Rating Report

Driver Multi-Compartment S.A.

acting for and on behalf of its Compartment Driver fourteen

Insight beyond the rating.

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Ratings and Issuer's Assets and Liabilities

Debt	Par Amount (EUR) 1	Initial Subordination 2	Coupon	Rating	Rating Action
Class A Notes ISIN: XS1756364987	833,400,000	7.4%	One-month Euribor + 0.40%	AAA (sf)	Provisional Rating - Finalised
Class B Notes ISIN: XS1756365109	20,700,000	5.1%	One-month Euribor + 0.37%	A (high) (sf)	Provisional Rating - Finalised
Subordinated Loan	32,407,143	N/A	One month Euribor + Margin	N/A	N/A
Overcollateralisation	13,500,000	N/A	N/A	N/A	N/A

1 Based on the portfolio as at 28 February 2018.
2 Subordination is expressed in terms of portfolio overcollateralisation and does not include the liquidity reserve.

	Amount (EUR)	Size
Aggregate Discounted Receivables Balance 1	900,007,143	100%
Liquidity Reserve 2, 3	9,000,000	1.0%

Note:
1 As of the initial Cut-Off Date.
2 The liquidity reserve represents 1.0% of the initial receivables balance.
3 The liquidity reserve is fully funded by the seller on the issue date.

DBRS Ratings Limited (DBRS) finalised its provisional ratings assigned to the Class A Notes and the Class B Notes (the Notes) issued by Driver Multi-Compartment S.A. acting for and on behalf of its Compartment Driver fourteen (the Issuer) as listed above. The Issuer is a segregated compartment of a public company with limited liability (*société anonyme*) incorporated under the laws of Luxembourg, and established for the purpose of issuing asset-backed securities as permitted under Luxembourg law.

The transaction represents the issuance of Notes backed by a pool of approximately EUR 900 million of receivables related to auto loan contracts granted by Volkswagen Bank GmbH (VW Bank, the Seller or the Originator) to private and commercial borrowers in the Federal Republic of Germany (over 99% of the portfolio are loan contracts to private borrowers). The transaction represents the ongoing issuance of auto loans originated by VW Bank in Germany. The Notes, together with the subordinated loan provided by Volkswagen Financial Services AG, are used to fund the purchase of the pool of receivables.

The receivables will be serviced by VW Bank.

Portfolio Summary

Discounted Receivables Balance	900,007,143	**Asset Class**	Auto Loans Equal Instalments and Balloon Loans
Number of Contracts	73,312	**Asset Governing Jurisdiction**	Federal Republic of Germany
Number of New/Used/Ex Demo	25,749 / 40,266 / 7,297	**Sovereign Rating**	AAA
Number of Corporate/Retail	291 / 73,021		
Number of Balloon/Equal Instalment	60,878 / 12,434		
Weighted-Average Original Term (months)	49.36		

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Weighted-Average Interest Rate	2.37%

Transaction Parties

Roles	Counterparty	Rating
Issuer	Driver Multi-Compartment S.A. acting for and on behalf of its Compartment Driver fourteen	N/A
Originator/Seller/Servicer	Volkswagen Bank GmbH	Private Rating
Account Bank/Cash Administrator	The Bank of New York Mellon, Frankfurt Branch	Private Rating
Calculation Agent/ Paying Agent/Interest Determination Agent	The Bank of New York Mellon, London Branch	Private Rating
Swap Counterparty/Arranger	Credit Agricole Corporate and Investment Bank	Private Rating
Corporate Services Provider	Circumference FS (Luxembourg) SA	N/A
Subordinated Loan Provider	Volkswagen Financial Services AG	N/A

Relevant Dates

Closing Date	26 March 2018
Cut-Off Date	28 February 2018
First Payment Date	23 April 2018
Payment Frequency	Monthly
Payment Dates	21st of each calendar month (subject to business day convention)
Legal Final Maturity Date	21 February 2026

Rating Considerations

- The transaction represents the securitisation of automotive loan contracts comprising amortising equal instalment and balloon loan products. There are no lease contracts contained within the portfolio and therefore the Issuer is not directly exposed to residual value risk.
- There is no revolving period; the transaction begins to amortise immediately from the issue date.
- All underlying contracts are fixed-rate whilst floating-rate notes have been issued. Interest rate risk is mitigated through an interest rate swap, provided by Credit Agricole Corporate and Investment Bank.
- Nearly half of the portfolio is composed of financing for used vehicles. DBRS notes that this is higher in comparison to other auto loan portfolios assessed by DBRS in Germany.
- The transaction incorporates a mixed sequential/pro-rata amortisation structure whereby, initially, all payments from the receivables will pay down the Class A Notes until Class A overcollateralisation (OC) reaches its target level of 11.0%. Thereafter, the Class A Notes and the Class B Notes will receive principal on a pro-rata basis unless certain performance triggers are breached.
- Receivables are transferred at a discount rate of 3.537%, with no excess spread made available to the transaction (so long as no insolvency event has occurred with respect to VW Bank). Any shortfalls arising from contractual prepayments are settled by VW Bank. DBRS has factored potential shortfalls from prepayments into its cash flow analysis.

Strengths

- VW Bank is a highly experienced, financially strong servicer and originator of auto loan receivables.
- The structure benefits from a liquidity reserve funded at closing of EUR 9,000,000. The liquidity reserve is non-amortising, and is available to pay interest on the Notes or, on the earliest of the legal final maturity date or the date on which the balance of the receivables is reduced to zero, the outstanding principal of the Notes.
- DBRS received quarterly vintage information covering net loss performance dating back to 2004. The data has shown low and stable performance trends, with improvements observed in vintages originated from 2013 onwards.
- There is no direct residual value risk associated with the securitised portfolio; all receivables represent repayment loans.

Challenges and Mitigating Factors

- Approximately 91% of the aggregate discounted receivables balance consist of loans that envisage a balloon payment at contract maturity (AutoCredit Loans). The final balloon payment may be affected by the underlying performance and liquidity of the used vehicle market, as the balloon may be funded through vehicle sales proceeds.

  Mitigant(s): DBRS assessed the portfolio's default rate assumption considering the weighted-average of the portfolio mix and historic vintage curve projections. Rating related recovery assumptions have also been applied in DBRS cash flow analysis.
- VW Bank is a deposit-taking financial institution that may hold deposits from borrowers whose loans have been securitised. This leads to potential set-off risk in the transaction.

  Mitigant(s): The transaction's eligibility criteria exclude customers who hold deposits with VW Bank (at the cut-off date). Furthermore, following a downgrade rating trigger on VW Bank, or the potential set-off amount within the portfolio exceeding specified levels, VW Bank are obliged to fund the Set-Off Risk Reserve to cover any potential losses.
- VW Bank is entitled to commingle collections with funds standing in its own accounts and transfer collections on a monthly basis. Collections may be commingled with VW Bank's estate upon an insolvency event.

