

Presale Report

Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Driver UK ten

Morningstar DBRS

3 September 2025

Contents

- 1 Credit Ratings, Issuer's Assets, and Liabilities
- 1 Notable Features
- 4 Transaction Structure
- 5 Management of Funds
- 10 Origination and Servicing
- 14 Collateral Analysis
- 22 Cash Flow Analysis
- 25 Appendix 1—Methodologies
- 26 Appendix 2—Environmental, Social, and Governance (ESG) Checklist and Considerations
- 28 Appendix 3—Scope and Meaning of Financial Obligations

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Credit Ratings, Issuer's Assets, and Liabilities

Debt	Par Amount (EUR) ¹	Size/CE (%) ^{1,2}	Coupon (%) ^{1,3}	Credit Rating ⁴	Credit Rating Action	Credit Rating Action Date
Class A Notes XS3153055432	[•]	73.5/26.5	Compounded Daily SONIA + [•]	(P) AAA (sf)	New Rating - Provisional	3 September 2025
Class B Notes XS3153056679	[•]	9.5/17.0	Compounded Daily SONIA + [•]	(P) AA (sf)	New Rating - Provisional	3 September 2025
Subordinated Loan	[•]	11.0/6.0	[•]	NR	N/A	N/A
Overcollateralisation (OC)	[•]	6.0/0.0	N/A	NR	N/A	N/A

Notes:

1. Expected as of the issue date.

2. Size and credit enhancement (CE) are calculated as a percentage of collateral portfolio and do not consider the cash collateral account.

3. The floating-rate coupons are floored at zero.

4. The credit ratings on the Class A Notes and Class B Notes (the Notes) address the timely payment of scheduled interest and the ultimate repayment of principal by the final maturity date.

NR = not rated, n/a = not applicable.

The principal methodology, the other relevant methodologies and some additional information, including the meaning and scope of the financial obligations identified in these credit ratings, are discussed in Appendix 1 to Appendix 3 and the press release associated with this credit rating action.

Issuer's Assets	Amount (GBP)
Provisional Collateral Portfolio ¹	500,002,867
Cash Collateral Account ²	[6,017,500]

1. As of 30 June 2025.

2. Based on the provisional collateral portfolio.

Notable Features

Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Driver UK ten (the Issuer) is a public limited liability company incorporated in the Duchy of Luxembourg.

The transaction is a securitisation of a portfolio of fixed-rate receivables related to auto loans granted by Volkswagen Financial Services (UK) Limited (VWFSUK or the Seller) to borrowers residing or incorporated in the United Kingdom of Great Britain and Northern Ireland (the UK). VWFSUK will also act as the initial servicer for the transaction (the Servicer).

DBRS Ratings Limited (Morningstar DBRS) identified the following notable features in this transaction:

- The transaction represents the securitisation of automotive loan contracts comprising amortising loans, balloon loan receivables with and without a mandatory, final balloon payment. The initial pool of receivables comprises personal contract purchase (PCP; 93.9%), hire purchase (HP; 5.8%),

and lease purchase (LP; 0.3%). Most of the loans were granted to retail customers (99.3%), with the remainder (0.7%) granted to commercial customers. Approximately half of the receivables are represented by new vehicles (51.1%).

- The transaction includes a six-month revolving period wherein the Issuer may purchase additional receivables subject to eligibility criteria and portfolio concentration limits.
- The discount rate of 6.9832% is applied to the gross receivables balance of the provisional portfolio, which includes all future interest and principal, to calculate the purchase price. The discount rate considers the transaction's senior liability costs and servicing and administrative expenses plus an interest compensation rate of 1.3%.
- The interest compensation rate is available to indemnify the Issuer for interest shortfalls suffered as a result of early settlements. The compensation is calculated as the difference between the discounted receivables balance of loans subject to early settlement and the net present value of the future payments of these contracts using the relevant internal rate of return.
- The transaction has a mixed sequential/pro rata amortisation structure. Initially, all collections arising from the receivables will pay down the Class A Notes (in accordance with the relevant priority of payments). Once the Class A targeted overcollateralisation (OC) percentage reaches its targets, the Class B Notes begin to amortise. Once the Class B targeted OC percentage reaches its targets, the available distribution amounts are allocated on a pro rata basis to the Notes until and unless the specified credit enhancement increase condition (CEIC) triggers are breached.
- The transaction benefits from a liquidity reserve that is fully funded on the closing date. Amounts standing to the credit of the liquidity reserve are available to cover senior fees and expenses, the senior swap payments, and interest payments on the Notes, and is available in full to the priority of payments on earlier of (1) the final maturity date or (2) the day on which the aggregate discounted receivables balance reduces to zero. The liquidity reserve is initially sized at 1.45% of the Notes, and thereafter the higher of (1) 1.45% of the Notes' outstanding balance as at each monthly period and (2) the lower of (A) 1.0% of the initial nominal amount of the Notes and (B) the aggregate nominal amount of the Notes outstanding as at the end of the monthly period. Morningstar DBRS estimates that this provides at least three months of coverage to pay interest in the absence of collections and after considering stressed senior fee and interest payment assumptions.
- All underlying contracts are fixed rate while the Notes are floating rate.
- Approximately 10.1% of the outstanding discounted balance consists of electric vehicles and approximately 5.6% consists of hybrid vehicles.
- The UK Supreme Court has handed down its judgement in the Johnson v FirstRand Bank Limited on the 8 August 2025. The ruling overturned the Court of Appeal's decision in relation to bribery and fiduciary duties. On 3 August 2025, the Financial Conduct Authority has launched its consultation on an industrywide redress scheme. The scheme is widely expected to launch in early 2026. See Morningstar DBRS' commentary on these developments, [Impacts of the UK Supreme Court Ruling on UK Auto ABS](#), to learn more.

Strengths

- VWFSUK is a well-established and financially strong captive finance lender in the United Kingdom, and Morningstar DBRS considers it an experienced servicer. The transaction represents further European issuances of Notes backed by auto loan agreements through European subsidiaries of Volkswagen Financial Services AG (VWFS or the Group).
- Prior transactions originated by VWFSUK have performed within Morningstar DBRS' expectations.

- Morningstar DBRS considers the portfolio to be granular. The maximum concentration of individual borrowers does not exceed 0.08% of the initial portfolio. The top 10 debtor exposure of the initial pool is 0.52%.

Challenges and Mitigating Factors

- Because of the transaction's mixed sequential/pro rata structure, there may be circumstances when the Class B Notes and the subordinated loan both amortise, while the Class A Notes are still outstanding.

