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RATING REPORT

Driver España six, Fondo de Titulizacion

Ratings and Issuer's Assets

Debt	ISIN	Par Amount (EUR)[1]	Subordination[1, 2]	Coupon	Issue Price	Rating	Rating Action
Class A Notes	ES0305471007	1,000,000,000	10.4%	One-Month Euribor + 0.70%	100.7%	AAA (sf)	Provisional Rating - Finalised
Class B Notes	ES0305471015	35,700,000	7.2%	One-Month Euribor + 0.80%	100.0%	A (high) (sf)	Provisional Rating - Finalised
Subordinated Loan	-	41,302,974	3.5%	Fixed Rate -1.22%	-	Not Rated	N/A
Overcollateralisation		39,100,000				Not Rated	N/A

Notes:
1. As at the closing date.
2. Subordination for the Class A Notes includes the Class B Notes (3.2%), the subordinated loan (3.7%) and overcollateralisation (3.5%). Subordination is expressed in terms of portfolio overcollateralisation and does not include the Cash Collateral Account.

	Amount (EUR)[1]	Size (% of Portfolio)
Portfolio	1,116,102,974	100%
Cash Collateral Account[1]	14,500,000	1.3%

Notes:
1. The reserve fund held in the cash collateral account provides liquidity support and can be used to repay principal on the notes subject to a defined floor.

DBRS Morningstar finalised its provisional ratings on the Class A Notes and the Class B Notes (collectively, the notes) issued by Driver España six, Fondo de Titulización (the issuer and the fund). The transaction follows a standard structure under Spanish securitisation law, whereby the fund acquires receivables, related to auto loan contracts, to back the issuance of the notes.

The transaction is static and the notes are backed by a pool of approximately EUR 1.1 billion of receivables related to auto loan contracts (the receivables or, collectively, the portfolio) originally granted by either Volkswagen Finance S.A., E.F.C. or Volkswagen Bank Spanish branch (VWBS). The loans are granted to individuals residing in Spain and small business and individual enterprises with registered offices in Spain, for the acquisition of either new or used motor vehicles. On 1 June 2019, Volkswagen Bank GmbH (VWB) merged with Volkswagen Finance S.A., E.F.C. and all receivables were transferred to VWBS.

The receivables are related to both amortising and balloon contracts (Classic Credit and Auto Credit, respectively); however, none of the receivables pose direct residual value risk to the transaction and the balloon payments are neither securitised nor form part of the aggregate discounted receivables balance.

As is typical of other European Driver programmes sponsored by VWB, available funds collected each month may be initially distributed sequentially and then on a pro rata basis, where the Class A Notes will initially be repaid in priority to the Class B Notes. The amortisation of the notes may switch to a pro rata basis (with Class A and Class B repaid at the same time), provided that the transaction overcollateralisation targets for the Class A and Class B Notes have been met for so long as certain performance triggers have not been breached.

Asset Class	Auto Loans
Governing Jurisdiction	Kingdom of Spain
Sovereign Rating	"A", Positive trend

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DBRS Morningstar is a global credit ratings business with 700 employees in eight offices globally. DBRS and Morningstar Credit Ratings are committed to empowering investor success, serving the market through leading-edge technology and raising the bar for the industry. Together, we are the world's fourth largest credit ratings agency and a market leader in Canada, the U.S. and Europe in multiple asset classes. We rate more than 2,600 issuers and 54,000 securities worldwide and are driven to bring more clarity, diversity and responsiveness to the ratings process. Our approach and size provide the agility to respond to customers' needs, while being large enough to provide the necessary expertise and resources.

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Transaction Parties

Roles	Counterparty	Rating[1]
Issuer/Fund	Driver España six, Fondo de Titulización	N/A
Management Company	Titulizacion de Activos, S.G.F.T. S.A.	N/A
Seller/Service Provider	Volkswagen Bank GmbH, Spanish branch	Private Rating
Subordinated Lender	Volkswagen Bank GmbH	Private Rating
Service Provider's Ultimate Parent	Volkswagen AG	A (low)
Account Bank/Paying Agent	BNP Paribas Securities Services, Sucursal En Espana	Private Rating
Swap Counterparty	DZ BANK AG	AA (low)

1. Ratings refer to Long-Term Issuer Ratings or to Long-Term Senior Unsecured Debt Ratings unless otherwise specified.

Relevant Dates

Term	Description
Closing Date	28 February 2020
Initial Cutoff Date	31 January 2020
First Payment Date	23 March 2020
Collection Periods	From the portfolio cutoff date (excluded) to the end of February 2020 (included), and each calendar month thereafter
Payment Dates	21st day of each month (or, if not a business day, the next business day)
Legal Final Maturity Date	23 September 2030

Portfolio Summary (as at 31 January 2020)	
Aggregate Discounted Receivables Balance (EUR)	1,116,102,974
Number of Contracts	103,919
Average Discounted Receivables Balance (EUR)	10,740
New/Used Vehicle Receivables Mix	78.7%/21.3%
Retail (inc freelance)/Commercial Customer Receivables Mix	96.5%/3.5%
Weighted-Average Original Term (Months)	61.1
Weighted-Average Remaining Term (Months)	46.0
Discount Rate	1.35%
Weighted-Average Contractual Interest Rate	10.3%

Rating Considerations

Notable Features

- The transaction is static and the notes will amortise from the initial payment date. There is no revolving period.
- The discount rate applied to the gross receivables balance to calculate the purchase price is fixed and derived from the transaction's liability costs (1.349%) and is significantly lower than the weighted-average contractual interest rate associated with the underlying loan agreements. This mechanism results in the upfront purchase of accrued but unpaid interest.
- Credit enhancement available to the Class A Notes includes subordination of the Class B Notes, a subordinated loan, an amortising liquidity reserve (cash collateral account), and overcollateralisation derived from a lower portfolio purchase than the aggregate discounted receivables balance.
- Approximately 87.8% of receivables are related to Classic Credit auto loans. These feature equal monthly instalments throughout the life of the loan.
- Approximately 12.2% of receivables are related to Auto Credit auto loans. These feature equal monthly instalments and a larger, optional final payment. The optional final payment is not assigned to the fund.
- Only 0.03% of the receivables relate to non-VW group vehicles, reflecting VWBS's captive finance approach.
- Interest rate risk arises from the mismatch between the customer contracts bearing a fixed rate of interest and the fund issuing floating rate notes linked to Euribor. The risk is mitigated through two interest rate swaps covering the Class A and B Notes separately provided by DZ BANK AG Deutsche Zentral-Genossenschaftsbank.
- The transaction has a mixed sequential/pro rata amortisation structure whereby initially the Class A Notes receive all principal payments until Class A overcollateralisation reaches the initial target level of 21.0%. Thereafter, the Class A and Class B Notes receive principal on a pro rata basis to meet respective overcollateralisation targets unless specific performance triggers have been breached (defined in further detail later in this report).
- Upon the breach of these cumulative gross loss triggers increased overcollateralisation targets are set and the amortisation becomes strictly sequential with all collections allocated towards repayment of the notes until overcollateralisation targets are met. Neither of the credit enhancement increase condition events are curable.

Strengths

- VWBS is an experienced servicer. DBRS Morningstar maintains a private rating on VWBS and publicly rates Volkswagen AG (VW), VWB's ultimate parent company, at A (low) with a Stable trend.
- The collateral pool is granular, consisting of 103,919 loans with an average balance of EUR 10,740 where the top ten borrowers account for 0.05% of the portfolio. The lower average balance reflects a higher proportion of SEAT vehicles compared with levels typically observed in auto ABS transactions originated by VWB outside of Spain.
- Substantial liquidity support is available to the transaction through the availability of a reserve (cash collateral account) that is made available to the priority of payments to cover senior expenses, swap payments, and interest on the notes. At closing, it is set and subsequently maintained at 1.3% of the aggregate discounted receivables balance of the notes with a floor equal to the lower of (1) EUR12,275,000 equivalent to 1.1% of the portfolio balance and (2) the outstanding balance of the notes.

