MOODY'S
INVESTORS SERVICE

CREDIT OPINION
26 June 2023

New Issue

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Driver Master S.A., Compartment 2

New Issue – Volkswagen Bank GmbH issues further series of notes from its German master programme

Capital structure

Exhibit 1
Definitive ratings

Series‡	Rating	Amount* (million EUR)	% of assets	Legal final maturity	Coupon	Subordi-nation**	Reserve fund**	Total credit enhance-ment***
Class A Series 2015-1	Aaa(sf)	€ 10,374.2	87.42%	May-32	4.03%	11.31%	0.93%	12.24%
Class A Series 2023-1	Aaa(sf)	€ 30.0	0.25%	May-32	1mE + 0.55%	11.31%	0.93%	12.24%
Class A Series 2023-2	Aaa(sf)	€ 30.0	0.25%	May-32	1mE + 0.55%	11.31%	0.93%	12.24%
Class A Series 2023-3	Aaa(sf)	€ 15.0	0.13%	May-32	1mE + 0.55%	11.31%	0.93%	12.24%
Class A Series 2023-4	Aaa(sf)	€ 75.0	0.63%	May-32	1mE + 0.55%	11.31%	0.93%	12.24%
Total Class A		**€ 10,524.2**	**88.69%**					
Class B Series 2023-1	Aa1(sf)	€ 497.1	4.19%	May-32	1mE + 1.50%	7.13%	0.93%	8.05%
Total Class B		**€ 497.1**	**4.19%**					
Sub-loan	NR	€ 93.8	0.79%		1mE + 2.70%			
Overcollateralization		€ 751.8	6.34%					
Total portfolio		**€ 11,866.9**	**100.00%**					

* As of the restructuring date.
** As % of total pool balance, equal to 1% of the Class A and B Notes..
*** No benefit attributed to excess spread.
‡Total outstanding issuance. Class A Notes issued in 2023 rank pro-rata with the previously issued Class A Notes and have the same levels of target credit enhancement and liquidity support.
The issued amounts represent the note amounts as of June 2023. The maximum issuance amounts according to the program limit are EUR 15.0 billion Class A and Class B notes. Further issuance up to the maximum issuance amount will rank pari-passu with the initially issued notes and will have the same levels of credit enhancement and liquidity support. Such further issuance can be done either through increasing size of the existing series or issuing new series of notes.
Source: Moody's Investors Service

Closing date

26 June 2023

TABLE OF CONTENTS

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Summary

Driver Master S.A., Compartment 2 is a cash securitisation of auto loan receivables extended by Volkswagen Bank GmbH (VW Bank, A1/P-1 & Aa3(cr)/P-1(cr)) to obligors located in Germany. The servicer is VW Bank. The initial revolving period for the outstanding series is twelve months, but it can be extended upon investors' consent. The programme was established in 2015.

The Series of Class A Notes issued in 2023 will rank pro-rata with the previously issued Class A Notes, respectively, and have the same levels of target credit enhancement and liquidity support.

Our analysis focused, amongst other factors, on (i) an evaluation of the underlying portfolio of receivables; (ii) historical performance on losses from January 2013 to January 2023; (iii) the credit enhancement provided by subordination and cash reserve; (iv) the liquidity support available in the transaction by way of the cash fund and principal to pay interest, and (v) the legal and structural aspects of the transaction.

Our cumulative net loss expectation for the asset pool is 0.7% and portfolio credit enhancement (PCE) is 7.5%.

Credit strengths

» ***Granular portfolio composition****:* The securitised portfolio is granular with the largest and 20 largest obligors representing 0.02% and 0.23% of the pool, respectively. The portfolio also benefits from a good geographic diversification across Germany. (See “Asset Description” – “Assets at Closing” - “Pool Characteristics”)

» ***Extensive historical data provided****:* Moody's has been provided with extensive performance data on the originators' portfolio. The net loss data span over a long period (January 2013 to January 2023). Dynamic delinquency data have also been provided from January 2013 to March 2023. (See “Asset Description” – “Originator and Servicer”)

» ***Financial strength of Volkswagen Bank GmbH****:* Volkswagen Bank GmbH (VW Bank, A1/P-1 & Aa3(cr)/P-1(cr)) is rated and is ultimately owned by Volkswagen AG (A3/P-2). VW Bank's sound credit profile limits deal exposure to operational issues: specifically the likelihood of interruption in portfolio servicing during the lifetime of the deal is limited. Furthermore, the company has a long experience in the origination and servicing of auto loan portfolios.(See “See “Asset Description” – “Originator and Servicer”)

» ***Credit enhancement****:* The transaction benefits from several sources of credit enhancement provided through (i) subordination of the notes, (ii) a subordinated loan (iii) initial over-collateralization, (iv) the building up of additional overcollateralization during the revolving period and of additional subordination during the amortization period, and (v) a fully funded reserve fund at closing. (See “Securitization structure description” - “Detailed description of the structure”)

Credit challenges

» ***Negative buffer release rate at closing****:* The buffer release rate is negative at closing as the current yield (discount rate of 3.54%) stemming from the assets is not sufficient to cover the increased transaction costs. However, the issuer will be entitled to receive from the seller the negative buffer release amount canceling out the negative carry the transaction would experience. (See “Securitization structure description” - “Detailed description of the structure” - “Buffer release mechanism”)

» ***Revolving master structure****:* The transaction will be used to securitize loans on an ongoing basis with the flexibility to 1) increase the outstanding notes' balances of existing series to the maximum issuance amounts (“Tap Issuance”), 2) issue additional series of notes and 3) take out assets in order to securitize them in form of a term transaction (“Term Take-Out”). This flexibility can change the structure materially. A number of structural features are in place to mitigate the risks. (See “Securitization structure description” - “Detailed description of the structure”)

» ***Extension of the revolving period:*** It is envisaged to extend the revolving period on an annual basis upon investor consent. At the end of the revolving period, the investors of each series can decide to extend the revolving period by another year. (See “Asset description” - “Replenishment criteria”)

» ***Balloon loan concentration:*** The exposure to balloon loans amounts to 89.9% at closing. Final balloon payments represent 58.0% of the portfolio's outstanding balance. We expect higher defaults on balloon loans in a manufacturer default scenario and have taken this into consideration in our quantitative analysis. (See “Asset Description” – “Assets as of cut-off date” - “Pool characteristics”)

» ***Linkage to Volkswagen Bank GmbH****:* VW Bank is the originator and servicer in the transaction. The financial strength of the parent company and the liquidity provided in the structure are mitigants to the operational risk.

ESG considerations

We consider overall environmental, social, and governance (ESG) risk to be moderate for securitizations backed by auto loans. Our credit analysis of the transaction, which considers ESG risk, includes the risks to vehicles' residual values from changes in carbon emissions regulations, the social and demographic trends that affect the obligors in ABS backed by auto loans, and the low exposure to severe weather events or other environmental factors. In addition, governance risk is largely mitigated by the structure of the transaction and our consideration of the transaction parties. Please refer to our Cross-Sector Rating Methodology: General Principles for Assessing Environmental, Social and Governance Risks, 26 April 2021, which explains our general principles for assessing ESG risks in our credit analysis globally.

» ***Environmental***: This transaction has moderate exposure to substantial environmental risks; however, the potential consequences, mitigated by the short transaction tenor, are not likely to be significant to the credit quality of the notes. (See “Asset analysis - Additional asset analysis – ESG - Environmental considerations”)

» ***Social***: Social risk is generally low in auto ABS transactions. Technological obsolescence, shifting demand patterns and changes in government policy mean that some segments will experience greater volatility in auto sales, recovery levels, and residual values, but the short tenor of the transaction mitigates the risk from long-term trends. In addition, the geographical diversity of the obligors in loan pools should help protect the transaction from the risk of any one region or industry downturn. (See “Asset analysis - Additional asset analysis – ESG - Social considerations”)

» ***Governance***: Governance risks for this transaction are low based on the presence of transaction features such as risk retention, comprehensive agreed-upon procedures (AUPs) report, servicing oversight and R&W enforcement. (See “Securitisation structure analysis - Additional structural analysis – ESG - Governance considerations”)

Key characteristics

The exhibit below describes the main asset characteristics of the securitised portfolio. WA and WAL stand for weighted average and weighted average life, respectively.

Exhibit 2

Asset characteristics

Seller/originator:	Volkswagen Bank GmbH (VW Bank, A1/P-1 & Aa3(cr)/P-1(cr))
Servicer(s):	Volkswagen Bank GmbH (VW Bank, A1/P-1 & Aa3(cr)/P-1(cr))
Receivables:	Loans granted to individuals resident in Germany to finance the purchase of new and used vehicles
Total amount:	€ 11,808,499,018.03*
Length of revolving period in years	1 year
Number of contracts	803,719
New vehicle (as % of total pool, including demo vehicles):	39.2%
Used vehicle (as % of total pool):	60.8%
Private borrower (as % of total pool):	98.7%
Balloon loans (as % of total pool)	89.9%
Total size of balloon payments (as % of initial pool balance):	58.0%
WA remaining term in years:	2.2 years
WA seasoning in years:	1.9 years
WAL of portfolio in years (excl. prepayments):	1.7 years
Delinquency status:	0.77% of the loans are in arrears
Cumulative net loss rate observed:	Whole book extrapolated cumulative vintage value between Jan 2013 - Jan 2023: 0.47%
Delinquencies	Average monthly 60-90 day delinquencies around 0.15% between January 2013 and March 2023
Cumulative gross loss (modelled)	0.7%, lower than the EMEA Auto ABS average
Aaa portfolio credit enhancement (PCE):	7.5% lower than EMEA Auto ABS average (implied coefficient of variation of 71.4%)

* On the June 2023 restructuring date, the pool balance is expected to be € 11,866,866,893.77

Source: ***VW Bank, computation by Moody's Investors Service***

The exhibit below shows the counterparties associated with the transaction. N/A stands for those counterparties that do not apply to the transaction.

Exhibit 3
Securitization structure characteristics

Transaction parties	At closing
Issuer:	Driver Master S.A., acting for and on behalf of its Compartment 2
Servicer:	Volkswagen Bank GmbH (VW Bank, A1/P-1 & Aa3(cr)/P-1(cr))
Back-up servicer facilitator(s):	N/A
Cash manager:	The Bank of New York Mellon (Aa1/P-1 & Aa1(cr)/P-1(cr)), Frankfurt Branch
Back-up cash manager:	N/A
Calculation agent/ computational agent:	The Bank of New York Mellon (Aa1/P-1 & Aa1(cr)/P-1(cr)), Frankfurt Branch
Back-up calculation/ computational agent:	N/A
Swap counterparty:	Credit Agricole Corporate & Investment Bank (Aa2/P-1 ; Aa2(cr)/P-1(cr))
Issuer account bank:	The Bank of New York Mellon (Aa1/P-1 & Aa1(cr)/P-1(cr)), Frankfurt Branch
Paying agent:	The Bank of New York Mellon (Aa1/P-1 & Aa1(cr)/P-1(cr)), London Branch
Corporate service provider:	Circumference FS (Luxembourg) S.A
Co-arrangers:	BNP Paribas (Aa3/P-1 ; Aa3(cr)/P-1(cr))
Lead manager(s):	BNP Paribas (Aa3/P-1 ; Aa3(cr)/P-1(cr))
Liabilities, credit enhancement and liquidity	
Annualized excess spread at closing:	0% at closing due to the presence of buffer release mechanism
Credit enhancement/reserves:	Subordination of the notes Initial over-collateralization Reserve fund representing 1.0% of Class A and B Notes
Form of liquidity:	Reserve fund, principal to pay interest mechanism
Number of months liquidity based on Moody's assumptions:	Approximately 2.3 months considering the cash collateral reserve. An additional reserve (buffer release reserve) covering up two years of senior costs (incl. Class B interest) will be funded in case the VW Bank is downgraded below Baa1.
Interest payments:	Monthly in arrears on each payment date
Principal payments:	Pass-through on each payment date
Payment dates:	25th calendar day of each month or the next business day if such calendar day is not a business day Next payment date: July 2023
Hedging arrangements:	Fixed-Floating Interest rate swap

Source: VW Bank, computation by Moody's Investors Service

Asset description

The portfolio consists of auto loans receivables. The auto loans receivables are extended to private individuals and commercial entities in Germany.