Mitigant: Morningstar DBRS has considered the transaction structure within its cash flow analysis. The Class A Notes also benefit from elevated target OC levels after the revolving period ends.

- Since the Issuer is expected to purchase additional receivables during the six-month revolving period, the pool composition at the end of the revolving period may differ from that at the issuance date.

Mitigant: Additional receivables added to the portfolio during the revolving period must adhere to the specific global portfolio limits outlined in the transaction documents. Morningstar DBRS adjusted its cash flow analysis to accommodate a deterioration in the pool.

- Most of the loans relate to PCP contracts where the obligor repays less than the entire principal balance of the loan during its term, resulting in lower monthly payments and an optional, final balloon payment. The customer may elect to return the vehicle in lieu of the final balloon payment. The optionality to return the vehicle introduces the transaction to residual value (RV) risk. The LP loans allow for the obligor to repay less than the entire principal balance of the loan during its term, resulting in lower monthly payments followed by a mandatory, final balloon payment, resulting in more concentrated collections when the balloon payments fall due. This payment can be affected by the underlying performance and liquidity of the used car market or the availability of refinancing opportunities, as the final balloon payment is typically funded through vehicle sales proceeds or is refinanced through another funding arrangement. The inclusion of the LP loans introduces concentrated cash payments and thus incremental risk to the transaction.

Mitigant: To mitigate the risk arising from balloon loans, Morningstar DBRS considered incremental balloon exposure as part of its credit rating-specific asset stresses. When assessing the sufficiency of credit enhancement afforded to the Notes, Morningstar DBRS adjusted default multiples to include incremental balloon stresses. In relation to RV risk arising from PCP contracts, Morningstar DBRS has independently validated the RV setting policy of VWFSUK using third-party information from Autovista Intelligence' RV Intelligence tool, and applied credit rating-level specific RV loss stresses.

- Some of the underlying loans were granted to individuals and are regulated by the UK Consumer Credit Act (CCA). The CCA grants additional rights to borrowers, such as the right to voluntarily terminate (VT) a finance contract. Upon exercising this right, the customer must pay or have paid at least 50% of the total amount due under the finance contract plus any outstanding arrears. The borrower is expected to take reasonable care of the goods, and the creditor is also entitled to recompense if that is not the case. The sale of a vehicle returned after the obligor exercises its right to VT may result in recoveries that amount to less than the amount outstanding under the financing contract; this feature directly exposes the Issuer to VT risk.
- *Mitigant:* Morningstar DBRS received static vintage data that outlined where customers have exercised VT and considered the portfolio's historic performance in arriving at its assumptions.

- Although the lease receivables are transferred at a discount rate of 6.9832%, any excess is returned to the Seller as described in the transaction waterfall.

Mitigant: Once the CEIC trigger is breached, the buffer release rate and interest compensation rate becomes part of the available interest funds'. The breach of the CEIC trigger is linked to the portfolio's performance (dynamic and cumulative net loss and late delinquencies).

- The transaction documents allow for obligors who may be employees of VWFSUK. Such borrowers may have the right to set-off unpaid wages or other cash benefits against their purchased receivables.

Mitigant: Morningstar DBRS understands that the portfolio does not contain loans granted to employees.

- The revolving period terminates on the occurrence of an early amortisation event, one of which is the balance of the cash collateral account is below its required level for 2 consecutive payment dates.

Mitigant: Morningstar DBRS considers the revolving period termination events comparatively loose and considered this feature in its cash flow modelling assumptions.

Transaction Structure

Relevant Dates

Issue Date	27 October 2025
Initial Cut-Off Date	30 June 2025
First Payment Date	25 November 2025
Payment Date	The 25th day of each calendar month.
Revolving Period Scheduled End Date	25 April 2026
(Scheduled Revolving Period Length)	(6 months)
Final Maturity Date	25 April 2033

Key Transaction Parties

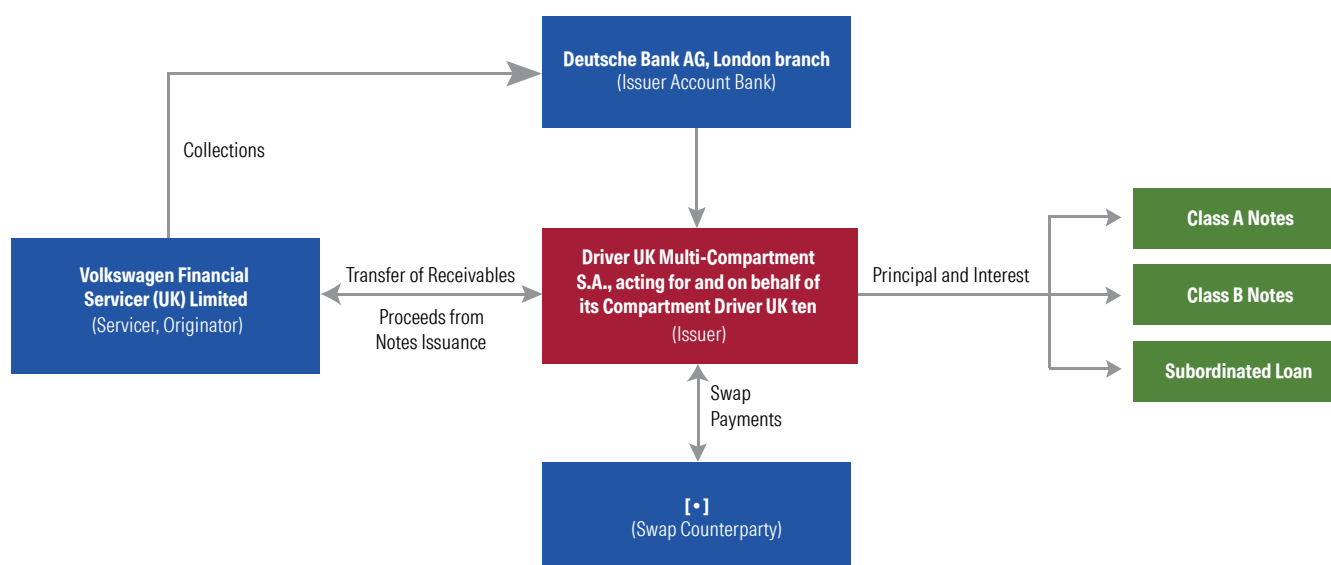
Roles	Counterparty	Morningstar DBRS Credit Rating¹
Issuer	Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Driver UK ten	Not Rated
Seller/Service/Subordinated Lender	Volkswagen Financial Services (UK) Limited	Not Rated
Issuer Account Bank	Deutsche Bank AG, London branch	Private Rating
Swap Counterparty	[•]	[•]
Joint Lead Managers	Lloyds Bank Corporate Markets Wertpapiershandelbank GmbH	Not Rated
	Wells Fargo Securities International Limited	Private Rating
	Crédit Agricole Corporate and Investment Bank	Private Rating
Arranger	Lloyds Bank Corporate Markets plc	Private Rating

¹ Long-Term Issuer Rating unless otherwise specified.

