR100,000.

Insurance Set-Off

When a borrower takes out insurance through Bank11, the seller will capitalise the lifetime insurance premiums on to the outstanding principal amount of the related loan. These contracts could then give rise to set-off after default of the insurance company in an amount of unused insurance premiums.

Bank11 is contractually obliged to indemnify the issuer for any set-off claim brought by a customer. For this reason, the transaction may only be exposed to insurance set-off risk in case of a simultaneous default of the originator and the insurance provider. Fitch tested the class A and B notes' rating sensitivity to a materialisation of approximated insurance premium set-off losses, in line with the *Consumer ABS Rating Criteria*. The ratings are not constrained by the sensitivity testing.

Criteria Application, Model and Data Adequacy

Criteria Application

See page 2 for the list of Applicable Criteria.

Fitch applies the *Consumer ABS Rating Criteria* as its sector-specific criteria under the overarching framework provided by the *Global Structured Finance Rating Criteria*, which is the master criteria report for the sector. The remaining criteria listed under *Applicable Criteria* are cross-sector criteria that outline Fitch's approach to counterparty risk and interest rate change vulnerability that are relevant for the ratings.

Fitch has analysed the risk of borrower default and has set its default, recovery and prepayment assumptions in accordance with its *Consumer ABS Rating Criteria*.

Models

Asset inputs for the multi-asset cash flow model were derived using Fitch's Consumer ABS Asset Model, as described in Fitch's *Consumer ABS Rating Criteria*.

The asset assumptions outlined above were applied in Fitch's proprietary multi-asset cash flow model, with which the transaction's cash flows were modelled. Click on the link for a description of the model.

Multi-Asset Cash Flow Model

Data Adequacy

The following information was provided by Bank11 to support Fitch's collateral analysis. We also used data provided by Bank11 for previous rating analyses.

Data Analysed

Data	Vintages	Period	Frequency	Type	Notes
Defaults and recoveries	Mar 2016-Dec 2023	8 years	Monthly	Static	By loan type, vehicle type and LTV buckets
Origination volumes	Mar 2016-Dec 2023	8 years	Monthly	Dynamic	By loan type, vehicle type and LTV buckets
Delinquency and Book Outstandings	Mar 2016-Dec 2023	8 years	Monthly	Dynamic	By loan type
Prepayments	Mar 2016-Dec 2023	8 years	Monthly	Static and dynamic	By loan type, dynamic data only available for the total book

Source: Fitch Ratings

Fitch also received portfolio stratifications and the amortisation profile. The data received were of sufficient quality and quantity to assign ratings.

Overall, Fitch's assessment of the asset pool information relied upon for the agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

Use of Third-Party Due Diligence Pursuant to SEC Rule 17g-10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

Surveillance

Throughout the life of the transaction, Fitch will monitor the performance of the collateral and any changes at the servicer, or with the structure, that may influence the ratings of the notes.

Fitch will receive monthly investor reports detailing the performance of the portfolio. These will provide the basis for the agency's surveillance of the transaction's performance against base-case expectations and the performance of the industry. The agency expects to assign an Issuer Report Grade of four stars to the investor reporting in line with previous German auto loan transactions originated by Bank11, as the standards of reporting are expected to remain comparable.

Where appropriate, Fitch may ask to monitor further data from the originator or the servicer. The ratings of the transaction will be reviewed by a committee at least once every 12 months, or when considered appropriate (e.g. if there is a deterioration in performance, an industry-wide development, or a change at the originators or the servicer that may influence the transaction).

Fitch's quantitative analysis will focus on monitoring the key performance parameters (delinquencies, defaults, recoveries and prepayments) against the base-case assumptions. Fitch will further monitor the market developments regarding diesel-powered vehicles.

Fitch's structured finance performance analytics team ensures that the assigned ratings remain an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance are available to subscribers at www.fitchratings.com.

Appendix 1: Origination and Servicing

Originator Overview

The originator, Bank11, is an experienced lender that began operating from its headquarters in Neuss, Germany, in 2011. It is part of Wilh. Werhahn KG, which operates in building materials, consumer goods and financial services. Bank11's business has experienced double-digit year-on-year growth since its foundation, which led its balance sheet to approach EUR7.7 billion as of December 2023. Bank11 has 398 employees, providing loans and deposits to 387,000 customers. Its management is experienced in auto loan financing.

Bank11 is one of the largest German non-captive financing companies. It specialises in auto loans to primarily private clients for financing new and used cars. The bank has three marketing channels: an established, well-diversified dealer network (more than 19,000 dealers), car-focused institutions acting as cooperation partners, and a newer direct marketing channel.

The bank follows a simple business model offering a limited number of loan products to ensure cost efficiency. Bank11 sees its main competitive advantages in a highly diversified mix of car brands, its efficient processes and standardised products.

Fitch conducted a remote originator review in February 2024.

Overall, the agency considers the underwriting and servicing capabilities of Bank11 to be in line with market standards.

Loan Products

Bank11 offers financing for new and used cars produced by all car manufacturers. The loans are originated via a diversified dealer network and a new direct marketing channel. They are granted to private and commercial customers. The following loan products are securitised in the transaction:

- EvoClassic: This is a fully amortising loan with a fixed interest rate. The loan is amortised in equal monthly instalments. The usual tenor ranges between 12 and 120 months.
- EvoSmart: This is a market-standard balloon loan. The loan is typically amortised over 13 to 73 months, while prepayment is possible. When the balloon becomes due, the borrower is usually offered the option to finance the balloon amount or a new car.