The portfolio is comprised of amortising loans ("Classic Credit" loans), and balloon loans ("AutoCredit" loans and "IndividualCredit" loans) which consist of equal installments during the life of the loan with a larger balloon payment at loan maturity.

Assets as of cut-off date

Data and information on the portfolio set out in this report is based on the pool as of May 2023. The pool balance is expected to be € 11,866,866,893.77 on the restructuring date.

Pool characteristics

The portfolio balance is approx. €11,808.5 million, for a total number of 803,719 loans. The portfolio is collateralised by 39.2% new cars (including demo cars), and 60.8% used cars, whereby more than 97.5% of vehicles relate to Volkswagen Group models.

The loan product "ClassicCredit" accounts for 10.1% of the securitized portfolio. "ClassicCredit" loans are fully amortising loans with equal installments during the life of the loan. The borrower is obliged to pay the loan in full.

The loan products "AutoCredit" and "IndividualCredit" accounts for 69.6% and 20.3% of the securitized portfolio, respectively. These loans have equal installments during the life of the loan and a larger balloon payment at loan maturity. The borrower has the right to request repurchase of the vehicle from the dealer upon maturity of the contract as part of an AutoCredit contract, which is not the case for the IndividualCredit products.

Further characteristics can be summarised as follows:

» All loans are denominated in Euros and the interest rate applicable to each loan agreement is fixed;

» The loans require substantially equal monthly interest and principal installments, excluding the balloon payment at maturity;

» The payment obligations of the loan receivables are carried out by means of direct debit for the vast majority of loans;

» The amortization system of the monthly installments is the French method, except for the "AutoCredit" and "IndividualCredit" financing models, which include Balloon Installments;

» None of the loans are lease agreements;

» The seller has full ownership of the loan receivables and its accessory rights;

» The relevant loans constitute legally valid, binding and enforceable agreements;

The following exhibit summarizes additional information of the portfolio..

Exhibit 4

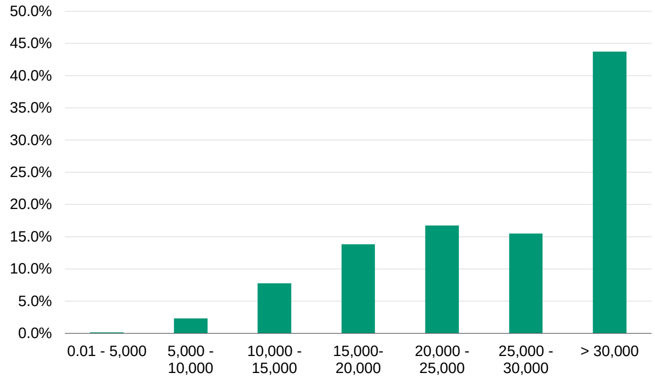
Additional information on asset characteristics

Average discounted outstanding balance	EUR 14,692
Geographic concentration	
1st largest region	North Rhine-Westphalia (NRW) 20.02%
2nd largest region	Bavaria 15.16%
3rd largest region	Baden-Wuerttemberg 11.92%
Brand distribution	
Largest brand	Volkswagen 52.13%
2nd largest brand	Audi 25.95%
3rd largest brand	Skoda 11.88%
Obligor concentration	
Top 1 borrower concentration	0.02%
Top 10 borrower concentration	0.16%
Top 15 borrower concentration	0.20%
Top 20 borrower concentration	0.23%

Source: VW Bank, computation by Moody's Investors Service

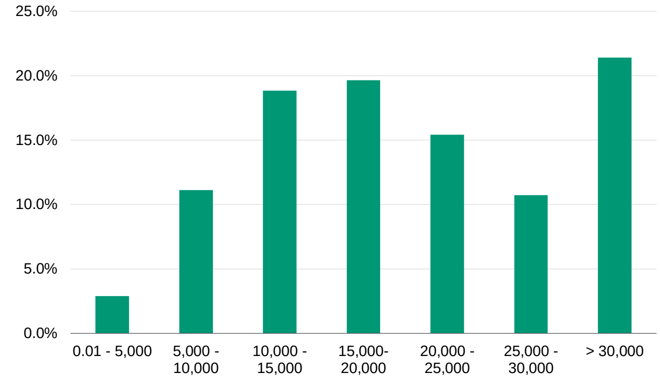
The exhibits below describe the portfolio breakdown by initial and outstanding Balance.

Exhibit 5
Portfolio breakdown by initial balance



Source: VW Bank, computation by Moody's Investors Service

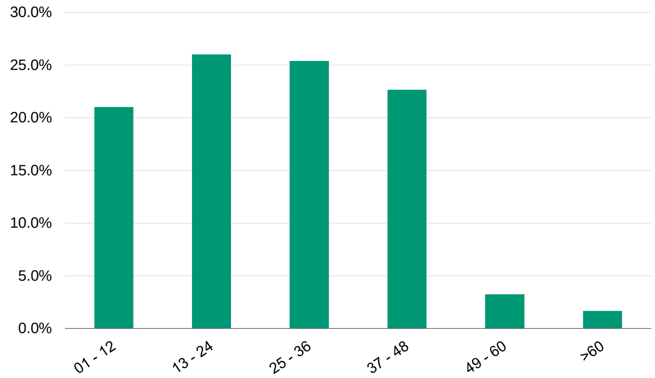
Exhibit 6
Portfolio breakdown by outstanding balance



Source: VW Bank, computation by Moody's Investors Service

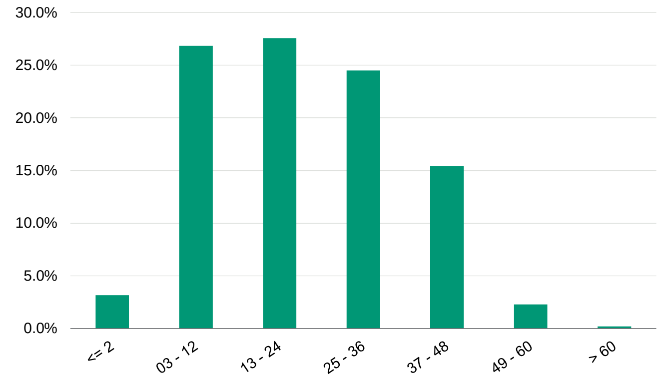
The exhibits below show the portfolio breakdown by remaining term ans seasoning in months

Exhibit 7
Portfolio breakdown by remaining term in months



Source: VW Bank, computation by Moody's Investors Service

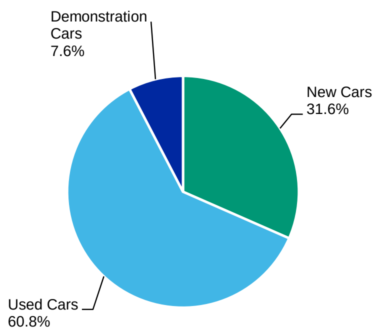
Exhibit 8
Portfolio breakdown by seasoning in months



Source: VW Bank, computation by Moody's Investors Service

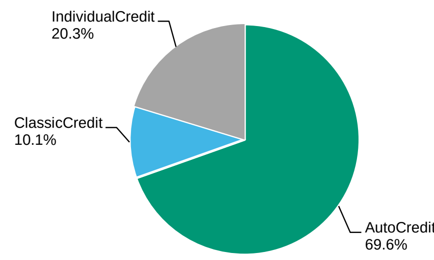
The exhibits below show the portfolio breakdown by vehicle and product type.

Exhibit 9
Portfolio breakdown by vehicle type



Source: VW Bank, computation by Moody's Investors Service

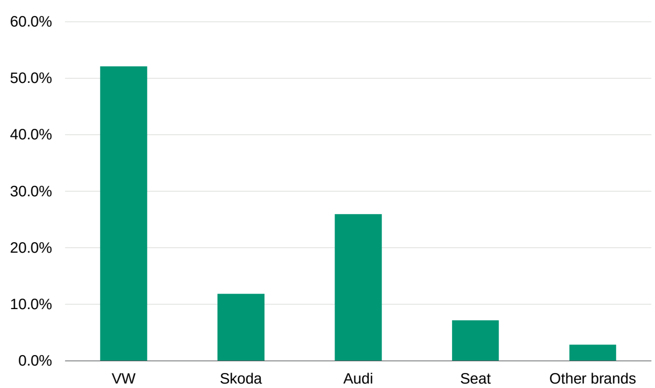
Exhibit 10
Portfolio breakdown by contract type



Source: VW Bank, computation by Moody's Investors Service

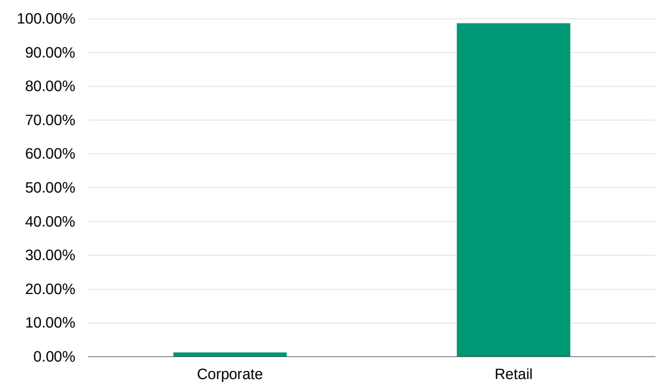
The exhibits below show the portfolio breakdown by vehicle brand, borrower type, regional distribution, and contract distribution

Exhibit 11
Portfolio breakdown by vehicle brand



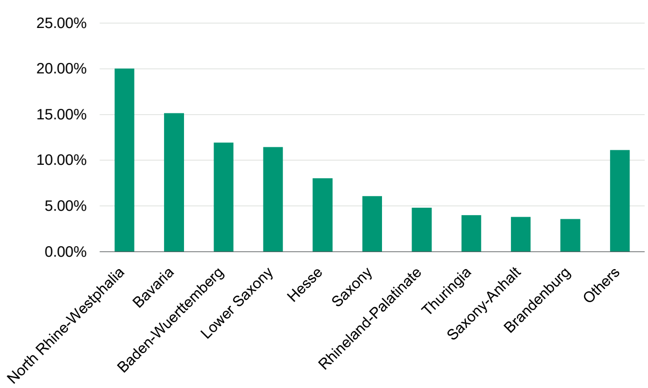
Source: VW Bank, computation by Moody's Investors Service