Transaction Summary

Currency	Issuer's assets and liabilities are denominated in British pound sterling (GBP).							
Relevant Jurisdictions	<p>Loan contracts are governed by English law.</p> <p>The English transaction documents are governed by English law; the German transaction documents are governed by German law.</p> <p>The Notes are governed by German law.</p> <p>The swap agreement is governed by English law.</p> <p>The Issuer is incorporated in the Grand Duchy of Luxembourg.</p>							
Interest Rate Hedging	<p>An interest rate swap is expected to be in place at closing.</p> <p>Issuer pays: [•]% (annualised) in respect of the Class A Notes swap and [•]% (annualised) in respect of the Class B Notes swap.</p> <p>Issuer receives: Compounded daily Sonia plus the Class A and Class B interest margins (as applicable) without a floor).</p> <p>Notional: The applicable Class A Notes or Class B Notes principal amount outstanding.</p>							
Cash Reserve	<p>Funded at closing from the proceeds of the subordinated loan.</p> <table><tr><td>Initial amount at closing:</td><td>GBP [6,017,500]</td></tr><tr><td>Required amount:</td><td>The higher of (1) 1.45% of the aggregate amount of the Notes outstanding and the lower of (2)(A) 1.0% of the nominal amount of the Notes and (B) aggregate nominal amount of the Notes outstanding.</td></tr><tr><td>Amortising:</td><td>Yes.</td></tr></table>		Initial amount at closing:	GBP [6,017,500]	Required amount:	The higher of (1) 1.45% of the aggregate amount of the Notes outstanding and the lower of (2)(A) 1.0% of the nominal amount of the Notes and (B) aggregate nominal amount of the Notes outstanding.	Amortising:	Yes.
Initial amount at closing:	GBP [6,017,500]							
Required amount:	The higher of (1) 1.45% of the aggregate amount of the Notes outstanding and the lower of (2)(A) 1.0% of the nominal amount of the Notes and (B) aggregate nominal amount of the Notes outstanding.							
Amortising:	Yes.							

Transaction Diagram



Sources: Morningstar DBRS, transaction documents.

Management of Funds

The Issuer's available funds comprise the interest available funds and the principal available funds which are disbursed as described below:

The Issuer's available funds comprise the available distribution amount, which is disbursed, prior to the occurrence of an enforcement event, as described below:

Available Distribution Amount (Simplified)

- Interest earned on cash held at bank on the distribution and accumulation accounts;
- Interest and principal collections, including inter alia collections arising from the ancillary rights,
- Vehicle sales, and other recovery proceeds and VAT adjustments due from His Majesty's Revenue and Customs;
- Payments from the cash collateral account;
- Net swap receipts;
- The cash balance of the accumulation account;
- The interest compensation shortfall redemption amount;
- The buffer release amount, to the extent a credit enhancement condition is in effect; and
- The interest compensation ledger release amount and the buffer top-up amount, to the extent a CEIC is in effect.

Priority of Payments (Simplified)

Prior to the occurrence of an enforcement event, the available distribution amounts are disbursed as follows:

1. Issuer's taxes;
2. Security trustee fees;
3. Servicing fees;
4. Fees due to transaction parties;
5. Senior net swap payments;
6. Interest on the Class A Notes, including interest shortfalls brought forward;
7. Interest on the Class B Notes, including interest shortfalls brought forward;
8. Replenishment of the cash collateral account to its required level;
9. Principal on the Class A Notes (or, during the revolving period, toward the purchase of new receivables);
10. Principal on the Class B Notes (or, during the revolving period, toward the purchase of new receivables);
11. Junior swap payments;
12. Interest on the subordinated loan;
13. Principal on the subordinated loan; and
14. All remaining excess to VWFS.

Relevant Definitions and Events

The **Class A principal payment amount** is calculated as the amount required to reduce the Class A Notes' outstanding balance to the applicable targeted Class A Notes balance, determined by using the then applicable targeted OC percentages.

The **Class B principal payment amount** is calculated as the amount required to reduce the Class B Notes' outstanding balance to the applicable targeted Class B Notes balance, determined by using the then applicable targeted OC percentages.

The **Class A and Class B targeted OC percentages** are laid out in the table below.

Target OC (%)	During the revolving period and no credit enhancement increase condition in place	After the revolving period and no credit enhancement increase condition in place	Following the occurrence of a credit enhancement increase condition
Class A Notes	[31.1]%	[33.1]%	100.0%
Class B Notes	[20.3]%	[22.3]%	100.0%

The CEIC is in effect at the earlier of:

- The dynamic net loss ratio, for three consecutive payment dates, exceeding (1) 0.3% if the portfolio's weighted-average seasoning is less than or equal to 12 months (inclusive), or (2) 0.75% if the portfolio's weighted-average seasoning is between 12 months (exclusive) and 22 months (inclusive), or (3) 2.0% if the portfolio's weighted-average seasoning is between 22 months (exclusive) and 34 months (inclusive). If the portfolio's weighted-average seasoning exceeds 34 months, the dynamic net loss ratio does not apply.
- The cumulative net loss ratio exceeding (1) 0.8% during the first five months (inclusive) following the closing date, (2) exceeding 1.8% between six and 11 months (both inclusive) following the closing date, or (3) exceeding 4.0% after the 11th month (exclusive) following the closing date; or,
- The late delinquency ratio exceeding 1.3% on any payment date on or before October 2026.

The **dynamic net loss ratio** considers the ratio of the aggregate charged off amounts in the monthly period less any recoveries collected during the month in relation to previously charged off receivables, which includes receivables not received on time, receivables yet to be paid in the future, and PCP handbacks and VT handbacks that became charged off, divided by the discounted receivables balance as at the beginning of the monthly period.

The **cumulative net loss ratio** considers the ratio of the aggregate charged off amount of all purchased receivables (including receivables not received on time or remaining to be paid, and any PCP handbacks and VT handbacks that became charged off receivables after being repurchased by VWFSUK) less any recoveries made in relation to charged off receivables since the cut-off date, divided by the aggregate discounted receivables balance.

