

Morningstar DBRS Confirms Credit Ratings on Driver Master S.A., acting for and on behalf of its Compartment 2

AUTO

DBRS Ratings GmbH (Morningstar DBRS) confirmed its credit ratings on the notes issued by Driver Master S.A., acting for and on behalf of its Compartment 2 (the Issuer) as follows:

- Series 2015-1, Class A Notes at AAA (sf);
- Series 2023-1, Class A Notes at AAA (sf);
- Series 2023-2, Class A Notes at AAA (sf);
- Series 2023-3, Class A Notes at AAA (sf);
- Series 2023-4, Class A Notes at AAA (sf);
- Series 2023-1, Class B Notes at A (high) (sf).

The credit ratings address the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date of the notes.

The transaction is a securitisation of receivables related to auto loan contracts granted by Volkswagen Bank GmbH (VWB) to predominantly private customers in Germany. Each series of notes is subject to a maximum issuance amount to which it can be increased, subject to the maximum programme size of EUR 15.0 billion. As of 31 May 2024, the aggregate outstanding discounted balance of the portfolio (including the amounts available in the accumulation account) amounted to EUR 8.2 billion. The transaction benefits from liquidity support provided in the form of a cash collateral account, funded to its target amount of EUR 76.8 million, equal to 1.0% of the outstanding balance of the rated notes.

CREDIT RATING RATIONALE

The confirmations follow the execution of a transaction renewal, which encompasses the following key amendments, among other changes:

- An extension of the revolving period on all notes for an additional 12 months through to June 2025;
- An extension of the scheduled repayment date on all notes through to May 2032;
- An extension of the legal final maturity date on all notes through to May 2033;
- The repriced coupon on the fixed-rate Series 2015-1, Class A Notes at 3.56%;
- The repriced margin over the one-month Euribor on the floating-rate Class A Notes (Series 2023-1, 2023-2, 2023-3, and 2023-4) at 0.49%, and the repriced margin over the one-month Euribor on the Series 2023=1, Class B Notes at 1.25%;
- The interest rate swap agreement that the Issuer entered into with DZ BANK AG Deutsche Zentral-Genossenschaftsbank (replacing Credit Agricole Corporate & Investment Bank in such capacity) to hedge the interest rate risk arising from the floating-rate notes, under the terms of which on each payment date the Issuer will (1) pay the swap counterparty a fixed rate of 3.56% with respect to the floating-rate Class A Notes and a fixed rate of 4.28% with respect to the floating-rate Class B Notes and (2) will receive floating one-month Euribor plus the relevant margin payable on the respective hedged notes; and
- Revised concentration limits applicable during the revolving period, with an increase in the permitted share of ClassicCredit loans

for used vehicles (up to 10% from 7% of the outstanding aggregate portfolio balance) and of IndividualCredit loans for used vehicles (up to 17% from 15%).

The credit ratings are based on Morningstar DBRS' review of the following analytical considerations:

- Portfolio performance, in terms of delinquencies and losses;
- The programme's structure, including the form and sufficiency of available credit enhancement to withstand stressed cash flow assumptions and repay the Issuer's financial obligations according to the terms of the rated notes.
- The programme counterparties' capabilities with regard to originations, underwriting, servicing, and their financial strength;
- The credit quality and industry diversification of the collateral and historical and projected performance of the seller's portfolio;
- The sovereign credit rating on the Federal Republic of Germany, currently rated AAA with a Stable trend by Morningstar DBRS;
- The consistency of the transaction's legal structure with Morningstar DBRS' "Legal Criteria for European Structured Finance Transactions" methodology and the presence of legal opinions addressing the assignment of the assets to the Issuer; and
- The consistency of the transaction's hedging agreements with Morningstar DBRS's "Derivative Criteria for European Structured Finance Transactions" methodology.

Morningstar DBRS' credit ratings on the rated notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents.

Morningstar DBRS' credit ratings do not address nonpayment risk associated with contractual payment obligations contemplated in the applicable transaction documents that are not financial obligations.

Morningstar DBRS' long-term credit ratings provide opinions on risk of default. Morningstar DBRS considers risk of defaults to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the term under which a long-term obligation has been issued.

ENVIRONMENTAL, SOCIAL, GOVERNANCE CONSIDERATIONS

There were no Environmental/Social/Governance factors that had a significant or relevant effect on the credit analysis.

A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at <https://dbrs.morningstar.com/research/427030>.

Morningstar DBRS analysed the transaction structure in Intex DealMaker.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the credit ratings is "Rating European Consumer and Commercial Asset-Backed Securitizations" (8 January 2024), <https://dbrs.morningstar.com/research/426219>.

Other methodologies referenced in this transaction are listed at the end of this press release.

Morningstar DBRS has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

An asset and a cash flow analysis were both conducted. Due to the inclusion of a revolving period in the transaction, the analysis continues to consider potential portfolio migration based on replenishment criteria set forth in the transaction legal documents.

For a more detailed discussion of the sovereign risk impact on Structured Finance credit ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings" of the "Global Methodology for Rating Sovereign Governments" at: <https://dbrs.morningstar.com/research/421590>.