Exhibit 12
Portfolio breakdown by borrower type



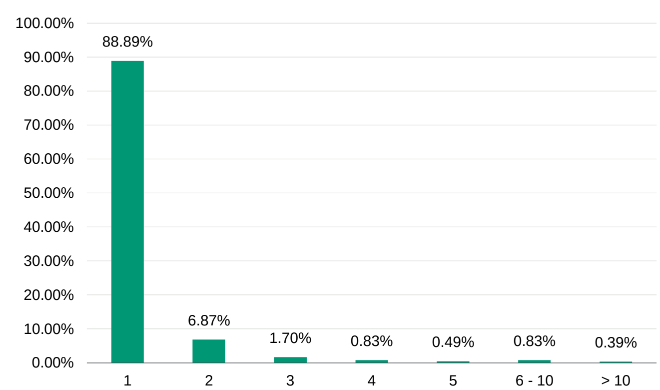
Source: VW Bank, computation by Moody's Investors Service

Exhibit 13
Portfolio breakdown by region concentration



Source: VW Bank, computation by Moody's Investors Service

Exhibit 14
Portfolio breakdown by contract concentration



Source: VW Bank, computation by Moody's Investors Service

Eligibility criteria

The key eligibility criteria applicable at close and at each payment date after additional purchases are as follows:

» The related loan contract constitutes a legal valid, binding and enforceable agreement with full recourse to the borrower;

» The purchased receivables under a loan contract are denominated and payable in EUR;

» Maximum original maturity up to 84 months; generally, the maturity is 12 up to 84 months. The maturity of balloon loans is typically shorter; loan extensions above 84 months are generally not allowed;

» Loans are either fully amortising loans with equal instalments or loans with equal instalments and a final balloon payment at the maturity date; a permanent change of the instalment amount is not possible under the existing contract;

» Borrowers are corporate entities with a registered office in Germany or private individuals and have their residence in Germany;

» Loans to a single borrower may not exceed the total amount of EUR 2,000,000;

» No insolvency proceedings are initiated against any of the borrowers;

» No loans that are subject to any right of revocation, set off or counterclaim of the debtors;

» No purchased loan receivable is overdue;

» As of the cut-off date at least two instalments have been paid in respect of each of the purchased loan receivables;

» None of the borrowers is an employee of VW Bank

Replenishment criteria

The structure includes a revolving period that has 12 months remaining, during which the seller has the option to sell additional portfolios on a monthly basis. The revolving period exposes note holders to credit risk.

In addition to the eligibility criteria, the following replenishment criteria are in place to mitigate the increasing credit risk of the revolving portfolio:

» Share of used vehicles limit is 65%

» Share of classic credit for used vehicles limit is 7%

» Share of individual credit for new vehicles limit is 5%

» Share of individual credit for used vehicles limit is 15%

» Share of non-VW group branded vehicles limit is 2.50%

Originator and servicer

Volkswagen Bank (VW Bank, A1/P-1 & Aa3(cr)/P-1(cr)), wholly owned subsidiary of Volkswagen AG (A3/P-2), acts as an originator and servicer in Driver Master S.A.

VW Bank provides auto loan contracts directly to private and commercial retail customers in Germany.

The origination process is highly automated. A scoring system is in place to assess the borrower's credit risk, which considers amongst other things (i) external credit bureau information (SCHUFA and Creditreform), (ii) internal payment behaviour if a repeat customer; (iii) the customer's debt history. The underwriting process is in line with the market standard.

The Collection department is responsible to manage the outstanding positions of each contract and to ensure regular payment performance of customers. Collection procedures rely almost exclusively on direct debit, which accounts for approximately 99.0% of payments. The collection process and early arrears management are highly automated

The exhibit below summarizes the main characteristics of the originator and/or servicer in the transaction.

Exhibit 15

Originator profile, servicer profile and operating risks

Date of operations review:	**18-Apr-23**
Originator background:	
Rating:	Volkswagen Bank GmbH (VW Bank, A1/P-1 & Aa3(cr)/P-1(cr))
Financial institution group outlook for the banking sector (Germany):	Stable
Ownership structure:	Operating subsidiary of Volkswagen AG (A3/P-2)
Asset size:	Not disclosed
% of total book securitised:	Not disclosed
Transaction as % of total book:	Not disclosed
% of transaction retained:	Not disclosed
Servicer background:	
Rating:	Not rated
Regulated by:	European Central Bank, German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), German Bundesbank
Total number of receivables serviced:	N/A
Number of staff:	1,506
Method of payment of borrowers in the pool:	99,69% direct borrower account debit; 0,31% other
% of obligors with account at originator:	N/A

Source: VW Bank, Moody's Investors Service

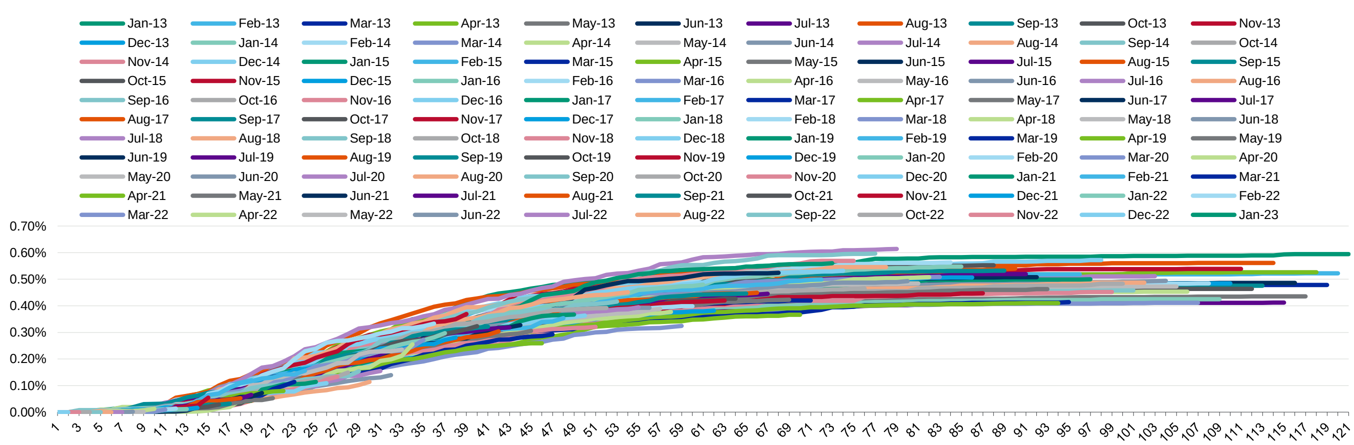
The originator provided us with net losses monthly data covering the period January 2013 - January 2023 split by i) Classic, Auto and Individual credit; ii) new and used. We also received delinquency data for the period January 2013 - March 2023.

In our view, the quantity and quality of data received is adequate compared to transactions that have achieved high investment-grade ratings in this sector in other European countries. The weighted average original contractual term of the agreements is about 4.0 years, with a maximum of seven years.

The exhibits below show cumulative net losses since origination for the total portfolio and also split by i) Classic, Auto and Individual credit; ii) new and used.

Exhibit 16

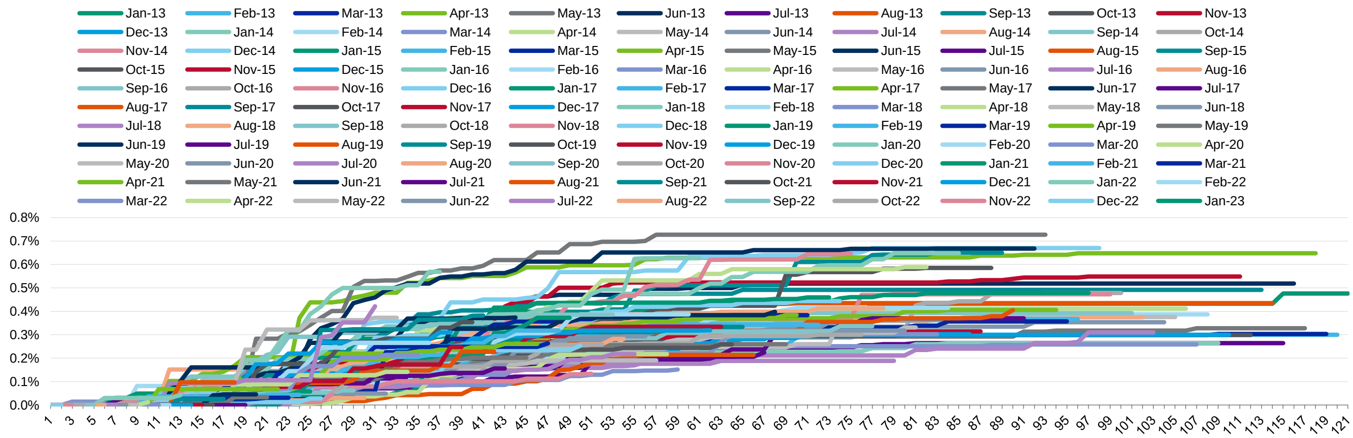
Vintage net loss data of the total portfolio for the period January 2013 to January 2023



Source: VW Bank, computation by Moody's Investors Service

Exhibit 17

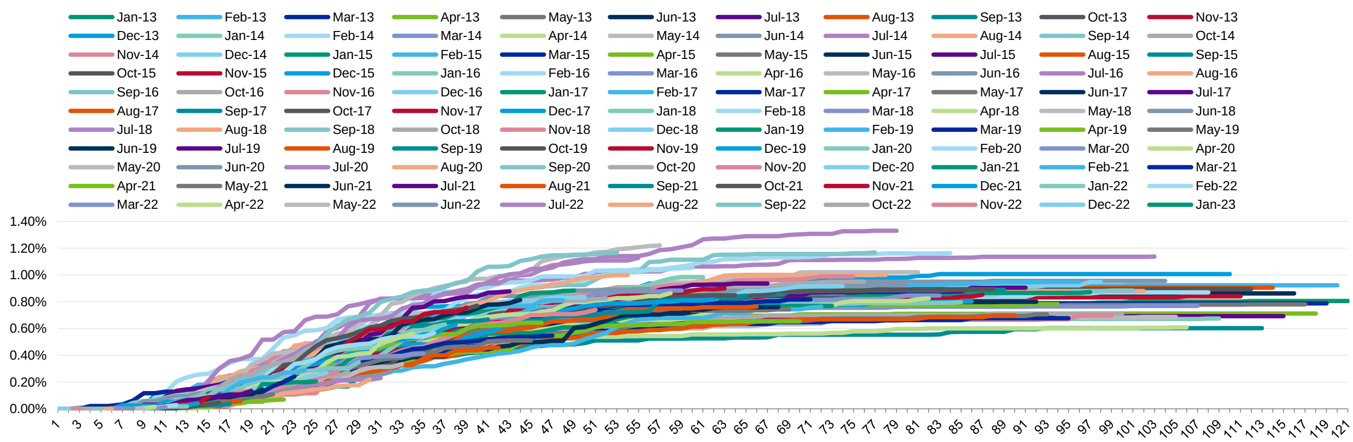
Vintage net loss data (CreditClassic New) of the total portfolio for the period January 2013 to January 2023