  Mitigant(s): Following a specified downgrade rating trigger, VW Bank is obliged to post collateral twice a month to an account held with the account bank until bi-weekly collections have been paid. Furthermore, the liquidity reserve is included in the available funds to cover interest shortfalls on the Notes.
- DBRS was not provided with historic portfolio recoveries data.

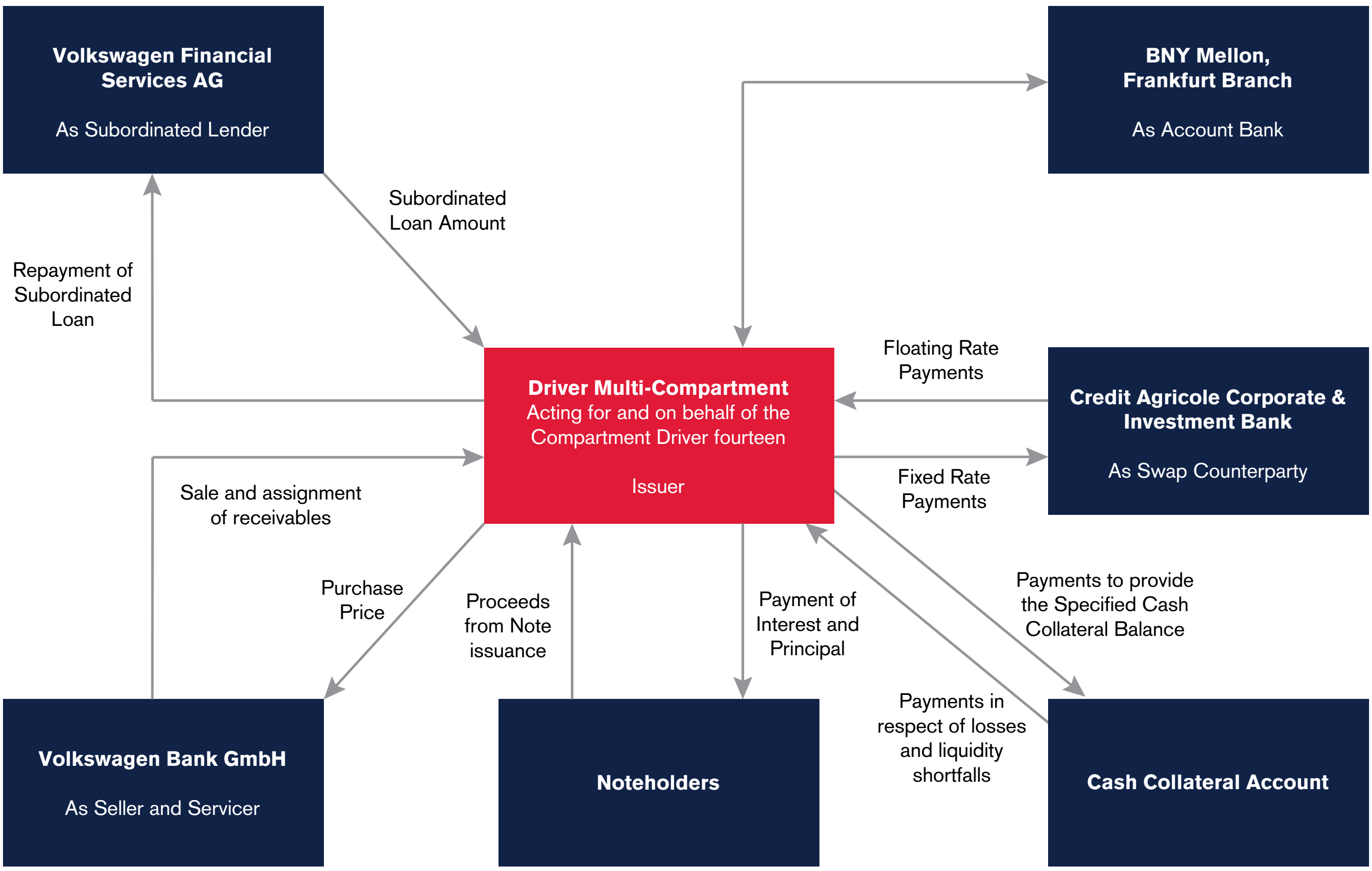
  Mitigant(s): DBRS derived a recovery rate assumption from loan-level loss data reported from existing Driver transactions where VW Bank has acted as the Seller.

Transaction Structure

Transaction Summary

Currencies	Issuer's assets and liabilities are denominated in euros (EUR).	
Relevant Jurisdictions	The loan contracts and transaction documents are governed by German law. The Issuer has been incorporated under the laws of Luxembourg.	
Interest Rate Hedging	Interest swap in place at closing.	
	Issuer Pays:	**Issuer Receives:**
	Notional: Class A Notes	Notional: Class A Notes
	Fixed Rate	One-month Euribor + margin (floored at zero)
Basis Risk Hedging	N.A.	
Reserves	The Cash Collateral Account provides liquidity support to the transaction	
	Initial Amount:	EUR 9,000,000
	Target Amount:	EUR 9,000,000 Corresponding to 1.0% of the portfolio balance at the first cut-off date
	Step-Up:	N.A.
	Amortisation:	Non-Amortising

Transaction Structure



Counterparty Assessment

Account Bank

The Bank of New York Mellon, Frankfurt Branch has been appointed as the Issuer's account bank for the transaction. DBRS privately rates The Bank of New York Mellon, Frankfurt Branch, and concluded that it meets DBRS's minimum criteria to act in such capacity. The transaction contains downgrade provisions relating to the account bank consistent with DBRS's legal criteria.

Hedging Counterparties

Credit Agricole Corporate and Investment Bank (CA-CIB) has been appointed as the swap counterparty for the transaction. DBRS privately rates CA-CIB, and concluded that it meets DBRS's minimum criteria to act in such capacity. The swap documentation contains downgrade provisions relating to the swap counterparty that are consistent with DBRS's derivative criteria.

Servicing the Portfolio and Collections

VW Bank has been appointed to service the auto loan receivables in accordance with the servicing agreement between itself and the Issuer. DBRS privately rates VW Bank, and has concluded that VW Bank meets DBRS's minimum criteria to act as a primary servicer at the rating assigned to the Class A Notes.

The servicer receives an annualised servicing fee equal to 1.0% per annum multiplied by the aggregate discounted receivables balance at the beginning of the relevant monthly period.

The servicer has been appointed by the Issuer to collect payments from borrowers and other proceeds related to the receivables (collections). Available collections include all payments received from customers by the servicer in respect of the purchased receivables (so long as such receivables have not been written-off), including: (1) interest collections, (2) principal collections, (3) insurance proceeds and (4) enforcement proceeds. Collections will further be supplemented by any amounts paid directly by VW Bank to the Issuer for settlements relating to prepayment adjustments.

