

**Rated entity:**

Class A 2020-1 Asset Backed Floating Rate Notes [with ISIN: XS2141588090] issued by Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Private Driver UK 2020-1

**Rating:**

AAA<sub>sf</sub>

**Rating outlook / watch:**

Outlook stable

**Rating summary:**

Following a tap issuance on July 27, 2020, Creditreform Rating (CRA) confirms the rating of Class A 2020-1 Asset Backed Floating Rate Notes, issued by Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Private Driver UK 2020-1 (PDUK 2020-1), as follows:

GBP 362,000,000 Class A 2020-1 Asset Backed Floating Rate Notes: AAAsf / stable

As of July 2020, the outstanding discounted balance amounts to GBP 501.87m with a share of 0.31% of the outstanding discounted balance being delinquent two months or more. The outstanding note volume has increased by GBP 121.40m. Currently, the Class A and B Notes represent 72.13% and 8.51% of the outstanding discounted receivables balance, respectively. Credit enhancement to the notes is provided by a Subordinated Loan (15.09%), overcollateralisation (4.28%), and a cash reserve amounting to 0.97% of the outstanding discounted receivables balance. Since the closing the overcollateralisation level of the Class A Notes increased from 27.60% to 27.87%. The portfolio composition after the tap issuance did not affect our expected loss assumptions. Therefore, the rating of the existing Class A Notes is not affected by the tap issuance.

**Primary key rating driver:**

- + Proven origination, servicing & recovery procedures
- + Downgrade collateral and replacement provisions mitigate counterparty risk exposure w.r.t. the Swap Counterparty and Account Bank
- Potentially indirect negative impact of VW AG NOx emission allegations on future portfolio performance
- Concentrated contractual (Personal Contract Purchase) portfolio composition
- Revolving period may adversely affect portfolio quality
- Increased macroeconomic uncertainty ("Brexit" and coronavirus crisis) and potential market decline may have adverse effect on VWFS's ABS strategy and future portfolio performance

**Rating sensitivities:**

Best-case scenario: In this scenario, we stressed (ceteris paribus) the base case default rate by an amount of -25% and the base case recovery rate by an amount of +25%, resulting in a rating of AAAsf.

Worst-case scenario: In this scenario, a severe 100% stress is applied to the base case default rate in combination with a 50% stress on the base case recovery rate and the VT and RV losses, respectively, resulting in a rating of AAsf. In our view, this rating would represent a scenario with higher default correlation and market decline in a stressed pandemic scenario.

**ESG-criteria:**

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing the rating object. Overall, ESG factors have a less significant impact on the current ratings of Class A Notes. Nevertheless, CRA identifies macroeconomic factors (particularly with regard to potential changes in consumer behaviour) to have a high significant impact. Increased macroeconomic uncertainty ("Brexit" and the coronavirus crisis) and potential market decline may have adverse effect on VWFS's ABS strategy and future portfolio performance. Governance is relevant to the ratings with respect to counterparty risk, but downgrade collateral and replacement provisions mitigate counterparty risk exposure with respect to the Swap Counterparties and Account Bank. Other individual factors with a potential key rating influence were not identified, and therefore did not affect the final rating.

On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document ("The Impact of ESG Factors on Credit Ratings"), which is available on the homepage under the following link:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

**Rating Date / disclosure to rated entity / maximum validity:**

July 23, 2020 / July 23, 2020 / March 25, 2028

Between the disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

**Initial rating date:**

April 21, 2020

**Lead-analyst – position / Person approving (PAC):**

Stephan Giebler (Lead) – Senior Analyst

Philipp J. Beckmann (PAC) – Senior Analyst

**Name & address of legal entity:**

Creditreform Rating AG, Europadamm 2-6, 41460 Neuss, Germany

**Status of solicitation:**

The rating is a solicited rating. The degree of participation was as follows:

With Rated Entity or Related Third Party Participation: Yes

With Access to Internal Documents: Yes

With Access to Management: Yes

**Rating methodology / Version / Date of application / Link:**

[Rating Criteria and Definitions, Version 1.3, January 2018](#)

[Technical Documentation Portfolio Loss Distributions, Version 1.4, July 2018](#)

[Rating Methodology Auto ABS Securitizations, Version 1.4, July 2018](#)

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions".

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

**Regulatory requirements:**

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks. In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity. To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants
2. Transaction documents
3. Issuing documents
4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.