

C. N. M. V.  
Dirección General de Mercados e Inversores  
C/ Edison, 4  
Madrid

## **COMUNICACIÓN DE HECHO RELEVANTE**

### **DRIVER ESPAÑA THREE, FONDO DE TITULIZACIÓN Actuaciones sobre las calificaciones de los bonos por parte de Moody's Investors Service.**

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A.  
comunica el siguiente Hecho Relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Moody's Investors Service, con fecha 12 de julio de 2018, donde se lleva a cabo la siguiente actuación:

- Serie A, confirmado en **Aa1 (sf)**.
- Serie B, a **Aa1 (sf)** desde **Aa3 (sf)**.

En Madrid a 23 de julio de 2018

Ramón Pérez Hernández  
Consejero Delegado

**Rating Action: Moody's upgrades mezzanine Notes of three Spanish auto ABS deals**

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12 Jul 2018

Frankfurt am Main, July 12, 2018 -- Moody's Investors Service ("Moody's") has today upgraded the ratings of three Class B Notes of three Spanish auto loan ABS: Driver Espana two, F.T., DRIVER ESPANA THREE, F.T., and Driver Espana four, F.T. At the same time, Moody's has affirmed the ratings on the Class A Notes of the three transactions. Moody's has also confirmed the ratings of Class B and affirmed the rating of Class A in Driver Espana five, F.T.

Issuer: Driver Espana two, F.T.

...EUR700M Class A Notes, Affirmed Aa1 (sf); previously on Apr 25, 2018 Upgraded to Aa1 (sf)

...EUR23.6M Class B Notes, Upgraded to Aa1 (sf); previously on Apr 25, 2018 Aa3 (sf) Placed Under Review for Possible Upgrade

Issuer: DRIVER ESPANA THREE, F.T

...EUR858M Class A Notes, Affirmed Aa1 (sf); previously on Apr 25, 2018 Upgraded to Aa1 (sf)

...EUR28.9M Class B Notes, Upgraded to Aa1 (sf); previously on Apr 25, 2018 Aa3 (sf) Placed Under Review for Possible Upgrade

Issuer: Driver Espana four, F.T.

...EUR888M Class A Notes, Affirmed Aa1 (sf); previously on Apr 25, 2018 Upgraded to Aa1 (sf)

...EUR26M Class B Notes, Upgraded to Aa2 (sf); previously on Apr 25, 2018 A2 (sf) Placed Under Review for Possible Upgrade

Issuer: Driver Espana five, F.T.

...EUR888M Class A Notes, Affirmed Aa1 (sf); previously on Apr 25, 2018 Upgraded to Aa1 (sf)

...EUR26M Class B Notes, Confirmed at A2 (sf); previously on Apr 25, 2018 A2 (sf) Placed Under Review for Possible Upgrade

All four transactions are static cash securitisation of auto loans issued between October 2015 and February 2018, and extended to obligors in Spain by Volkswagen Finance, S.A., E.F.C.

**RATINGS RATIONALE**

Today's rating action concludes the review of four Notes placed on review for upgrade on the 25 April 2018. ([http://www.moody.com/viewresearchdoc.aspx?docid=PR\\_382740](http://www.moody.com/viewresearchdoc.aspx?docid=PR_382740)).

These Notes were placed on review following the upgrade of the Government of Spain's sovereign rating to Baa1 from Baa2 and the raising of the country ceiling of Spain to Aa1 from Aa2 (please see [http://www.moody.com/viewresearchdoc.aspx?docid=PR\\_381868](http://www.moody.com/viewresearchdoc.aspx?docid=PR_381868)).

The rating action is also prompted by deleveraging since closing and the better-than-expected collateral performance. Today's affirmation reflect Moody's view that the available credit enhancement is sufficient to maintain the current rating on the affected Notes.

-- Reduced Country Risk

Spain's country ceiling was upgraded to Aa1 in April 2018. As a result of this upgrade, the Spanish structured finance ratings are now capped at Spain's local currency bond ceiling of Aa1.

#### -- Increase in Available Credit Enhancement

In all four transactions, credit enhancement available to Class B Notes has increased substantially since closing: from 12.6% to 20.3% in Driver Espana two, F.T., from 12.6% to 18.6% in DRIVER ESPANA THREE, F.T., from 9.9% to 14.2% Driver Espana four, F.T., and from 9.9% to 11% in Driver Espana five, F.T.

At the same time, credit enhancement available to Class A Notes has also increased substantially. Credit enhancement takes the form of subordination, overcollateralisation as well as reserve funds, which are all funded at their target levels.

#### -- Reassessment of Lifetime Loss Expectation

Collateral performance has been better than expected in all four transactions, with low levels of 60+ delinquencies in between 0.13% and 0.82% of the current balance as of July 2018, and cumulative losses and defaults below 0.3% of the original balance as of July 2018. As a result, Moody's has lowered its lifetime loss expectation for three of the four transactions, namely Driver Espana two, F.T., DRIVER ESPANA THREE, F.T., and Driver Espana four, F.T.. The lifetime loss expectation is a combination of loss assumption on the current balance and actual losses to date.

For Driver Espana two, F.T., Moody's EL assumption for the current portfolio remains unchanged at 3.0% of the current balance, translating into a lower EL assumption of 0.86% as of the original balance. Moody's portfolio credit enhancement was left unchanged at 13.0%, lowering the coefficient of variation to 59.1% from 65.40%.

DRIVER ESPANA THREE, F.T., Moody's EL assumption for the current portfolio remains unchanged at 3.0% of the current balance, translating into a lower EL assumption of 1.04% as of the original balance. Moody's portfolio credit enhancement was left unchanged at 13.0%, lowering the coefficient of variation to 59.5% from 64.7%.

Driver Espana four, F.T., Moody's EL assumption for the current portfolio remains unchanged at 2.25% of the current balance, translating into a lower EL assumption of 1.64% as of the original balance. Moody's portfolio credit enhancement was left unchanged at 12.0%, lowering the coefficient of variation to 72% from 85%.

#### METHODOLOGY

The principal methodology used in these ratings was "Moody's Global Approach to Rating Auto Loan- and Lease-Backed ABS" published in October 2016. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include (1) performance of the underlying collateral that is better than Moody's expected, (2) deleveraging of the capital structure, (3) improvements in the credit quality of the transaction counterparties, and (4) a decrease in sovereign risk.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk, (2) performance of the underlying collateral that is worse than Moody's expected, (3) deterioration in the Notes' available credit enhancement, and (4) deterioration in the credit quality of the transaction counterparties.

#### REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of

ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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Yuezhen Wang  
Analyst  
Structured Finance Group  
Moody's Deutschland GmbH  
An der Welle 5  
Frankfurt am Main 60322  
Germany  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

Michelangelo Margaria  
Senior Vice President/Manager  
Structured Finance Group  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

Alexis Rivet  
AVP - Analyst  
Structured Finance Group  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

Releasing Office:  
Moody's Deutschland GmbH  
An der Welle 5  
Frankfurt am Main 60322  
Germany  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

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