Additional sources of funds available to the Issuer are represented by:

1. Amounts standing to the liquidity reserve (known as the Cash Collateral Account);
2. Net swap receipts due from the swap counterparty; and
3. Other amounts, including interest earned on the Issuer's account (if any).

VW Bank receives payments from securitised borrowers into its collection accounts held and maintained with independent third-party banks in its own name. The transaction documentation allows VW Bank to deposit monthly collections to the Issuer's accounts (held and maintained with the account bank) on or about each payment date, so long as rating requirements regarding VW Bank are met.

Available funds must be distributed by the Issuer as per the transaction documents on specified dates (payment dates). Funds processed on a given payment date are payments related to a specific monthly period ending prior to the payment date (the collection period).

Funding the Reserves

On the issue date, the Issuer will fund the liquidity reserve (Cash Collateral Account) with an amount of EUR 9,000,000 (equivalent to 1.0% of the initial discounted receivables balance). The liquidity reserve forms part of the available distribution amount on each payment date, and must be replenished to its original balance (non-amortising) in accordance with the pre-enforcement priority of payments.

VW Bank is obliged to fund the Set-Off Risk Reserve upon any payment date where the portfolio set-off exposure exceeds 1.0% of the aggregate discounted receivables balance at the end of the relevant monthly period, and upon VW Bank being rated below BBB (high) by DBRS. The required amount to fund the set-off reserve will be equal to the lower of the affected receivables and the amount of set-off exposure arising from customer deposits.

Priority of Payments

The Issuer applies all available funds in accordance with a single priority of payments (Order of Priority) which has a mixed sequential/pro-rata amortisation structure as shown below:

Pre-Enforcement Priority of Payments:

1. Senior costs and expenses;
2. Net swap payments and swap termination payments (provided the swap counterparty is not the defaulting party);
3. Class A interest;
4. Class B interest;
5. To restore the liquidity reserve up to its required amount of EUR 9,000,000;
6. Class A Principal Payment Amount;
7. Class B Principal Payment Amount;
8. Swap payments other than those made under item (2) above;
9. Interest on the Subordinated Loan;
10. Principal on the Subordinated Loan, until the Subordinated Loan is reduced to zero; and
11. All remaining excess to VW Bank (as a final success fee).

Following a default or insolvency event of the Issuer (Foreclosure Event), the Issuer will switch to the following priority of payments:

1. Senior costs and expenses;
2. Net swap payments and swap termination payments (provided the swap counterparty is not the defaulting party);
3. Class A interest;
4. Class A principal until repaid in full;
5. Class B interest;
6. Class B principal until repaid in full; and
7. Junior items.

Subject to the pre-enforcement priority of payments, payments from the receivables will be used to pay down the Class A Notes, until the Class A target OC of 11% is met. Thereafter, Class A and Class B will be redeemed on a pro-rata basis, so long as performance triggers are not breached (a Credit Enhancement Increase Condition). Class A and Class B target OC percentages, and corresponding performance triggers are outlined in the table below:

Target Overcollateralisation	Class A	Class B
Until a Credit Enhancement Increase Condition has occurred	11.00%	6.50%
Following a Level 1 Credit Enhancement Increase Condition	13.00%	7.25%
Following a Level 2 Credit Enhancement Increase Condition	100%	100%

A Level 1 Credit Enhancement Increase Condition occurs if the Cumulative Net Loss Ratio exceeds the following values:

For any payment date before or during June 2019	0.50%
For any payment date from June 2019 (exclusive) and prior to or during March 2020	1.15%

A Level 2 Credit Enhancement Increase Condition shall occur if the Cumulative Net Loss Ratio exceeds 1.6% for any payment date.

Origination and Servicing

DBRS conducted an operational review of VW Bank's auto finance operations in April 2017. VW Bank is a wholly owned subsidiary of the Volkswagen Group (VG). DBRS considers VW Bank's German origination and servicing practices to be consistent with those observed among other auto finance companies.

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

VW Bank looks to provide its customers with everything they need to achieve financial and mobile flexibility. The product offerings range from the financing of new and pre-owned cars of the Volkswagen Group and non-group brands, to direct banking. Within this business model, VW Bank also supports the sale of the products of the Volkswagen Group and its brands. VW Bank co-operates closely with approximately 2,900 dealerships of the Volkswagen Group. A dealer can thus offer the customer complete service from a single source, including the financing. In addition, dealers receive valuable support from VW Bank in the form of diverse training measures and extensive marketing support.

Collateral Summary

The receivables assigned to the Issuer consist of rights to receive payments associated with amounts due, and the related collateral, under loan contracts granted by VW Bank to private and commercial borrowers residing in Germany for purchasing new and used vehicles. The loan contracts are fixed interest rate loans governed by German law and secured by the transfer of legal title (*Sicherungseigentum*) to the financed vehicle. All loan contracts pay monthly instalments that include a portion of interest and principal.

VW Bank offer two main types of loans to its clients: standard amortising (ClassicCredit) loans, which provide substantially equal monthly instalments throughout the contract; and AutoCredit loans with a final balloon payment due at maturity. For contracts with a balloon payment, the borrower has three options: (1) pay the balloon amount in cash; (2) sell the vehicle to a VW dealer (provided that the vehicle is in satisfactory condition) who in turn settles the contract on behalf of the borrower; or (3) refinance the balloon by entering in to a new loan with VW Bank (subject to acceptance). If the borrower decides to sell the vehicle to a VW dealer, and the purchase price is lower than that of the balloon amount, the borrower is obliged to pay the difference between the balloon amount and the purchase price.

The Issuer acquires the receivables and the subsequent right to collections and proceeds under the auto loan contracts after the cut-off date, and the related collateral from VW Bank. The related collateral includes, among others: (1) security title to the financed vehicles, (2) damage claims against borrowers from a breach of contract or claims against third parties due to damage or loss of vehicles, (3) proceeds from claims on insurance policies covering the financed vehicles, (4) salary claims (as applicable) and (5) any other relevant claims.

Eligibility Criteria

Receivables assigned on the Issue Date meet certain criteria specified in the transaction documents. Some of the criteria required for assignment are summarised below:

- The loan contracts constitute legal valid, binding and enforceable rights and claims against respective borrowers;
- The loan contracts require borrowers to make monthly payments;
- The original term of a loan contract is no longer than 84 months;
- According to VW Bank's records, no insolvency proceedings are initiated against any of the borrowers;
- Receivables are denominated in euros;
- VW Bank may dispose of receivables free from rights of third parties;
- No receivable is overdue;
- No borrower maintains deposits with VW Bank;

- None of the borrowers are affiliates of Volkswagen Financial Services AG, Familie Porsche Stuttgart und Familie Piech Salzburg Gruppe;
- None of the borrowers are employees of VW Bank;
- No loan contract has been terminated;
- The loan contracts are governed by German law;
- The loan contracts have been entered with borrowers which, if corporate entities have their registered office in Germany, or if individual borrowers reside in Germany;
- At least two instalments have been paid;
- The aggregate discounted receivables balance related to one borrower does not exceed 0.2% of the aggregate cut-off discounted receivables balance;
- The loan contracts are subject to the provisions of the German Civil Code on consumer financing;
- The receivables are secured by the financed vehicle, and VW Bank may dispose of the security title (*Sicherungseigentum*) to the financed vehicle with no prevention from third party rights. The purchase of receivables will not result in the aggregate discounted receivables balance for used vehicles to exceed 50%;
- The purchase of receivables will not result in the aggregate discounted receivables balance for ClassicCredit contracts for used vehicles to exceed 10%; and
- The purchase of receivables will not result in the aggregate discounted receivables balance for non-VW group brand vehicles to exceed 10.0%.