- The underlying portfolio of VWBS has demonstrated improving and more stable cumulative net loss and gross loss performance with vintages originated from 2013 consistently outperforming those originated between 2009 and 2012.
- All receivables benefit from a reservation of title (reserva de dominio) provision whereby, upon registration with the Chattels Register, VWBS benefits from a right of ownership over the financed vehicle until the loan is repaid in full. Prior to full repayment, the borrower cannot sell the vehicle without the consent of the beneficiary of the reservation of title. The transfer of the receivable to the fund includes the rights associated with the reservation of title clauses, however these rights will only be recorded in the Chattels Register in the name of the fund when the seller is no longer the service provider.

Challenges

- The weighted-average interest rate of the portfolio is considerably higher than the fixed discount rate applied across all receivables in the pool. For the final portfolio the difference is approximately 8.9%. Upon prepayment, the fund may be exposed to prepayment loss as the amount received to settle the contract may be less than the outstanding discounted balance of a loan recognised by the transaction. This is due to the difference between the higher discounted purchase price paid by the fund (that considers all interest amounts due over the life of the contract) and the lower underlying principal balance of the loan at the time of prepayment.

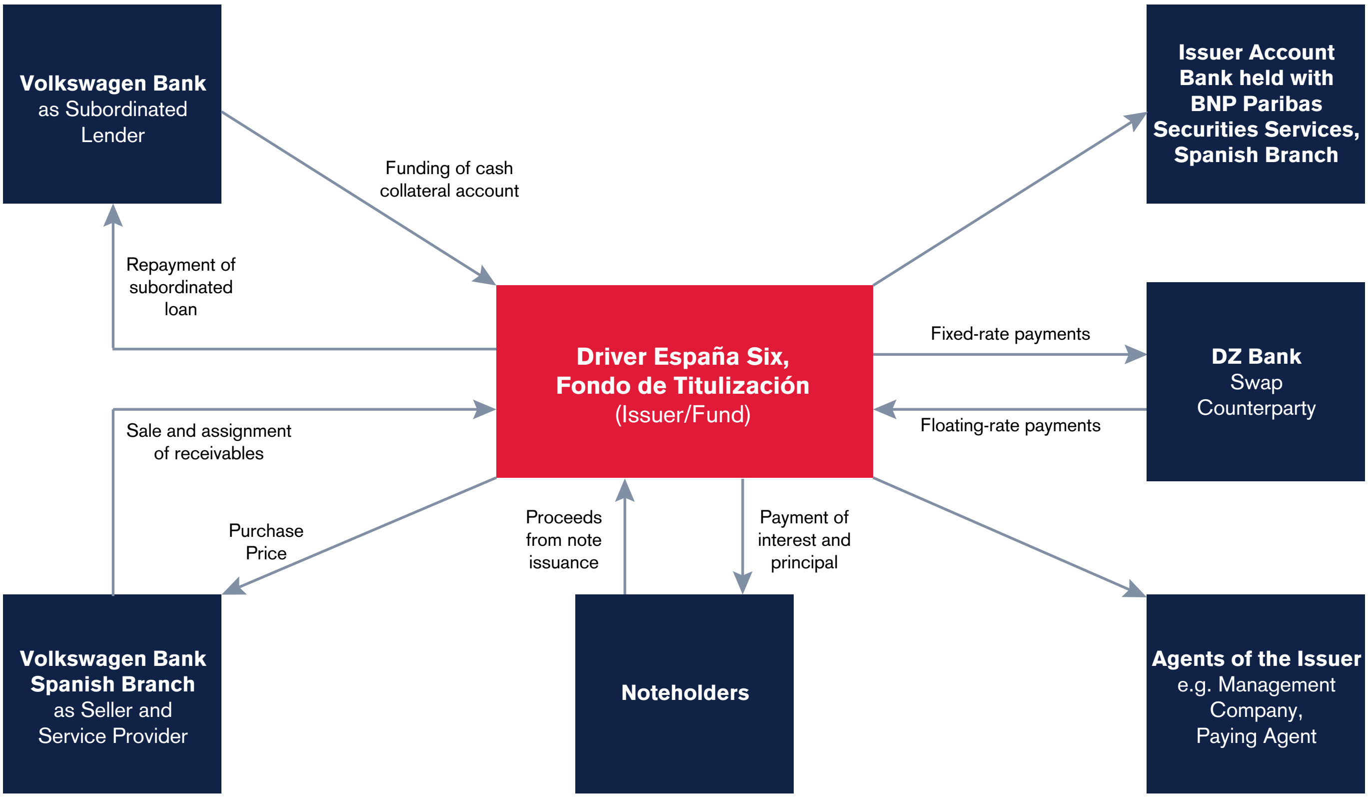
  Mitigants: VWBS is required to transfer an indemnity corresponding to the lost interest (net of the discount rate) expected from the date of prepayment to the completion of the scheduled amortisation of a loan. The mitigant is only effective if VWBS is solvent and DBRS Morningstar has factored in prepayment-based stresses should VWBS not be able to make these interest compensation amounts when assessing cash flow sensitivities.
- VWBS is entitled to commingle collections with funds in its own collection accounts and is required to transfer collections twice a month. Collections may be commingled with VWBS' estate upon an insolvency event of VWBS.

  Mitigants: Following specified triggers relating to rating downgrades of VWB, VWBS must post collateral corresponding to expected collections into the monthly collateral account (an account held with BNP Paribas Securities Services that acts as account bank).

Transaction Structure

Transaction Summary		
Currencies	Issuer's assets and liabilities are denominated in euros (EUR).	
Relevant Jurisdictions	Loan contracts are governed by Spanish law. The transaction documents are governed by Spanish law except for the swap documents, which are governed by the laws of England and Wales.	
Interest Rate Hedging	Issuer Pays	Issuer Receives
Class A Notes	Fixed Rate: 0.28%	Floating Leg: one-month Euribor + 0.70% Notional is equal to the outstanding balance of the Class A Notes
Class B Notes	Fixed Rate: 0.38%	Floating Leg: one-month Euribor + 0.80% Notional is equal to the outstanding balance of the Class B Notes
Basis Risk Hedging	N/A	
Liquidity Reserve (Cash Collateral Account)	Provides liquidity support to the structure and can be used to repay principal on the notes when the discounted receivables balance of the portfolio is zero.	
	Initial Amount	EUR 14,500,000 (Corresponding to 1.3% of the discounted receivables balance).
	Target Amount	The higher of 1) 1.3% of the discounted receivables balance and 2) the lower of i) EUR 12,275,000 and ii) the outstanding balance of the notes.
	Step-up	N/A
	Amortisation	Yes, according to the target amount.

Transaction Structure



Counterparty Assessment

Account Bank

BNP Paribas Securities Services, Spanish Branch (BP2S) has been appointed as the fund's account bank for the transaction and also acts as the paying agent. DBRS Morningstar privately rates BP2S and concluded that it meets the minimum criteria to act in its capacity as the account bank. Moreover, the transaction contains downgrade provisions relating to the account bank consistent with DBRS Morningstar's criteria. The fund's accounts include the distribution account, the cash collateral account, the monthly collateral account, and the counterparty downgrade collateral account.

Hedging Counterparty

DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ Bank) has been appointed as the interest rate swap counterparty for the transaction. DBRS has a Long-Term Senior Debt rating of AA (low) and a Long-Term Critical Obligations Rating of AA on DZ Bank. The hedging documents contain downgrade provisions consistent with DBRS criteria.

Liquidity Reserve

Upon closing, proceeds from the issuance of the notes and the subordinated loan are allocated to fund the cash collateral account to its target level. Initially the target corresponds to 1.3% of the aggregate discounted receivable balance and this amount is made available on each payment date as part of the available distribution amount. The cash collateral amount provides liquidity support to the transaction to pay senior expenses up to (and including) the interest on the notes. The cash collateral account must be replenished to its target level prior to the payment of principal on the notes in accordance with the priority of payments.

The cash collateral account initially amortises in line with the amortisation of the notes and is subject to a floor of the higher of (1) 1.3% of the aggregate discounted receivables balance and (2) the lower of (a) EUR 12,275,000 and (b) the outstanding balances of the notes (once all payments have been made on the payment date).

According to the priority of payments, any amount released from the cash collateral account is available to pay principal on the notes and the residual amount can be used to repay principal when the aggregate discounted receivables balance of the portfolio is zero.