Source: VW Bank , computation by Moody's Investors Service

Exhibit 18

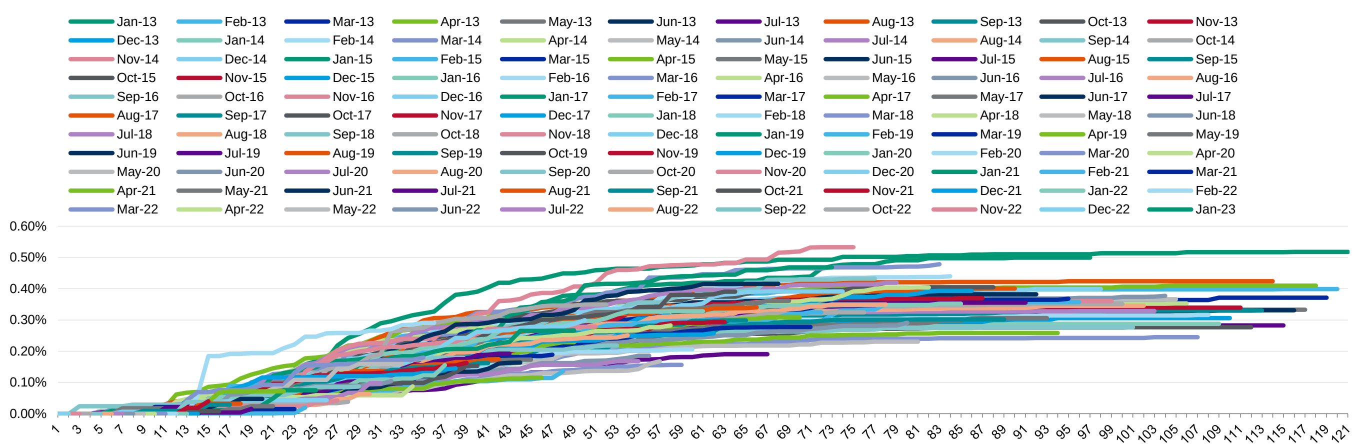
Vintage net loss data (CreditClassic Used) of the total portfolio for the period January 2013 to January 2023



Source: VW Bank, computation by Moody's Investors Service

Exhibit 19

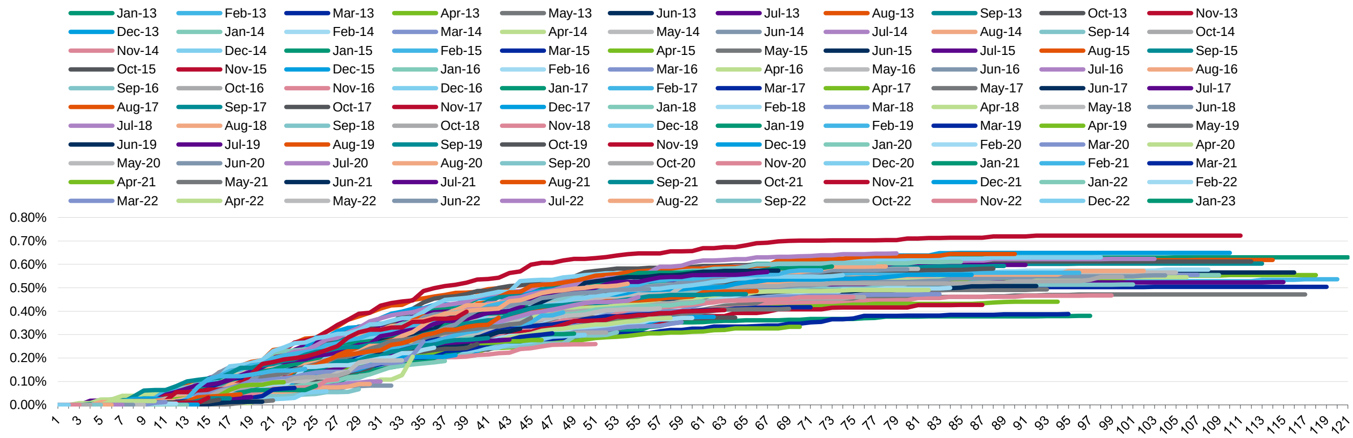
Vintage net loss data (AutoCredit New) of the total portfolio for the period January 2013 to January 2023



Source: VW Bank, computation by Moody's Investors Service

Exhibit 20

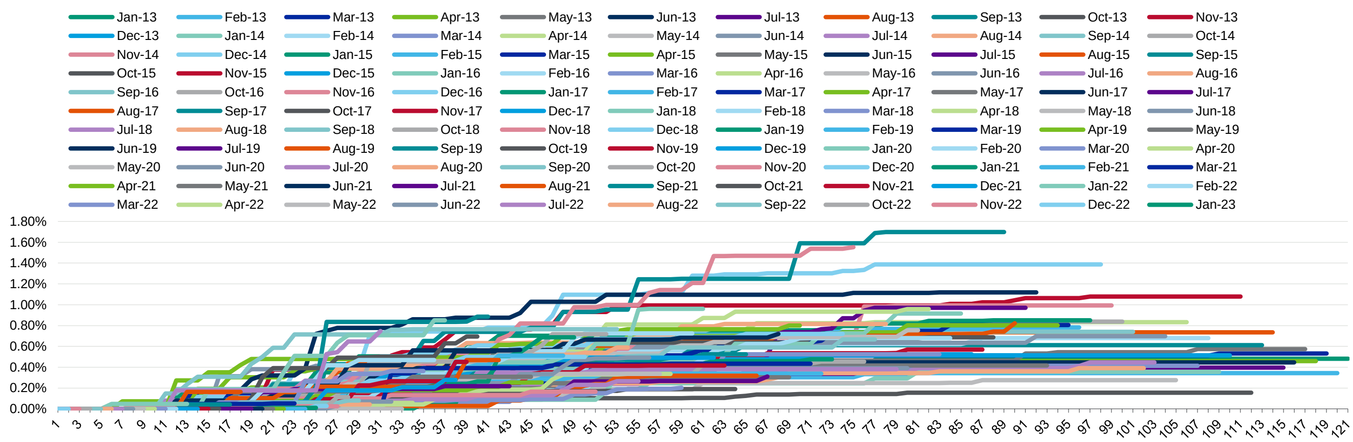
Vintage net loss data (AutoCredit Used) of the total portfolio for the period January 2013 to January 2023



Source: VW Bank, computation by Moody's Investors Service

Exhibit 21

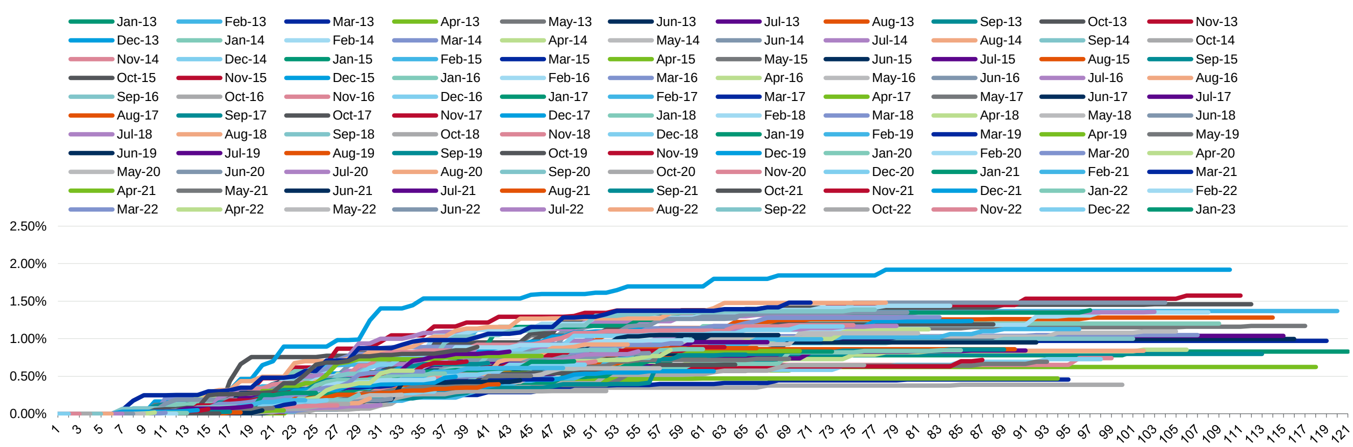
Vintage net loss data (IndividualCredit New) of the total portfolio for the period January 2013 to January 2023



Source: VW Bank, computation by Moody's Investors Service

Exhibit 22

Vintage net loss data (IndividualCredit Used) of the total portfolio for the period January 2013 to January 2023



Source: VW Bank, computation by Moody's Investors Service

Asset analysis

Primary asset analysis

Our analysis of the credit quality of the assets includes an examination of the loan loss distribution of the securitised pool, based on our assumptions and historical data.

Loan loss distribution

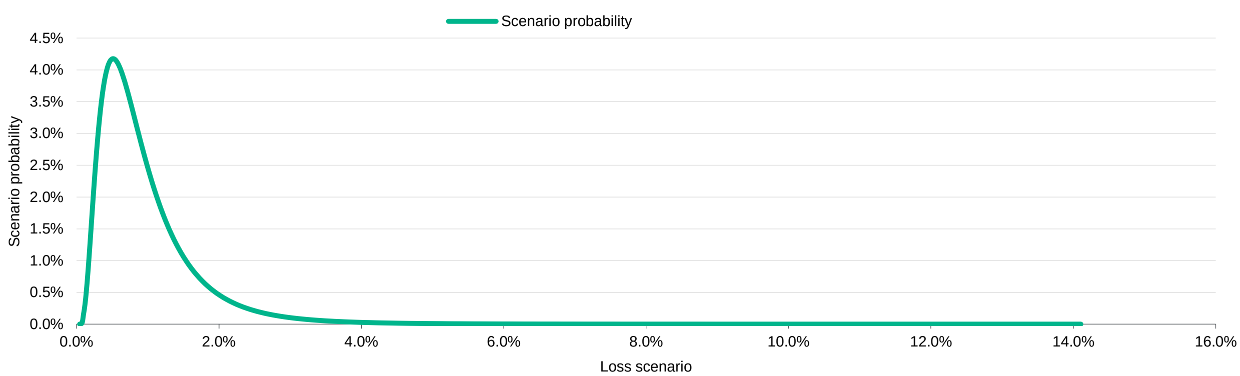
The first step in the analysis was to define a loss distribution of the pool of loans to be securitised. Because of the large number of loans, we used a continuous distribution to approximate the loss distribution: the lognormal distribution. The probability loss distribution associates a probability with each potential future loss scenario for the portfolio. This distribution has hence been applied to numerous loss scenarios on the asset side to derive the level of losses on the Notes.

Two main parameters determine the shape of the loss distribution: the mean loss and the portfolio credit enhancement ("PCE"). The expected loss captures our expectations of performance considering the current economic outlook, while PCE captures the loss we expect the portfolio to suffer in the event of a severe recession scenario. We generally derive these parameters from the historical data; we may make adjustments based on further analytical elements such as performance trends, differences in portfolio composition or changes in servicing practices among others.

The exhibit below shows the lognormal loss distribution of the portfolio.

Exhibit 23

Lognormal loss probability distribution



Source: Moody's Investors Service

Derivation of loan loss rate expectation

The Portfolio expected loss rate of 0.7% is lower than the EMEA auto ABS average and is based on our assessment of the lifetime expectation for the pool taking into account certain macroeconomic and pool specific factors.

We primarily based our analysis on the historical cohort performance data that the originator provided for a portfolio that is representative of the securitised portfolio. We also evaluated (1) the German market trend, (2) benchmark loan and lease transactions, and (3) other qualitative considerations.