Portfolio Summary

DBRS analysed the portfolio selected by VW Bank as at February. The main characteristics of the portfolio are summarised below:

Pool Characteristics	Driver Multi-Compartment SA., acting for and on behalf of its Compartment Driver fourteen	
	EUR	**% of Principal Balance**
Original Principal Balance		
Current Discounted Principal Balance	900,007,143	
AutoCredit	817,736,820	90.86%
ClassicCredit	82,270,323	9.14%
New Vehicle Financing	358,369,303	39.82%
Used Vehicle Financing	446,164,049	49.57%
Ex Demo Financing	95,473,790	10.61%
Financing to Private Customers	896,136,884	99.57%
Financing to Commercial Customers	3,870,258	0.43%

Total Number of Loans	73,312
Average Balance at Origination	19,943.49
Average Outstanding Discounted Balance	12,276.40
WA Original Term (Months)	49.36
WA Remaining Term (Months)	24.54
WA Seasoning (Months)	24.82
WA Customer Interest Rate	2.37%
WA Downpayment (all borrowers)	4,784.41

Pool Characteristics (% Discounted Receivables Balance):

Vehicle Brand	
VW	43.06%
Audi	26.36%
Skoda	10.81%

Customer Concentration	
Top 1	0.05%
Top 3	0.13%
Top 5	0.17%
Top 10	0.25%
Top 20	0.37%

Vehicle Model (Top 5)	
Golf	17.23%
Tiguan	6.25%
A3	5.44%
A6	4.52%
A4	4.46%

Geographic Mix (Top 3 Regions)	
North Rhine-Westphalia	20.99%
Bavaria	14.43%
Baden-Wuerttemberg	12.51%

Source: VW Bank.