Commingling Risk

VWBS is only required to transfer collections to the fund's distribution account twice a month, subject to rating requirements on VWB being met (the monthly remittance condition). Should the monthly remittance condition not be met VWBS can still commingle collections with its own funds during each monthly period but is required to transfer collateral in advance. The following procedures must be followed no later than 14 calendar days following the downgrade event:

1. Determine the expected collections from the first calendar day (inclusive) to the 19th calendar day (inclusive) of the monthly period. On the second business day of each monthly period, VWBS must transfer this amount to the fund's monthly collateral account. This amount is returned to VWBS when collections from the first calendar day (inclusive) of the respective monthly period to the 15th calendar day (inclusive) of such monthly period have been paid.
2. Determine the expected collections from the 16th calendar day (inclusive) to the fourth calendar day (inclusive) of the following monthly period. On the second business day following the 15th calendar day of each monthly period, VWBS must transfer this amount to the fund's monthly collateral account. This amount is returned to VWBS when collections from the first business day following the 16th calendar day (inclusive) of the respective monthly period to the final calendar day (inclusive) of such monthly period have been paid.

DBRS Morningstar considers the approach sufficient to mitigate against commingling loss.

Set-Off Risk

Under Spanish law, upon an insolvency of the originator, borrowers may invoke the right to set off the amount they owe the originator at any given time, by any amounts due and payable to them from the originator. The potential set-off amount is limited to amounts due and payable in both directions at the time the set-off occurs. For example, the monthly payment owed on a loan may be set off against the balance of a savings account but not the entire outstanding loan balance.

Upon closing, VWBS is a customer deposit-taking financial institution but borrowers with deposits are excluded through a specific eligibility criterion. Furthermore, employees or affiliates of Volkswagen AG are also excluded from the pool. However, it is possible for VWBS to offer a customer deposit product to borrowers during the life of the transaction and to guard against the risk of potential deposit set-off risk, the structure contemplates a deposit set-off risk reserve. This reserve is funded when any deposit set-off risk exposure is identified and VWB's long-term rating is below BBB (high).

DBRS Morningstar understands that a small subset of the Auto Credit product type representing approximately 6.9% of the portfolio's receivables, known as NEXT, allows a borrower to pay a prescribed extra nominal amount as part of the monthly instalment, which is then converted by VWBS into points. These NEXT points may then be converted into a cash equivalent sum and can either be used to reduce the balloon instalment or used as a deposit for the purchase of another financed vehicle. DBRS Morningstar understands that borrowers are not able to set off these accumulated NEXT points against any outstanding balance of their loans other than the balloon payment and that any potential set-off risk is again limited to amounts due at the time set-off occurs.

Available Funds

VWBS, as the service provider, collects payments from borrowers and other proceeds related to the receivables. Collections include payments received from customers by VWBS in respect of the purchased receivables, including the following:

1. Auto loan instalments (no principal or interest repaid on the balloon amount is included);
2. Overdue interest;
3. Insurance proceeds; and
4. Proceeds from guarantees.

Collections may also be supplemented through the interest compensation amount mechanism that aims to address the mismatch between the fixed discount rate applied to the portfolio and the underlying contractual interest rates applied to the loans. Upon prepayment the interest compensation amount is either paid by VWBS to the fund (contractual interest rate is higher than discount rate) or potentially vice-versa should the contractual interest rate be less than the discount rate.

Collections from borrowers are paid into the service provider's collection accounts held in the name of VWBS with an independent third-party bank. Collections together with the other funds available to the fund are processed on each payment date through a combined waterfall (the order of priority).

The available distribution amount includes collections and other amounts as specified below:

- Collections;
- The cash collateral account (liquidity reserve);
- Net swap receipts (when payable to the Issuer); and
- Upon the insolvency of VWBS, funds held in the monthly collateral account.

Prior to the fund's liquidation the available distribution amount is applied according to the following priority of payments:

1. Senior expenses;
2. Net swap payments, including any termination payment payable to the swap counterparty except when the swap counterparty is the defaulting party;
3. Class A Notes interest;
4. Class B Notes interest;
5. Replenish the liquidity reserve to its target;
6. The amortisation amount to the Class A Notes aligning the outstanding amount to maintain the applicable Class A Notes overcollateralisation at its target level;
7. The amortisation amount to the Class B Notes aligning the outstanding amount to maintain the applicable Class B Notes overcollateralisation at its target level;
8. Subordinated interest swap payments;
9. Interest on the subordinated loan;
10. Principal on the subordinated loan until repaid; and
11. All remaining excess to VWBS.

The repayment of the notes is determined by the target overcollateralisation percentages for each class of notes, which are:

Target Overcollateralisation	Class A	Class B
Prior to a Credit Enhancement Increase Condition	21.0%	14.5%
Following a Level 1 Credit Enhancement Increase Condition	25.0%	18.0%
Following a Level 2 Credit Enhancement Increase Condition	100%	100%

A Level 1 credit enhancement increase condition occurs if the cumulative gross loss ratio exceeds:

For any payment date before or in May 2021 (inclusive)	1.0%
For any payment date from June 2021 and prior to or in February 2022	2.5%

A Level 2 credit enhancement increase condition occurs if the cumulative gross loss ratio exceeds 5.0% on any payment date.

The cumulative gross loss ratio is defined as the discounted receivables balance of all terminated loans divided by the aggregate cutoff date discounted receivables balance.

Upon the fund being liquidated on the final maturity date or following an early liquidation event the available distribution amount is distributed fully sequentially according to the liquidation order of priority.

Liquidation Order of Priority

1. Senior issuer expenses;
2. Net swap payments, including any termination payment payable to the swap counterparty except when the swap counterparty is the defaulting party;
3. Class A Notes interest;
4. Class A Notes principal until redeemed in full;
5. Class B Notes interest;
6. Class B Notes principal until redeemed in full;
7. Subordinated interest swap payments;
8. Interest on the subordinated loan;
9. Principal on the subordinated loan until repaid in full;
10. All remaining excess to VWBS.

Optional Redemption

VWBS has the option to repurchase all the outstanding assigned receivables on any distribution date when the aggregate discounted receivables amount outstanding of all receivables is less than 10.0% of the initial aggregate discounted receivables balance.

Origination and Servicing

DBRS Morningstar conducted an operational review of VWBS auto finance operations in July 2019 in Madrid, Spain and considers its origination and servicing practices to be consistent with those observed among other Spanish auto finance companies.

VWB was founded in 1949 and is headquartered in Braunschweig, Germany and together with Volkswagen Financial Services AG (VWFS) is responsible for coordinating the worldwide financial services activities of the Volkswagen Group. VWB provides finance to retailers and dealers in addition to taking deposits in certain European markets. VWB is supervised and regulated by the ECB. VWFS provides leasing, insurance, and other services to its customers, and is not regulated by the ECB.

VWBS cooperates closely with approximately 2,900 dealerships of the Volkswagen Group and was originally established in Spain in 1967 as FISEAT, the finance company of Spanish automaker, SEAT, founded in 1950. VWFS took control of FISEAT in 1994 and it became Volkswagen Financial Services S.A. and in 2001, VWB was authorised in Spain and began the provision of wholesale funding. In June 2019, Volkswagen Finance's operations were merged into VWB to become VWBS.

As of end November 2019, SEAT's year-to-date market share of newly registered cars in Spain represented 8.6% of all new vehicles, the second most popular vehicle maker in Spain. The Volkswagen brand accounted for 7.2%, making it the third most popular. When aggregating all brands of the Volkswagen Group the total 2019 year-to-date November market share was approximately 22.0%.

DBRS Morningstar privately rates VWBS and publicly rates the ultimate parent company, Volkswagen AG, at A (low).

For further information, please refer to the appendix.

Collateral Summary

The receivables assigned to the fund by the seller represent claims against borrowers in respect of payments due under financing contracts taken out for the purchase of new and used motor vehicles. The fixed-rate loan contracts have been granted by VWBS to retail and commercial borrowers in Spain with each instalment comprising interest and principal components. The initial receivables purchase price paid by the fund to VWBS represents all pending principal and interest components (excluding any write-offs) discounted by a fixed discount rate of 1.35%. The loan receivables assigned to the fund explicitly exclude any balloon instalments.

The receivables represent two main loan contract types: (1) equal instalment amortising loans, known as Classic Credit, and (2) Auto Credit loans, where a larger final balloon payment is due at the maturity date of the contract. The balloon instalment associated with Auto Credit loans is not assigned to the fund.

