MOODY'S
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CREDIT OPINION
25 November 2022

New Issue

Closing date
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Contacts

Michal Kuehnel +49.69.70730.793
AVP-Analyst
michal.kuehnel@moodys.com

Juan Miguel Martin-Abde +34.91.768.8239
AVP-Analyst
juan.martin-abde@moodys.com

» Contacts continued on last page

Driver Belgium Master S.A., Compartment 1

New Issue – Volkswagen D'Ieteren Finance S.A. issues first auto loan transaction in Belgium

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 2022-1	Aaa(sf)	€ 102.50	19.34%	Dec-32	1mE + 0.65%	9.25%	1.28%	10.53%
Class A Series 2022-2	Aaa(sf)	€ 92.75	17.50%	Dec-32	1mE + 0.65%	9.25%	1.28%	10.53%
Class A Series 2022-3	Aaa(sf)	€ 97.50	18.40%	Dec-32	1mE + 0.65%	9.25%	1.28%	10.53%
Class A Series 2022-4	Aaa(sf)	€ 90.75	17.12%	Dec-32	1mE + 0.65%	9.25%	1.28%	10.53%
Class A Series 2022-5	Aaa(sf)	€ 97.50	18.40%	Dec-32	1mE + 0.65%	9.25%	1.28%	10.53%
Total Class A		**€ 481.00**	**90.75%**					
Class B Series 2022-1	Aa2(sf)	€ 14.25	2.69%	Dec-32	1mE + 1.45%	5.24%	1.28%	6.52%
Class B Series 2022-2	Aa2(sf)	€ 7.00	1.32%	Dec-32	1mE + 1.45%	5.24%	1.28%	6.52%
Total Class B		**€ 21.25**	**4.01%**					
Sub-loan	NR	€ 24.99	4.72%		1mE + 2.57%			
Overcollateralization		€ 2.76	0.52%					
Total portfolio		**€ 530.00**	**100.0%**					

* At closing.
** As a percentage of the initial outstanding discounted portfolio balance.
*** No benefit attributed to the excess spread.
Source: Moody's Investors Service

Summary

Driver Belgium Master S.A., Compartment 1 is a one-year revolving cash securitisation of auto loan receivables extended to obligors in Belgium by Volkswagen D'Ieteren Finance S.A. (VDFin), which is a joint venture between Volkswagen Finance Oversea B.V. (ultimately owned by Volkswagen Financial Services AG (A3/P-2)) and D'Ieteren Automotive SA (NR, 100% owned by D'Ieteren Group (NR)). The servicer is VDFin.

The securitised portfolio consists of 44,284 auto financing contracts extended to 44,189 prime borrowers. The pool balance as of 31 October 2022 is €530.0 million

Our analysis focused, amongst other factors, on (i) an evaluation of the underlying portfolio of loans; (ii) historical performance information of the total book and of the different products; (iii) the credit enhancement provided by subordination, over-collateralization and the reserve fund; (iv) the liquidity support available in the transaction in the form of the reserve fund and principal to pay interest mechanism; and the (v) overall legal and structural integrity of the transaction.

Our cumulative gross loss expectation for the asset pool is 1.8%, recovery rate is 50.0% and portfolio credit enhancement (PCE) is 8.5%.

Credit strengths

» *Granular portfolio composition:* The provisional portfolio is granular with the largest and 20 largest obligors representing 0.04% and 0.36% of the pool, respectively. The portfolio also benefits from a good geographic diversification across Belgium. (See Asset Description – Assets as of cut-off date - Pool Characteristics)

» *Securitisation experience:* This is the first securitization of auto loans by Volkswagen D'Ieteren Finance. Originator's ultimate parent company is Volkswagen Financial Services AG (A3) and, accordingly, the deal benefits from Volkswagen Group's world-wide securitization experience gained over the years and overall good performance. (See Asset analysis - Primary asset analysis - Comparables)

» *Good historical performance:* We have been provided with extensive performance data on the originator's portfolio. Both gross loss and net loss data cover the period from 2015 to mid-2022. Dynamic delinquency data has also been provided from 2015 to 2022.

» *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. (Securitization structure description - Detailed description of the structure)

Credit challenges

» *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 Asset description - Pool characteristics)

» *Extension of 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 - Pool characteristics)

» *Balloon loan concentration:* The exposure to balloon loans amounts to 66.2% at closing. Final balloon payments represent 48.1% 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 D'Ieteren Finance:* VDFin is the originator and servicer in the transaction and is a joint venture between D'Ieteren Automotive SA (100% owned by D'Ieteren Group (NR)) and Volkswagen Finance Overseas B.V (100% owned by Volkswagen Financial Services AG (A3/P-2). The financial strength of the parent company and the liquidity provided in the structure are mitigants to the operational risk.

» *Commingling risk:* Commingling risk to the transaction arising from only a monthly transfer of collections to the issuer is mitigated by (1) the current rating of the servicers' ultimate parent Volkswagen Financial Services AG (VWFS AG, A3/P-2) and (2) cash advances by the servicer upon a downgrade of VWFS AG or if VWFS AG ownership of the shares of VDFin falls below 50.0%. (See Securitization structure analysis - Additional structure analysis - Commingling risk)

» *Non sequential payment waterfall:* Class A and B notes are initially repaid in sequential order until a target level of overcollateralisation is reached, at which point principal can be allocated to repay Class A and B simultaneously in order to maintain the target overcollateralisation levels. This limits the build-up of credit enhancement for the senior notes during the amortisation period and increases structure complexity. Moody's incorporated these structural features into its quantitative analysis. (See Securitization structure description - Detailed description of the structure)

ESG considerations

We consider overall environmental, social, and governance (ESG) risk moderate for securitisations backed by auto loans. Our credit analysis of the transaction, which considers ESG risk, includes the risks to vehicles' recovery 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, published on 19 October 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

Securitised pool, cut-off date as of 31 October 2022

Seller/originator:	Volkswagen D'Ieteren Finance
Servicer(s):	Volkswagen D'Ieteren Finance
Receivables:	Loans granted to individuals resident in Belgium to finance the purchase of new and used vehicles
Total amount:	€ 530,000,446.2
Length of revolving period in years	1 year
Number of borrowers/lessees	44,189
Number of loans/leases	44,284
New vehicle (as % of total pool, including demo vehicles):	90.8%
Used vehicle (as % of total pool):	9.2%
Private borrower (as % of total pool):	100.0%
Balloon loans (as % of total pool)	66.2%
Total size of balloon payments (as % of initial pool balance):	48.1%
WA remaining term in years:	2.4 years
WA seasoning in years:	1.6 years
WAL of portfolio in years (excl. prepayments):	1.7 years
Delinquency status:	No delinquent loans
Cumulative net loss rate observed:	Whole book extrapolated cumulative vintage value between Jan 2015 - Jun 2022: 0.4%
Delinquencies	Average monthly 60-90 day delinquencies around 0.1% between Mar 2015 and Jun 2022
Cumulative gross loss (modelled)	1.8%, lower than the EMEA Auto ABS average
Recovery rate (modelled)	50%, in line with the EMEA Auto ABS average
Aaa portfolio credit enhancement (PCE):	8.5% lower than EMEA Auto ABS average (implied coefficient of variation of 68.2%)

Sources: 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
Securitisation structure characteristics

Transaction parties	At closing
Issuer:	Driver Belgium Master S.A., Compartment 1
Servicer:	Volkswagen D'Ieteren Finance
Back-up servicer facilitator(s):	N/A
Cash manager:	Citibank Europe Plc (Aa3/P-1, deposit rating ; Aa3(cr)/P-1(cr))
Back-up cash manager:	N/A
Calculation agent/ computational agent:	Citibank Europe Plc (Aa3/P-1, deposit rating ; Aa3(cr)/P-1(cr))
Back-up calculation/ computational agent:	N/A
Swap counterparty:	DZ Bank AG (Aa2/P-1 ; Aa2(cr)/P-1(cr))
Issuer account bank:	Citibank Europe Plc, (Aa3/P-1, deposit rating ; Aa3(cr)/P-1(cr)), acting through Belgium Branch
Paying agent:	Citibank Europe Plc, (Aa3/P-1, deposit rating ; Aa3(cr)/P-1(cr))
Corporate service provider:	TMF Belgium NV
Co-arrangers:	ING Bank N.V (A1/P-1 ; Aa3(cr)/P-1(cr))
Lead manager(s):	ING Bank N.V (A1/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 1.35% 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 3.7 months
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 First payment date: 27 December 2022
Hedging arrangements:	Fixed-Floating Interest rate swap

Sources: Moody's Investors Service

Asset description

The portfolio consists of auto loans receivables. The auto loans receivables are extended to private individuals including freelancers in Belgium.

The portfolio is comprised of amortising loans ("Classic Credit" loans), and balloon loans ("AutoCredit" 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 securitised pool as of 31 October 2022.

Pool characteristics

The portfolio balance is approx. €530.0 million, for a total number of 44,284 loans. The portfolio is collateralised by 90.8% new cars, and 9.2% used cars, whereby 99.98% of vehicles relate to Volkswagen Group models.

The loan product "ClassicCredit" accounts for 33.8% 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 product "AutoCredit" accounts for 66.2% of the securitized portfolio. "AutoCredit" loans have equal installments during the life of the loan and a larger balloon payment at loan maturity. The borrower is obliged to pay the entire loan including the final balloon installment.