Origination and Underwriting

Loans are originated through the large dealer network with support from Bank11, through Bank11's direct marketing channel autowunsch.de or through its cooperation partners. The underwriting process is highly automated and needs only the loan application, customer profile and information on the vehicle to be financed. This is either forwarded by the dealer or entered by the customer directly on the bank's website.

Upon receipt of all required documentation, the credit department makes the credit decision swiftly, usually automatically. It is evaluated against Bank11's proprietary scorecard, which augments information provided for the application with internal customer information (e.g. on income and employment, previous payment history) and external data (e.g. Schufa Banken-score).

Once the components have been evaluated, loan applications will be categorised as 'green', 'grey' or 'red'. If 'green', the credit application will be automatically approved. The loan will be granted, subject to verification of the documentation, and the final decision will be transmitted electronically to the dealer or customer. In case of a 'red' result, the automatic credit decision is negative. However, under certain conditions, monitored by risk management, a 'red' application may be manually approved. If 'grey', the risk underwriting group will review the application and make a manual decision, in accordance with predefined rules.

The evaluation also determines whether the applicant is one of the few requested to post additional security (e.g. higher downpayment or guarantee). An approved application is then checked for accuracy and the amount disbursed directly to the dealer or debtor, depending upon the origination channel.

To address adverse selection from the cost-of-living crisis, Bank11 has tightened its cut-off scores twice over the past two years (in June 2022 and February 2023). Following the last change, their PD-Index shows an improvement (i.e. lower average PDs) for more recent originations. Additionally, they have adjusted their budget calculation to consider an additional cost of EUR250 for applicants, which is viewed more penalising for weaker borrowers.

Balloon Setting Policy

The balloon setting policy has not changed materially over recent years. Bank11 considers the expected vehicle price and loan tenor for determining maximum balloon rates. The shorter the term of the loan, the higher the maximum balloon rate allowed. Maximum balloon rates are embedded in the system used by dealers in the loan application process.

In light of rising car prices and financed amounts, balloon amounts have risen in absolute terms, but have been largely stable in relative terms.

Servicing and Collections

Clients have to pay by direct debit. If the scheduled monthly payment is not received on the payment date, a special direct debit run takes place seven to 14 days after the due date. About 80% of the initial delinquencies can be cured with this special direct debit run.

The process of dealing with delinquent customers (from 30+ days past due to default) has been changed in January 2024. 30% of delinquent customers by volume are now dealt with externally by Hoist and the remaining 70% continues to be dealt with in-house. Bank11 highlighted that the key differences in approaches is that Hoist has a “softer” approach towards clients (i.e. makes more use of deferrals and temporary reduction of instalments).

On average, Bank11 terminates delinquent accounts once all legal requirements are fulfilled, which is typically after more than four missed instalments. In limited cases, e.g. borrower insolvency, Bank11 is legally allowed to terminate earlier than 90 days. This is in line with the termination practices of other originators.

After termination, the originator enforces the receivables, assisted by sub-contractors. This includes foreclosing the financed vehicle in instances where it was not returned voluntarily. After the vehicle is repossessed, its value is assessed and sold through car auction platforms, which dealers throughout Germany access. Following contract termination and vehicle sale but before a loan write-off, Bank11 sells defaulted loans to bad debt collection agencies (DCA) on a monthly basis. Bank11 has recently signed a new contract with a new DCA. The proceeds will be credited in full against the corresponding loan account.

Appendix 2: ESG Relevance Score

FitchRatings **RevoCar 2024-1**

SF ESG Navigator
ABS - Auto

Credit-Relevant ESG Derivation

RevoCar 2024-1 has 5 ESG potential rating drivers

- RevoCar 2024-1 has exposure to macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	5	issues	2
	4	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	2	Regulatory risks, fines, or compliance costs related to emissions, energy consumption and/or related reporting standards	Asset Quality; Surveillance	5
Energy Management	2	Assets' energy/fuel efficiency and impact on valuation	Asset Quality; Surveillance	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Asset, operations and/or cash flow exposure to extreme weather events and other catastrophe risk, including but not limited to flooding, hurricanes, tornadoes, and earthquakes	Surveillance	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Compliance with consumer protection related regulatory requirements, such as fair/transparent lending, data security, and safety standards	Operational Risk; Surveillance	4
Labor Relations & Practices	2	Labor practices, pension obligations and related litigation	Surveillance	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior	Asset Quality; Surveillance	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Rule of Law, Institutional and Regulatory Quality	3	Jurisdictional legal risks; regulatory effectiveness; supervisory oversight; foreclosure laws; government support and intervention	Asset Isolation and Legal Structure; Asset Quality; Rating Caps; Surveillance	5
Transaction & Collateral Structure	3	Asset isolation; resolution/insolvency remoteness; legal structure; structural risk mitigants; complex structures	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Rating Caps; Surveillance	4
Transaction Parties & Operational Risk	3	Counterparty risk; origination, underwriting and/or aggregator standards; borrower/lessee/sponsor risk; originator/servicer/manager/operational risk	Asset Quality; Financial Structure; Operational Risk; Rating Caps; Surveillance	3
Data Transparency & Privacy	3	Transaction data and periodic reporting	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Surveillance	2
				1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE - DEFINITIONS

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant; a key transaction or program rating driver that has a significant impact on an individual basis.
4	Relevant to transaction or program ratings; not a key rating driver but has an impact on the ratings in combination with other factors.
3	Minimally relevant to ratings; either very low impact or actively mitigated in a way that results in no impact on the transaction or program ratings.
2	Irrelevant to the transaction or program ratings; relevant to the sector.
1	Irrelevant to the transaction or program ratings; irrelevant to the sector.

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