Derivation of portfolio credit enhancement (PCE)

The PCE of 7.5% is lower than the EMEA auto ABS average. The PCE has been defined following analysis of the data variability, as well as by benchmarking this portfolio with past and similar transactions. Factors that affect the potential variability of a pool's credit losses are: (i) historical data variability, (ii) quantity, quality and relevance of historical performance data, (iii) originator quality, (iii) servicer quality, (iv) certain pool characteristics, such as asset concentration, and (v) certain structural features, such as revolving periods.

Comparables

Prior transaction

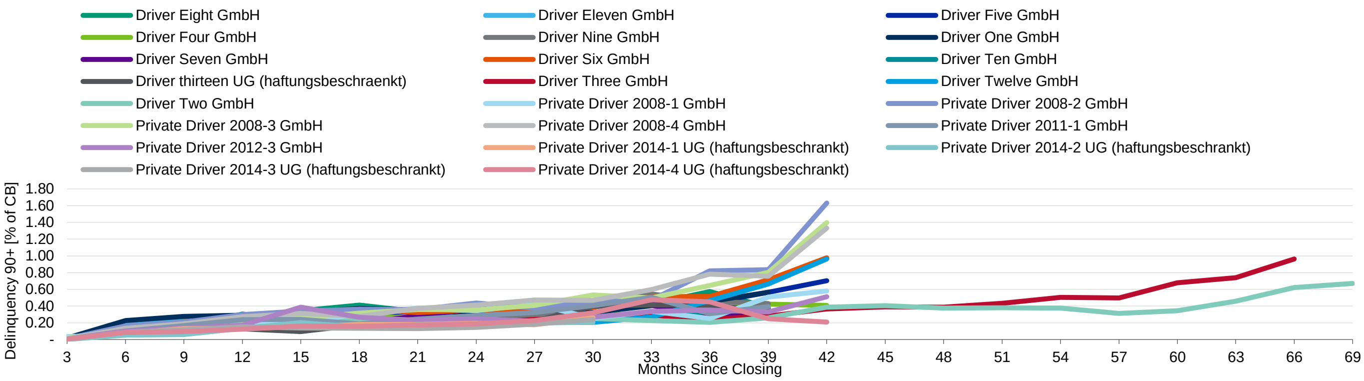
Precedent transaction performance:

The performance of the originator's precedent transactions in this sector are within Moody's expectations.

The exhibits below show the performance of precedent and similar transactions originated by subsidiaries of Volkswagen Group in EMEA.

Exhibit 24

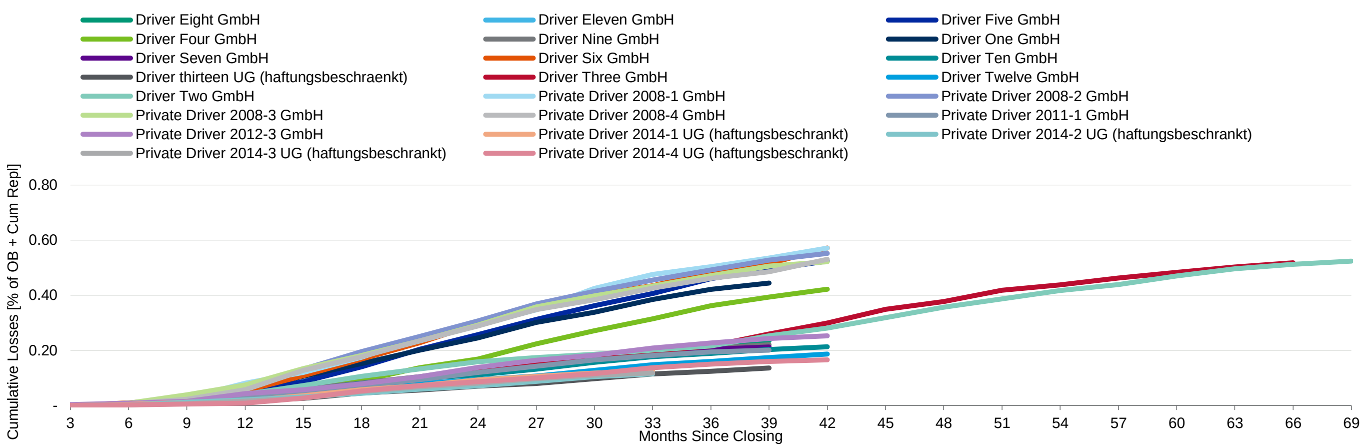
Comparable transactions delinquency 90+



Source: Moody's Investors Service

Exhibit 25

Comparable transactions cumulative losses

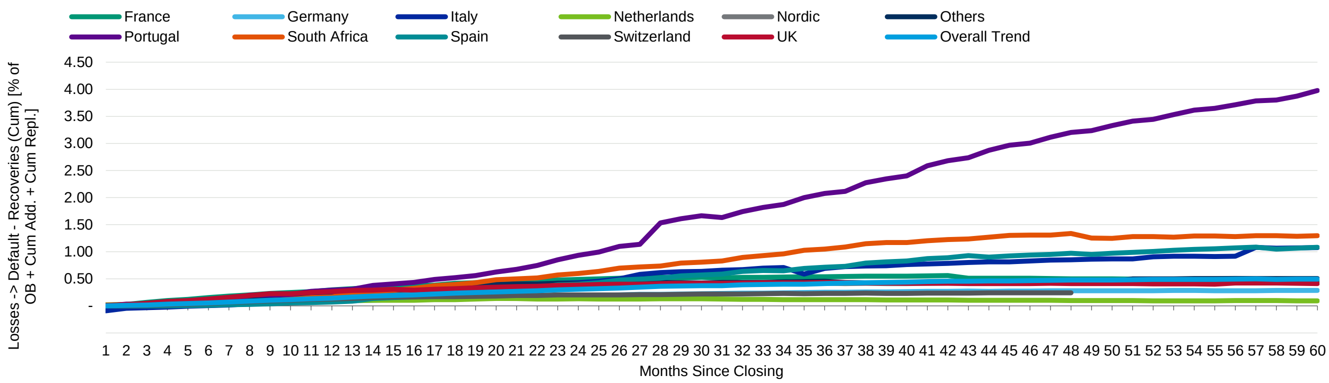


Source: Moody's Investors Service

Transactions of other seller/servicers

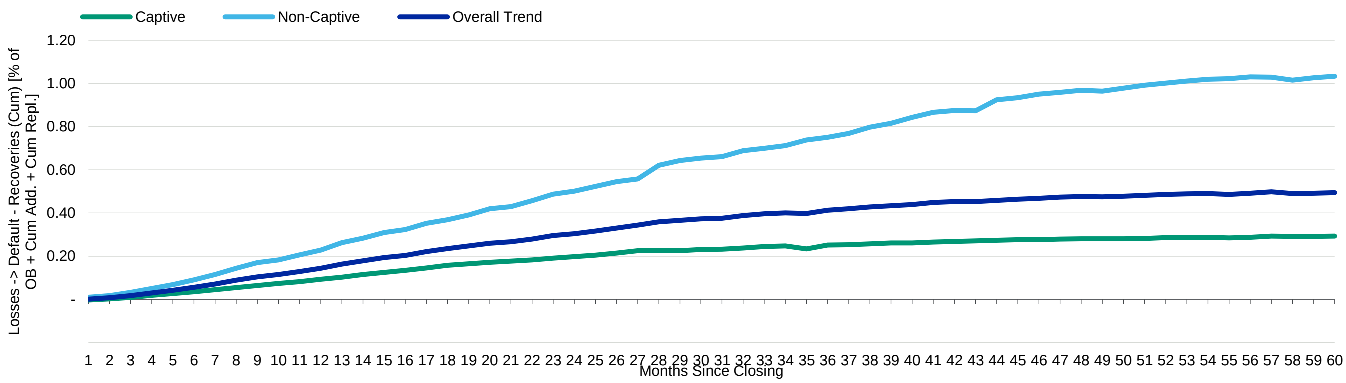
The exhibits below show the performance of comparable transactions among originators in Europe, as well as performance of prior Driver series auto ABS transactions in other jurisdictions. The performance of the originator's precedent transactions in this sector are within Moody's expectations

Exhibit 26
EMEA auto loan and auto lease ABS losses - seasoning by domicile



Source: Moody's Investors Service

Exhibit 27
EMEA auto loan and auto lease ABS losses - Seasoning by originators



Source: Moody's Investors Service

The exhibit below shows a benchmark table including portfolio characteristics of comparable transactions in Europe.

Exhibit 28

Comparable transactions - asset characteristics

Deal name	Driver Master S.A., Compartment 2 - 2023 Subsequent Issuance	Driver Master Belgium, Compartment 1	PRIVATE DRIVER ITALIA 2020-1 S.R.L.	Driver Multi-Compartment S.A., Compartment Driver fifteen	Cars Alliance Auto Loans Germany Master
Country	Germany	Belgium	Italy	Germany	Germany
Closing date or rating review date (dd/mm/yyyy)	27/07/2015	25/11/2022	25/11/2020	25/09/2018	18/03/2022
Currency of rated issuance	EUR	EUR	EUR	EUR	EUR
Rated notes volume (excluding nr and equity)	11,021,300,000	502,250,000	1,740,000,000	716,200,000	1,106,600,000
Originator/servicer	Volkswagen Bank GmbH	Volkswagen D'Ieteren Finance	Volkswagen Bank GmbH	Volkswagen Bank GmbH	RCI Banque S.A., Germany
Captive finance company?	Yes	Yes	Yes	Yes	Yes
Long-term rating	A1	NR	A1	A1	Baa2
Short-term rating	P-1	NR	P-1	P-1	NR
Securitised pool balance ("total pool")	11,866,866,894	530,000,446	2,000,013,048	750,047,947	1,193,992,915
Average principal balance	N/A	11,968.2	11,267.9	1,871.0	9,961.0
Wa loan to value ("original LTV")	N/A	N/A	N/A	N/A	1
Share of total pool >90% original LTV	N/A	N/A	N/A	N/A	0
Auto loan receivables %	100.0%	100.0%	100.0%	100.0%	100.0%
Auto lease receivables %	0.0%	0.0%	0.0%	0.0%	0.0%
Rv receivables %	N/A	N/A	N/A	N/A	N/A
Portion of (fully) amortising contracts %	10.1%	33.8%	36.8%	11.0%	24.7%
Portion of bullet / balloon contracts %	89.9%	66.2%	63.2%	89.0%	75.3%
Portion of balloon payments (as % of balloon contracts' balance)	64.5%	72.6%	72.5%	N/A	N/A
Total size of balloon payments (as % of initial pool balance)	58.0%	48.1%	N/A	52.3%	46.9%
Method of payment - direct debit (minimum payment)	99.7%	95.7%	99.5%	99.8%	100.0%
Wa portfolio interest rate (initial pool)	2.7%	N/A	4.1%	2.1%	4.8%
Minimum yield for additional portfolios p.a.	N/A	N/A	N/A	N/A	4.8%
Wal of total pool initially (in years)	1.7	1.7	1.5	2.5	2.1
Wa seasoning (in years)	1.9	1.6	1.4	0.5	1.8
Wa remaining term (in years)	2.2	2.4	2.2	3.4	2.9
No. of contracts	803,719	44,284	177,497	39,684	119,869
Single obligor (group) concentration %	0.02%	0.04%	0.01%	0.15%	0.01%
Top 5 obligor (group) concentration %	0.08%	0.12%	0.05%	N/A	0.04%
Top 10 obligor (group) concentration %	0.16%	0.21%	0.08%	0.51%	0.06%
Top 20 obligor (group) concentration %	0.23%	0.36%	0.12%	0.68%	0.12%
Private obligors %	99.7%	100.0%	100.0%	99.3%	100.0%
Name largest manufacturer / brand	VW	Volkswagen	Volkswagen	VW	Renault
Name 2nd largest manufacturer / brand	Audi	Skoda	Audi	Audi	Nissan
Name 3rd largest manufacturer / brand	Skoda	Audi	Skoda	Skoda	Dacia
Size % largest manufacturer / brand	52.1%	56.9%	66.5%	43.2%	59.4%
Size % 2nd largest manufacturer / brand	25.9%	19.5%	19.5%	28.5%	21.6%
Size % 3rd largest manufacturer / brand	11.9%	13.7%	7.2%	10.7%	15.2%
New vehicles %	39.2%	90.9%	78.8%	41.0%	77.6%
Name largest region	North Rhine-Westfalia	Hainaut	Lombardia	North Rhine-Westfalia	Nordrhein-Westfalen
Name 2nd largest region	Bavaria	Liège	Veneto	Bavaria	Baden-Württemberg
Name 3rd largest region	Baden-Wuerttemberg	Antwerpen	Toscana	Baden-Wuerttemberg	Bayern
Size % largest region	20.0%	19.1%	23.3%	20.8%	20.7%
Size % 2nd largest region	15.2%	11.9%	11.4%	15.6%	16.6%
Size % 3rd largest region	11.9%	9.8%	10.8%	12.8%	11.0%
Number of dealers	N/A	N/A	N/A		1,084