The **late delinquency ratio** considers the quotient of the aggregate discounted principal balance of all late delinquent receivables (i.e., those that are not terminated or defaulted but remain unpaid for more than 180 days) divided by the aggregate discounted receivables balance as at the beginning of the monthly period.

The revolving period ends on the earlier of the payment date falling in April 2026 or the occurrence of an **early amortisation event**. The occurrence of each of the following constitutes as an early amortisation event:

- The Servicer is replaced;
- The accumulation balance, on 2 consecutive payment dates, exceeds 15.0% of the discounted receivables balance.
- On any payment date falling 3 consecutive payment dates after the closing date, the Class A actual OC amount is below 26.25%;
- VWFSUK ceases to remain an affiliate of Volkswagen AG (VW);
- The Seller fails to repurchase redelivery receivables on two consecutive payment dates;
- The swap counterparty is not replaced within 30 calendar days following the termination of the swap agreement;

- A CEIC is in effect;
- VWFSUK becomes insolvent;
- A foreclosure event occurs; and
- The balance of the cash collateral account is below its required level on two consecutive payment dates.

Post-Acceleration Priority of Payments (Simplified)

The occurrence of any of the below constitutes a foreclosure event, resulting in an enforcement event where the security trustee serves an enforcement notice to the Issuer:

- With respect to the Issuer, an insolvency event occurs; or
- The Issuer defaults in the payment of any interest on the most senior class of notes when the same becomes due and payable, and such default continues for a period of five business days; or
- The Issuer defaults in the payment of principal of any of the Class A Notes or Class B Notes on the legal maturity date.

Following the occurrence of an enforcement event, the available distribution amounts are disbursed as follows:

1. Issuer's taxes;
2. Security trustee fees;
3. Servicing fees;
4. Fees due to transaction parties;
5. Senior swap payments;
6. Interest on the Class A Notes;
7. Principal on the Class A Notes;
8. Interest on the Class B Notes;
9. Principal on the Class B Notes;
10. Junior swap payments;
11. Interest on the subordinated loan;
12. Principal on the subordinated loan; and
13. All remaining excess to VWFS.

As the accelerated priority of payments is applicable in case of the Issuer's insolvency, it is not usually relevant in any credit rating scenario.

Optional Redemption

Prior to the legal maturity date and aside from the expected cash flows of the transaction, the Notes may only be redeemed entirely following the Seller exercising the cleanup call option. The cleanup call option is available to the Seller when the aggregate discounted receivables balance of all outstanding purchased receivables falls to below 10.0% of the aggregate discounted receivables balance as of the initial cut-off date.

Collections and Commingling Risk

The Servicer will manage and collect payments from borrowers in the securitised portfolio and other proceeds related to the receivables.

The Servicer is permitted to commingle collections with its own funds and is required to transfer these monies to the Issuer's account on each payment date, subject to the satisfaction of the monthly remittance condition. The monthly remittance condition is no longer satisfied if the long-term unsecured debt ratings of Volkswagen Financial Service AG falls below BBB (high). Upon breach of the trigger, VWFSUK will be initially required, within 30 calendar days of the breach, transfer to the Issuer the monthly collateral, comprising the expected following monthly payments, including prepayments estimated to be 20.0% falling due and payable. For subsequent payment dates on which the breach continues, VWFSUK is required to transfer the monthly collateral on each subsequent payment date.

Morningstar DBRS considered a commingling loss commensurate with the provisional credit ratings assigned to the Class A Notes and Class B Notes, the triggers linked to the monthly remittance condition, the expected distribution of monthly collections, and the portfolio's amortisation profile. Morningstar DBRS considers that the current credit ratings are commensurate with the resulting commingling risk exposure, taking into account that VWFSUK as the Servicer is allowed to commingle up to nearly two months of collections, and considering the credit strength of VWFS.

Seller Related Risks

Set-Off Risk

The Servicer does not take customer deposits, and the Seller represents and warrants that none of the purchased receivables are impaired by set-off rights. Although some of the obligors may be employees, Morningstar DBRS understands that these loan contracts would have been granted at an arm's length transaction and are not part of an employee car scheme. Although VWFSUK offers a range of maintenance services, any payments related to such services and value-added tax thereon form part of the excluded collections and are not capitalised in the transaction.

Issuer Account Bank

Deutsche Bank AG, London branch (DBLB) has been appointed as the Issuer's account bank for the transaction. Morningstar DBRS privately rates DBLB, Morningstar DBRS concludes that it meets the minimum criteria to act in this capacity. The transaction documents are expected to contain downgrade provisions relating to the account bank consistent with Morningstar DBRS' legal criteria. The Issuer's accounts include the distribution account, the cash collateral account, the counterparty downgrade collateral account, and the accumulation account.

Hedging Counterparty

The swap counterparty for the transaction will be confirmed prior to closing. Morningstar DBRS understands that the swap counterparty is expected to meet Morningstar DBRS' minimum criteria to act in such capacity. The hedging documents are expected to contain downgrade provisions consistent with Morningstar DBRS criteria.

Origination and Servicing

Morningstar DBRS conducted an operational review of VWFSUK's auto finance operations in June 2025. Morningstar DBRS considers VWFSUK's origination and servicing practices to be consistent with those observed among other auto finance companies. VWFSUK, established in the UK in 1994, is a wholly owned subsidiary of VW Finance Europe B.V., a subsidiary of the Group, which in turn is a subsidiary of VW. VWFSUK provides financing for the purchase and leasing of VW branded vehicles throughout the UK. VWFSUK moved to its headquarters in Milton Keynes in 1999 and subsequently into new headquarters in 2015. The company launched the UK branch of VW Bank GmbH (VWB) in 2005.

VWB was founded in 1949 and is headquartered in Braunschweig, Germany. VWB together with VWFS is responsible for coordinating the worldwide financial services activities of the Volkswagen Group. VWB provides finance to retailers and dealers in addition to taking deposits. Furthermore, VWB is supervised and regulated by the European Central Bank.

In March 2023, it was announced that there was to be a reorganisation of the subgroups of VWFS and VWB. This involved the creation of a new VWFS which became the holding company for European and UK financial services activities, while the existing VWFS became VWFS Overseas AG and became the holding company for non-European activities. The shares in VW Leasing GmbH were transferred to VWB.