As well as the loan receivables, the fund acquires the rights corresponding to each loan agreement, such as any guarantees that a loan may possess. The seller also transfers the reservation of title (Reserve de Dominio) that may be granted over the purchased vehicles.

The Spanish reservation of title is not a strong form of pledge that provides for vehicle repossession and acts more like an encumbrance to support the recovery process. However, provided that such reservation is registered with the Chattels Register (Registro de Bienes Muebles), the customer must obtain the lender's approval in order to sell or otherwise dispose of the vehicle. This protection prevents the borrower from selling the financed vehicle to a third party without the consent of VWBS. VWBS has adopted an online tool that allows Retention of Title to be registered quickly (within a day) and at a nominal cost compared with legacy manual procedures.

Eligibility Criteria

Receivables assigned on the closing date must meet certain criteria specified in the transaction documents. VWBS represents and warrants to the fund that as of the cutoff date and on the incorporation date certain matters including, amongst others:

1. The loans constitute legal valid, binding, and enforceable agreements;
2. The loan receivables are up-to-date (i.e., have no arrears);
3. None of the borrowers maintains deposits on accounts with VWBS;
4. None of the borrowers are affiliates of Volkswagen AG or employees of the seller;
5. The loans are not terminated or written off, nor are there insolvency proceedings taking place against the borrower;
6. All loans are at least two months seasoned;
7. Laws are governed by and compliant with Spanish law;
8. All loans are fully drawn;
9. All corporate borrowers have their registered address in Spain, and the funding is not for the funding of vehicles to be used in vehicle rental operations; and
10. The single borrower concentration limit is set at 0.5% of the Aggregate Discounted Receivable Balance.

Negative warranties and representations include the following:

1. The pool will not include borrowers whom the seller deems unlikely to pay, or who are more than 90 days past due on other material repayments;
2. Borrowers or guarantors who have been declared insolvent due to a missed a payment three years prior to origination, or have undergone debt restructuring are excluded;
3. Borrowers who appeared on a public bad credit registry are excluded.
4. Borrowers who are materially and significantly more unlikely to meet their contractual payment obligations – when compared with other receivables in the pool – are also excluded.

DBRS Morningstar has analysed a portfolio selected by VWBS as at 31 January 2020, the main characteristics are summarised below.

Portfolio as of 31 January 2020	
Aggregate Discounted Receivables Balance (EUR)	1,116,102,974
Total Number of Loans	103,919
Average Original Receivables Balance (EUR)	15,996
Average Outstanding Discounted Balance per Contract (EUR)	10,740
Weighted-Average Original Term (Months)	61.1
Weighted-Average Remaining Term (Months)	46.0
Weighted-Average Seasoning (Months)	15.2
Portfolio Discount Rate	1.35%
Weighted-Average Contractual Interest Rate	10.3%
Average Down Payment (EUR)	7,813

	EUR	% of Aggregate Discounted Receivables Balance
Product Type		
Auto Credit	135,793,843	12.2%
Classic Credit	980,309,131	87.8%
Vehicle Type		
New Vehicle Financing	878,009,416	78.7%
Used Vehicle Financing	238,093,559	21.3%
Reservation of Title – Chattels Register		
Yes – Registered in Chattels Register	463,677,579	41.5%
Yes – Registration ongoing	35,503,757	3.2%
Not Registered (although contractual provision)	616,921,638	55.3%
Borrower Type		
Financing to Retail Customers (incl. freelance)	1,076,547,065	96.5%
Financing to Commercial Customers	39,555,909	3.5%
Top 3 Vehicle Brands		
SEAT	468,128,526	41.9%
Volkswagen	355,946,025	31.9%
Audi	183,040,059	16.4%
Top 5 Vehicle Models		
SEAT Leon	150,902,523	13.5%
SEAT Ibiza	127,000,069	11.4%
SEAT Ateca	84,137,758	7.5%
SEAT Arona	80,537,884	7.2%
Volkswagen Golf	77,421,657	6.9%
Top 5 Geographic Regions		
Catalonia	229,949,091	20.6%
Andalucia	194,215,422	17.4%
Madrid	158,333,417	14.2%
Valencian Community	120,427,592	10.8%
Galicia	69,515,568	6.2%
Borrower Concentration		
Largest Borrower	64,790	0.01%
Top 3 Borrowers	192,797	0.02%
Top 5 Borrowers	315,917	0.03%
Top 10 Borrowers	600,101	0.05%

Source: VWBS.

