

Driver Australia Master Trust ABS Ratings Affirmed

December 20, 2023

MELBOURNE (S&P Global Ratings) Dec. 21, 2023--S&P Global Ratings today affirmed its ratings on two classes of asset-backed securities (ABS) issued by Perpetual Corporate Trust Ltd. as trustee of Driver Australia Master Trust (see list). The notes are backed by chattel mortgage, and consumer loan contracts secured by passenger and light commercial motor vehicles that were originated by Volkswagen Financial Services Australia Pty Ltd. (VWFS Australia).

This is the only revolving-pool transaction backed by collateral originated by VWFS Australia. The transaction's revolving period is being extended for a further 12 months, beginning Dec. 27, 2023.

The rating affirmations reflect that the credit risk of the underlying collateral portfolio and the credit support available are commensurate with the ratings assigned. Credit support for the class A notes comprises the subordination of the class B notes and the subordinated loan, and overcollateralization. Credit support for the class B notes includes the subordination of the subordinated loan and overcollateralization. In addition, any balance remaining in the cash reserve on the maturity date of the notes or when the receivables pool balance reaches zero can be applied toward redemption of the class A and class B notes, which could provide additional support.

All contract payments, including the residual or balloon payments, are an obligation of the borrower. As a result, the trust is not exposed to any market-value risk associated with the sale of the motor vehicles (on performing receivables), which is a risk that may be associated with other products, such as operating leases.

Our ratings also reflect the issuer's capacity to pay interest to the class A and class B note holders in full on each interest payment date, and to repay principal in full no later than the final maturity date, under rating stresses commensurate with the ratings assigned. All rating stresses are made on the basis that the issuer does not call the notes on or beyond the call-option date, and that the notes must be fully redeemed via the mechanisms under the transaction documents. Timely payment of senior expenses and note interest is supported by the use of principal collections and an amortizing cash reserve funded at closing by VWFS Australia--equal to 1.2% of the aggregate class A and class B note balance--and subject to a floor of the lesser of 0.7% of the maximum receivables balance reached during the revolving period or any previous revolving period and the outstanding amount of the class A and class B notes.

The legal structure of the issuer, which is established as a special-purpose entity, and meets our criteria for insolvency remoteness.

Counterparty support is provided by Australia and New Zealand Banking Group Ltd. as bank account provider and ING Bank N.V. as interest-rate swap provider.

Fixed- to floating-rate interest-rate swaps are provided to hedge the mismatch between the fixed-rate payments on the receivables and the floating-rate interest payable on the notes. The transaction documents for the swap and bank accounts include downgrade language consistent

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with our "Counterparty Risk Framework: Methodology And Assumptions" criteria, published on March 8, 2019, that requires the replacement of the counterparty or other remedy, should its rating fall below the applicable rating.

A copy of S&P Global Ratings' transaction update report for Driver Australia Master Trust can be found on RatingsDirect, S&P Global Ratings' web-based credit analysis system, at <https://www.capitaliq.com>.

Related Criteria

- Criteria | Structured Finance | ABS: Global Auto ABS Methodology And Assumptions, March 31, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- ESG Industry Report Card: Credit Card Asset-Backed Securities, March 31, 2021
- Australia And New Zealand Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, April 17, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- Yield Considerations In Standard & Poor's Cash-Flow Analysis Of Australian And New Zealand ABS, Nov. 21, 2013
- Repayment Structures Of Australian RMBS and ABS Play An Important Role in Supporting Ratings Stability, Aug. 16, 2010

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- Auto ABS Arrears Statistics: Australia, published monthly
- ABS Performance Watch: Australia and New Zealand, published quarterly

Ratings Affirmed

Driver Australia Master Trust

- Class A, up to A\$2,150.0 million: AAA (sf)
- Class B, up to A\$200.0 million: A+ (sf)

REGULATORY DISCLOSURES

Please refer to the initial rating report for any additional regulatory disclosures that may apply to a transaction.

AUSTRALIA

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