The sources of data and information used for these credit ratings include historical performance data relating to receivables provided by VWB directly or through the arranger, BNP Paribas SA; monthly investor reports provided by VWB; and legal documentation provided by the Issuer's legal counsel.

Morningstar DBRS did not rely upon third-party due diligence in order to conduct its analysis.

Morningstar DBRS was supplied with third-party assessments. However, this did not impact the rating analysis.

Morningstar DBRS considers the data and information available to it for the purposes of providing these credit ratings to be of satisfactory quality.

Morningstar DBRS does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on this transaction took place on 26 June 2023, when Morningstar DBRS confirmed its credit rating on the Series 2015-1, Class A Notes, assigned credit ratings of AAA (sf) on the Series 2023-1, Series 2023-2, Series 2023-3, and Series 2023-4, Class A Notes, assigned a credit rating of A (high) (sf) on the Series 2023-1, Class B Notes, and discontinued the A (high) (sf) credit rating on the Series 2015-1, Class B Notes.

The lead analyst responsibilities for this transaction have been transferred to Guglielmo Panizza.

Information regarding Morningstar DBRS credit ratings, including definitions, policies, and methodologies, is available on dbrs.morningstar.com.

Sensitivity Analysis: To assess the impact of changing the transaction parameters on the credit ratings, Morningstar DBRS considered the following stress scenarios as compared with the parameters used to determine the credit ratings (the base case):

- Expected Default: 1.4%, a 25% and 50% increase on expected probability of default.
- Loss Given Default (LGD): expected LGD of 40.0%, with LGDs of 61.6% and 55.8% applied at the AAA (sf) and A (high) (sf) credit rating levels, respectively, both with a 25% and 50% increase on the expected LGD.

Class A Notes Risk Sensitivity:

- 25% increase in LGD, expected credit rating of AA (high) (sf)
- 50% increase in LGD, expected credit rating of AA (sf)
- 25% increase in PD, expected credit rating of AA (high) (sf)
- 50% increase in PD, expected credit rating of AA (sf)
- 25% increase in PD and 25% increase in LGD, expected credit rating of AA (sf)
- 25% increase in PD and 50% increase in LGD, expected credit rating of AA (low) (sf)
- 50% increase in PD and 25% increase in LGD, expected credit rating of AA (low) (sf)
- 50% increase in PD and 50% increase in LGD, expected credit rating of A (high) (sf)

Class B Notes Risk Sensitivity:

- 25% increase in LGD, expected credit rating of A (high) (sf)

- 50% increase in LGD, expected credit rating of A (sf)
- 25% increase in PD, expected credit rating of A (high) (sf)
- 50% increase in PD, expected credit rating of A (sf)
- 25% increase in PD and 25% increase in LGD, expected credit rating of A (sf)
- 25% increase in PD and 50% increase in LGD, expected credit rating of A (low) (sf)
- 50% increase in PD and 25% increase in LGD, expected credit rating of A (low) (sf)
- 50% increase in PD and 50% increase in LGD, expected credit rating of BBB (sf)

For further information on Morningstar DBRS historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <https://registers.esma.europa.eu/cerep-publication>. For further information on Morningstar DBRS historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see <https://data.fca.org.uk/#/ceres/craStats>.

These credit ratings are endorsed by DBRS Ratings Limited for use in the United Kingdom.

Lead Analyst: Guglielmo Panizza, Vice President

Rating Committee Chair: Alfonso Candelas, Senior Vice President

Initial Rating Date: 27 July 2015

DBRS Ratings GmbH

Neue Mainzer Straße 75

60311 Frankfurt am Main Deutschland

Tel. +49 (69) 8088 3500

Geschäftsführer: Detlef Scholz

Amtsgericht Frankfurt am Main, HRB 110259

The credit rating methodologies used in the analysis of this transaction can be found at: <https://dbrs.morningstar.com/about/methodologies>.

- Master European Structured Finance Surveillance Methodology (7 March 2024), <https://dbrs.morningstar.com/research/429051>.
- Rating European Consumer and Commercial Asset-Backed Securitisations (8 January 2024), <https://dbrs.morningstar.com/research/426219>.
- Rating European Structured Finance Transactions Methodology (11 December 2023), <https://dbrs.morningstar.com/research/425149>.
- Operational Risk Assessment for European Structured Finance Servicers (15 September 2023), <https://dbrs.morningstar.com/research/420572>.
- Operational Risk Assessment for European Structured Finance Originators (7 March 2024), <https://dbrs.morningstar.com/research/429054>.
- Interest Rate Stresses for European Structured Finance Transactions (15 September 2023), <https://dbrs.morningstar.com/research/420602>.
- Derivative Criteria for European Structured Finance Transactions (18 September 2023), <https://dbrs.morningstar.com/research/420754>.
- Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (23 January 2024), <https://dbrs.morningstar.com/research/427030>.

A description of how Morningstar DBRS analyses structured finance transactions and how the methodologies are collectively applied

can be found at: <https://dbrs.morningstar.com/research/278375>.

