

MOODY'S RATINGS

Rating Action: Moody's Ratings assigns definitive rating to Private Driver Espana 2026-1, Fondo de Titulizacion Auto ABS

26 May 2026

EUR 1,475 million ABS Notes rated, relating to a portfolio of Spanish auto loans

Madrid, May 26, 2026 -- Moody's Ratings (Moody's) has assigned definitive rating to Notes issued by Private Driver Espana 2026-1, Fondo de Titulizacion:

...EUR 1475M Floating Rate Asset Backed Notes due May 2039, Assigned Aa1 (sf)

We have not assigned a rating to the EUR 11.55M Subordinated Loan due May 2039.

RATINGS RATIONALE

The transaction is a 3-year revolving cash securitisation of auto loans extended to obligors in Spain by the Spanish branch of Volkswagen Bank GmbH (A1(cr)/P-1(cr)) ("VW Bank").

The final portfolio of underlying assets consists of auto loans distributed through VW Group auto dealers. As of 30 April 2026, the final pool cut shows 173,897 non-delinquent contracts with a weighted average seasoning of 1.6 years and a discounted outstanding balance of EUR 1,540.5 million. The loans in the portfolio finance the purchase of new cars (76.6%) and used cars (23.4%) to retail customers, including freelancers (94.5%), and corporate customers (5.5%).

The portfolio consists of 46.1% amortising loans ("Classic Credit" loans), and 53.9% balloon loans ("Auto Credit" loans) which consist of equal instalments during the life of the loan with a larger balloon payment at loan maturity. The balloon payments of the balloon loans are not securitised in this transaction.

The transaction benefits from credit strengths, such as (i) the granularity of the portfolio, (ii) a cash reserve funded at closing, equal to 1.0% of the discounted pool balance and a floor of EUR 6M; and (iii) Volkswagen Group's securitisation experience. However, we note that the transaction features some credit weaknesses, such as (i) a relatively longer than usual revolving period; (ii) commingling risk; and (iii) a relatively high linkage to the originator and servicer, VW Bank.

Various mitigants have been put in place in the transaction structure, such as performance related triggers to stop the revolving period, including a trigger linked to a minimum over-collateralisation level. Commingling risk is mitigated by (i) the current ratings of VW Bank (A1(cr)/P-1(cr)), (ii) cash advances to cover one month of estimated future collections upon a downgrade of VW Bank below Baa2 unless frequency of the sweep switches from monthly to daily, and (iii) borrower notification to pay into the issuer account upon servicer insolvency.

Hedging: All the loans are fixed-rate loans, whereas the Notes are floating-rate liabilities. As a result, the issuer is subject to a fixed-floating interest-rate mismatch. To mitigate the fixed-floating rate mismatch, the issuer has entered into a swap agreement with Royal Bank of Canada (Aa1(cr)/P-1(cr)). Under the swap agreement, (i) the issuer pays a fixed rate of 3.49%, (ii) the swap counterparty pays 1m Euribor plus the margin on the Notes and (iii) the notional as of any date will be the outstanding balance of the Notes.

Our analysis focused, amongst other factors, on (i) an evaluation of the underlying portfolio of loans; (ii)

historical performance information of the total book and past ABS transactions; (iii) the credit enhancement provided by subordination, over-collateralisation and the reserve fund; (iv) the liquidity support available in the transaction by way of principal to pay interest and the reserve fund; and the (v) overall legal and structural integrity of the transaction.

MAIN MODEL ASSUMPTIONS

We determined the portfolio lifetime expected defaults of 1.6%, expected recoveries of 40.0% and portfolio credit enhancement ("PCE") of 8.5%. The expected defaults and recoveries capture our expectations of performance considering the current economic outlook, while the PCE captures the loss we expect the portfolio to suffer in the event of a severe recession scenario. Expected defaults and PCE are parameters used by us to calibrate its lognormal portfolio loss distribution curve and to associate a probability with each potential future loss scenario in our ABSROM cash flow model to rate Auto and Consumer ABS.

Portfolio expected default of 1.6% is lower than the Spanish Auto ABS average and is based on our assessment of the lifetime expectation for the pool taking into account: (i) the length of the revolving period of 3 years, (ii) historical performance of the book of the originator, (iii) other similar transactions used as a benchmark, and (iv) other qualitative considerations.

Portfolio expected recoveries of 40.0% are in line with the Spanish Auto ABS average and are based on our assessment of the lifetime expectation for the pool taking into account: (i) historical performance of the book of the originator, (ii) benchmark transactions, and (iii) other qualitative considerations.

PCE of 8.5% is lower than the Spanish Auto ABS average and is based on our assessment of the pool taking into account: (i) historical data variability; (ii) quantity, quality and relevance of historical performance data; (iii) originator quality; (iv) servicer quality; (v) certain pool characteristics, and (vi) certain structural features, such as revolving period. The PCE level of 8.5% results in an implied coefficient of variation ("CoV") of approximately 66.10%.

The principal methodology used in this rating was "Moody's Global Approach to Rating Auto Loan- and Lease-Backed ABS" published in June 2025 and available at <https://ratings.moody.com/rmc-documents/445561>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

FACTORS THAT WOULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING:

Factors that may cause an upgrade of the rating of the notes include significantly better than expected performance of the pool together with an increase in credit enhancement of Notes.

Factors that would lead to a downgrade of the rating include: (i) increased counterparty risk leading to potential operational risk of (a) servicing or cash management interruptions and (b) the risk of increased swap linkage due to a downgrade of a currency swap counterparty ratings; and (ii) economic conditions being worse than forecast resulting in higher arrears and losses.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moody.com/rating-definitions>.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

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