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Press Release

Creditreform Rating has assigned ratings to auto financing contracts securitisation Driver UK Multi-Compartment S.A., Compartment Private Driver UK 2016-1

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Creditreform Rating has assigned ratings to the Class A Series and Class B Series notes of Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Private Driver UK 2016-1, as follows:

Class A Series Fixed Rate Asset Backed Notes: AAA_{sf}
Class B Series Fixed Rate Asset Backed Notes: A+_{sf}

The transaction is a GBP 750m securitisation of auto financing contracts originated by Volkswagen Financial Services (UK) Limited in England, Wales and Scotland. Creditreform Rating used historical performance data provided by VWFS and internal databases to assess credit-, voluntary termination- and residual value risks of the portfolio.

Based on improved historical performance, Creditreform Rating has set a base case gross loss expectation of 1.3% for its rating analyses. Furthermore, Creditreform Rating has set the recovery base case at 71.0%, resulting in expected net loss of 4.86% (AAA_{sf}) and 3.47% (A+_{sf}). To size VT and RV risk, Creditreform Rating analysed separately the historical data with respect to (1) turn-in rates and (2) recovery performance. This resulted in assumed total VT risk of 2.53% (AAA_{sf}) and 1.92% (A+_{sf}) and assumed total RV risk of 15.48% (AAA_{sf}) and 11.08% (A+_{sf}).

Following the analysis of empirical prepayment data available, stressed prepayment assumptions were set at 8.84% (AAA_{sf}) and 10.19% (A+_{sf}) for each rating scenario, respectively.

Downgrade collateral and replacement provisions mitigate counterparty risk exposure with respect to the Account Bank and VWFS acting as Seller and Servicer. Moreover, the counterparty risk is lower compared to other securitisations due to fixed rate

notes. Risks related to the Issuer are limited, the compartment structure being ring-fenced and with limited recourse to other creditors of the Issuer.

Driver UK Multi-Compartment S.A., Compartment Private Driver UK 2016-1 features an 11 month revolving period and is secured by new and used vehicle financing contracts. A combination of Subordinated Loan, overcollateralization and a cash reserve provide credit enhancement to the rated Class A Notes (24.40%) and Class B Notes (16.09%). CRA used its proprietary cash flow model to examine the stability of the transaction structure under various rating scenarios. In order to gauge the effect of variations in types of risk on rating indications, Creditreform Rating conducted a sensitivity analysis with 25% and 50% stress factors on default rates, recovery rates, prepayment rates and RV and VT Risk.

Creditreform Rating has applied the CRA “Auto ABS Securitizations” rating methodology.