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" 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

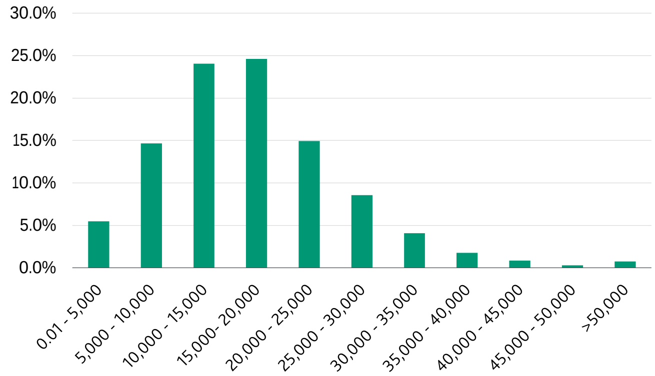
Additional information on asset characteristics

Average discounted outstanding balance	EUR 11,968.2
Geographic concentration	
1st largest region	Hainaut 19.1%
2nd largest region	Liege 11.9%
3rd largest region	Antwerp 9.8%
Manufacturer distribution	
Largest manufacturer	Volkswagen 60.5%
2nd largest manufactuer	Skoda 19.5%
3rd largest manufacturer	Audi 13.7%
Obligor concentration	
Top 1 borrower concentration	0.04%
Top 10 borrower concentration	0.21%
Top 15 borrower concentration	0.29%
Top 20 borrower concentration	0.36%

Source: VDFin

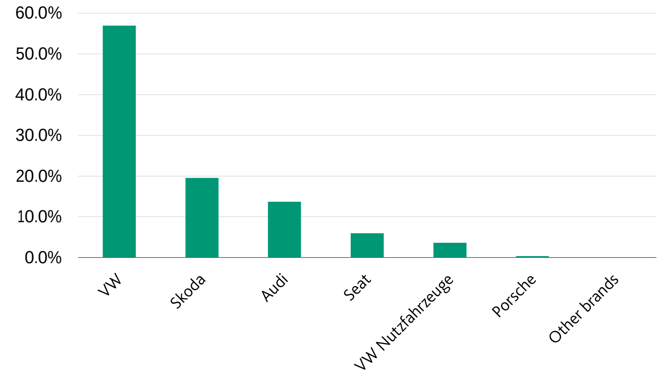
The exhibits below describe the portfolio breakdown by outstanding balance and vehicle brand.

Exhibit 5
Portfolio breakdown by outstanding balance



Source: VDFin

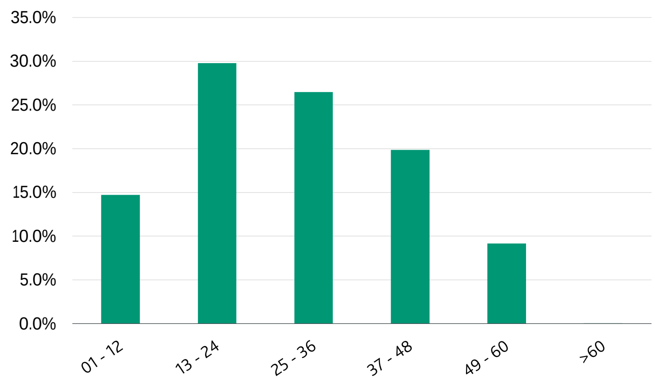
Exhibit 6
Portfolio breakdown by vehicle brand



Source: VDFin

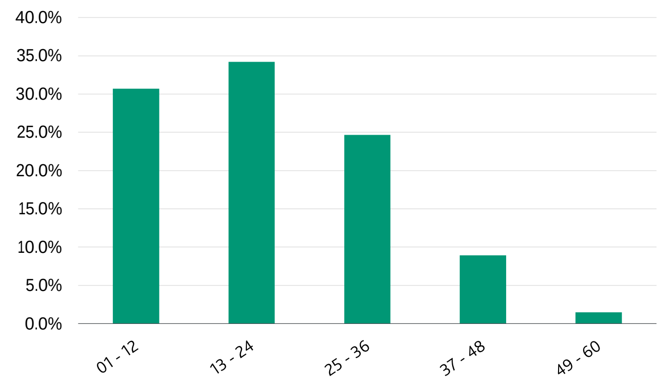
The exhibits below show the portfolio breakdown by remaining term and seasoning in months

Exhibit 7
Portfolio breakdown by remaining term in months



Source: VDFin

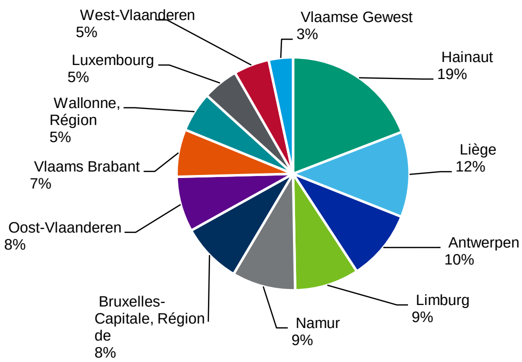
Exhibit 8
Portfolio breakdown by seasoning in months



Source: VDFin

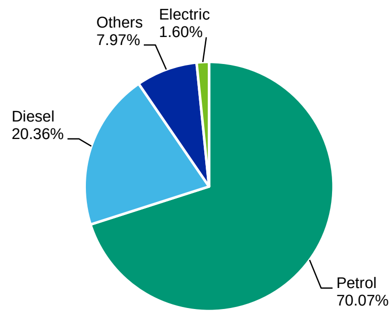
The exhibits below show the portfolio breakdown by region and motor type.

Exhibit 9
Portfolio breakdown by region



Source: VDFIn

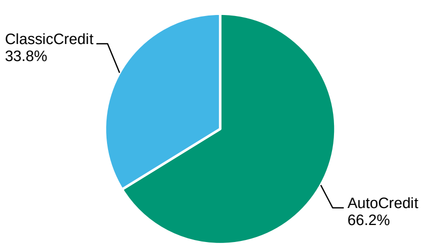
Exhibit 10
Portfolio breakdown by motor type



Source: VDFin

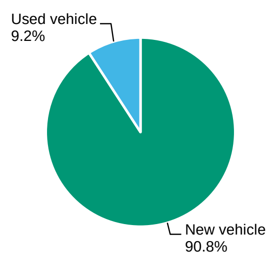
The exhibits below show the portfolio breakdown by loan and vehicle type.

Exhibit 11
Portfolio breakdown by loan type



Source: VDFin

Exhibit 12
Portfolio breakdown by vehicle type



Source: VDFin

Eligibility criteria

The key eligibility criteria are as follows:

- » The vehicles under the loan contracts are existing;
- » None of the borrowers is an affiliate of Volkswagen AG, Familie Porsche, Stuttgart and Familie Piëch, Salzburg Group;
- » Loan contracts are made with borrowers having their place of residence in Belgium
- » No insolvency proceedings have been initiated against any of the borrower during the term of the loan contract up to the last day of the month preceding the closing date or additional purchase date;
- » The purchased receivables under a loan contract are denominated and payable in EUR;
- » No Purchased receivable under a loan contract was overdue at the last day of the month preceding the closing date or the additional purchase date;
- » That the related loan contract is governed by the laws of Belgium;
- » The related loan contract constitutes a legal valid, binding and enforceable agreement with full recourse to the borrower;
- » The status and enforceability of the purchased receivables under a loan contract is not impaired by set-off rights or due to warranty claims or any other rights (including claims which may be set off) of the borrower;
- » The loan contract relating to a purchased receivable has not been terminated nor is in the process of being terminated;
- » The seller can dispose of the purchased receivables free from rights of third parties;
- » The purchased receivables are not subject to any reduction available to the relevant borrowers or third parties;
- » The terms of the related Loan contract require the borrower(s) to pay all insurance, repair/maintenance and taxes with respect to the related vehicle;
- » As of the cut-off date at least one installment has been paid in respect of each of the purchased loan receivables and will require substantially equal monthly payments to be made within 72 months of the date of origination and may also provide a balloon payment.
- » The vehicle related to the purchased receivables is not recorded in the records of the servicer as having been (a) a total loss for insurance purposes or (b) stolen;
- » None of the additional loan contracts will mature later than one year prior to the latest occurring legal maturity date under any of the notes;
- » The purchased receivables (and its ancillary rights) are freely assignable by way of sale;
- » The borrower is:
  - – not someone who VDFin considers unlikely to pay its obligations and someone who is past due more than 90 days on any credit obligation to VDFin;
  - – not a credit impaired borrower who (1) has been declared insolvent or, (2) has an adverse credit history or, (3) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by VDF which are not securitised;
- » The aggregate discounted receivables balance resulting from related loan contracts with the same borrower will not exceed 0.5% of the aggregate discounted receivables balance;
- » No instructions have been given by the seller to any borrower to make any payments in relation to any related loan contract to any of VDFin's creditors

Replenishment criteria

The structure includes a revolving period of up to 12 months initially, 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 20.0%

» Share of non-VW group branded vehicles limit is 5.0%;

» Exposure to a single obligor cannot exceed 0.5% of the aggregate discounted receivables balance;

» Share of Volkswagen Nutzfahrzeuge vehicles limit is 10.0%;

Originator and servicer

Volkswagen D'Ieteren Finance S.A. (VDFin) is a joint venture between D'Ieteren Automotive SA (100% owned by D'Ieteren Group (NR)) and Volkswagen Finance Overseas B.V (100% owned by Volkswagen Financial Services AG (A3/P-2)). VDFin acts as the servicer, originator and seller in Driver Belgium Master S.A.

VDFin offers services for both fleet & retail customers. In the retail segment, the two product offerings are Classic Credit and Auto Credit. Over a span of 5 years, the portfolio of VDFin has grown by approximately 23%.

As of 2021, VDFin had 183 FTEs and more than 1 in 3 new cars sold by the VW brands' importer were financed by VDFin.