Exhibit 1: Discounted Receivables Balance - Original Term

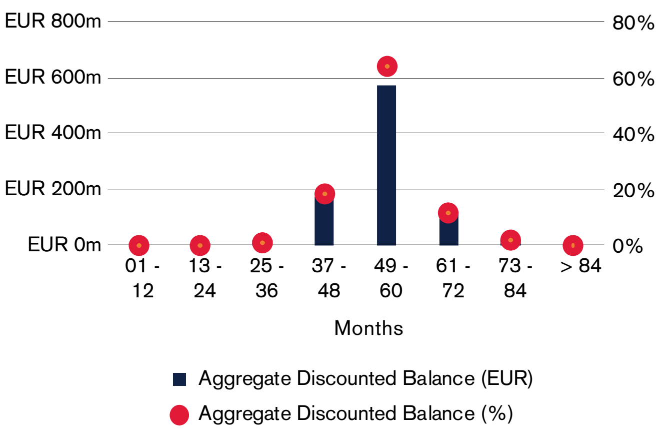


Exhibit 2: Discounted Receivables Balance - Remaining Term

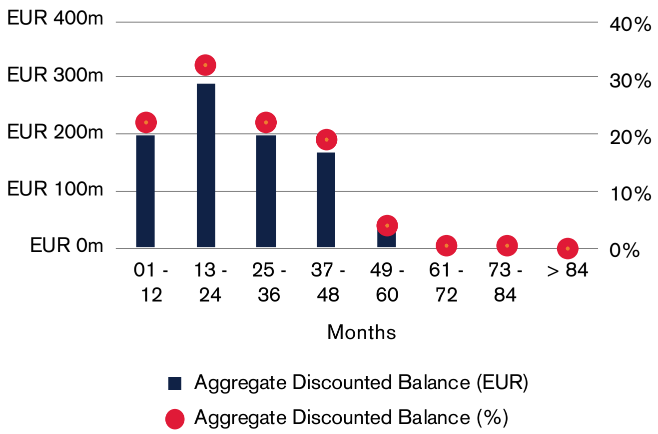


Exhibit 3: Discounted Receivables Balance - Seasoning

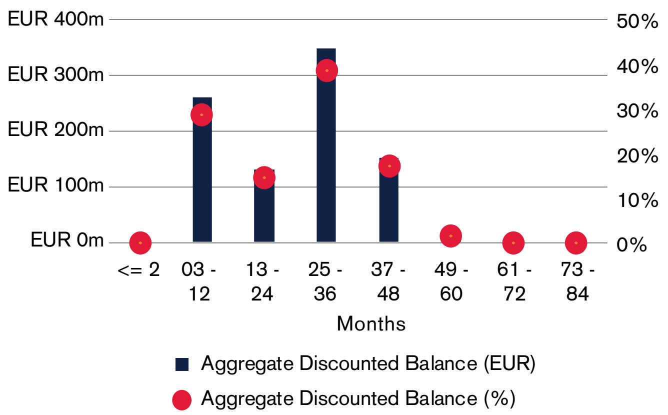


Exhibit 4: Discounted Receivables Balance - Credit Type

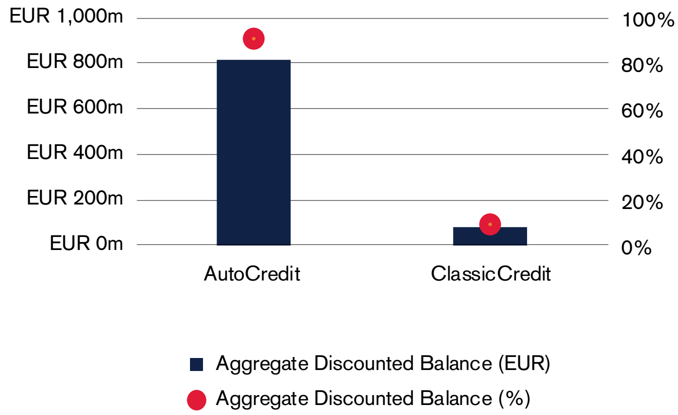


Exhibit 5: Discounted Receivables Balance - Vehicle Type

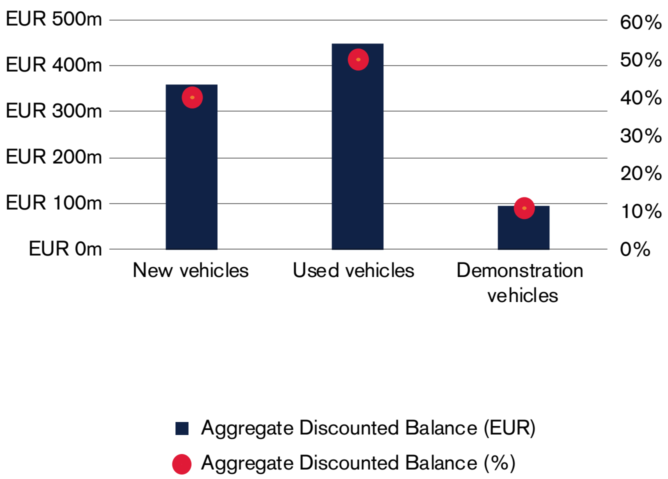


Exhibit 6: Discounted Receivables Balance - Borrower Interest Rate

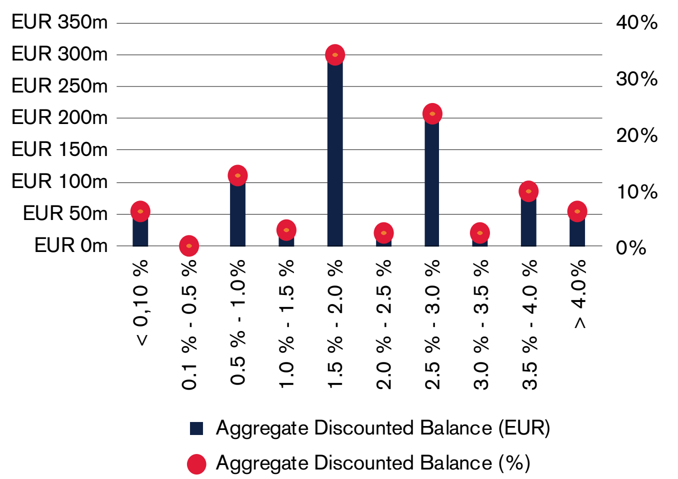


Exhibit 7: Discounted Receivables Balance - Manufacturer

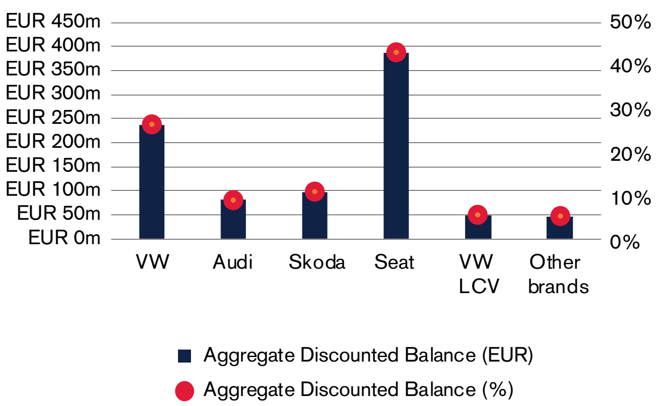


Exhibit 8: Discounted Receivables Balance - Geographical Region

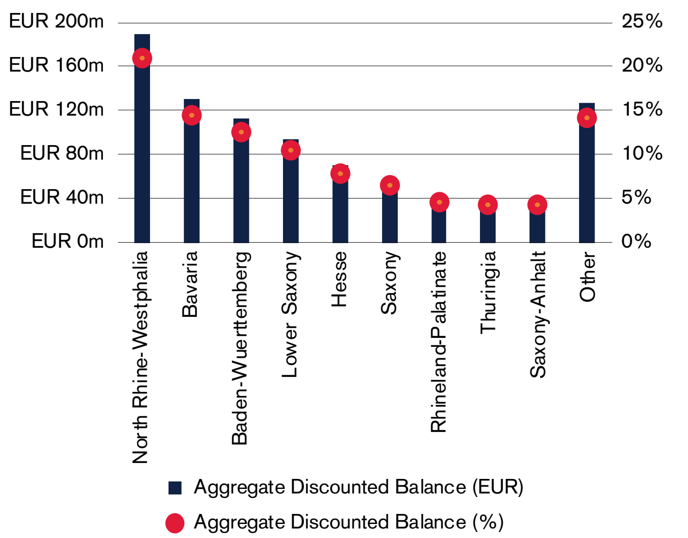


Exhibit 9: Outstanding Discounted Balance Distribution

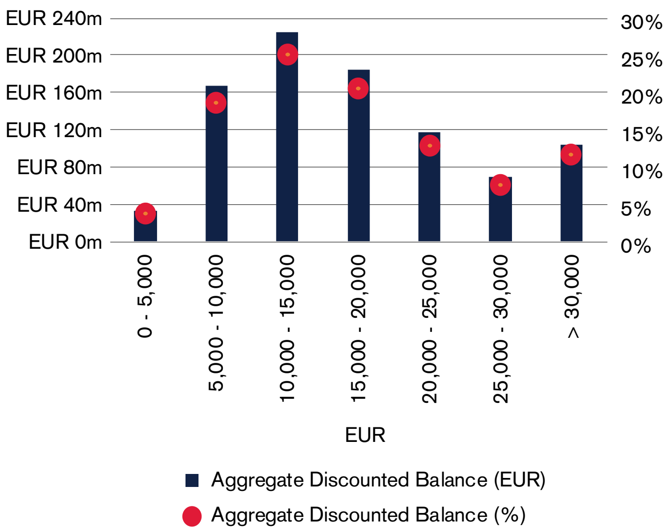


Exhibit 10: Original Principal Balance Distribution

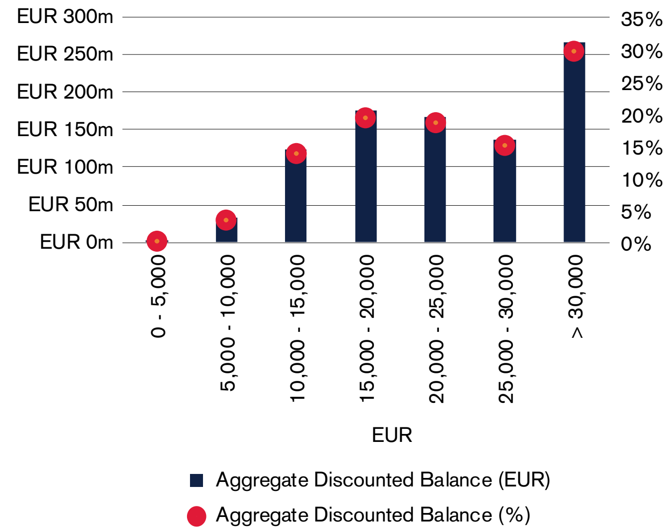
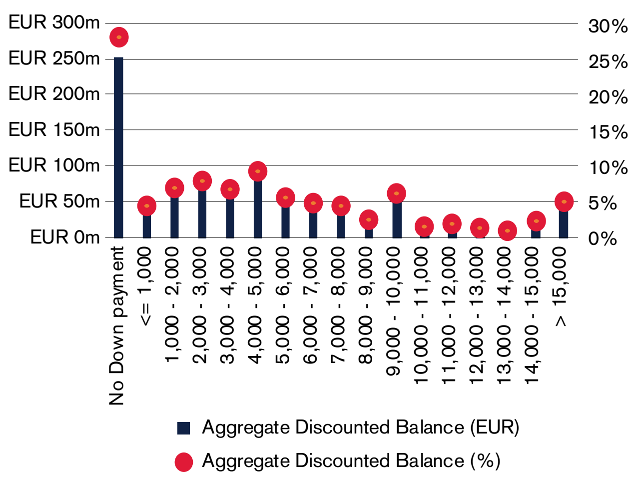