Source: VW Bank, computation by Moody's Investors Service

Exhibit 29
Comparable transactions - asset characteristics

Deal name	Driver Master S.A., Compartment 2 - 2023 Subsequent Issuance	Driver Master Belgium, Compartment 1	PRIVATE DRIVER ITALIA 2020-1 S.R.L.	Driver Multi-Compartment S.A., Compartment Driver fifteen	Cars Alliance Auto Loans Germany Master
Gross default / net loss definition modelled	6 months	3 months	5 months	6	6
Data available for each subpool?	N/A	Yes	Yes	N/A	Yes
Period covered by vintage data (in years)	10.0	7.0	11.0	12.8	11.0
Type of default / loss distribution	Lognormal	Lognormal	Lognormal	Lognormal	Lognormal
Model running on defaults/losses	Losses	Defaults	Defaults	Default	Default
Mean gross default/net loss rate - initial pool	N/A	1.8%	3.5%	N/A	3.0%
Mean gross default/net loss rate - replenished pool	N/A	1.8%	3.5%	N/A	3.0%
Mean net loss rate (calculated or modelled)	0.70%	0.9%	3.2%	1.6%	1.5%
Cov (implied)	71.4%	68.2%	55.5%	47.1%	52.7%
Default timing curve	Sine (0-11-33)	Sine (3-14-42)	5/11/1933	Sine (6-16-43)	Sine (6-15-44)
Mean recovery rate	0.0%	50.0%	10.0%	0.0%	50.0%
Recovery lag (in months)	0 as deal is run on losses	WA recovery lag of 19 months	WA recovery lag of 6 months	WA recovery lag of 0 months	WA recovery lag of 19 months
Portfolio credit enhancement (PCE)	7.50%	8.50%	13.00%	7.75%	9.00%
PCE calibrated to	Aaa	Aaa	Aaa	Aaa	Aaa
Conditional prepayment rate (CPR)	12.5% first 18 months; 17.5% thereafter	2.5% first 18 months; 7.5% thereafter	2.5% first 18 months; 7.5% thereafter	12% first 18 months; 17% thereafter	7.5% first 18 months; 12.5% thereafter
Stressed fees modelled	1.03%	1.03%	1.03%	1.03%	1.00%
PDL definition	N/A	N/A	Defaults	Losses	Defaults
Assumed portfolio yield p.a. - initial pool	3.54%	6.66%	1.83%	1.47%	4.75%
Assumed portfolio yield p.a. - additional pool	N/A	6.66%	1.83%	N/A	4.75%
Index rate assumed in 1st period	3.50%	1.50%	0.00%	0.00%	0.00%
Rv risk modelled?	No	No	No	No	No
Rv haircut (Aaa (sf))	N/A	N/A	N/A	N/A	N/A

Source: VW Bank, computation by Moody's Investors Service

Additional asset analysis

Originator/Servicer quality

The originator acts as servicer. The performance of the pool is linked to the quality of servicing the loan receivables, collecting on delinquencies as well as conducting recoveries upon default. The financial strength of the servicer rated Aa3(cr) is strong enough to ensure payment continuity in its own right and is therefore a mitigant to this structural set-up.

ESG - Environmental considerations

The environmental risk for ABS backed by auto loans is moderate. Our analysis of the transaction, which considers ESG risk, includes the risks to vehicles' recovery values from changes in carbon emissions regulations. The risk is somewhat mitigated, however, by the short tenor of the transaction. Most auto loan pools can withstand severe weather events such as hurricanes and tornados because the obligors are spread over a large geographic footprint resulting in very low exposure to any one severe weather event.

ESG - Social considerations

Social risk is generally low in Auto ABS transactions. Technological obsolescence, shifting demand patterns and changes in government policy mean that some segments will experience greater volatility in auto sales, recovery levels, and residual values, but the short tenor of the transaction mitigates the risk from long term trends. In addition, the geographical borrower diversification of the pool should mitigate the risk of any one region's or industry's economic decline.

Securitization structure description

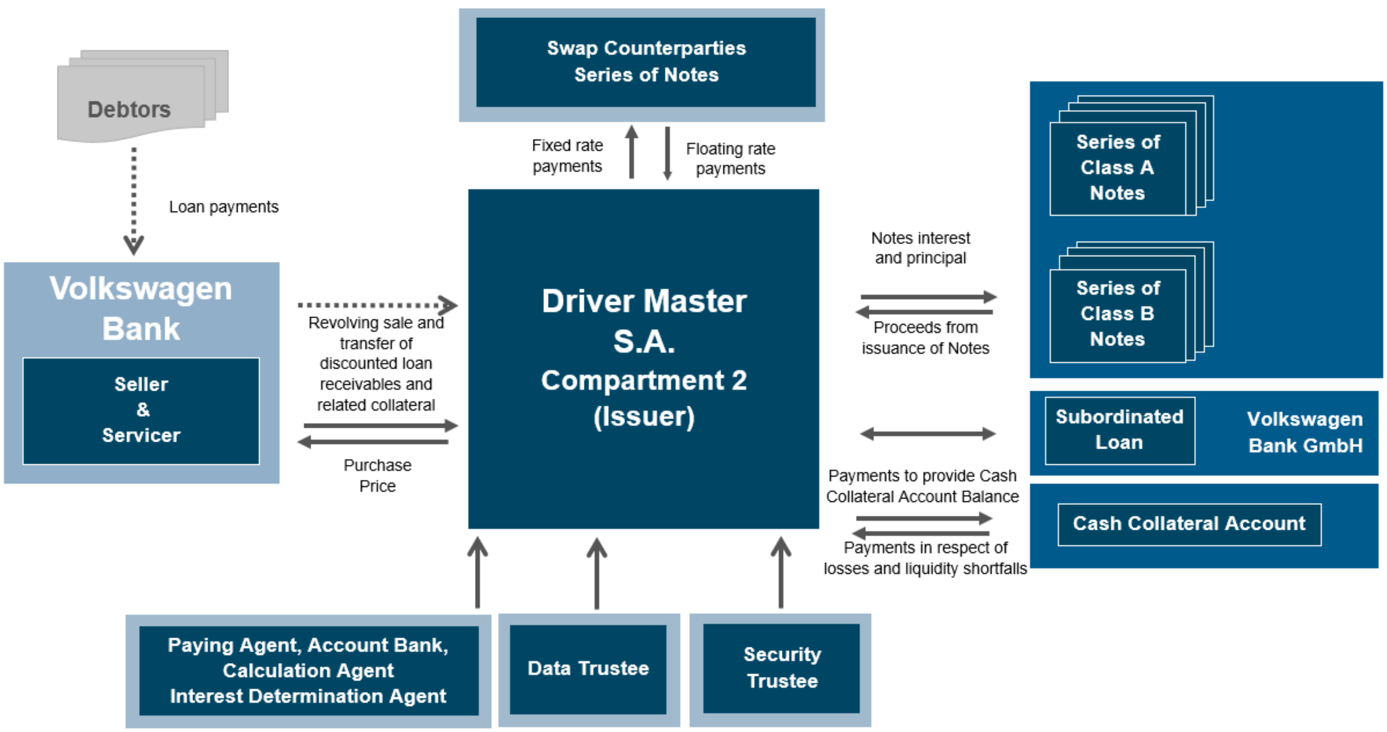
Driver Master S.A., Compartment 2 is a revolving cash securitisation. Our analysis of the structural characteristics of the transaction included a review of available total credit enhancement including the initial capital structure and target OC levels, transaction triggers, purchase mechanism whereby additional OC is built up with ongoing purchase of additional receivables, and finally allocation of payments as defined in the waterfall. Moody's notes that in line with other VW sponsored transactions, the portfolio is sold at a discount and the transaction includes a buffer release mechanism.

The Issuer is a special purpose vehicle incorporated as a securitisation company under the meaning in Luxembourg law. Interest on the Notes is paid monthly.

Structural diagram

Below is a structural diagram for the transaction, illustrating the relationship between the issuer, Driver Master, and the other transaction parties.

Exhibit 30
Driver Master



Source: Prospectus

Detailed description of the Structure

The transaction structure is a senior subordinated structure with a cash reserve. Additionally, notes issued by the issuer benefit from over-collateralisation (as pool amount is greater than aggregated funded liabilities).

Credit Enhancement

Credit enhancement in the transaction includes primarily subordination of the notes, subordinated loan and over-collateralisation. Additional sources of credit enhancement are the cash reserve.

Over-collateralisation

The transaction benefits from over-collateralisation of 6.25% at the restructuring date. The initial over-collateralisation is created by defining a lower portfolio purchase price than the net present value of the auto loan portfolio at closing.

Build-up of credit enhancement

» During the revolving period: funds from repaid assets will be used to purchase new assets at an additional discount of 1.90% to the par value of the discounted receivable balance providing for additional overcollateralization until the credit enhancement target levels (excluding the reserve fund) are reached: 10.6% for Class A and 6.4% for Class B.

» During the amortising period: Class A and Class B Notes are redeemed in a way to provide for the build-up of credit enhancement until the credit enhancement target levels (excluding the reserve fund) are reached: 16.5% for Class A and 10.5% for Class B.

Buffer release mechanism

Under this mechanism, the issuer is required to pay some amounts to the seller as long as the buffer release rate is positive and no credit enhancement increase condition ("CEIC") is in effect. As a consequence, the excess spread is maintained at zero. Upon the occurrence of the CEIC, those amounts are trapped in the structure. In case of negative buffer release rate, the seller is required to compensate the issuer by paying the negative buffer release amount.

