

DBRS Morningstar Finalises Provisional Ratings on Driver España six, Fondo de Titulización

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DBRS Ratings Limited (DBRS Morningstar) finalised its provisional ratings of AAA (sf) and A (high) (sf) on the Class A and Class B Notes (collectively, the Notes) issued by Driver España six, Fondo de Titulización (the Fund and Issuer).

The ratings of the Notes address the timely payment of scheduled interest and ultimate repayment of principal by the legal final maturity date in September 2030.

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 originally granted by either Volkswagen Finance S.A., E.F.C or Volkswagen Bank Spanish branch. 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 merged with Volkswagen Finance S.A., E.F.C and all receivables were transferred to Volkswagen Bank Spanish branch.

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 Volkswagen Bank, 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.

Subordination for the Class A Notes includes the Class B Notes (3.2%), the subordinated loan (3.7%), and overcollateralisation (3.5%).

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's projected expected net losses under various stress scenarios.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the Notes.
- Volkswagen Bank Spanish branch's capabilities with respect to originations, underwriting, servicing, and financial strength.
- The operational risk review of Volkswagen Bank Spanish branch, which DBRS Morningstar deems to be an acceptable servicer.
- The transaction parties' financial strength regarding their respective roles.
- The credit quality, diversification of the collateral, and historical and projected performance of the seller's portfolio.

--DBRS Morningstar's sovereign rating of the Kingdom of Spain at "A" with a Positive trend.

-- The consistency of the transaction's legal structure with DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology.

DBRS Morningstar analysed the transaction cash flow structure in Intex DealMaker.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings is: "Rating European Consumer and Commercial Asset-Backed Securitisations."

DBRS Morningstar has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

An asset and a cash flow analysis were both conducted.

Other methodologies referenced in this transaction are listed at the end of this press release.

These may be found on www.dbrs.com at: <http://www.dbrs.com/about/methodologies>.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Credit Ratings" of the "Global Methodology for Rating Sovereign Governments" methodology at: <https://www.dbrs.com/research/350410/global-methodology-for-rating-sovereign-governments>.

The sources of data and information used for these ratings include performance data relating to the receivables provided by the seller directly or through the arranger, ING Bank N.V.

DBRS Morningstar received 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.

DBRS Morningstar did not rely upon third-party due diligence in order to conduct its analysis.

DBRS Morningstar was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS Morningstar considers the data and information available to it for the purposes of providing these ratings to be of satisfactory quality.

DBRS Morningstar does not audit or independently verify the data or information it receives in connection with the rating process.

These ratings concern newly issued financial instruments. These are the first DBRS Morningstar ratings on these financial

instruments.

This is the first rating action since the Initial Rating Date.

Information regarding DBRS Morningstar ratings, including definitions, policies and methodologies, is available on www.dbrs.com.

To assess the impact of changing the transaction parameters on the rating, DBRS Morningstar considered the following stress scenarios, as compared to the parameters used to determine the ratings:

- Probability of Default (PD) Used: Expected PD of 1.8%, a 25% and 50% increase on the applicable PD.
- Loss Given Default (LGD) Used: Expected LGD of 60%, a 25% and 50% increase on the applicable LGD.

Scenario 1: A 25% increase in the expected default rate.

Scenario 2: A 50% increase in the expected default rate.

Scenario 3: A 25% increase in the LGD.

Scenario 4: A 25% increase in the expected default rate and a 25% increase in the LGD.

Scenario 5: A 50% increase in the expected default rate and a 25% increase in the LGD.

Scenario 6: A 50% increase in the LGD.

Scenario 7: A 25% increase in the expected default rate and a 50% increase in the LGD.

Scenario 8: A 50% increase in the expected default rate and a 50% increase in the LGD.

DBRS Morningstar concludes that the expected ratings under the eight stress scenarios are as follows:

- Class A Notes: AA (sf), AA (low) (sf), AA (sf), AA (low) (sf), A (high) (sf), AA (sf), A (high) (sf), A (sf)
- Class B Notes: A (low) (sf), BBB (high) (sf), A (low) (sf), BBB (sf), BBB (low) (sf), BBB (high) (sf), BBB (low) (sf), BB (high) (sf)

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

Ratings assigned by DBRS Ratings Limited are subject to EU and US regulations only.

Lead Analyst: Alexander Garrod, Senior Vice President

Rating Committee Chair: Christian Aufsatz, Managing Director

Initial Rating Date: 16 January 2020

DBRS Ratings Limited

20 Fenchurch Street, 31st Floor,

London EC3M 3BY United Kingdom

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The rating methodologies used in the analysis of this transaction can be found at: <http://www.dbrs.com/about/methodologies>.

- Rating European Consumer and Commercial Asset Backed Securitisations
- Rating European Structured Finance Transactions
- Legal Criteria for European Structured Finance Transactions
- Derivative Criteria for European Structured Finance Transactions
- Operational Risk Assessment for European Structured Finance Originators
- Operational Risk Assessment for European Structured Finance Servicers

-- Interest Rate Stresses for European Structured Finance Transactions

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at: <http://www.dbrs.com/research/278375>.

For more information on this credit or on this industry, visit www.dbrs.com or contact us at info@dbrs.com.

Ratings

Driver España six, Fondo de Titulización

Date Issued	Debt Rated	Action	Rating	Trend	Issued
28-Feb-20	Class A Notes	Provis.- Final	AAA (sf)	--	
28-Feb-20	Class B Notes	Provis.- Final	A (high) (sf)	--	

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Contacts

Alex Garrod

Senior Vice President, European ABS - Global Structured Finance

+44 20 7855 6606

alex.garrod@dbrsmorningstar.com

Jeffrey Cespon

Senior Financial Analyst, European ABS - Global Structured Finance

+44 20 7855 6683

jeffrey.cespon@dbrsmorningstar.com

Christian Aufsatz

Managing Director, Head of European Structured Finance

+44 20 7855 6664

christian.aufsatz@dbrsmorningstar.com

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