Exhibit 11: Discounted Principal Balance - Downpayment



In comparison to similar portfolios assessed by DBRS, the following attributes are noted:

- The portfolio is considerably seasoned at approximately 25 months;
- Compared to certain other automotive captive finance transactions, the portfolio has a high proportion of used vehicles; the new/used vehicle mix by discounted balance is approximately 50%/50% whilst used vehicles outnumber new vehicles at 40,266 to 33,046 (including demonstration vehicles);
- Exposure to balloon loans is higher than that observed in similar portfolios, at approximately 91%. This is consistent with VW Bank's strategy in recent years of offering trade cycle management focused products;
- Approximately 95% of vehicles financed are part of the VW Brand; and
- The weighted-average customer interest rate is considered historically low at 2.4% but consistent with the majority of captive finance auto lenders in the Federal Republic of Germany.

Rating Analysis

The ratings are based on a review by DBRS of the following analytical considerations:

- Transaction capital structure, including form and sufficiency of available credit enhancement;
- Credit enhancement levels are sufficient to support DBRS-projected expected cumulative net losses under various stress scenarios;
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested. For this transaction, the ratings assigned to the Rated Notes address the payment of timely interest on a monthly basis and principal by the legal final maturity date;
- VW Bank's capabilities with regard to originations, underwriting, servicing and its financial strength;
- DBRS conducted an operational risk review of VW Bank's premises in Braunschweig and deems it to be an acceptable servicer;
- The transaction parties' financial strength with regard to their respective roles;
- The credit quality of the collateral and historical and projected performance of the Seller's portfolio.
- The sovereign rating of the Federal Republic of Germany, currently at AAA; and

- The transaction's consistency of the legal structure with DBRS's *Legal Criteria for European Structured Finance Transactions* methodology and the presence of legal opinions that address the true sale of the assets to the Issuer and non-consolidation of the special-purpose vehicle with the Seller.

Portfolio Performance Data

DBRS received the following set of data through VW Bank:

- Static cumulative net loss data from January 2004 to September 2017 divided by product type and vehicle type;
- Quarterly dynamic loss data from March 2011 to September 2017;
- Origination balances from January 2004 to September 2017 divided by product type and vehicle type; and
- Delinquency data from September 2008 to September 2017 divided by product type and vehicle type.

Exhibit 12: Origination Volumes by Product

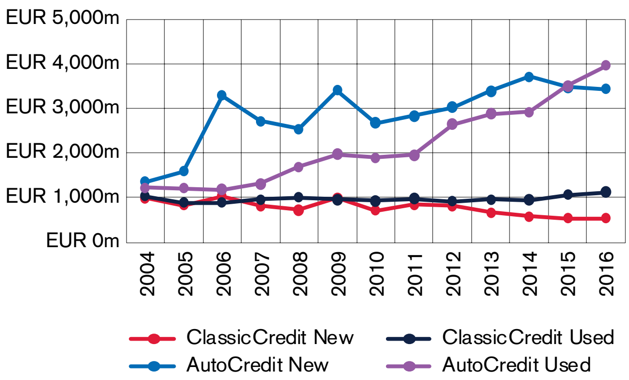
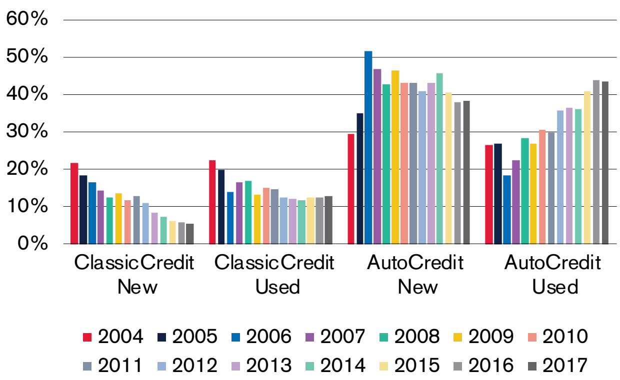
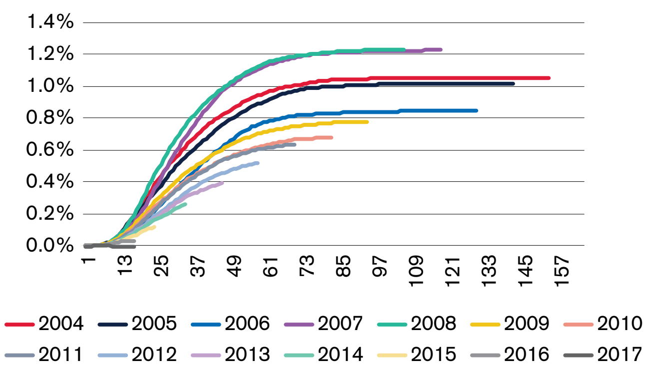


Exhibit 13: Origination Volumes by Product



In line with the broader German passenger vehicle registration growth observed from 2012 to 2017, VW Bank's originations have increased steadily. Throughout this period, VW Bank's origination mix of used vehicles has increased, currently representing approximately 55% of originations. DBRS understands that this is the result of VW Bank's strategy to increase penetration rates for used vehicle financing. This trend has been driven by an increase in AutoCredit financing for used vehicles, which now contributes to approximately 45% of originations (an increase from approximately 35% in 2012). Furthermore, DBRS notes that VW Bank's origination growth has predominantly been driven through the offering of AutoCredit financing, which now represents approximately 83% of VW Bank's originations.