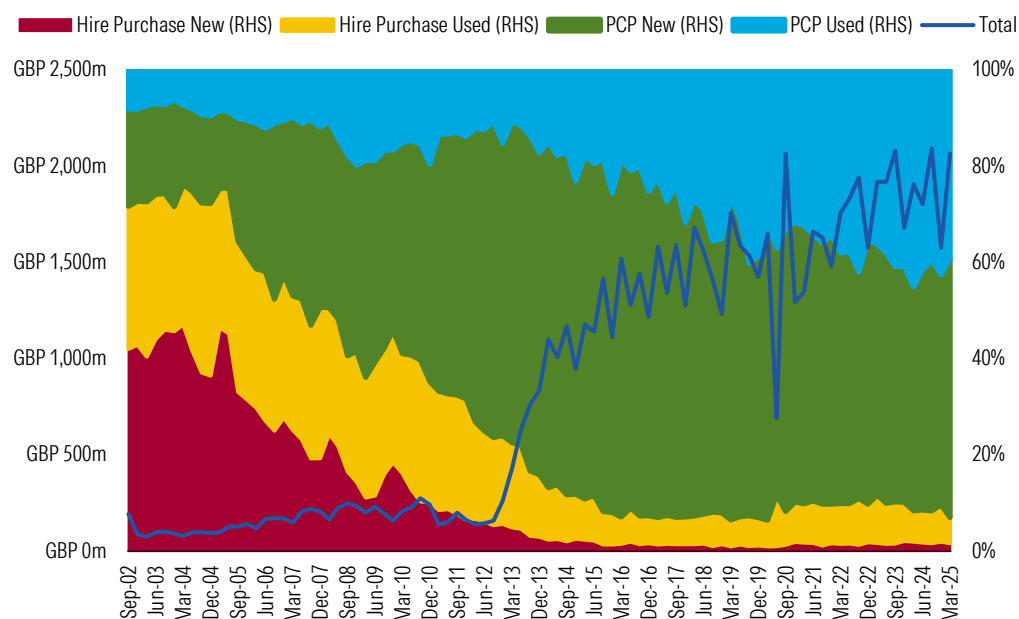
Morningstar DBRS does not rate VWFS; although, a public credit rating has been assigned to the Group. For more information please refer to <https://dbrs.morningstar.com>.

Origination and Sourcing

VWFSUK provides various retail financing products, such as standard HP agreements that feature substantially equal monthly payments that amortise the principal balance over the term of the loan. Following the payment of the option to purchase fee the ownership of the vehicle is transferred to the customer. HP contract terms are typically between 12 and 60 months. A second type of agreement is called the Solutions Personal Contract Purchase which are similar to HP agreements but feature a final, optional balloon payment. The customer is presented with two options (1) pay the final balloon payment and acquire ownership of the vehicle, or (2) return the vehicle to VWFSUK in lieu of the final balloon payment. The latter option is subject to mileage and vehicle condition restrictions. PCP contract terms are between 12 and 49 months.

The final financing option is a LP, which are similar to PCP agreements with one exception: the final balloon payments are mandatory, and customers do not have the right to return the vehicle to VWFSUK. LP contract terms are between 12 and 49 months. For each of the products, asset ownership remains with VWFSUK until the payment of all outstanding monies at contract maturity and the payment of the option to purchase fee.

The company signed more than 418,000 contracts in 2024 including HP (12%), LP (1%), PCP (67%), and Leasing contracts (21%), compared with 437,000 in 2023 and 361,000 in 2022.

Exhibit 1 Origination Mix

Source: Morningstar DBRS.

The changing customer sentiments observable in the wider UK market from ownership to usage in the form of PCP contracts is also reflecting in VWFSUK's origination mix. The share of HP origination volumes has been in steady decline since 2009, and it has largely disappeared in relation to new vehicle financing. Morningstar DBRS also notes the increase of used PCP contracts in the origination mix since 2015.

Underwriting

In the UK, VWFSUK's business model and risk management practices closely follow the policies and procedures in place for retail originations in Germany offering different kinds of products for financing new and used cars. As VWFSUK is the financing arm of the Group in UK, it is the chief provider of auto financing for Volkswagen and its affiliate brands.

All underwriting activities at VWFSUK are appropriately segregated from marketing and sales. VWFSUK adheres to standard Know-Your-Customer practices where the applicant is verified at the point of application. Approximately 90% of customers are authenticated electronically using external credit reference agency (CRA) data, whereas the remaining 10% are verified using proof of address and photo identification. Creditworthiness and affordability assessments are conducted for all applicants, while external CRA information combined with VWFSUK Risk strategy determine the creditworthiness of the customer. All applicants are searched at the primary CRA (Experian) and processed through scorecards. The secondary CRA (TransUnion) search is conditional based on the primary score and the level of information returned from the primary CRA. In 2011, VWFS was the first captive auto finance company in the UK with dual bureau data capability. Applications are analysed through VWFSUK's internal credit scoring system which assigns a 'band' to the loan denoting the risk associated with the borrower and loan. Dual bureau data is primarily used for

high-risk bands. Automatic decisioning only exists for the low-risk bands and as expected, the approval rate is considerably lower for higher risk bands.

VWFSUK uses bespoke scoring models and launched four new scorecards in 2011 based on the vehicle type (new and used), the applicant's age and dual bureau data. The scorecards follow a rules-based system including responsible lending rules to address regulatory guidelines. All rules are analysed monthly including the rules 'hit' ratios, subsequent underwriting action and performance. The rule parameters are maintained, and the stability and performance of the scorecards are monitored closely by the Risk team and are validated annually with sign-off from the Board of Management. Approval is generally granted automatically through the scoring system particularly for lower risk bands "A" and B if no policy rules are breached otherwise the proposal will be referred for manual underwriting or be processed through a machine learning accept or reject model. The Machine Learning models are constrained and have been developed using supervised techniques with the goal to accurately predict the value of an outcome measure, based on past events and data. Additionally based on the score returned from the credit scoring process, the embedded rules ensure that Z-band customers with a poor credit profile are declined.

Summary Strengths

- Global brands with good reputation and strong position within the UK market.
- Use of multiple rules-based credit scoring models incorporating dual credit bureau data and monthly analysis of rules and performance metrics.
- Strong fraud detection process including checks at underwriting and pre-contract activation along with the use of a leading UK database: Hunter.
- Centralised and independent credit and risk management functions with underwriting teams split between retail (individuals and business) and corporates.