For more information on this credit or on this industry, visit dbrs.morningstar.com or contact us at info-DBRS@morningstar.com.

Ratings

Driver Master S.A., acting for and on behalf of its Compartment 2

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
25-Jun-24	Series 2015-1, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Jun-24	Series 2023-1, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Jun-24	Series 2023-2, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Jun-24	Series 2023-3, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Jun-24	Series 2023-4, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Jun-24	Series 2023-1, Class B Notes	Confirmed	A (high) (sf)	--	EU U

ALL MORNINGSTAR DBRS CREDIT RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE [DISCLAIMERS AND LIMITATIONS](#). ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON [DBRS.MORNINGSTAR.COM](https://dbrs.morningstar.com).

Contacts

Guglielmo Panizza

Vice President - European ABS Ratings

+(49) 69 8088 3685

guglielmo.panizza@morningstar.com

Miklos Halasz

Assistant Vice President - European ABS Ratings

+(44) 20 7855 6685

miklos.halasz@morningstar.com

Stefano Pruni

Analyst - European Structured Finance Ratings, Surveillance

+(49) 69 8088 3694

stefano.pruni@morningstar.com

Alfonso Candelas

Senior Vice President, Sector Lead - European NPL Ratings & Structured Finance Surveillance

+(49) 69 8088 3512

alfonso.candelas@morningstar.com

The Morningstar DBRS group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings GmbH (Frankfurt, Germany)(EU CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings Limited (England and Wales)(UK CRA, NRSRO affiliate, DRO affiliate). Morningstar DBRS does not hold an Australian financial services license. Morningstar DBRS credit ratings, and other types of credit opinions and reports, are not intended for Australian residents or entities. Morningstar DBRS does not authorize their distribution to Australian resident individuals or entities, and accepts no responsibility or liability whatsoever for the actions of third parties in this respect. For more information on regulatory registrations, recognitions and approvals of the Morningstar DBRS group of companies, please see: <https://dbrs.morningstar.com/research/highlights.pdf>.

The Morningstar DBRS group of companies are wholly-owned subsidiaries of Morningstar, Inc. © 2024 Morningstar DBRS. All Rights Reserved.

The information upon which Morningstar DBRS credit ratings and other types of credit opinions and reports are based is obtained by Morningstar DBRS from sources Morningstar DBRS believes to be reliable. Morningstar DBRS does not audit the information it receives in connection with the analytical process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. Morningstar DBRS credit ratings, other types of credit opinions, reports and any other information provided by Morningstar DBRS are provided "as is" and without representation or warranty of any kind and Morningstar DBRS assumes no obligation to update any such ratings, opinions, reports or other information. Morningstar DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall Morningstar DBRS or its directors, officers, employees, independent contractors, agents, affiliates and representatives (collectively, Morningstar DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of credit ratings, other types of credit opinions and reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of Morningstar DBRS or any Morningstar DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. IN ANY EVENT, TO THE EXTENT PERMITTED BY LAW, THE AGGREGATE LIABILITY OF MORNINGSTAR DBRS AND THE MORNINGSTAR DBRS REPRESENTATIVES FOR ANY REASON WHATSOEVER SHALL NOT EXCEED THE GREATER OF (A) THE TOTAL AMOUNT PAID BY THE USER FOR SERVICES PROVIDED BY MORNINGSTAR DBRS DURING THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO LIABILITY, AND (B) U.S. \$100. Morningstar DBRS does not act as a fiduciary or an investment advisor. Morningstar DBRS does not provide investment, financial or other advice.

Credit ratings, other types of credit opinions and other analysis and research issued by Morningstar DBRS (a) are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness, investment, financial or other advice or recommendations to purchase, sell or hold any securities; (b) do not take into account your personal objectives, financial situations or needs; (c) should be weighed, if at all, solely as one factor in any investment or credit decision; (d) are not intended for use by retail investors; and (e) address only credit risk and do not address other investment risks, such as liquidity risk or market volatility risk. Accordingly, credit ratings, other types of credit opinions and other analysis and research issued by Morningstar DBRS are not a substitute for due care and the study and evaluation of each investment decision, security or credit that one may consider making, purchasing, holding, selling, or providing, as applicable.

A report with respect to a Morningstar DBRS credit rating or other credit opinion is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities.

Morningstar DBRS may receive compensation for its credit ratings and other credit opinions from, among others, issuers, insurers, guarantors and/or underwriters of debt securities.

This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of Morningstar DBRS. ALL MORNINGSTAR DBRS CREDIT RATINGS AND OTHER TYPES OF CREDIT OPINIONS ARE SUBJECT TO DEFINITIONS, LIMITATIONS, POLICIES AND METHODOLOGIES THAT ARE AVAILABLE ON <https://dbrs.morningstar.com>. Users may, through hypertext or other computer links, gain access to or from websites operated by persons other than Morningstar DBRS. Such hyperlinks or other computer links are provided for convenience only. Morningstar DBRS does not endorse the content, the operator or operations of third party websites. Morningstar DBRS is not responsible for the content or operation of such third party websites and Morningstar DBRS shall have no liability to you or any other person or entity for the use of third party websites.