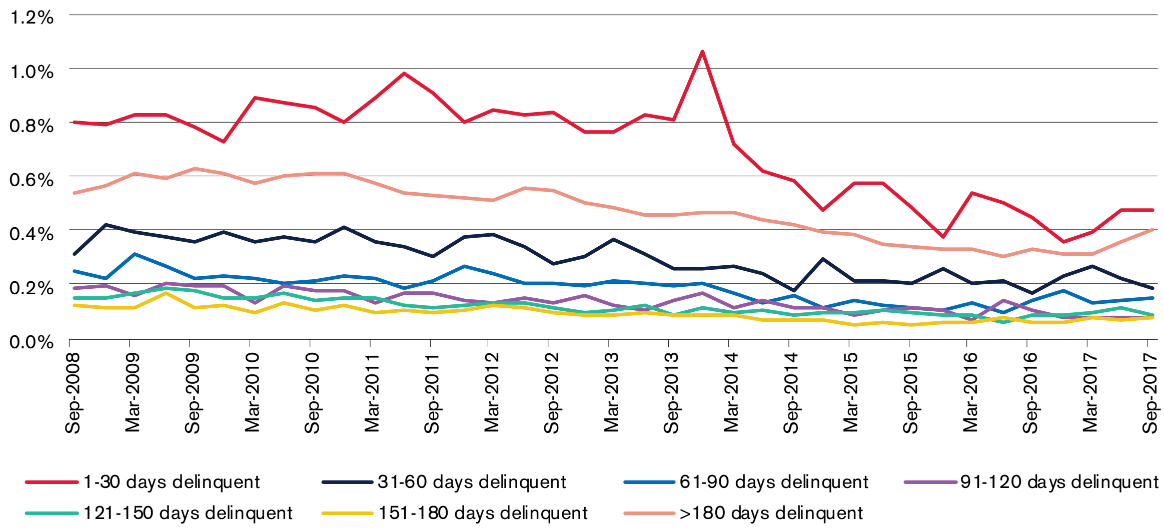
Exhibit 14: Net Loss - Total Portfolio



DBRS received monthly cumulative net loss data from January 2004 to September 2017. Data was provided on a total portfolio basis, as well as vehicle type and product type subsets. According to the transaction documentation, net losses are recorded on the month of a contract being written off, and are calculated by deducting vehicle sales proceeds and additional recoveries from the outstanding loan balance. DBRS was not provided with default or recovery data for the portfolio. DBRS notes the following:

- Across all product subsets, performance has been stable over the last five years, with successive vintages following similar default distributions;
- Recent vintages have shown continued improvement in net loss performance;
- AutoCredit and ClassicCredit finance have historically performed similarly; and
- The credit performance of contracts associated with new vehicles has historically been better when compared to used vehicle financing, a trend usually observed by DBRS in similar portfolios.

Exhibit 15: Delinquencies



DBRS received quarterly dynamic delinquency data for VW Bank's total portfolio, and split by receivables representing new and used vehicles. Dynamic delinquency levels have been consistently low and have improved over the reported period. DBRS considers that this trend has been predominantly driven by the benign economic environment in Germany, which has observed low and decreasing unemployment levels.

Set-Off Risk

Borrowers in Germany have the right to set off claims against the Issuer that they had at the time of the assignment of receivables, or at the time they become aware of the assignment from the Seller to the Issuer, in accordance with Section 404 and 406 of the German Civil Code (*Bürgerliches Gesetzbuch*). Typically, these claims would include deposits, saving deposits, insurance policies and other assets the borrower has with the defaulting entity.

As a partial mitigant to such risk, the eligibility criteria exclude receivables associated with borrowers who maintain deposits with VW Bank as at the cut-off date. However, should a borrower deposit funds with VW Bank after the issue date, set-off risk may still arise. Should the amount of set-off exposure arising from customer deposits exceed 1.0% of the aggregate discounted balance, at the end of the relevant monthly period, and upon the occurrence of a downgrade trigger event in relation to VW Bank, the Set-Off Risk Reserve shall be funded by VW Bank with an amount equivalent to the lesser of:

1. The discounted receivables balance of the related receivables; and
2. The deposits made by such borrowers with VW Bank.

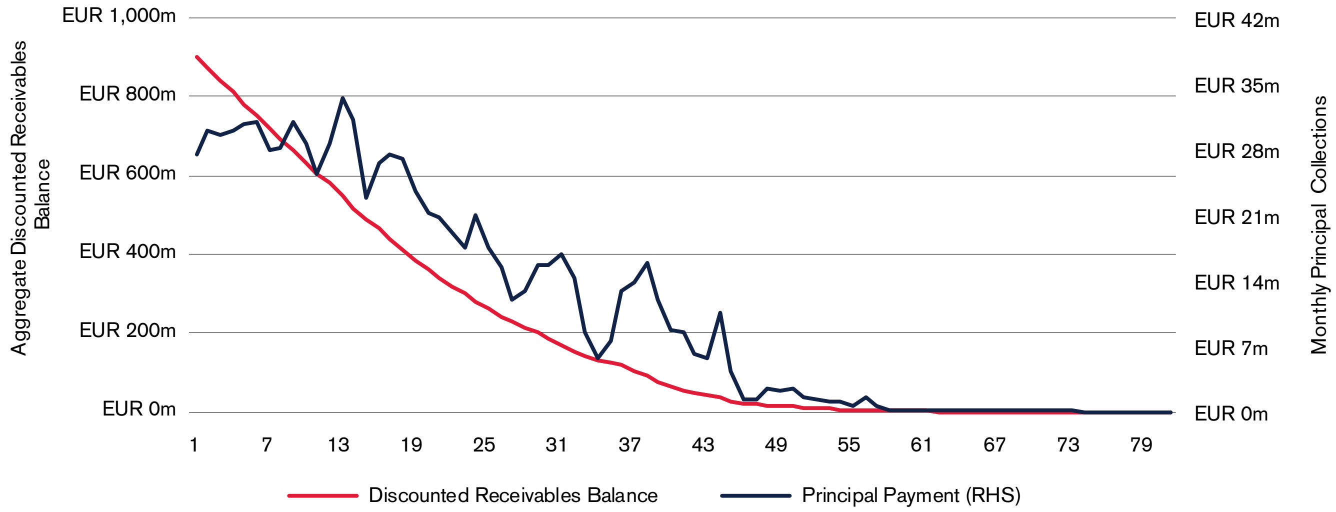
Commingling Risk

VW Bank is entitled to hold collections in its own accounts and transfer collections on a monthly basis, subject to rating thresholds being met. Following the failure to meet such thresholds, VW Bank has 14 calendar days to establish a process to advance expected collections (including expected prepayments, calculated with an annualised rate of 10%) twice a month as collateral until actual collections have been received. If VW Bank fail to do this, collections must be transferred to the Issuer's distribution account on the first business day after receipt of such amounts.