Servicing

Servicing begins during the final stages of initial financing with the customer services department reviewing all borrower documents and credit terms including interest rates, loan maturity, insurance coverage requirements and prepayment terms. More than 99% of payments are made via direct debit and contracts have monthly payment frequencies; all new contracts must be paid by direct debit. Servicing is centralised in Milton Keynes and the company places considerable focus on customer service evidenced through proactive assessment of customer satisfaction following contract execution and quarterly surveys. VWFSUK employs a customer contact council as well as a professional planning forum to ensure adherence to corporate strategies involving customer service.

The arrears management process is heavily automated and is driven by an SAP workflow system providing collection teams daily workload reports and performance monitoring statistics. VWFSUK complies with all regulatory guidelines including the debt collection procedures outlined by the Office of Fair Trading and the FCA's treating customers fairly regime. The company's behavioural scoring model, which assigns a probability of default (PD) and loss given default (LGD) to each loan, is used to segregate arrears cases based on the risk profile. VWFSUK continues to focus on specialised collections for vulnerable customers. The company's collection efforts involve a combination of verbal and automated lettering campaigns during the first month of arrears with

telephone contact initiated almost immediately after notification of a missed payment. VWFSUK begins discussions concerning repossession of the vehicle either voluntarily by the borrower or through legal means once a loan is 61 days past due. External agents are used for enforcement activities and VWFSUK actively monitors agents' performance; approximately 50% of repossessed vehicles are returned through extra-judicial means. The enforcement, repossession and sale process is expedient with repossession taking approximately 11 days and eventual sale around 30 days. VWFSUK avoids private sales to prevent complaints from borrowers in relation to selling the vehicle below its market value and most cars are sold through multiple auction sites/centres. Additional channels are also utilised to diversify the sales options and support sales values when deemed appropriate. When a vehicle arrives at the nominated auction site, it is scanned upon entry to the site and entered into a stock management system. Vehicles are then sold in a series of auctions; some of these are specific to VWFSUK vehicles. If any liability remains outstanding following the sale of the vehicle, the customer is advised of the outstanding amount by letter and, if unable to clear the liability in full, an attempt is made to establish a payment plan. In cases where the customer is unable or unwilling to pay, an evaluation is made to determine whether legal action or full and final write off is the appropriate course of action.

Residual Value Policy

VWFSUK follows an analytical approach to RV forecasting that incorporates current and recent auction performance, long-term historical value tracking, model comparison and benchmarking, and specification and technology considerations. There is no singular industry guide or publication that is relied upon for establishing RVs. RV exposure is closely monitored monthly that includes a monthly revaluation of all assets to provide the earliest indication possible of potential exposures. The ongoing monitoring also includes comparing the contractual RVs against industry minimum, maximum, and average RVs as well the CAP Monitor forecast benchmark and forecast valuations from the Black and Gold Book. This consistent residual monitoring has allowed VWFSUK to achieve disposal performance that consistently outperforms the sector average. A RV Committee, including members from all business areas across VWFSUK as well as representatives from VW, Audi and Porsche meets monthly. Stand-alone RV committees for Porsche and non-VW group vehicles meet biannually, and the majority of data and analysis discussed in the committees are provided by the asset risk management group.

Summary Strengths

- Majority of payments made via direct debit.
- Low default and stable recovery rates.
- Active early arrears management practices which benefit from automated workflows and behavioural scoring that segregates arrears cases based on risk and loan size.

Summary Weaknesses

- Increased RV risk as VWFS focuses more attention on PCP product versus LP.
Mitigant(s): PCP provides more opportunities for customer retention and the company's RV calculation processes are sound. Depreciation on VW vehicles is traditionally better than its peers.
- No dialler technology for outbound calling activity.
- *Mitigant(s):* Established arrears management practices; current arrears and default rates have not reached the scale typically associated with implementation of automated diallers.

Opinion on Backup Servicer:

There is no backup servicer appointed at closing, but contractual provisions allow for the replacement of the Servicer. Morningstar DBRS believes that the Group's current financial condition mitigates the risk of a possible disruption in servicing following a potential servicer event of default, including insolvency.

Collateral Analysis**Eligibility Criteria (Summarised)**

VWFSUK represents and warrants that the loan contracts meet the eligibility criteria as summarised below:

- The exposure to used vehicles may not exceed 60% of the discounted receivables balance;
- The exposure to used vehicles financed through PCP contracts may not exceed 55% of the discounted receivables balance;
- The exposure to vehicles not manufactured by the Volkswagen Group may not exceed 10% of the discounted receivables balance;
- None of the obligors are an affiliate of the Seller; although, they may be employees of the Seller;
- The registered offices of corporate borrowers and individual borrowers are in England, Scotland, Northern Ireland or Wales;
- There is no pending bankruptcy or insolvency proceedings initiated against the obligor;
- The purchase receivables are denominated in British pound sterling;
- No purchased receivable is overdue;
- Each financing agreement is governed by English, Scots, or Northern Irish law;
- Each agreement constitutes a valid, binding, and enforceable agreement with full recourse to the obligor;
- The status and enforceability of the purchased receivables is not impaired due to warranty claims or any other right of the obligor;
- No obligor maintains deposits on accounts with the Seller;
- The Seller is the legal and beneficial owner of the purchased receivables and they are free from any security interest created;
- Each receivable is at least one month seasoned and has an original term no longer than 72 months, and has a remaining term between 6 and 71 months; and
- No obligor has an exposure in excess of 0.5% of the aggregate discounted receivables balance.

The main characteristics of the provisional portfolio and selected comparable transactions in the same jurisdiction are summarised below.

Portfolio Characteristics	Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Driver UK ten	Driver UK Multi-Compartment S.A., acting for and on behalf of its Compartment Driver UK seven	Cardiff Auto Receivables Securitisation 2022-1 plc	Silver Arrow S.A., acting in respect of its Compartment Silver Arrow UK 2021-2	Silver Arrow S.A., acting in respect of its Compartment Silver Arrow UK 2020-2
Original Principal Balance	508,469,161	538,753,446	741,275,255	654,237,892	876,439,093
Current Principal Balance	500,002,867	500,008,545	609,999,517	529,799,981	675,999,341
Number of Contracts	21,514	23,400	23,186	24,963	36,146
Average Original Principal Balance	23,634	23,024	31,971	26,208	24,247
Average Current Principal Balance	23,241	21,368	26,309	21,223	18,702
Weighted-Average Original Term (Months)	47.3	47.7	46.4	46.5	45.7
Weighted-Average Remaining Term (Months)	40.9	40.0	28.1	31.0	26.6
Weighted-Average Seasoning (Months)	6.5	7.7	18.3	14.5	18.1
Weighted-Average Interest Rate (%)	9.5	7.8	5.9	6.4	6.4
RV Exposure (% Current Principal Balance)	55.0	56.3	66.5	56.0	58.4
Balloon Exposure (% Current Principal Balance)	0.2	0.3	0.0	0.0	0.0
New Vehicles (% Current Principal Balance)	51.1	52.2	69.1	66.1	55.2
Used Vehicles (% Current Principal Balance)	48.9	47.8	30.9	33.9	44.8
Private Borrower (% Current Principal Balance)	99.3	99.2	100	91.9	93.6
Commercial Borrower (% Current Principal Balance)	0.7	0.8	0.0	8.1	6.4
Top 20 Obligor (% Current Principal Balance)	1.0	0.8	0.2	0.5	0.2