VDFin uses 2 classification systems in retail segment to score the credit worthiness of the applicants. After the scoring process is completed, the application is automatically accepted or sent for further manual intervention or automatically rejected.

The Collection department is responsible to manage the outstanding positions of each Retail contract and to ensure regular payment performance of customers. In total the department consists of 5 FTEs (internal and external) and is responsible for applying and overseeing policies, processes and reporting. The actual servicing duties are outsourced to external providers.

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

Exhibit 13

Originator profile, servicer profile and operating risks

Date of operations review:	30-May-22
Originator background:	
Rating:	Not rated - Volkswagen D'Ieteren Finance's ultimate parent company is Volkswagen Financial Services AG (A3)
Financial institution group outlook for the banking sector (Belgium):	Stable
Ownership structure:	A joint venture between Volkswagen Finance Oversea B.V (ultimately owned by Volkswagen Financial Services AG (A3/P-2)) and D'Ieteren Automotive SA (100% owned by D'Ieteren Group (NR))
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:	National Bank of Belgium
Total number of receivables serviced:	N/A
Number of staff:	183 as of 2021
Method of payment of borrowers in the pool:	95.7% via direct debit
% of obligors with account at originator:	0% (VDFin is non-deposit taking institution)

Sources: VDFin

The originator provided us with gross and net losses monthly data covering the period January 2015 - June 2022 split by i) Classic and Auto credit; ii) new and used. We also received delinquency data for the period March 2015 - June 2022.

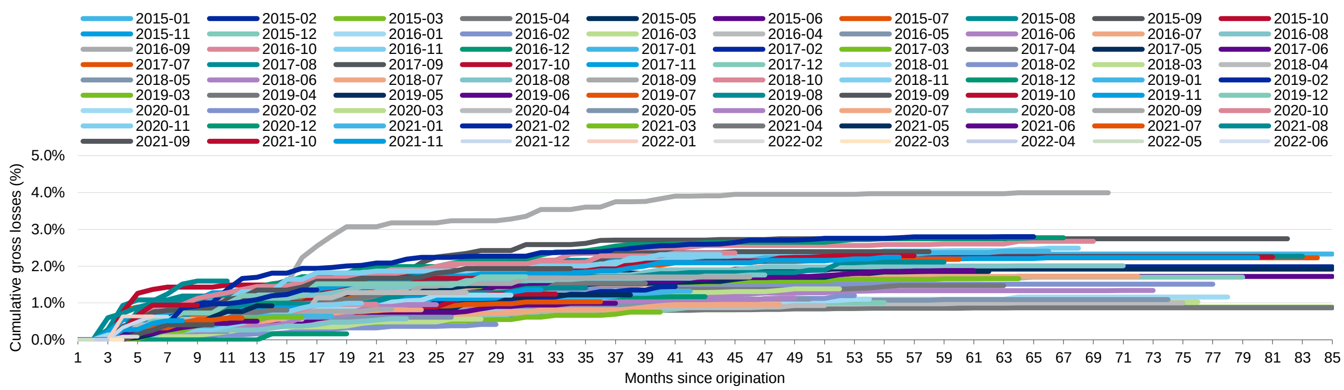
In our view, the quantity and quality of data received is adequate compared to transactions that have achieved high investment-grade ratings in this sector in other European countries. The weighted average original contractual term of the agreements is about 4.0 years, with a maximum of six years.