Exhibit 1: Distribution by Discounted Receivables Balance

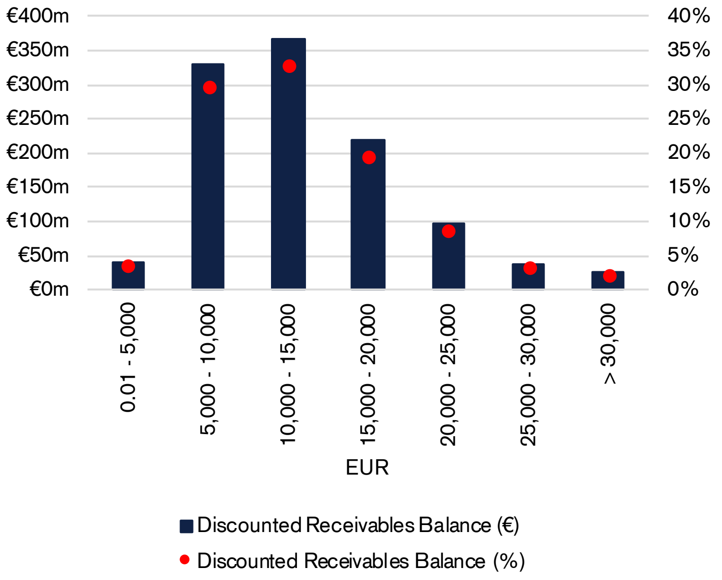


Exhibit 2: Distribution by New/Used Vehicles

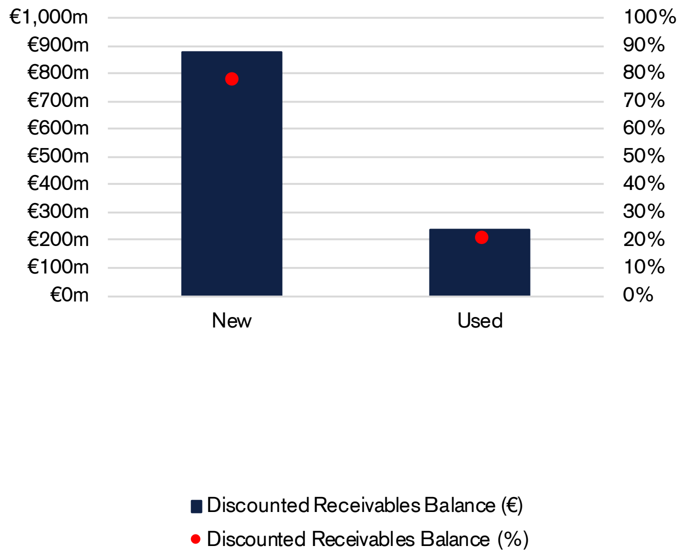


Exhibit 3: Distribution by Origination Year

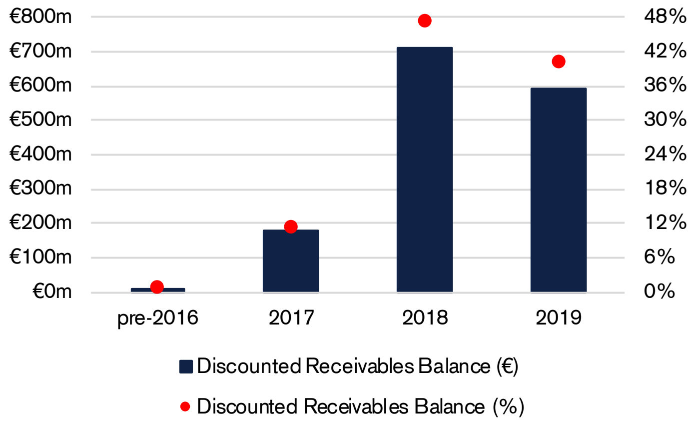


Exhibit 4: Distribution by Maturity Year

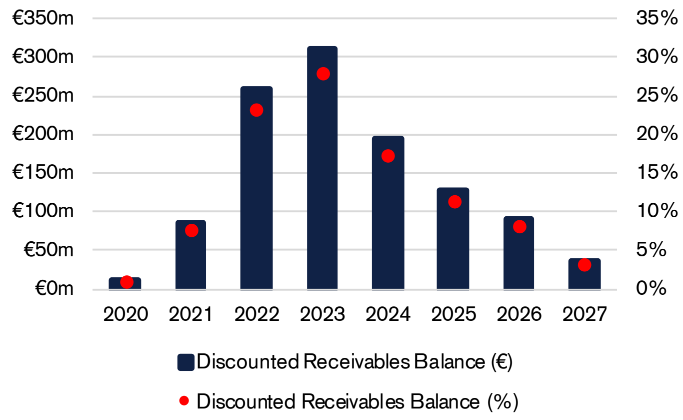


Exhibit 5: Distribution by Customer Interest Rate

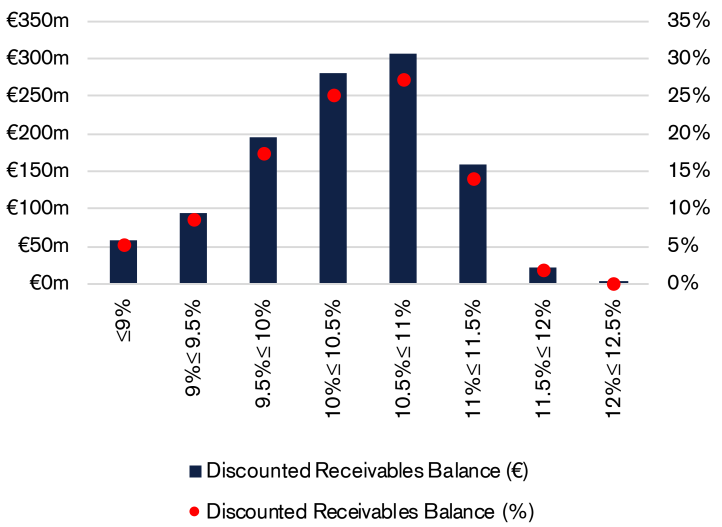
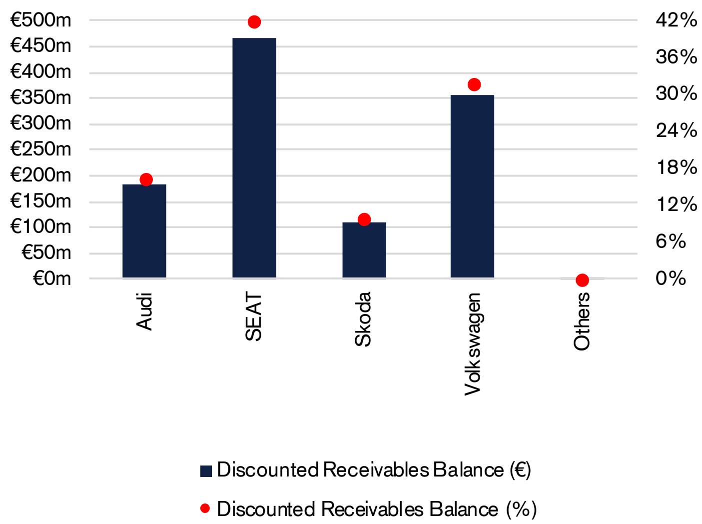


Exhibit 6: Distribution by Vehicle Marque



Source: VWBS.

In comparison with other auto loan portfolios that DBRS Morningstar assessed in Spain, the following is noted:

- The pool contains a small percentage of commercial customers (3.5%), and the remaining pool is made up of private individuals and freelancers.
- The manufacturer concentration in the pool is high (99.97%) reflecting the captive nature of the originator and the market share of VW Group in Spain.
- The pool is geographically diversified, with the largest region, Catalonia, representing 20.6% of the total discounted receivables balance.
- The average discounted receivables balance and the corresponding distribution of the discounted receivables balance bucket is in line with similar Spanish transactions where the underlying assets are primarily new vehicles originated by a captive lender.
- The pool is made up of recent originations (87.5% are originated in 2018 and 2019). The pool is also well diversified in terms of contract durations and thus maturities (the highest levels of forecast contractual maturities are expected in 2023 (at 27.9% by discounted receivables balance).
- The weighted-average remaining term of the portfolio (46.0 months) is shorter than observed in comparable Spanish auto deals, but still reflects the higher concentration of Classic Credit contracts (87.8%).
- For Auto Credit contracts, the balloon element is excluded from the securitised cashflows, removing potential indirect RV risk from the transaction.
- The weighted-average portfolio yield of 10.3% is higher than those in comparable transactions rated by DBRS Morningstar.

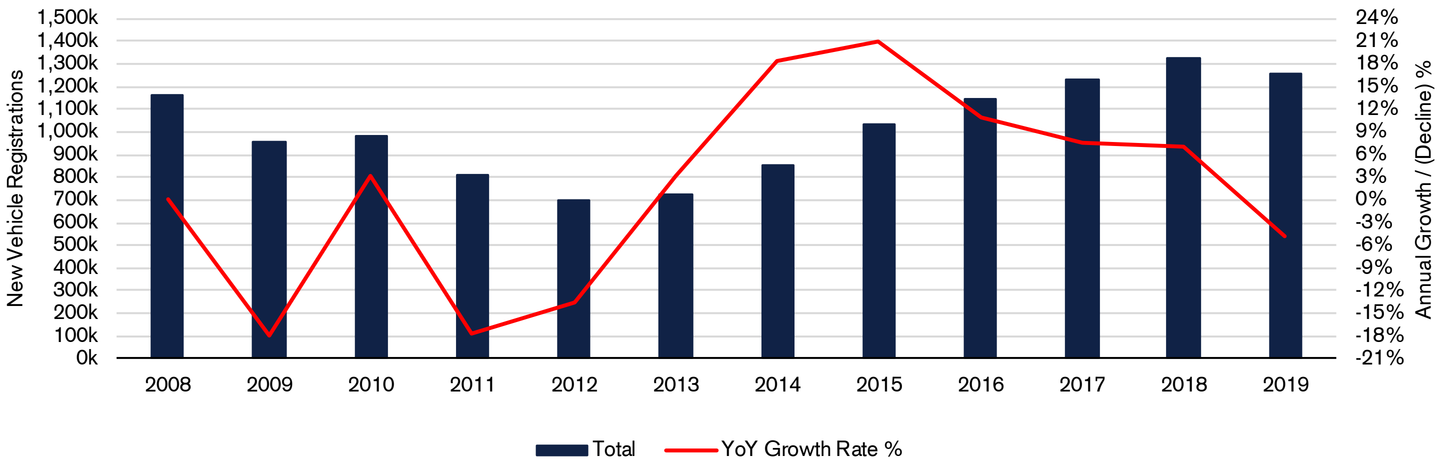
Annual Vehicle Registrations and Wider Spanish Market

According to the European Automobile Manufacturers Association (ACEA), Spanish new car registrations fell 4.8% in 2019 compared with 2018. The fall in registration volumes observed in 2019 contrasts against broadly consistent annual growth observed between 2013 and 2018.

DBRS Morningstar considers that two main factors have contributed to this volatility. Firstly, the introduction of a revised CO2 emission calculation in September 2018 (Worldwide Harmonised Light Vehicle Test or WLTP) put pressure on dealer stocks as vehicles migrated to different, higher tax brackets. This led to vehicle discounts and customers accelerating their purchasing decisions and was most noticeable in August 2018 that saw a 48% year-on-year rise in vehicle registrations.

Secondly, and as observed in other European markets, there have been changes in customer sentiment following uncertainties concerning the fiscal treatment of diesel vehicles and the introduction and planned implementation of city bans.

Exhibit 7: Annual Spanish Passenger Vehicle Registrations & Annual Growth/(Decline)



Rating Analysis

The ratings of the Class A and Class B Notes address the timely payment of scheduled interest and ultimate repayment of principal by the legal final maturity date. DBRS Morningstar based its ratings on a review of the following analytical considerations:

- The transaction capital structure, including form and sufficiency of available credit enhancement.
- Credit enhancement levels are sufficient to support DBRS Morningstar-projected expected net losses under various stress scenarios.
- The ability of the transaction to withstand stressed cash flow assumptions and repay the notes.
- VWBS' capabilities with respect to originations, underwriting, and servicing.
- The operational risk review of the VWBS, which DBRS Morningstar deems to be an acceptable servicer.
- The transaction parties' financial strength with regard to their respective roles.
- The DBRS Morningstar sovereign rating of the Kingdom of Spain, currently "A" with a Positive trend.
- The expected consistency of the transaction's legal structure with DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology.