The buffer release rate is calculated as follows: (i) Discount rate, less (ii) the weighted average of the fixed rates pertaining to the notes and subordinated loan (fixed rates under the swap agreements and the fixed coupon of the Class A Series 2015-1 Notes), less the senior fees.

The buffer release amount (positive or negative) is the product of the buffer release rate and the aggregate discounted receivables balance.

Additionally, there is a buffer release reserve covering up to two years of negative buffer release rate in place. The reserve required amount is:

» zero, as long as no reserve trigger event occurs

» the product of (i) the aggregate discounted receivables balance and (ii) the negative buffer release rate multiplied by minus one ,and (iii) two, following the occurrence of a reserve trigger event

A reserve trigger event is the loss of Baa1 by VW Bank GmbH (A1/P-1 & Aa3(cr)/P-1(cr)).

As of the restructuring date, the buffer release rate is negative meaning that the issuer will benefit from additional payments from the seller.

Allocation of payments/waterfall

On each payment date, the issuer's available funds (i.e. instalments collections, vehicle realisation proceeds, interest accrued on distribution account, net swap receipts, plus or minus the buffer release amount) will be applied in the following simplified order of priority (pre-enforcement priority of payments):

1. Senior expenses/tax
2. Swap payments
3. Accrued and unpaid interest on Class A notes
4. Accrued and unpaid interest on Class B notes
5. Cash collateral account until the required reserve amount is reached
6. a.) Amortisation amounts to each amortizing series of Class A Notes b.) Amounts to the accumulation account for additional purchases of receivables until the Class A required OC level is reached for the non-amortising series of Class A notes
7. a.) Amortization amounts to each amortising series of Class B Notes b.) Amounts to the accumulation account for additional purchases of receivables until the Class B required OC level is reached for the non-amortising series of Class B notes
8. Subordinated swap payments due and payable

9. Accrued and unpaid interest on the subordinated loan
10. Principal payment on the subordinated loan until repaid in full
11. To pay all remaining excess to VW Bank

Cash collateral account amortisation amount is only applied to the priority of payments and will repay the notes if one of the credit enhancement triggers has been breached. Otherwise, these amounts will directly repay the subordinated loan.

Cash reserve

- As of the restructuring date, the cash reserve is equal to 1.0% of total rated notes balance, which is equivalent to 0.93% of the pool balance;
- The reserve is maintained at:
  - 1.0% of the rated notes balance during the revolving period; and
  - after the revolving period, amortising to the lesser of:
    - (a) cash reserve balance on the last payment date of the revolving period
    - (b) the outstanding balance of classes A and B notes, effectively with no floor in place;
- The reserve fund will be replenished after the interest payment of the Class A and Class B notes using the available funds in the cashflow waterfall;
- The cash reserve is only available to cover principal losses at the legal final maturity date. Moreover, prior to the legal final maturity date and unless credit enhancement increase condition is breached or there is a servicer insolvency event, the cash reserve amortisation amounts flow directly to repay the subordinated loan and cannot be used to cover any payment shortfalls.

There is also a minimum cash collateral account balance mechanism in place. The minimum cash reserve is set at 0.60% of the total rated notes and is used for the purpose of performance triggers.

Performance triggers

A Credit Enhancement Increase Condition will occur, subsequently triggering purely sequential amortisation, and trapping of the buffer release amount (if the buffer release rate is positive) and the cash reserve amortisation amounts as available proceeds, when:

- the dynamic net loss ratio exceeds
  - 0.40%, if WA seasoning of portfolio is less than or equal to 12 months or
  - 1.00%, if WA seasoning of portfolio is between 12 months (exclusive) and 24 months (inclusive) or
  - 2.00%, if WA seasoning of portfolio is between 24 months (exclusive) and 36 months (inclusive)
  - 2.80%, if WA seasoning of portfolio exceeds 36 months; or
- the 12-Month average dynamic net loss ratio exceeds 0.25%; or
- the late delinquency ratio exceeds 3.0%; or
- the cash reserve fund is not at the specified general cash collateral account balance for three consecutive payment dates or at the minimum cash collateral account balance for two consecutive payment dates; or
- VW Bank fails to pay the negative buffer release amount when due, and such failure remains unremedied for 10 days; or
- VW Bank fails to fund the buffer release reserve at its target within 10 days after the occurrence of a reserve trigger event
- a servicer replacement event occurs; or

» an insolvency event occurs with respect to VW Bank

The revolving period will stop and early amortisation will be triggered if any of the following applies:

» an insolvency with respect to the issuer

» the issuer does not pay interest on the most senior class of Notes then outstanding on any relevant payment date and such failure to pay continues for a period of five (5) business days;

» the Issuer defaults in the payment of principal of any note on the final maturity date;

» the amounts deposited in the accumulation account on two consecutive payment dates exceed in aggregate 15.0% of the aggregate discounted receivables balance;

» a Credit Enhancement Increase Condition occurs;

» termination of the swap with no replacement;

» on any payment date, the Class A actual overcollateralisation percentage is determined as being lower than 10.40% or the Class B actual overcollateralisation percentage is determined as being lower than 6.20%;

» VW Bank ceases to be an Affiliate of Volkswagen AG (A3/P-2) or any successor thereto

Originator/servicer/cash manager related triggers

The appointment of the servicer is terminated if the following events occur:

» Insolvency of the servicer;

» Failure to perform material obligations that is not remedied within 60 days of notice of such failure;

» Failure to make payments due, if not remedied within 5 business days.

Other counterparty rating

The issuer account bank will be replaced upon loss of the account bank required rating of A2/P-1.

Discounted principal balance

The issuer purchases all receivables at a discounted price which is different than its nominal amount. The net present value (the discounted balance) of each receivable will be calculated as the contractual interest and principal payments discounted at the discount rate of 3.537%.

Excess spread

All assigned receivables will be purchased at a discount rate of 3.537%. Having deducted the buffer release mechanism (approximately -1.5828% at closing) the transaction does not benefit from excess spread. However, the issuer will be paid some additional amounts by the seller under the buffer release mechanism (See “ Securitisation structure description - Detailed description of the structure - Buffer release mechanism)

Interest rate mismatch

At closing, the pool consists of 100% fixed rate assets, whereas the some of the notes are floating rate liabilities. As a result, the issuer is subject to fixed-floating mismatch (i.e. the risk that the interest rate on the Notes will differ from the interest payable on the portfolio).

To mitigate the fixed-floating rate mismatch, the issuer has entered into separate swap agreements, one for each Series of 2023 Class A and Class B Notes with Credit Agricole Corporate and Investment Bank (Aa2(cr)/P-1(cr)). Under the swap agreements:

» (i) the issuer pays a fixed rate on the Series of 2023 Class A Notes and on Class B Notes,

» (ii) the swap counterparty pays 1-month Euribor plus a spread on Class A Notes and Class B Notes respectively.

» The notional is the outstanding note balance of Series of 2023 Class A and Class B notes, respectively.

» The transfer and collateral posting triggers are set at Baa1(cr) and A3(cr), respectively.

Asset transfer/true sale/bankruptcy remoteness

The purchase of the asset portfolio is financed by the issuance of (i) Class A and B Notes and (ii) a subordinated loan. The purchase is a true sale of the receivables for the benefit of the noteholders.

Cash manager

The Bank of New York Mellon, Frankfurt Branch acts as independent cash manager in the transaction. The cash manager's main responsibilities include making payments according to the waterfall and drawing on the cash reserve and other sources of liquidity. The cash manager will make cash flow calculations on each monthly payment date. Events that could lead to termination of the cash manager include insolvency and a failure to perform certain that the cash manager does not remedy within the grace period.

There is no back-up cash manager appointed at closing.

Replacement of the servicer

There is no back-up servicer or back-up servicer facilitator appointed at closing.

Securitization structure analysis

Primary structural analysis

We base our primary analysis of the transaction structure on the default distribution of the portfolio in order to derive our cash flow model.

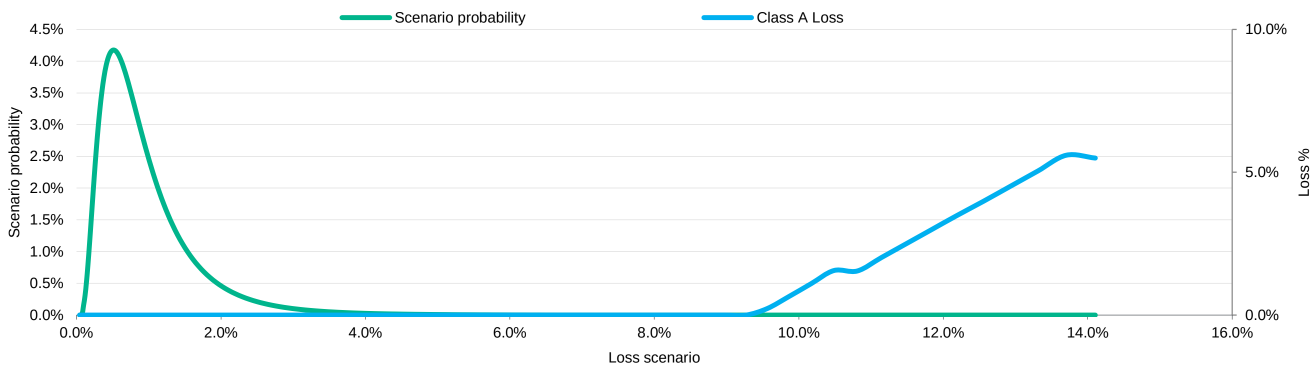
Tranching of the notes

We used a lognormal distribution to describe the default distribution of the portfolio. We used this distribution in the cash flow model to ultimately derive the level of losses on the notes under each default scenario.

The chart below represents the default distribution (green line) that we used in modelling lessee defaults.

Exhibit 31

Loss probability distribution including tranche A losses



Source: Moody's Investors Service

We considered the allocation of cash flow that the collateral generates to each of the parties within the transaction, and the extent to which the structural features of the transaction might themselves provide additional credit protection to investors or alternatively act as a further source of risk in addition to the intrinsic risk of the lease assets. We have analysed the strength of triggers to reduce the exposure of the portfolio to the originator/servicer bankruptcy.

As a first step towards determining the theoretical rating of the notes, we used an expected loss methodology that reflects the probability of default for the notes multiplied by the severity of the loss expected for the notes.

To allocate losses to the notes in accordance with their priority of payment and relative size, we used a cash flow model that reproduces most of the deal-specific characteristics.

We have already described the main input parameters of the model. The result of weighting the loss severity and the average life of the notes in each loss scenario output (the result of inputting each default scenario into the cash flow model) with its probability of occurrence is the expected loss and the expected average life of the notes, respectively. We then compare both values to Moody's idealised expected loss table.

Timing of losses

We have tested different timings for the loss curve to assess the robustness of the ratings. In the base case scenario, the timing of losses curve assumed is sinus, with first loss occurring without lag, a peak in month 11 and last default in month 33.