Exhibit 2 Current Aggregate Discounted Receivables Balance (GBP)

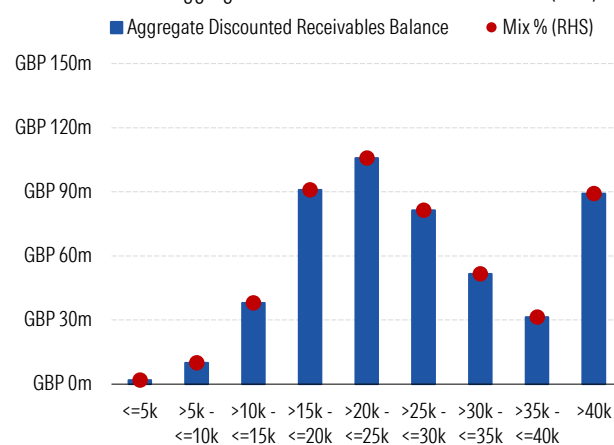
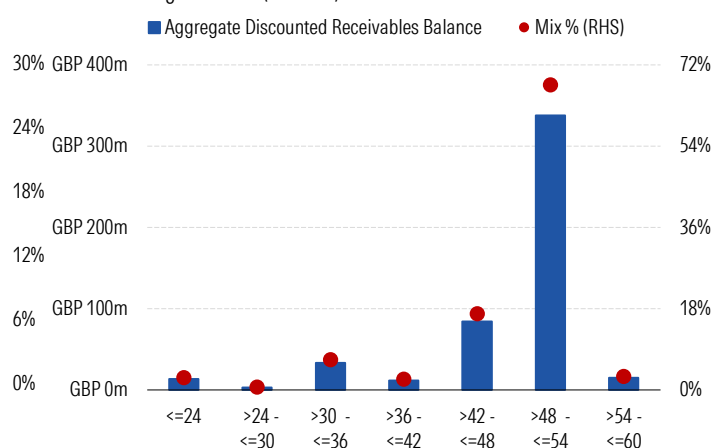
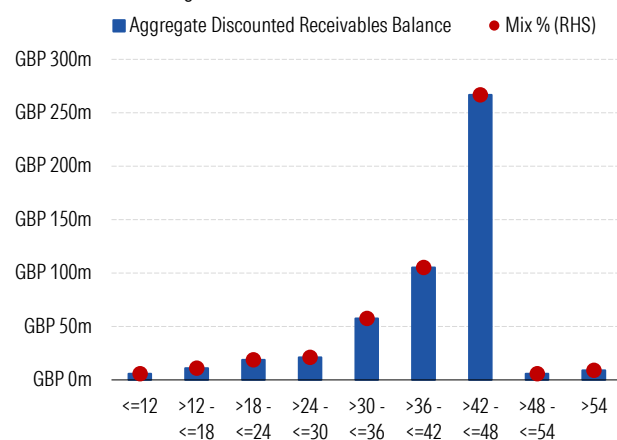
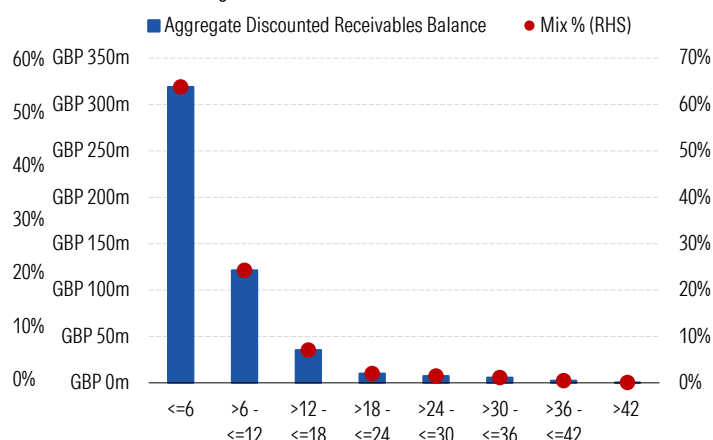


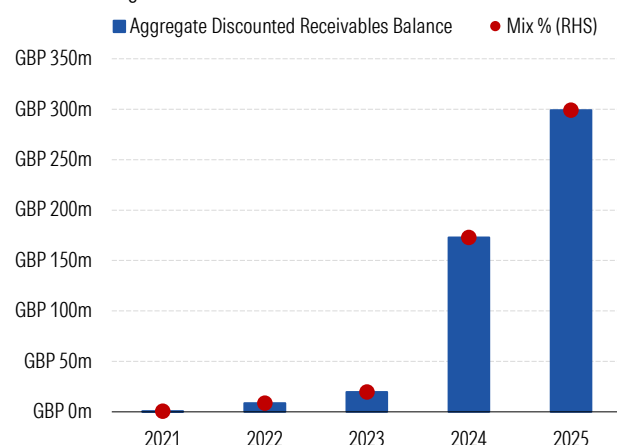
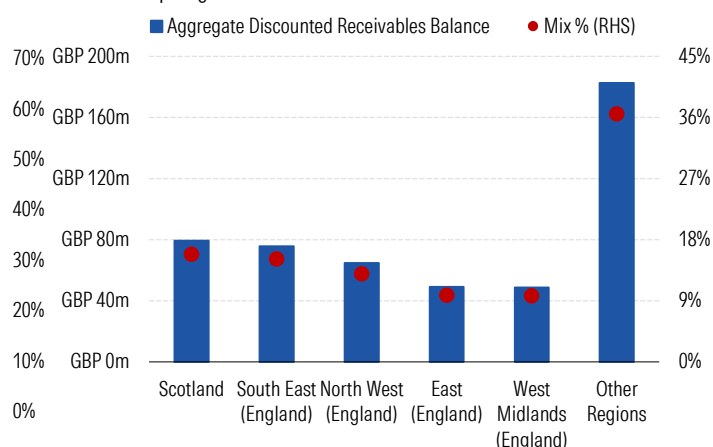
Exhibit 3 Original Term (Months)