Portfolio Performance Data

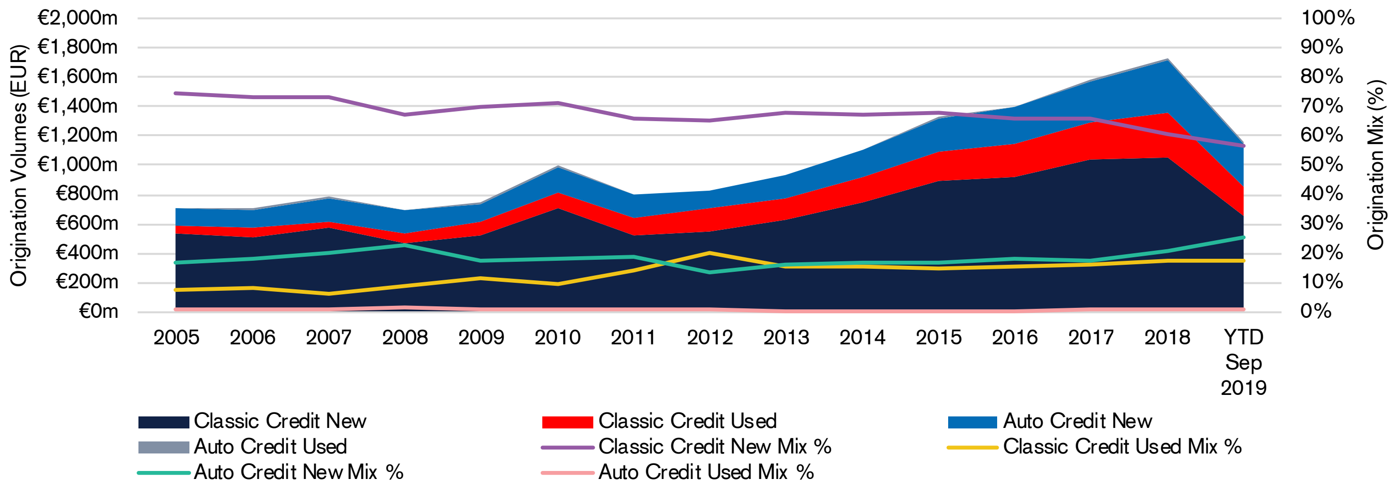
DBRS Morningstar received the following historical data:

- Static monthly origination and cumulative gross and net loss data from January 2005 up to September 2019;
- Dynamic monthly loss data from January 2009 up to September 2019;
- Prepayment data from July 2006 up to September 2019; and
- Monthly dynamic delinquency data from January 2008 up to September 2019.

DBRS Morningstar understands that the historical data represented an aggregate portfolio of loans originated and that the default definition used is consistent with the definition applicable to the transaction.

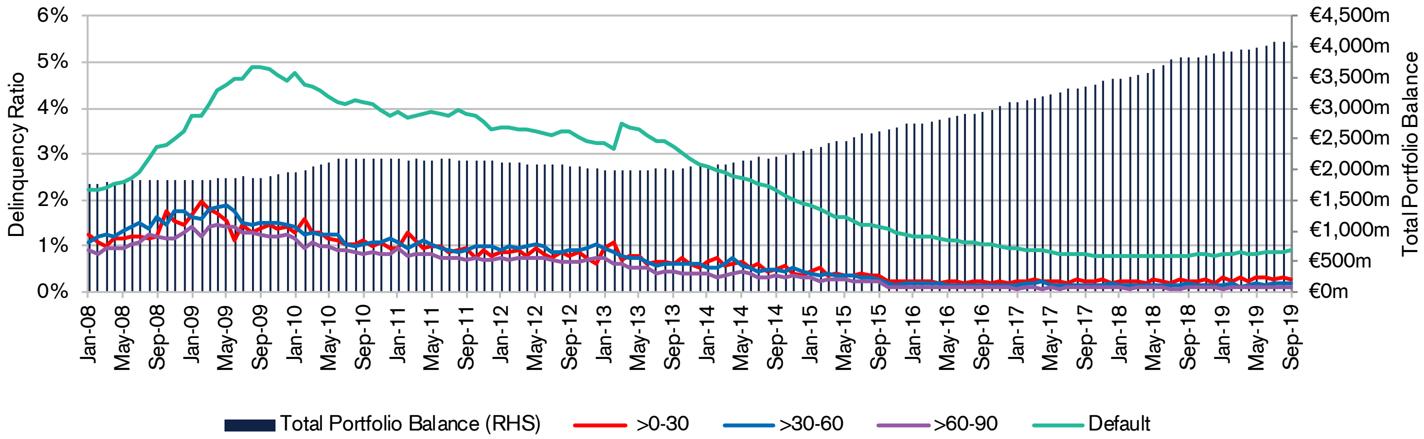
DBRS Morningstar also received a set of stratification tables in relation to the portfolio as of 31 January 2020, and an associated theoretical amortisation profile.

Exhibit 8: Annual Origination Mix by Product Type



Origination volumes have increased consistently since 2013 and are in line with the broader performance of new vehicle registrations in Spain. However, the product mix has evolved slightly, most noticeably from 2017 when a decline in the proportion of Classic Credit originations was offset by an increase in Auto Credit originations. During 2019, Classic Credit originations have represented 74% of the total compared with 82% in 2017. The new/used vehicle mix has remained broadly stable since 2013.

Exhibit 9: Delinquencies



DBRS Morningstar considers early stage delinquency levels to be low and aligned with default performance. Since 2017, each month, around 0.5% of receivables are classified as less than 90 days delinquent and the stock of defaulted loans not written-off has represented a further 0.8% of the portfolio. Receivables are written off within 48 months of the first defaulted instalment, but earlier if they are subject to insolvency.