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

Exhibit 14

Gross loss vintage curves - total auto loan book

as a % of loan balance at origination

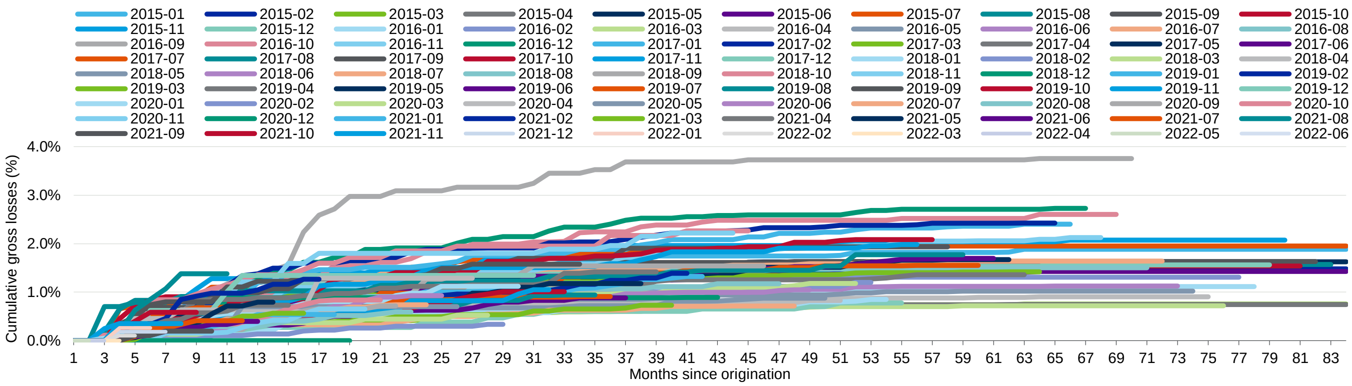


Source: VDFin

Exhibit 15

Gross loss vintage curves - auto loan book - new vehicles

as a % of loan balance at origination

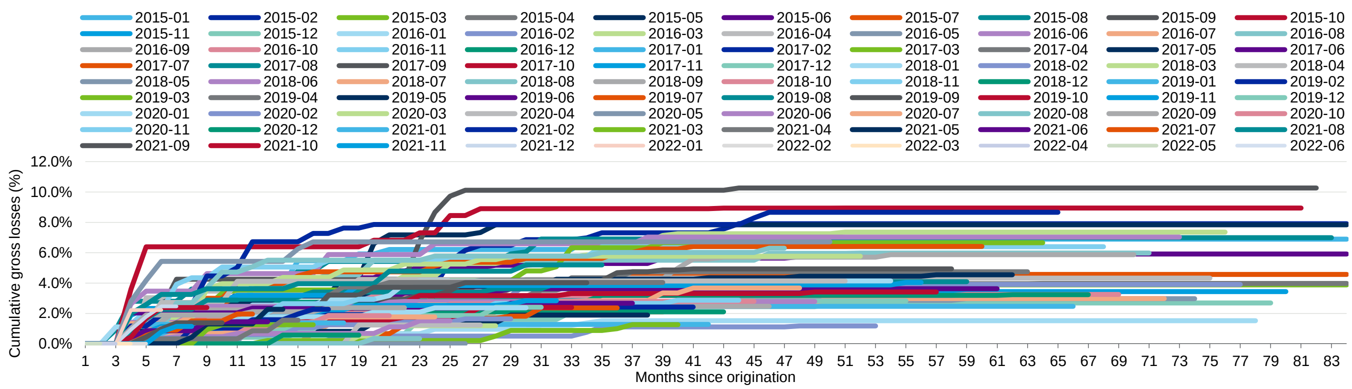


Source: VDFin

Exhibit 16

Gross loss vintage curves - auto loan book - used vehicles

as a % of loan balance at origination

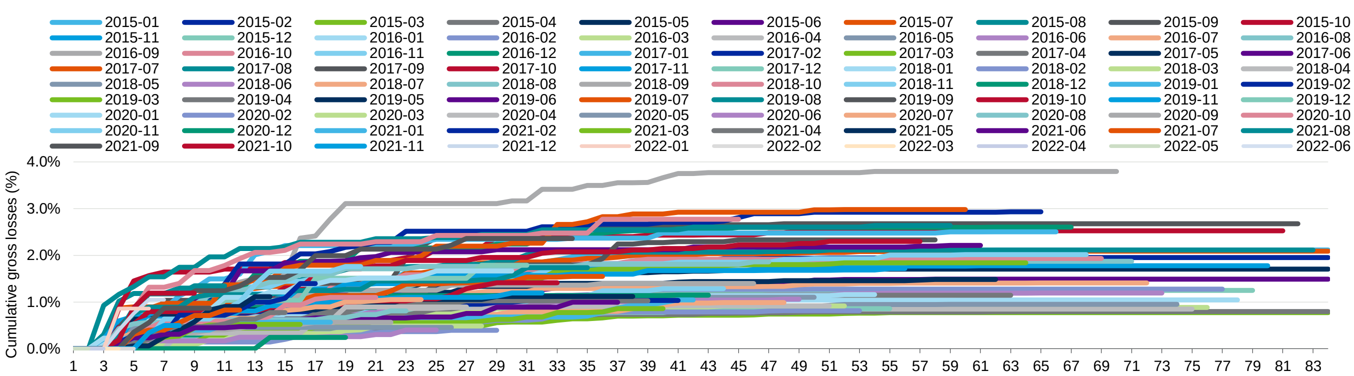


Source: VDFin

Exhibit 17

Gross loss vintage curves - auto loan book - classic contracts

as a % of loan balance at origination

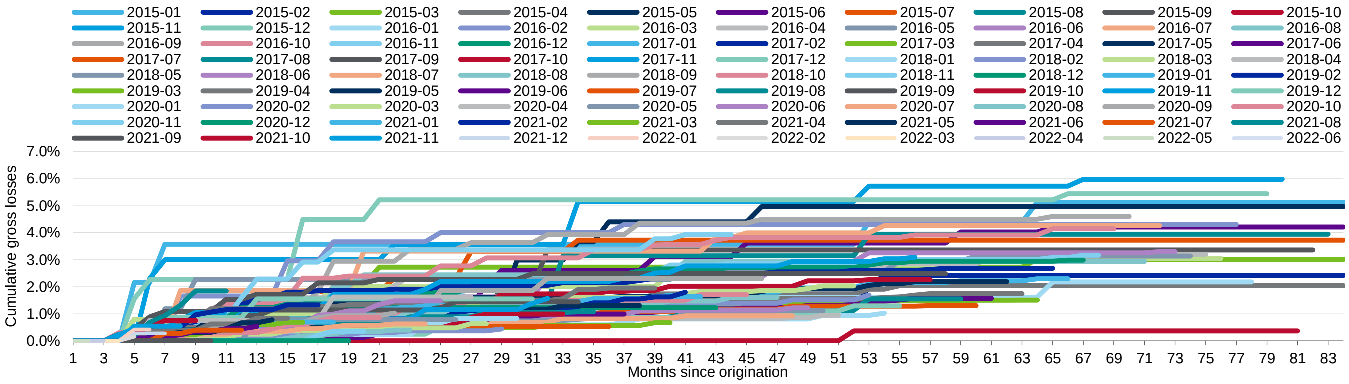


Source: VDFin

Exhibit 18

Gross loss vintage curves - auto loan book - auto credit contracts

as a % of loan balance at origination

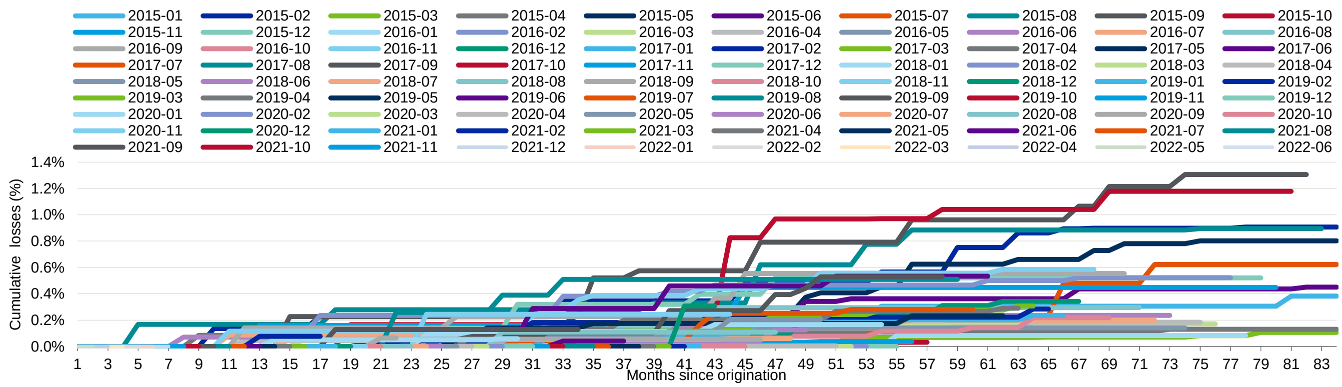


Source: VDFin

Exhibit 19

Net loss vintage curves - total auto loan book

as a % of loan balance at origination

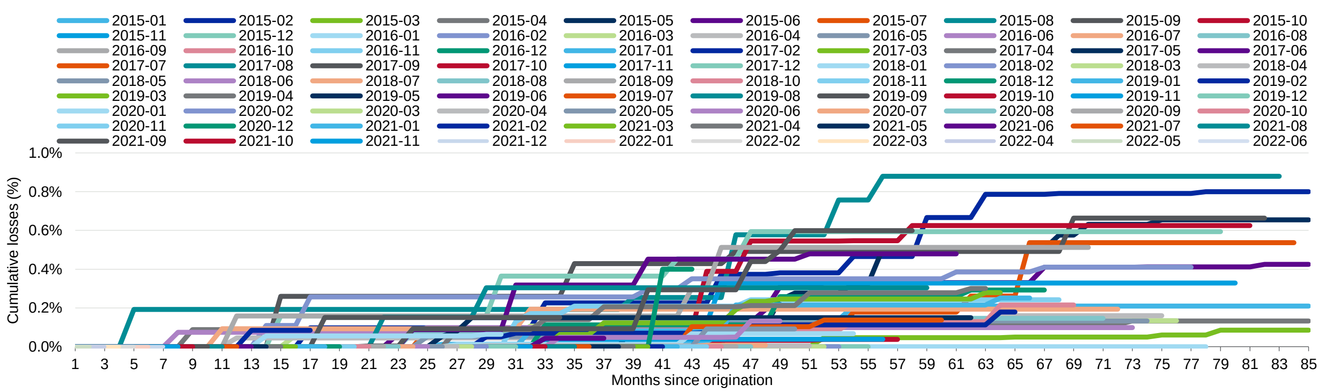


Source: VDFin

Exhibit 20

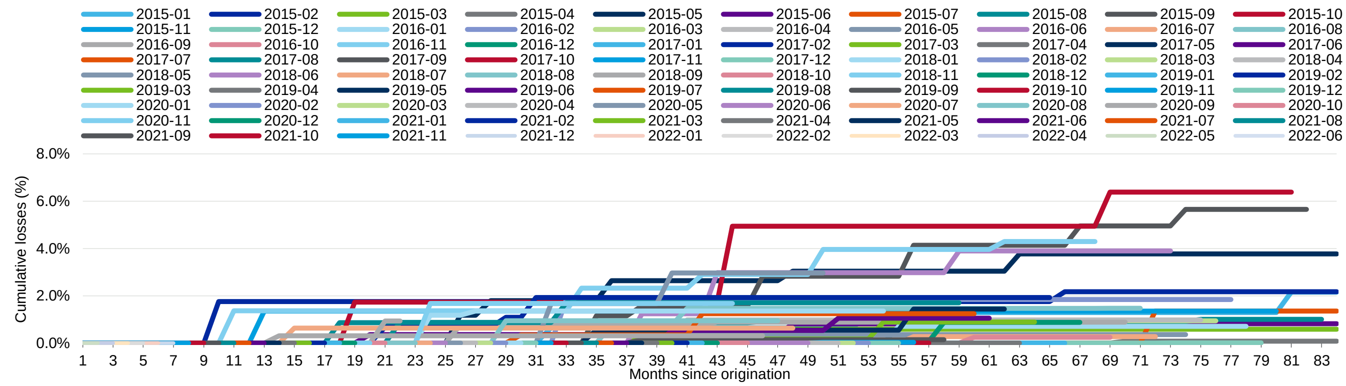
Net loss vintage curves - auto loan book - new vehicles

as a % of loan balance at origination



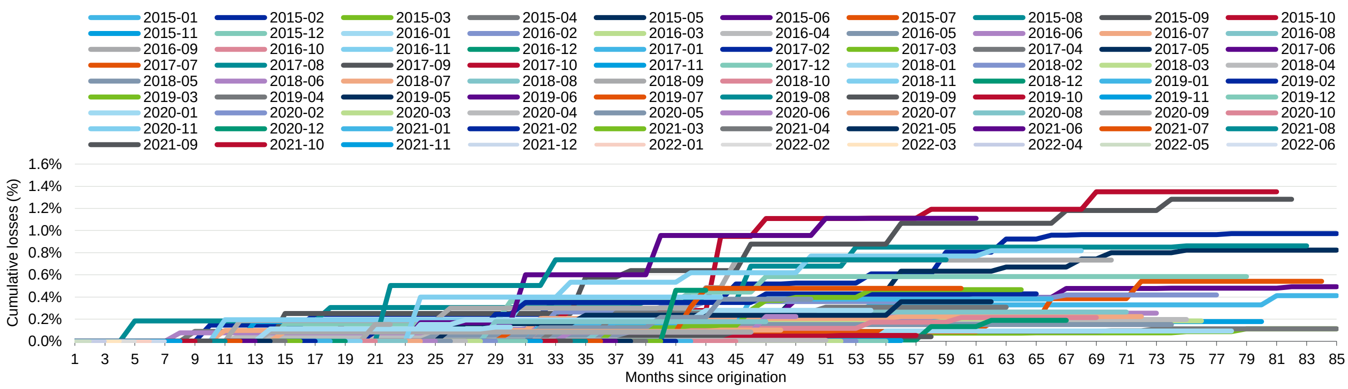
Source: VDFin

Exhibit 21
Net loss vintage curves - auto loan book - used vehicles
as a % of loan balance at origination



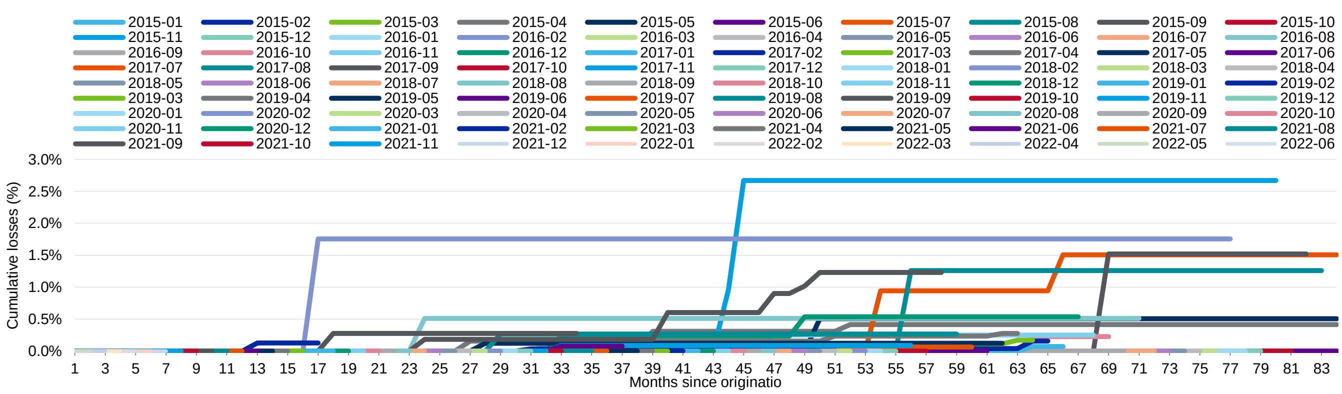
Source: VDFin

Exhibit 22
Net loss vintage curves - auto loan book - classic contracts
as a % of loan balance at origination