Portfolio Amortisation and Interest Rate

The portfolio purchase price is calculated based upon the aggregate balance of the receivables, discounted at a rate of 3.54%. The graph below shows the theoretical amortisation of the provisional portfolio, assuming neither prepayments or defaults:

Exhibit 16: Theoretical Amortisation



Summary of Cash Flow Scenarios

DBRS's cash flow assumptions focus on the amount and timing of defaults and recoveries, prepayment speeds and interest rates. Based on a combination of these assumptions, a total of 18 cash flow scenarios were applied to test the performance of the Notes (please see table below):

Scenario	Prepayments	Default Timing	Interest Rate
1	Low	Front	Upward
2	Low	Middle	Upward
3	Low	Back	Upward
4	Base	Front	Upward
5	Base	Middle	Upward
6	Base	Back	Upward
7	High	Front	Upward
8	High	Middle	Upward
9	High	Back	Upward
10	Low	Front	Downward
11	Low	Middle	Downward
12	Low	Back	Downward
13	Base	Front	Downward
14	Base	Middle	Downward
15	Base	Back	Downward
16	High	Front	Downward
17	High	Middle	Downward
18	High	Back	Downward

Base Case Default and Recovery

The base-case assumptions used by DBRS are described in the table below. DBRS observed broadly consistent and low net loss rates from monthly vintages going back to 2004. DBRS was not provided with default or recovery data. However, recovery data from investor reports related to other Driver transactions was used to derive a conservative view on the base-case recovery rates, while looking at similar assets securitised in existing German transactions. In line with the transaction's eligibility criteria, DBRS considered maturity to be 84 months.

Base Case	
Expected Default Rate	2.1%
Expected Recovery Rate	60.0%
AAA (sf) Recovery Rate	36.0%
A (high) (sf) Recovery Rate	44.0%

Prepayment Speeds and Prepayment Stress

DBRS considered a base-case prepayment rate of 15%, and within its cash flow analysis also considered scenarios with zero and 25% prepayment rates.

Interest Rate Risk

The interest rate risk in the transaction arises from the fixed interest rate on the auto loan receivables and the one-month Euribor floating rate applied to the issued notes. In order to mitigate the risk, the Issuer is expected to enter into a swap agreement with an eligible swap counterparty in accordance with DBRS's *Derivative Criteria for European Structured Finance Transactions* methodology. As a result, the Issuer is expected to pay on each payment date a fixed rate, while the swap counterparty will pay one-month Euribor plus a margin (floored at zero), with the notional representing the Class A and Class B Notes outstanding. The swap documentation includes downgrade and replacement language to mitigate the relevant counterparty risk in line with DBRS criteria.

Interest Rate Stresses

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

Timing of Defaults

DBRS estimated the default timing patterns and created base, front- and back-loaded default curves. Losses were distributed over three years, and the default timing distributions are shown below:

Year	Front	Mid	Back
1	50%	20%	20%
2	30%	50%	30%
3	20%	30%	50%

Risk Sensitivity

DBRS expects a lifetime base-case probability of default (PD) and loss given default (LGD) for each rated pool based on a review of historical data. Adverse changes to asset performance may cause stresses to base-case assumptions and therefore have a negative effect on credit ratings. The tables below illustrate the sensitivity of the rating to various changes in the base-case default rates and loss severity assumptions relative to the base-case assumptions used by DBRS in assigning the rating.

Class A

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

Class B

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

1. Origination & Underwriting

Origination and Sourcing:

VW Bank offers different kinds of products for financing new and used cars.

A 'Classic Credit' loan agreement represents finance at a fixed interest rate where the loan balance fully amortises through equal monthly instalments. A second type of finance is called the 'Auto Credit' loan where borrowers have three options at loan maturity. Option one allows the borrower to pay off the final balloon payment; option two is to refinance the final balloon payment and option three allows the borrower to return the vehicle to the dealer, where under a guarantee, the dealer has the obligation to make the final balloon payment to VW Bank. If the dealer defaults and fails to fulfil its duties, the borrower will be liable for the final balloon payment under the loan agreement.

Underwriting Process:

All underwriting activities at VW Bank are appropriately segregated from marketing and sales. VW Bank adheres to standard identity and income verification practices including collection of income statements while identity cards, proof of address and utility bills are reviewed. External credit data is retrieved from two nationally-recognized bureaux (i.e., Schufa Holding AG or Creditreform International) and incorporated into the automated credit scoring models.

Prior to acceptance of an application, VW Bank checks the credit standing of the customer. For private and commercial retail customer contracts, applications are automatically approved by a scoring system if the information on the application meets VW Bank's criteria.

Applications are analysed through VW Bank's internal credit scoring system which assigns a 'band' to the loan denoting the risk associated with the borrower and loan. Bands 'A' and 'B' are considered the lowest risk while high risk loans are classified as 'D' or 'Z' band. Dual bureau data is primarily used for high risk bands. Automatic decisioning only exists for the low risk bands and as expected the approval rate is considerably lower for 'D' bands.

Applications that are not automatically accepted by the scoring system are assessed by an employee of the credit department. The employees of VW Bank's 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.

Summary Strengths

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

2. 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, insurance and prepayment terms. The majority of payments are made via direct debit (over 95%) and have monthly payment frequencies and virtually no balloon payments for standard purchase loans. In the rare circumstance where customers do not agree to this requirement, payment comes from standing orders for payment transfers from their bank account, regular bank transfers, or cheque.

Servicing is centralised in Braunschweig and the company places considerable focus on customer service evidenced through proactive assessment of customer satisfaction following contract execution and quarterly surveys. VW Bank employs a customer contact council as well as a professional planning forum to ensure adherence to corporate strategies involving customer service. Given VW Bank's low staff attrition rate, average company tenure among the servicing group is estimated at over five years.

The arrears management process is heavily automated and driven by an SAP workflow system providing collection teams daily workload reports and performance monitoring statistics. VW Bank complies with all regulatory guidelines. The company's behavioural scoring model, which assigns a PD and LGD rate to each loan, is used to segregated arrears cases based on the risk profile. Over the last year, VW Bank has placed more focus on specialised collections for vulnerable customers as a result of the continuing economic crisis.

Initial collections activity starts in the Debt Management unit where letters are sent out when payments are 12, 24 and 36 days past due. The collection activities are supplemented through phone calls that are prioritised on the basis of risk and if non-payment continues for 53 days, then responsibility for the account typically migrates to the Collection Centre. Once in the Collections Centre, borrowers are notified that their contract is being terminated and then have 14 days to surrender the vehicle or make all past due payments. In around 50% of the cases, the Collection Centre successfully achieves that the contract becomes current again. In those cases where the customer does not surrender the car to the dealer, external repossession companies are utilised to secure the vehicle which usually occurs at the 91st day of delinquency. The vehicle is then marketed at VW Group's network.

Summary Strengths

- Majority of payments made via direct debit.
- Low default rate and stabilised recovery rates.
- 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 Back-Up Servicer: There is no back-up servicer on the Driver Programme. DBRS believes that VG's current financial condition mitigates the risk of a possible disruption in servicing following a potential 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* (December 2017).

Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions* (September 2017).
- *Operational Risk Assessment for European Structured Finance Servicers* (October 2017).
- *Operational Risk Assessment for European Structured Finance Originators* (October 2017).
- *Derivative Criteria for European Structured Finance Transactions* (October 2017).
- *Interest Rate Stresses for European Structured Finance Transactions* (December 2017).

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

The transaction is monitored by DBRS in accordance with its *Master European Structured Finance Surveillance Methodology* (March 2017), 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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