Default and Recoveries

Exhibit 10: Cumulative Defaults – Total Portfolio

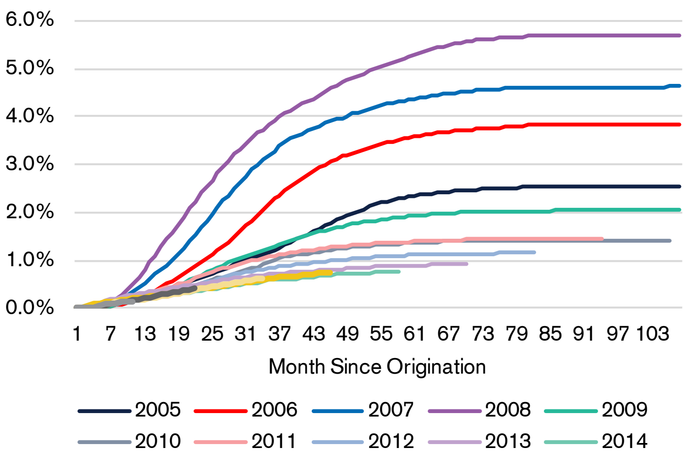


Exhibit 11: Cumulative Net Losses – Total Portfolio

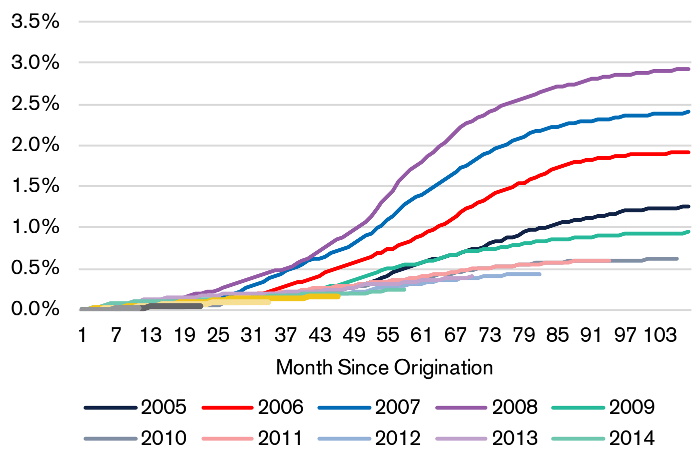


Exhibit 12: Cumulative Defaults – Classic Credit

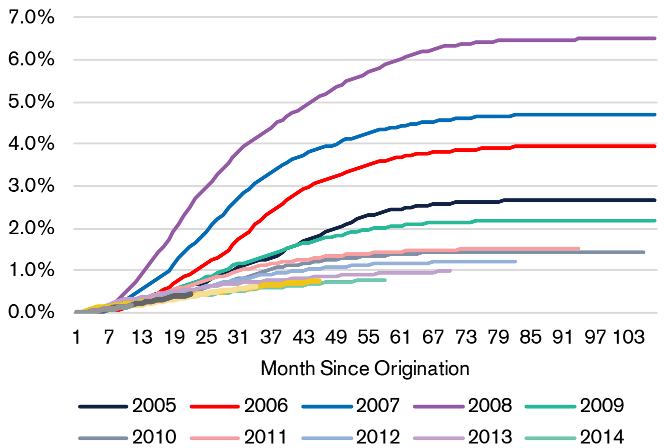


Exhibit 13: Cumulative Net Losses – Classic Credit

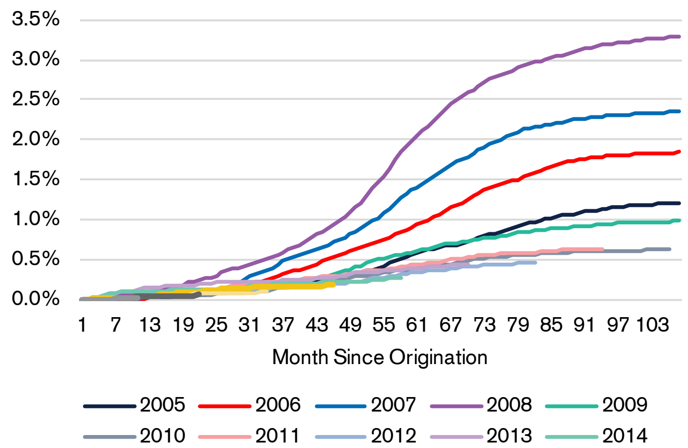


Exhibit 14: Cumulative Defaults – Auto Credit

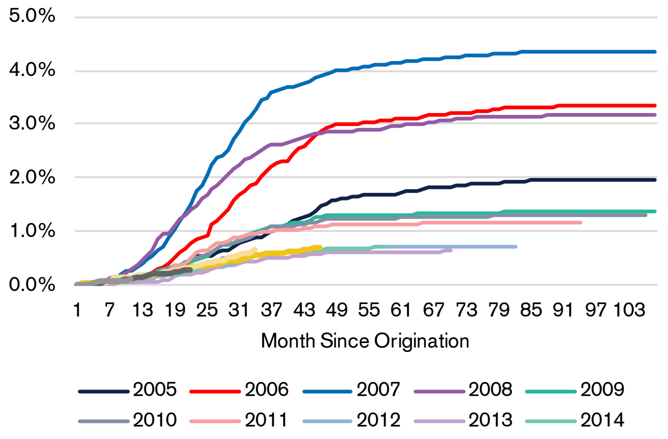
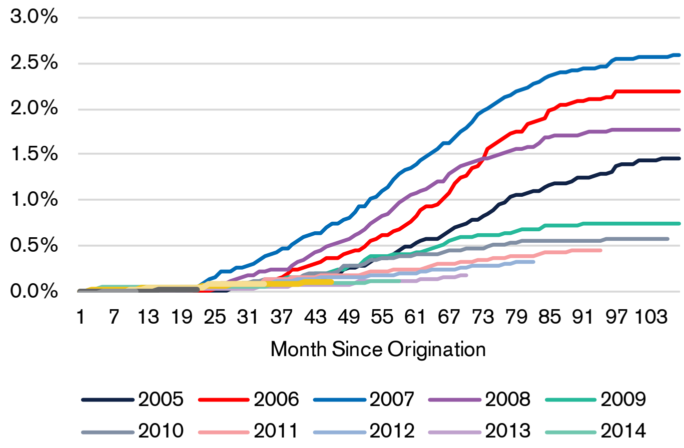


Exhibit 15: Cumulative Net Losses – Auto Credit



Gross losses are defined as the outstanding amount of a loan at the time of termination. Termination typically occurs once the receivable is recorded as 245 days delinquent from the first missed instalment, or it is terminated by VWBS following at least two missed monthly instalments. Net losses are defined as the outstanding amount of a given loan minus any sales proceeds from the corresponding vehicle and any other supplementary recoveries up until the termination.

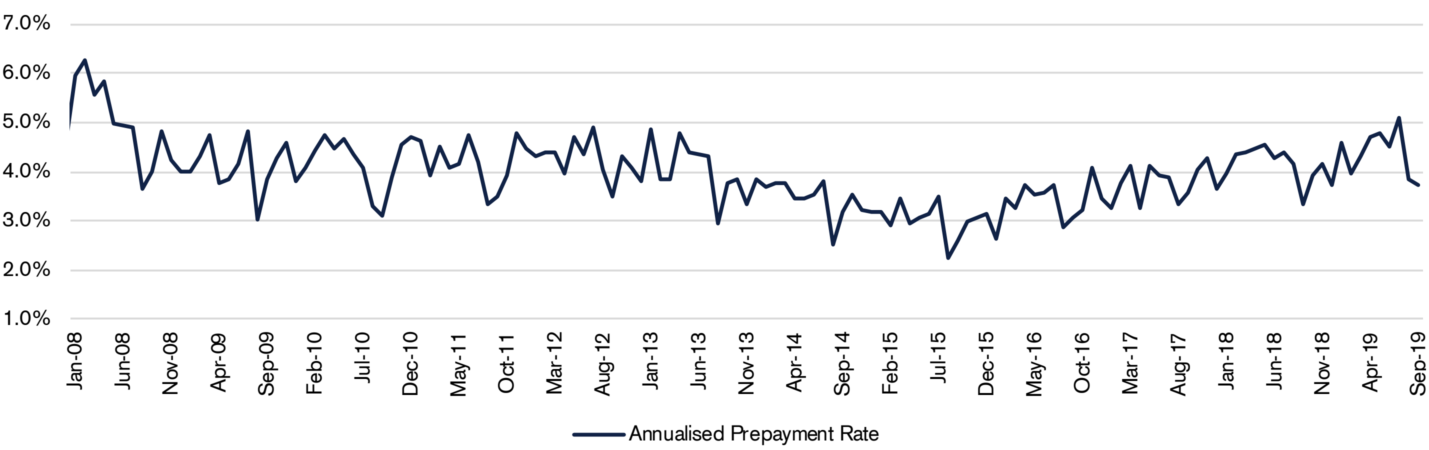
DBRS Morningstar was not provided with static recovery data; however, recovery assumptions were derived through the gross loss and net loss data.

At a portfolio level, both cumulative gross and cumulative net loss performance have improved since 2009 and have shown signs of stabilisation. As is typical for auto ABS transactions, the underlying subsets indicate that new vehicle financing performs consistently across both product types and that loss levels for used vehicles are higher.

DBRS Morningstar has considered the portfolio mix and the historical volatility of loss performance in determining its expected asset assumptions.