Default definition

For the purpose of the analysis we assumed the default definition to be in line with the late delinquency receivable definition (6 months)

Exhibit 32

Comparable transactions - structural features

Deal name	Driver Master S.A., Compartment 2 2023 Subsequent Issuance	Driver Master Belgium, Compartment 1	PRIVATE DRIVER ITALIA 2020-1 S.R.L.	Driver Multi-Compartment S.A., Compartment Driver fifteen	Cars Alliance Auto Loans Germany Master
Revolving period (in years)	1.0	1.0	3.0	None	4.0
Size of credit RF (as % of rated notes)	1.00%	1.35%	1.00%	1.21%	1%
RF amortisation floor (as % of initial total pool)	RF target on the last payment date of revolving period	RF target on the last payment date of revolving period	0.80%	1.01%	N/A
Set-off risk?	Yes	No	No	Yes	Yes
Set-off mitigant	Reserve funded upon rating trigger	N/A	Reserve funded upon rating trigger	Reserve funded upon rating trigger	other
Set-off amount	N/A	N/A	N/A	N/A	N/A
Commingling risk?	Yes	Yes	Yes	Yes	Yes
Commingling mitigant	Cash advance mechanism	Cash advance mechanism	Reserve funded upon rating trigger	Cash advance mechanism	other
Back-up servicer appointed if servicer rated below	Not applicable	Not applicable	Not applicable	N/A	Not applicable
Back-up servicer name	N/A	N/A	N/A	N/A	N/A
Back-up servicer facilitator	N/A	N/A	N/A	N/A	EuroTitrisation
Swap in place?	Yes	Yes	No	Yes	No
Swap counterparty long-term rating	Aa2(cr)	Aa2(cr)	N/A	Aa2	N/A
Swap counterparty short-term rating	P-1(cr)	P-1(cr)	N/A	P-1	N/A
Swap counterparty	Credit Agricole CIB	DZ Bank AG	N/A	SEB AB	N/A
Type of swap	Fixed-Floating	Fixed-Floating	other	Fixed-floating	other
Size of Aaa(sf) rated class	88.69%	90.75%	0.00%	92.59%	93%
Aa1(sf) rated class	4.19%	0.00%	0.00%	0.00%	0%
Aa2(sf) rated class	0.00%	4.01%	0.00%	0.00%	0%
Aa3(sf) rated class	0.00%	0.00%	87.00%	0.00%	0%
A(sf) rated class	0.00%	0.00%	0.00%	2.89%	0%
Baa(sf) rated class	0.00%	0.00%	0.00%	0.00%	0%
Ba(sf) rated class	0.00%	0.00%	0.00%	0.00%	0%
B(sf) rated class	0.00%	0.00%	0.00%	0.00%	0%
NR class	0.79%	4.72%	10.86%	3.51%	7%
Initial over-collateralisation	751,776,397	2,756,000	42,800,000	7,500,000	0%
Reserve fund as % of inital total pool	0.93%	1.28%	1.00%	1.20%	1%
Annualised net excess spread as modelled	0.00%	0.00%	0.00%	0.00%	2%
PCE/EL multiple	10.7	9.4	4.1	4.8	6.0

Source: VW Bank, computation by Moody's Investors Service

Additional structure analysis

Asset transfer, true sale and bankruptcy remoteness

We consider the purchase of the receivables to be an effective true sale under German law and the Issuer which to be a bankruptcy remote entity. The issuer is a special purpose vehicle incorporated under the laws of the Grand Duchy of Luxembourg. Our assessment is based on the analysis of the transaction documentation and takes into account the legal opinion provided by the transaction counsel.

Cash reserve

The reserve fund is funded at closing at 1.00% of the principal balance of the class A and B Notes. It amortises to the lower of (a) cash reserve balance on the last payment date of the revolving period and (b) the outstanding balance of classes A and B notes. The reserve fund is only available to cover principal losses at the legal final maturity date. Moreover, prior to the legal final maturity date and unless credit enhancement increase condition trigger is breached or there is a servicer insolvency event, the reserve fund amortisation amounts flow directly to the sponsor and cannot be used to cover any payment shortfalls.

Commingling risk

Collections are commingled at the issuer account during monthly collection periods. The resulting commingling risk is partially mitigated by (i) the current rating of the servicer, (ii) cash advances upon a downgrade of VW Bank GmbH, and (iii) borrower notification to pay into the issuer account upon servicer insolvency.

The cash advance mechanism mentioned above provides for the servicer has to arrange the following transfer within 30 calendar days of the downgrade of VW Bank GmbH (A1/P-1) below Baa1 or P-2:

Expected collections will be advanced twice a month to the issuer account:

» Determine the expected collections for the first until fifteenth calendar day of each monthly period and transfer the amount on the 15th calendar day prior to the start of the monthly period.

» Determine the expected collections from the 16th calendar day until the last calendar day of each monthly period and transfer the amount on the 1st calendar day of each monthly period.

To the extent the advanced amounts exceed the actual collections, the excess will be released to the servicer outside the waterfall. In case the actual collections exceed the advanced amount, the difference will be transferred by the servicer to the issuer account on the relevant payment date

ESG - Governance considerations

This securitization's governance risk is low and is typical of other auto ABS in the market. Strong ABS governance relates to transaction features that promote the integrity of the operations of the transaction for the benefit of investors as well as the data provided to investors. The following are some of the governance considerations related to the transaction:

» **Risk retention**: This transaction is subject to the UK and European risk retention requirements, which require the sponsor to hold at least 5% of the credit risk of the transaction. (See Alignment of Interests)

» **Agreed upon procedures (AUPs)**: An independent due diligence firm reviewed a sample of the portfolio and provided an agreed upon procedures (AUP) report for data integrity matters. This increases our confidence that the data that we and investors relied on is accurate. (See Third-party review)

» **Servicing oversight**: The servicer is rated A1/P-1 and has independent control and audit functions as well as internal credit policies and servicing procedures in relation to the granting of auto loans/leases. (See Servicing arrangement)

» **Bankruptcy remoteness**: We received legal opinions to the effect that in the event of a bankruptcy or insolvency proceeding with respect to key transaction parties, the securitized auto loans would not be treated as part of the estate of such party. Also, the SPV is a special purpose entity and is independently owned and managed. SPV directors are not incentivized by applicable bankruptcy law to file for bankruptcy

Methodology and monitoring

We will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Data quality: The transaction will provide a finalised investor report and discuss it with a Moody's analyst. This report will include all necessary information for Moody's to monitor the transaction.

Data availability: VW Bank GmbH will provide the investor report. Transaction documentation will set out a timeline for the investor report. VW Bank GmbH will publish the priority of payment section on the interest payment date and will publish the completed report on each monthly payment date. The investor report will be published monthly. The frequency of the interest payment date is monthly. Investor reports will be publicly available on a website.

Modeling assumptions

Sensitivity to variation in some of the modelling assumptions may have been considered in the analysis.

Exhibit 33

Modelling assumptions

Expected loss rate:	0.7%
PCE:	7.5%
Coefficient of variation (CoV):	71.4%
Timing of defaults/losses:	Sine (0-11-33)
Conditional prepayment rate (CPR):	12.5% first 18 months; 17.5% thereafter
Fees (as modelled):	1.03%
PDL definition:	N/A
Amortization profile:	Scheduled amortisation of the assets
Country ceiling:	Aaa
Margin compression:	N/A
Basis risk adjustment - lender variable rate:	N/A
Basis risk adjustment - other basis mismatch:	N/A
Interest on cash:	None
Commingling risk modelled?	No
Excess spread:	0.0%

* Annualized excess spread in a zero default scenario based upon the first payment period value using Moody's stressed asset yield and fees assumptions.
Source: Moody's Investors Service

Moody's related publications

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions, please refer to the following reports:

Methodology used:

» Moody's Global Approach to Rating Auto Loan- and Lease-Backed ABS, November 2022

New issue reports:

» Driver Belgium Master S.A., Compartment 1, November 2022

» Cars Alliance Auto Loans Germany Master, March 2022

» Private Driver Italia 2020-1 S.r.l., November 2020

» Driver Multi-Compartment S.A., Compartment Driver fifteen, September 2018

Sector comments:

» Global Structured Finance Collateral Performance Review - Excel Data, May 2023

» Auto loan and lease ABS – EMEA- Performance Update Excel, March 2023

» Structural innovations are curbing excess spread erosion, June 2023

Please note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Summary of originator's underwriting policies and procedures

Exhibit 34

Originator Ability	At Closing
Sales and Marketing Practices	
Origination Channels:	Not disclosed.
Origination Volumes:	Not disclosed.
Average Length of Relationship Between Dealer and Originator:	Not disclosed.
Underwriting Procedures	
% of Loans Automatically Underwritten:	Not disclosed.
% of Loans Manually Underwritten:	Not disclosed.
Ratio of Loans Underwritten per FTE* per Day:	Not disclosed.
Average Experience in Underwriting or Tenure with Company:	Not disclosed.
Approval Rate:	Not disclosed.
Percentage of Exceptions to Underwriting Policies:	Not disclosed.
Underwriting Policies	
Source of Credit History Checks:	Not disclosed.
Methods Used to Assess Borrowers' Repayment Capabilities:	Not disclosed.
Income Taken into Account in Affordability Calculations:	Not disclosed.
Other Borrower's Exposures (i.e. other debts) Taken into Account in Affordability Calculations:	Not disclosed.
Method Used for Income Verification:	Not disclosed.
Maximum Loan Size:	Not disclosed.
Average Deposit Required:	Not disclosed.
Credit Risk Management	
Reporting Line of Chief Risk Officer:	Not disclosed.
Ability to Track Loan Performance for Specific Loan Characteristics:	Not disclosed.
* FTE: Full Time Employee	Not disclosed.

Originator Stability:	At Closing
Quality Controls and Audits	
Responsibility of Quality Assurance:	Not disclosed.
Number of Files per Underwriter per Month Being Monitored:	Not disclosed.
Management Strength and Staff Quality	
Average Turnover of Underwriters:	Not disclosed.
Training of New Hires and Existing Staff:	Not disclosed.
Technology	
Frequency of Disaster Recovery Plan test:	Not disclosed.

Source: VW Bank

Appendix 2: Summary of servicer's collection procedures

Exhibit 35

Servicer Ability	At Closing
Loan Administration	
Entities Involved in Loan Administration:	Not disclosed.
Early Stage Arrears Practices:	Not disclosed.
Entities Involved in Early Stage Arrears:	Not disclosed.
Definition of Arrears:	
Arrears Strategy for 1-29 Days Delinquent	Not disclosed.
Arrears Strategy for 30 to 59 Days Delinquent	Not disclosed.
Arrears Strategy for 60 to 89 Days Delinquent	Not disclosed.
Data Enhancement in Case Borrower is Not Contactable:	Not disclosed.
Loss Mitigation and Asset Management Practices:	
Transfer of a Loan to the Late Stage Arrears Team:	Not disclosed.
Entities Involved in Late Stage Arrears:	Not disclosed.
Ratio of Loans per Collector (FTE)	Not disclosed.
Time from First Default to Litigation/sale:	Not disclosed.
Average Recovery Rate (on vehicle):	Not disclosed.
Channel Used to Sell Repossessed Vehicles:	Not disclosed.
Average Total Recovery Rate (after vehicle sale):	Not disclosed.
Servicer Stability	Not disclosed.
Management and Staff	Not disclosed.
Average Experience in Servicing or Tenure with Company:	Not disclosed.
Training of New Hires Specific to the Servicing Function (i.e. excluding the company induction training)	Not disclosed.
Quality Control and Audit	
Responsibility of Quality Assurance:	Not disclosed.
Management and Staff	
Average Experience in Servicing or Tenure with Company:	Not disclosed.

Source: VW Bank

REPORT NUMBER 1369364

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