Source: VDFin

Exhibit 23
Net loss vintage curves - auto loan book - auto credit contracts
as a % of loan balance at origination



Source: VDFin

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

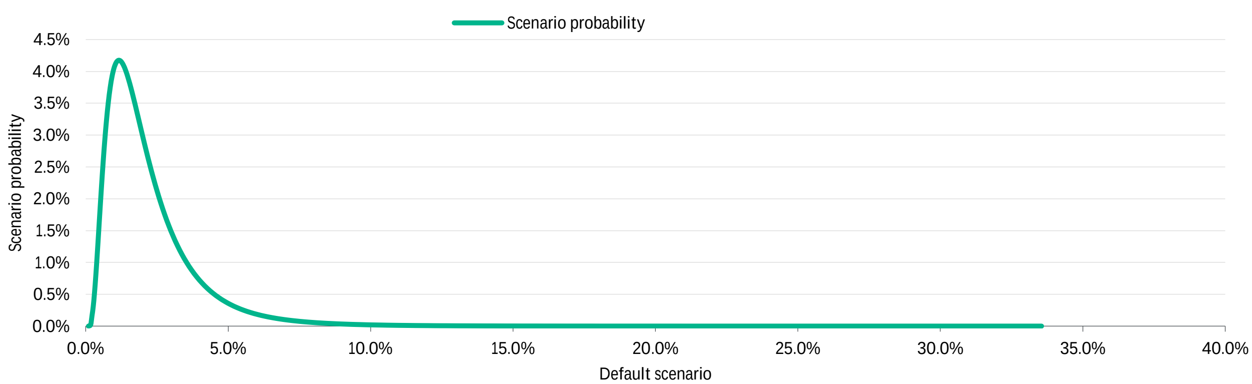
The first step in the analysis was to define a loss distribution of the pool of loans to be securitised. Because of the large number of loans, we used a continuous distribution to approximate the loss distribution: the lognormal distribution. The probability loss distribution associates a probability 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 24

Lognormal loss probability distribution



Source: Moody's Investors Service

Derivation of loan default rate expectation

The Portfolio expected gross loss rate of 1.8% 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 Belgian market trend, (2) benchmark loan and lease transactions, and (3) other qualitative considerations.

Derivation of recovery rate assumption

The assumed recovery rate of 50.0% is higher 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 Belgian market trend, (2) benchmark loan and lease transactions, and (3) other qualitative considerations.

Derivation of portfolio credit enhancement (PCE)

The PCE of 8.5% 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.

Commingling risk

Collections and other portfolio proceeds are transferred monthly before which time they are commingled at the servicer's account. Commingling risk is mitigated by: (1) the current rating of the servicers' ultimate parent Volkswagen Financial Services AG (VWFS AG, A3/P-2) and (2) cash advances by the servicer upon a downgrade of VWFS AG below Baa1 or in case VWFS AG ownership of the shares of VDFin falls below 50%.

Set-off risk

VDFin is not a deposit taking institution and the transaction is therefore not exposed to set-off risk from borrower deposits. Also, insurance premia are not part of the financed amount and not securitized.

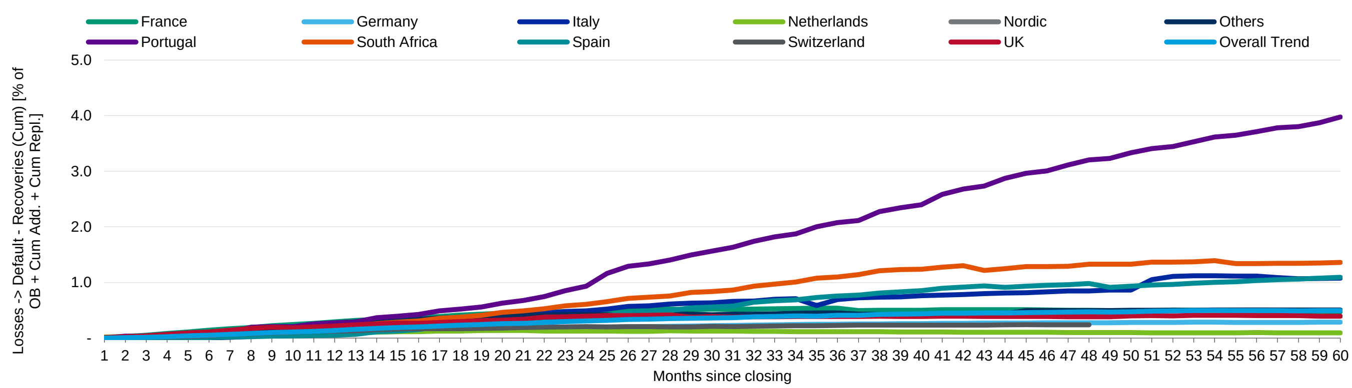
Comparables

Prior transactions and transactions of other sellers/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 25

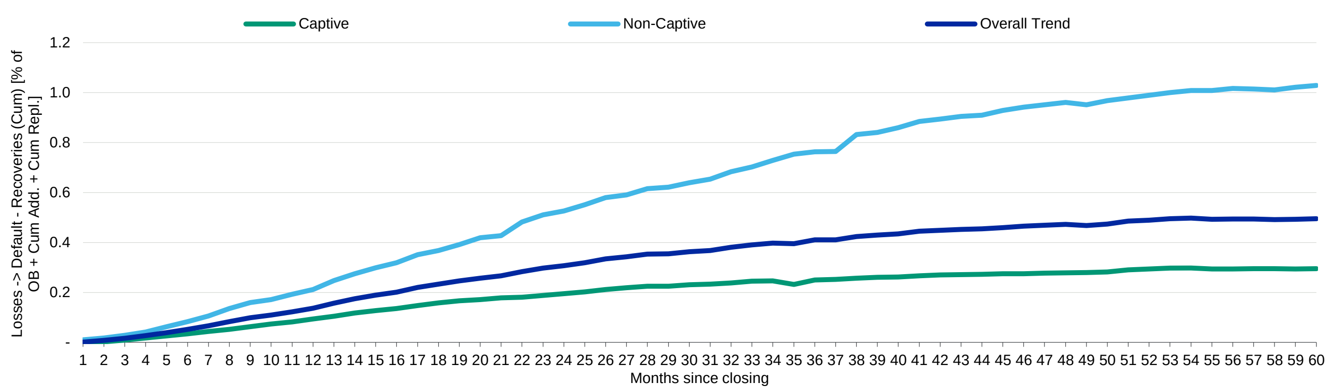
EMEA auto loan and auto lease ABS losses - Seasoning by domicile