Prepayments

Exhibit 16: Annualised Prepayment Rate



DBRS Morningstar considers the historical portfolio prepayment rate to be lower than that of other comparable Spanish auto ABS transactions and has typically trended below 5%. Due to the discount rate mechanism, upon prepayment a principal loss is likely to materialise if the actual interest rate of the loan is higher than the transaction's discount rate and thus the actual principal component is lower than the discounted value. DBRS Morningstar considers that this risk is higher than other DBRS

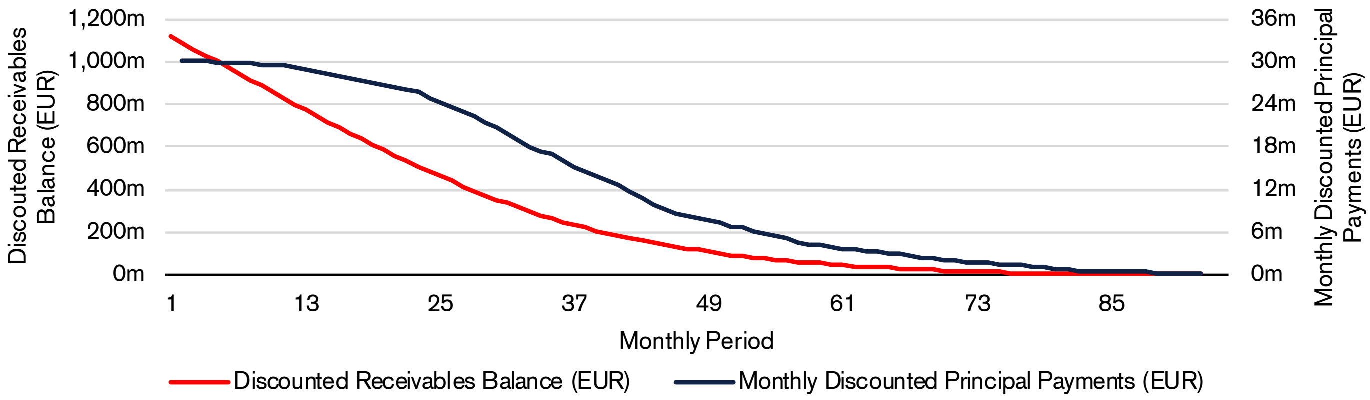
Morningstar-rated VWB auto loan transactions due to the higher variance between the weighted average contractual interest yield of the portfolio and the fixed discount rate applied.

VWBS is obliged to pay the fund the difference in interest rate between the discount rate and the interest rate applicable for the prepaid loan between the date of the prepayment and the date that the loan was scheduled to fully amortise (the interest compensation payment). DBRS Morningstar has factored in an additional prepayment loss to mitigate the risk of shortfall in high prepayment scenarios.

Portfolio Amortisation

Because of the equal instalment nature of the amortising loans and the carve-out of the balloon element from the securitised cashflows, principal collections are slightly front loaded under the theoretical amortisation of the portfolio. Principal payments for the first 24 monthly periods represent approximately 60% of the portfolio.

Exhibit 17: Theoretical Amortisation Schedule



Cash Flow Analysis

The DBRS Morningstar cash flow assumptions focused on the level and timing of defaults and recoveries, prepayment speeds, and interest rates. Under the hedging agreements, the swap notionals reflect the outstanding balances of the Class A and Class B Notes and the issuer pays a fixed interest rate in exchange for one-month Euribor plus the margin on the relevant notes. The floating legs of the swaps have a floor of zero.

Excess spread is not available to the transaction due to the purchase price mechanism and subsequently interest rate compression is not applicable as all receivables pay an interest rate exactly equal to the discount rate.

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

Expected Defaults and Recoveries

The following assumptions were made as part of DBRS Morningstar's cash flow analysis:

Variable	Assumption
Expected Default Rate	1.8%
Expected Recovery Rate	40%
AAA Recovery Rate	26%
A (high) Recovery Rate	30%

The default rate includes a sovereign stress reflecting the Kingdom of Spain's rating at "A" equivalent to 0.1%. Furthermore, the expected recovery rate has been adjusted downwards to reflect the expected differential between the transaction's discount rate and contractual yield on the portfolio, which could result in lower absolute levels of recoveries compared with the discounted balance of the receivable. A recovery time-lag of 12 months was applied.

Timing of Defaults

DBRS Morningstar assessed default timing patterns and created front-, middle- and back-loaded default curves.

Month	Front	Middle	Back
1-12	50%	20%	20%
12-24	30%	50%	30%
24-36	20%	30%	50%

Prepayment Stress

DBRS Morningstar considered an expected prepayment rate of 5% and, under the cash flow analysis, scenarios from 0% and 20% were evaluated.

Summary of the Cash Flow Analysis

Based on a combination of the above assumptions, a total of 18 cash flow scenarios (a combination of three prepayment speed scenarios, three default timing scenarios, and two interest rate scenarios) were applied.

Risk Sensitivity

The tables below illustrate the sensitivity of the rating to various changes in the expected default rates and loss severity assumptions relative to the expected performance assumptions used by DBRS Morningstar in assigning the ratings.

Class A

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

Class B

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

Appendix

Origination & Underwriting

Origination and Sourcing

VWBS is the chief provider of auto financing for VW and affiliate brands including Audi, Škoda, and SEAT. As at end May 2019, approximately 30.8% of all new business for VWBS was through the VW brand, with the remainder of new business split between SEAT vehicles (40.2%), Audi (14.6%), Škoda (9%), and commercial vehicles (5.4%).

VWBS offers retail products in Spain including standard hire purchase, financial leasing, full-service leasing, and short-term finance. The hire purchase scheme (Classic Credit) includes equal monthly repayments with no balloon payment for borrowers and the final payment includes the purchase fee for transfer of legal title. The loan term ranges from 12 to 60 months. Another product, Auto Credit, features equal monthly instalments with a final balloon payment payable by the customer.

Underwriting Process

All underwriting activities at VWBS are appropriately segregated from marketing and sales. VWBS adheres to standard identification and income verification practices including collection of pay slips and tax returns while identity cards, proof of address, and utility bills are reviewed.

Before accepting an application, VWBS checks the credit standing of the customer. For private and commercial retail customer contracts, applications are checked by a scoring system to ensure the information on the application meets specified criteria. External credit data is retrieved from the nationally recognised bureau at the Bank of Spain and incorporated into the automated credit scoring models.

Applications are analysed through VWBS' internal credit scoring system, which assigns a 'band' to the loan application denoting the risk associated with the borrower and loan proposal.

All applications are assessed by an employee of the credit department. The employees of VWBS' credit department typically have several years' industry experience and degrees in business administration. Each employee is personally assigned a credit ceiling, up to which they may underwrite a given loan application.

Summary Strengths

- Global brands with good reputation and strong position within the Spanish market;
- Consistent penetration rate over the past few years;
- Use of multiple rules-based scoring models incorporating credit bureau data and monthly analysis of rules and performance metrics; and
- Centralised and independent credit and risk management functions with underwriting teams split between retail (individuals and business) and corporates.

Servicing

Servicing 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, and insurance and prepayment terms. All payments are made via direct debit and have monthly payment frequencies.

The direct debit payment is collected on one of five selected days throughout the month. In the rare circumstance where customers do not agree to this requirement, payment comes from standing orders or payment transfers from their bank account, regular bank transfers, or cheque. At closing, all customers are paying via direct debit.

Servicing is centralised in Madrid, and the company places considerable focus on customer service evidenced through proactive assessment of customer satisfaction following contract execution and quarterly surveys. Given VWBS' low staff attrition rate, average company tenure among the servicing group is estimated at approximately five years.

The arrears management process is heavily automated and is driven by an SAP workflow system providing collection teams daily workload reports and performance monitoring statistics. VWBS complies with all regulatory guidelines. The company's behavioural scoring model, which assigns a probability of default and loss given default to each loan, is used to segregate arrears cases based on the risk profile.

Initial collections activity starts in the call centre unit where letters are sent out throughout the month. The collection activities are supplemented through phone calls that are prioritised on the basis of risk and if non-payment continues for 47 days, then responsibility for the account typically migrates to the collection centre and two external agencies for another 138 days in total. Once in the collections centre for 139 days or more, borrowers are notified that their contract is being terminated and have to surrender the vehicle or make all past due payments. If the borrower is solvent then the judicial phase is completed where the vehicle is repossessed and the outstanding debt amount is claimed. In those cases where the customer is not solvent, then the loan is written off.

If a vehicle is repossessed and remarketed, then the vehicle is offered through specific websites to dealers, export and buying-seller traders to maximise recovery. The average sales price of a remarketed vehicle in 2018 was EUR 10,699.

Summary Strengths

- All payments made via direct debit.
- Active early arrears management practices, which benefit from automated workflows and behavioural scoring that segregates arrears cases based on risk and loan size.

Opinion on Backup Servicer: No backup servicer on the transaction. DBRS Morningstar believes that VWBS' current financial condition including parental support mitigates the potential risk of a disruption in servicing following a servicer event of default including insolvency.

Methodologies Applied

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

Other methodologies referenced in this transaction are listed below.

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

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

Surveillance Methodology

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

Notes:
All figures are euros unless otherwise noted.

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