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

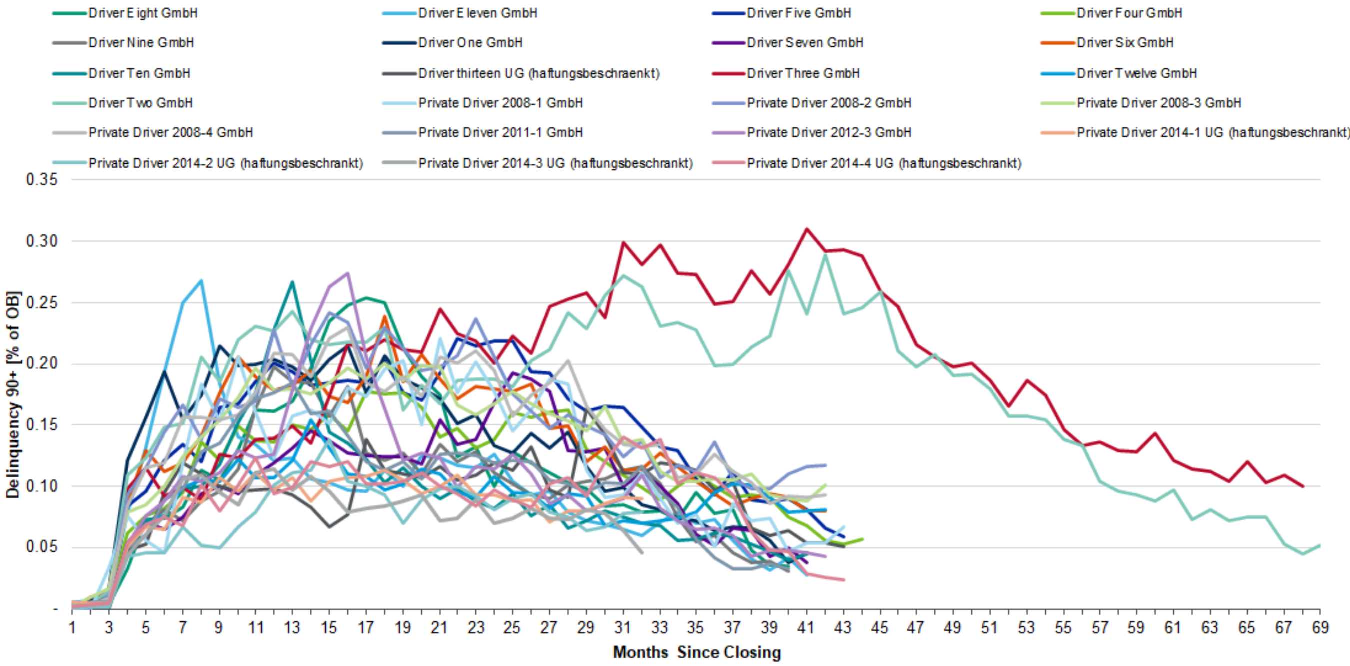
Exhibit 26

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



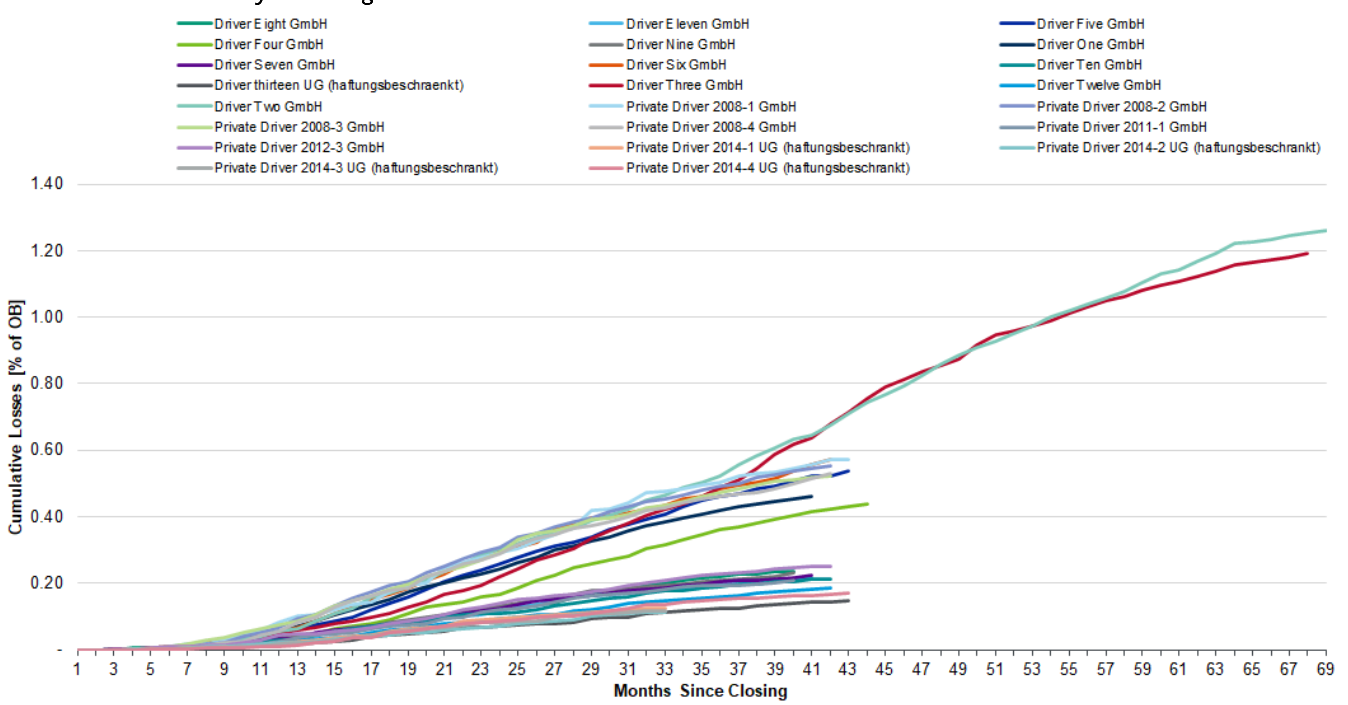
Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Exhibit 27
Driver 90+ Days Delinquency - by Seasoning



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Exhibit 28
Driver Cumulative Losses - by Seasoning



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

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

Exhibit 29

Comparable transactions - asset characteristics

Deal name	Driver Master Belgium, Compartment 1	Driver Master S.A., Compartment 2	VCL Multi-Compartment S.A., Compartment VCL 36	PRIVATE DRIVER ITALIA 2020-1 S.R.L.	Driver France FCT Compartment Driver France Two	Driver Multi-Compartment S.A., Compartment Driver fifteen	Cars Alliance Auto Loans Germany Master
Country	Belgium	Germany	Germany	Italy	France	Germany	Germany
Closing date or rating review date (dd/mm/yyyy)	25/11/2022	27/07/2015	27/06/2022	25/11/2020	30/06/2015	25/09/2018	18/03/2022
Currency of rated issuance	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Rated notes volume (excluding nr and equity)	502,250,000	991,200,000	721,500,000	1,740,000,000	481,200,000	716,200,000	1,106,600,000
Originator/servicer	Volkswagen D'leteren Finance	Volkswagen Bank GmbH	Volkswagen Leasing GmbH	Volkswagen Bank GmbH	Volkswagen Bank GmbH, French branch	Volkswagen Bank GmbH	RCI Banque S.A., Germany
Captive finance company?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Long-term rating	NR	Aa3	A3	WR	Aa3	A1	Baa2
Short-term rating	NR	P-1	P-2	P-1	P-1	P-1	NR
Securitised pool balance ("total pool")	530,000,446	1.050,004,687	750,012,247	2,000,013,048	500,001,198	750,047,947	1,193,992,915
Average principal balance	11,968.2	N/A	9,047.5	11,267.9	7,465.0	1,871.0	9,961.0
Wa loan to value ("original LTV")	N/A	N/A	N/A	N/A	1	N/A	1
Share of total pool >90% original LTV	N/A	N/A	N/A	N/A	0	N/A	0
Auto loan receivables %	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%
Auto lease receivables %	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Rv receivables %	0.0%	0.0%	0.0%	N/A	0.0%	0.0%	N/A
Portion of (fully) amortising contracts %	33.8%	11.7%	100.0%	36.8%	100.0%	11.0%	24.7%
Portion of bullet / balloon contracts %	66.2%	88.3%	0.0%	63.2%	0.0%	89.0%	75.3%
Portion of balloon payments (as % of balloon contracts' balance)	72.6%	N/A	0.0%	72.5%	N/A	N/A	N/A
Total size of balloon payments (as % of initial pool balance)	48.1%	49.4%	0.0%	N/A	N/A	52.3%	46.9%
Method of payment - direct debit (minimum payment)	95.7%	99.7%	99.3%	99.5%	100.0%	99.8%	100.0%
Wa portfolio interest rate (initial pool)	N/A	2.6%	N/A	4.1%	3.5%	2.1%	4.8%
Minimum yield for additional portfolios p.a.	N/A	N/A	Static	N/A	N/A	N/A	4.8%
Wal of total pool initially (in years)	1.7	2.2	1.4	1.5	N/A	2.5	2.1
Wa original term (in years)	4.0	4.1	3.3	3.6	N/A	3.9	4.7
Wa seasoning (in years)	1.6	1.0	0.6	1.4	1.2	0.5	1.8
Wa remaining term (in years)	2.4	3.0	2.7	2.2	2.8	3.4	2.9
No. of contracts	44,284	74,326	82,897	177,497	66,975	39,684	119,869
No. of obligors	44,189	73,661	68,122	N/A	66,574	40,392	118,028
Single obligor (group) concentration %	0.04%	0.05%	0.19%	0.01%	0.03%	0.15%	0.01%
Top 5 obligor (group) concentration %	0.12%	N/A	0.52%	0.05%	0.09%	N/A	0.04%
Top 10 obligor (group) concentration %	0.21%	0.24%	0.79%	0.08%	0.16%	0.51%	0.06%
Top 20 obligor (group) concentration %	0.36%	0.34%	1.23%	0.12%	0.29%	0.68%	0.12%
Private obligors %	100.0%	99.6%	81.7%	100.0%	97.4%	99.3%	100.0%
Name largest manufacturer / brand	Volkswagen	VW	Volkswagen	Volkswagen	Volkswagen	VW	Renault
Name 2nd largest manufacturer / brand	Skoda	Audi	Audi	Audi	N/A	Audi	Nissan
Name 3rd largest manufacturer / brand	Audi	Seat	Skoda	Skoda	N/A	Skoda	Dacia
Size % largest manufacturer / brand	56.9%	46.4%	33.3%	66.5%	57.2%	43.2%	59.4%
Size % 2nd largest manufacturer / brand	19.5%	27.8%	29.0%	19.5%	N/A	28.5%	21.6%
Size % 3rd largest manufacturer / brand	13.7%	13.5%	15.8%	7.2%	N/A	10.7%	15.2%
New vehicles %	90.9%	50.0%	93.1%	78.8%	71.9%	41.0%	77.6%
Name largest region	Hainaut	North Rhine-Westfalia	North Rhine Westphalia	Lombardia	Île-de-France	North Rhine-Westfalia	Nordrhein-Westfalen
Name 2nd largest region	Liège	Bavaria	Bavaria	Veneto	Provence-Alpes-Côte d'Azur	Bavaria	Baden-Württemberg
Name 3rd largest region	Antwerpen	Baden-Wuerttemberg	Baden-Wuerttemberg	Toscana	Rhône-Alpes	Baden-Wuerttemberg	Bayern
Size % largest region	19.1%	20.6%	22.9%	23.3%	17.1%	20.8%	20.7%
Size % 2nd largest region	11.9%	14.7%	17.6%	11.4%	13.3%	15.6%	16.6%
Size % 3rd largest region	9.8%	12.2%	15.0%	10.8%	10.2%	12.8%	11.0%
Number of dealers	N/A	N/A	N/A`	N/A	N/A		1,084

Source: Moody's Investors Service

Exhibit 30

Comparable transactions - asset assumptions

Deal name	Driver Master Belgium, Compartment 1	Driver Master S.A., Compartment 2	VCL Multi-Compartment S.A., Compartment VCL 36	PRIVATE DRIVER ITALIA 2020-1 S.R.L.	Driver France FCT Compartment Driver France Two	Driver Multi-Compartment S.A., Compartment Driver fifteen	Cars Alliance Auto Loans Germany Master
Gross default / net loss definition modelled	3 months	6 months	6 months	5 months	6 months	6	6
Data available for each subpool?	Yes	N/A	No	Yes	N/A	N/A	Yes
Period covered by vintage data (in years)	7.0	10.0	10.0	11.0	N/A	12.8	11.0
Type of default / loss distribution	Lognormal	Lognormal	Lognormal	Lognormal	Lognormal	Lognormal	Lognormal
Model running on defaults/losses	Defaults	Losses	Losses	Defaults	Losses	Default	Default
Mean gross default/net loss rate - initial pool	1.8%	N/A	0.8%	3.5%	N/A	N/A	3.0%
Mean gross default/net loss rate - replenished pool	1.8%	N/A	N/A	3.5%	N/A	N/A	3.0%
Mean net loss rate (calculated or modelled)	0.9%	1.6% (Initial pool)	0.8%	3.2%	1.3%	1.6%	1.5%
Cov (implied)	68.2%	46.0%	62.9%	55.5%	49.1%	47.1%	52.7%
Default timing curve	Sine (3-14-42)	Sine (6-20-40)	Sine (6-11-34)	11/05/1933	Sine (6-11-34)	Sine (6-16-43)	Sine (6-15-44)
Mean recovery rate	50.0%	0.0%	0.0%	10.0%	N/A	0.0%	50.0%
Recovery lag (in months)	WA recovery lag of 19 months	0.00%	WA recovery lag of 0 months	WA recovery lag of 6 months	N/A	WA recovery lag of 0 months	WA recovery lag of 19 months
Portfolio credit enhancement (PCE)	8.50%	7.75%	6.50%	13.00%	7.00%	7.75%	9.00%
PCE calibrated to	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Conditional prepayment rate (CPR)	2.5% first 18 months; 7.5% thereafter	12.5% first 18 months; 17.5% thereafter	2.5% first 18 months; 7.5% thereafter	2.5% first 18 months; 7.5% thereafter	10% first 18 months; 15% thereafter	12% first 18 months; 17% thereafter	7.5% first 18 months; 12.5% thereafter
Stressed fees modelled	1.03%	1.03% outstanding balance	1.03%	1.03%	1.03%	1.03%	1.00%
PDL definition	N/A	N/A	Defaults	Defaults	N/A	Losses	Defaults
Assumed portfolio yield p.a. - initial pool	6.66%	2.59%	5.70%	1.83%	1.39%	1.47%	4.75%
Assumed portfolio yield p.a. - additional pool	6.66%	N/A	N/A	1.83%	N/A	N/A	4.75%
Index rate assumed in 1st period	1.50%		0.00%	0.00%	N/A	0.00%	0.00%
Rv risk modelled?	No	No	No	No	No		No
Rv haircut (aaa (sf))	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Moody's Investors Service

Additional asset analysis

Originator/Servicer quality

VDFin is the originator and servicer in the transaction and is a joint venture between D'Ieteren Automotive SA (100% owned by D'Ieteren Group (NR)) and Volkswagen Finance Overseas B.V (100% owned by Volkswagen Financial Services AG (A3/P-2). The financial strength of the parent company rated A3 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.

Securitisation structure description

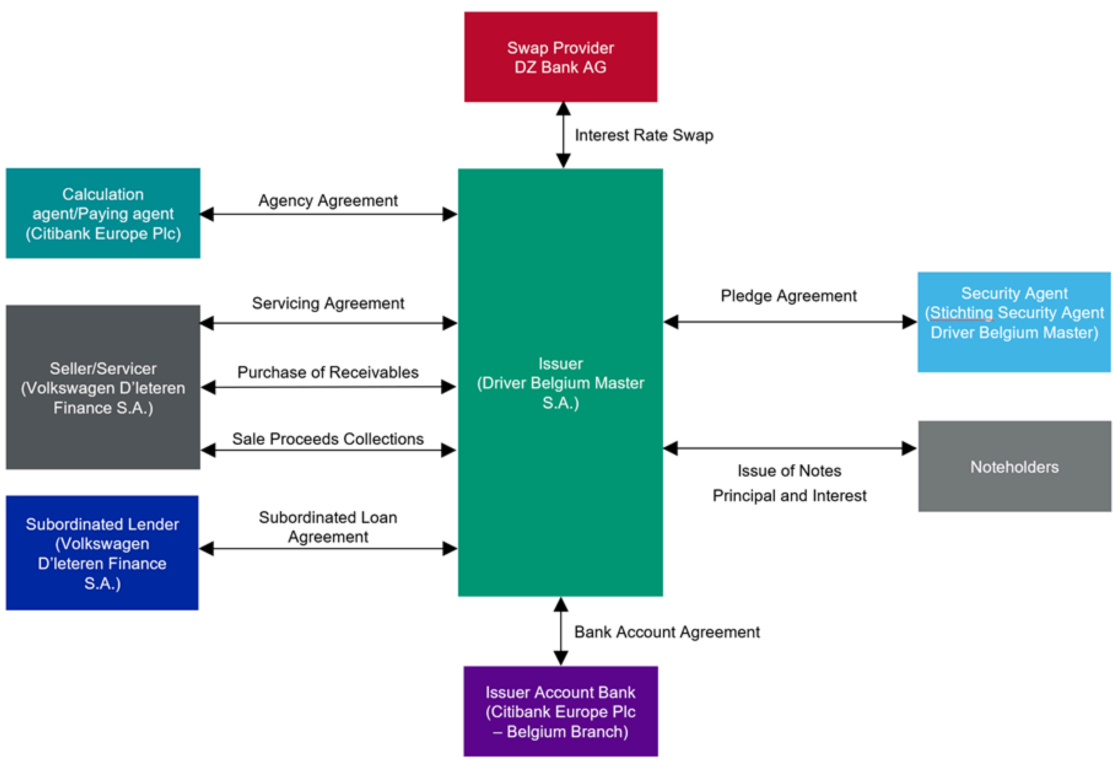
Driver Belgium Master S.A., Compartment 1 is a revolving cash securitisation. Our analysis of the structural characteristics of the transaction included a review of available total credit enhancement including the initial capital structure and target OC levels, transaction triggers, purchase mechanism 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 whereby net excess spread is maintained at zero, except if the credit enhancement increase condition is breached, in which case the excess spread will stay in the transaction.

The issuer is an SPV incorporated under the laws of Belgium as a limited liability company (société anonyme). The compartment is in all legal aspects relevant for the transaction and separate from all other compartments of the SPV. Interest on the notes is paid monthly.

Structural diagram

Below is a structural diagram for the transaction, illustrating the relationship between the issuer, Driver Belgium Master S.A., Compartment 1, and the other transaction parties.

Exhibit 31
Structure diagram for Driver Belgium Master S.A. Compartment 1



Source: VDFin

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-collateralization (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 0.52% at closing. 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

In addition, credit enhancement levels build-up during the life of the transaction. Purchase mechanism whereby additional OC is built up with ongoing purchase of additional receivables allows for the build-up of credit enhancement until the credit enhancement target levels (excluding the reserve fund) are reached: 9.75% and 12.75% for Class A notes and 5.75% and 8.75% for Class B notes, during the revolving and amortisation periods respectively.

Allocation of payments/waterfall

On each payment date, the issuer's available funds (i.e. collections including installments and vehicle realisation proceeds, withdrawals from the cash collateral account, net swap receipts, any funds held in the collateral account at servicer insolvency, and any other amounts held with the issuer excluding counterparty collateral amounts, 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 under the swap agreement
9. Accrued and unpaid interest on the subordinated loan
10. Principal payment on the subordinated loan until repaid in full
11. To pay the deferred purchase price to VDFin

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

» At closing, the cash reserve is equal to 1.35% of total rated notes balance, which is equivalent to 1.28% of the initial pool balance;

» The reserve is maintained at:

  – 1.35% of the total 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 hard floor level 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 cash flow 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.

Performance triggers

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

(a) the Cumulative Gross Loss Ratio exceeds (i) 2.75% during the Revolving Period or (ii) 3.50% after the end of the Revolving Period; or (b) if the late delinquency ratio exceeds 3.0% on any payment date; or (c) in case of the occurrence of a servicer replacement event; or (d) in case of the occurrence of an insolvency Event with respect to VDFin; or (e) the cash reserve fund is not at the specified general cash collateral account balance for three consecutive days or at the minimum cash collateral account on any determination date.

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

- an insolvency event 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 10.0% of the aggregate discounted receivables balance;
- A Credit Enhancement Increase Condition occurs;
- Termination of the swap with no replacement;
- On any payment date falling six months after the closing date the Class A actual overcollateralisation percentage is determined as being lower than 9.0% or the Class B actual overcollateralisation percentage is determined as being lower than 5.0%;
- Insolvency of the seller;
- Seller ceases to be an affiliate of the Volkswagen Financial Services AG (VWFS AG, A3/P-2).

Servicer related triggers

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

- Insolvency of the servicer;
- Failure to make payments due, not remedied within 5 business days
- Failure to perform material obligations, not remedied within 60 days;
- Breach of representations and warranties, not remedied;

Other counterparty rating triggers

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

Excess spread

All assigned receivables are purchased at a discounted rate of 6.6576%. However, part of the resulting portfolio yield (approximately 2.2% as of closing - the buffer release rate) is paid directly to VDFin and is not available for the transaction priority of payments, leaving the transaction with practically no excess spread during the first payment period. The buffer release rate will be recalculated on a monthly basis, such that the transaction will target zero excess spread.

Upon breach of the Credit Enhancement Increase Condition, the buffer release amount will form part of the available proceeds and will not be leaked out to the originator.

Interest rate mismatch

At closing, the pool consists of 100% fixed rate assets, whereas 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 Class A and Class B Notes with DZ Bank (Aa2(cr)/P-1(cr)). Under the swap agreements:

- (i) the issuer pays a fixed rate on the 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 Class A and Class B notes, respectively.
- The transfer and collateral posting triggers are set at Baa3(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 under Belgium law for the benefit of the note holders.

Cash manager

Citibank Europe plc (Aa3/P-1 deposit rating; Aa3(cr)/P-1(cr)), acting through its Belgium branch, acts as 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 significant obligations (if not remedied).

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.

Securitisation structure analysis

Primary structural analysis

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

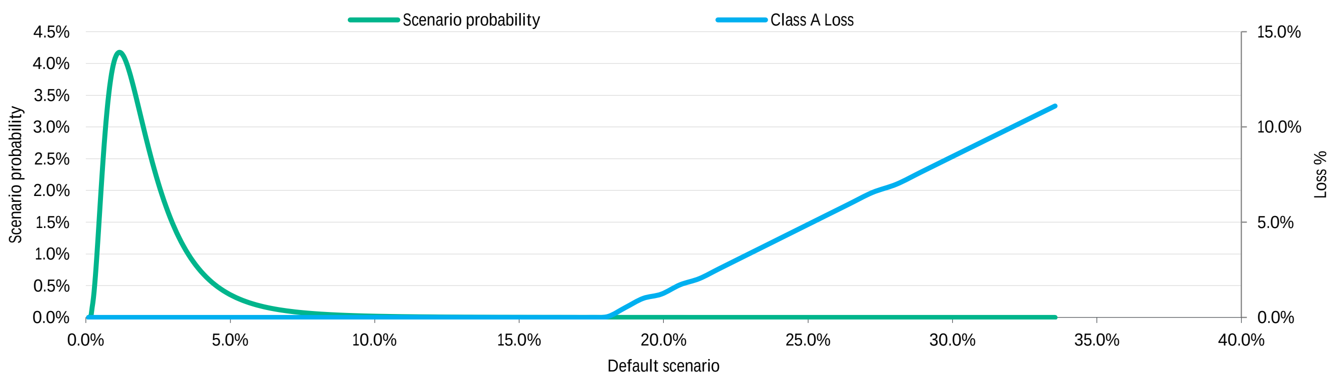
Tranching of the notes

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 loss scenario.

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

Exhibit 32

Lognormal loss probability distribution and tranche A losses as % of initial notes amount



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 defaults curve assumed is sinus, with first default occurring with a 3 month lag, a peak in month 14 and last default in month 42.

Default definition

Default or customer insolvency by the Servicer occurs in accordance with the Seller customary practices. Accordingly there is no “hard” default definition, that is, loans are considered defaulted after they reached certain steps in the servicing process, usually after 3 months.

Exhibit 33
Comparable transactions - structural features

Deal name	Driver Master Belgium, Compartment 1	Driver Master S.A., Compartment 2	VCL Multi-Compartment S.A., Compartment VCL 36	PRIVATE DRIVER ITALIA 2020-1 S.R.L.	Driver France FCT Compartment Driver France Two	Driver Multi-Compartment S.A., Compartment Driver fifteen	Cars Alliance Auto Loans Germany Master
Revolving period (in years)	1.0	1.0 (initially 11 months)	Static	3 years	0.0	Static	4 years
Size of credit RF (as % of rated notes)	1.35%	1.13% (as % of Total Pool)	0.78%	1.00%	N/A	1.21%	0.75%
RF amortisation floor (as % of initial total pool)	RF target on the last payment date of revolving period	0.60% (as % of Total Pool)	0.75%	0.80%	1.00%	1.01%	N/A
Set-off risk?	No	Yes	No	No	No	Yes	Yes
Set-off mitigant	N/A	Reserve funded upon rating trigger	other	Reserve funded upon rating trigger	N/A	Reserve funded upon rating trigger	other
Set-off amount	N/A	0.02	N/A	N/A	none	N/A	N/A
Commingling risk?	Yes	Yes	Yes	Yes	No	Yes	Yes
Commingling mitigant	Cash advance mechanism	Cash advance mechanism	Other	Reserve funded upon rating trigger	Cash advance	Cash advance mechanism	other
Back-up servicer appointed if servicer rated below	Not applicable	Not applicable	Not applicable	Not applicable	N/A	N/A	Not applicable
Back-up servicer name	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Back-up servicer facilitator	N/A	N/A	N/A	N/A	France Titirisation	N/A	EuroTitrisation
Swap in place?	Yes	N/A	Yes	No	Yes	Yes	No
Swap counterparty long-term rating	Aa2(cr)	N/A	Aa3	N/A	Aa2	Aa2	N/A
Swap counterparty short-term rating	P-1(cr)	N/A	P-1	N/A	P-1	P-1	N/A
Swap counterparty	DZ Bank AG	N/A	SEB AB	N/A	DZ Bank AG	SEB AB	N/A
Type of swap	Fixed-Floating	N/A	Fixed-Floating	other	Fixed-floating	Fixed-floating	other
Size of Aaa(sf) rated class	90.75%	90.20%	94.00%	0.00%	93.00%	92.59%	93.00%
Aa1(sf) rated class	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%
Aa2(sf) rated class	4.01%	0.00%	0.00%	0.00%	-	0.00%	0.00%
Aa3(sf) rated class	0.00%	4.20%	0.00%	0.00%	-	0.00%	0.00%
A(sf) rated class	0.00%	0.00%	2.20%	0.00%	3.24%	2.89%	0.00%
Baa(sf) rated class	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%
Ba(sf) rated class	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%
B(sf) rated class	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%
NR class	0.00%	0.00%	0.00%	0.00%	3.06%	3.51%	7.00%
Initial over-collateralisation	2,756,000	6,300,000	6,800,000	42,800,000	0	7,500,000	0
Reserve fund as % of inital total pool	1.28%	1.13%	0.75%	1.00%	1.20%	1.20%	0.75%
Annualised net excess spread as modelled	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%
PCE/EL multiple	9.4	4.8	8.1	4.1	5.6	4.8	6.0

Sources: 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 Belgian law and the Issuer to be a bankruptcy remote entity. 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 1.35% 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 transferred to the issuer account monthly, before which time they are commingled at the servicer's account. The resulting commingling risk is mitigated by (i) the current rating of the servicers' ultimate parent Volkswagen Financial Services AG (VWFS AG, A3/P-2), (ii) cash advances by the servicer upon a downgrade of VWFS AG or in case VWFS AG holds less than 50.0% of the shares of VDFin, and (iii) borrower notification to pay into the issuer account upon servicer insolvency.

The cash advance mechanism mentioned above provides for the servicer to arrange the following transfer within 14 calendar days of the downgrade of VWFS AG below Baa1:

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

» Determine the expected collections for the first until fourteenth 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 15th 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 securitisation'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 European risk retention requirements, which require the sponsor to hold at least 5% of the credit risk of the transaction.

» **Agreed upon procedures (AUPs):** An independent due diligence firm reviewed a sample of the portfolio and provide 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.

» **Servicing oversight:** The servicer is not rated but has independent control and audit functions as well as internal credit policies and servicing procedures in relation to the granting of auto loans.

» **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: VDFin will provide the investor report. 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 http://www.vwfsag.de.

Originator links: The originator acts as a servicer. Therefore, the performance of the pool will be linked to the quality of servicing the lease receivables, collection on delinquencies and conducting recoveries upon default. No backup servicer was appointed at closing. The servicer also collects payments from loans, which are swept to the issuer account only on a monthly basis, creating linkage to the originator in case of insolvency. Mitigants to this exposure are described in detail in the commingling risk section.

Modeling assumptions

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

Exhibit 34
Modelling assumptions

Expected gross loss rate:	1.8%
PCE:	8.5%
Coefficient of variation (CoV):	68.2%
Timing of defaults/losses:	Sine (3-14-42)
Recovery rate:	50.0%
Recovery lag:	WA recovery lag of 19 months
Conditional prepayment rate (CPR):	2.5% first 18 months; 7.5% 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%

* The annualised excess spread in a zero-default scenario based on 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 our 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:

» VCL Multi-Compartment S.A., Compartment VCL 36, June 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

» Driver Master S.A., Compartment 2, July 2015

» Driver France FCT Compartment Driver France Two, June 2015

Special comments:

» Global Macro Outlook 2023-24, November 2022

» Global Structured Finance Collateral Performance Review - Excel Data, September 2022

» Macroeconomics – US and Euro Area: Steep rate increases will bring swift end to US and euro area rate hike cycles, September 2022

» Auto ABS – EMEA: Sector Update – Q3 2022: Stable performance amid deteriorating credit conditions, August 2022

» Auto loan and lease ABS - EMEA: Performance Update - Excel, August 2022

» ABS and RMBS – EMEA: Collateral performance will weaken for unsecured consumer, SME and NPL deals, August 2022

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 35
Originator ability 35

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: VWFS

Appendix 2: Summary of servicer's collection procedures

Exhibit 36
Servicer ability 36

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: VWFS

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Contacts

Paula Couce Iglesias +34.91.768.8306
Assistant Vice President - Analyst
paula.couceiglesias@moodys.com

Yuqiao Feng 4970730921
Associate Analyst
yuqiao.feng@moodys.com

Armin Krapf +49.69.70730.726
VP-Sr Credit Officer
armin.krapf@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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