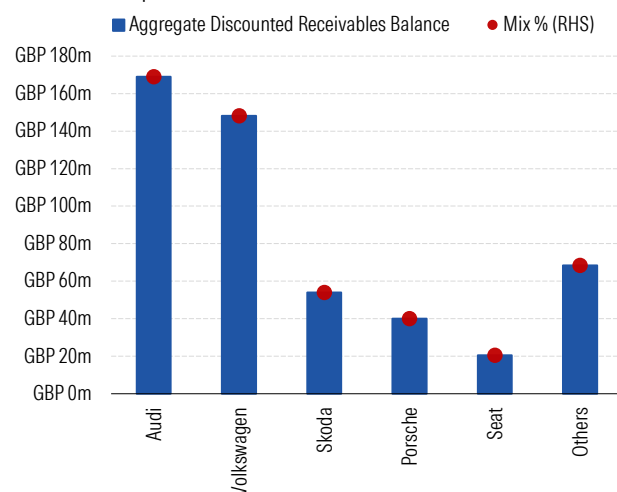
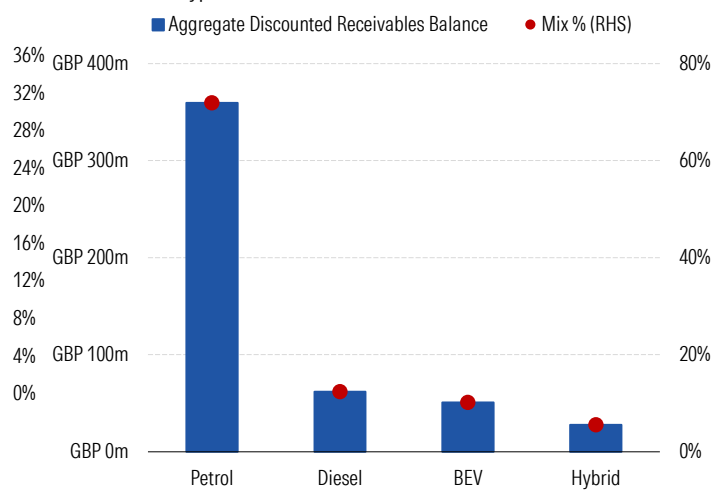
Sources: Morningstar DBRS, VWFSUK

Exhibit 4 Remaining Term (Months)**Exhibit 5** Seasoning (Months)

Sources: Morningstar DBRS, VWFSUK

Exhibit 6 Origination Year**Exhibit 7** Top Regions

Sources: Morningstar DBRS, VWFSUK

Exhibit 8 Marque**Exhibit 9** Fuel Type

Sources: Morningstar DBRS, VWFSUK

Morningstar DBRS notes the following portfolio features:

- Most of the receivables relate to PCP contract. Auto ABS transactions sponsored by prime UK lenders normally feature a large share of PCP contracts, reflective of the wider UK auto market.
- The portfolio is relatively new, with the weighted-average seasoning standing at approximately 6.5 months.
- The majority of the portfolio relates to vehicles manufactured by brands of the Volkswagen Group. The largest manufacturer exposure is to Audi (33.8%), followed by Volkswagen (29.6%) and Seat (10.8%).
- The majority of the portfolio (71.9%) relates to vehicles equipped with a petrol powertrain. The rest of the portfolio is split between diesel (12.4%), electric vehicles (10.1%), and hybrid vehicles (5.6%).
- The portfolio is geographically disbursed. The largest exposure is to Scotland (15.9%), followed by the South East of England (15.1%) and North West of England (13.0%).

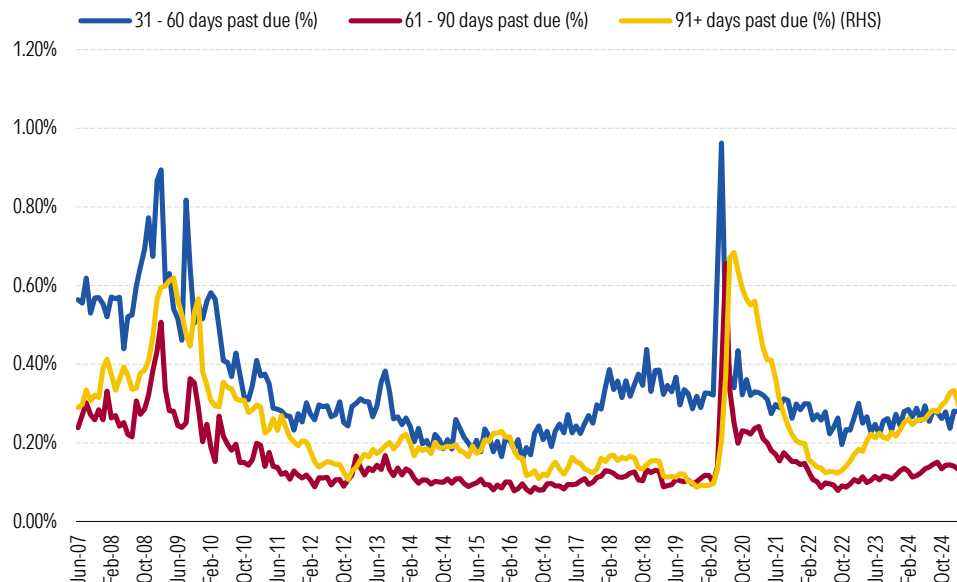
Portfolio Performance Data

Morningstar DBRS was provided with historical information as follows:

- Quarterly cumulative static gross and net hostile and voluntary termination data from Q3-2002 to Q2-25. The data is split into HP/PCP/LP and new/used and HT/VT subsets.
- Quarterly amount financed report data from Q3-2002 to Q1-25. The data is split into HP/PCP/LP and new/used subsets.
- Monthly recovery performance data detailing cash and vehicle sale recoveries up to 18 months and over 18 months split into credit and VT recoveries, product, and new/used subsets;
- Monthly VT return report from July 2002 to March 2025. The data is split into HP/PCP/LP and new/used subsets.
- Monthly dynamic delinquencies from June-2006 to March-2025. The data is split into LP, HP and PCP (and further split into new and used).
- Monthly dynamic prepayment data from June-2008 to March-2025. The data is split into full and partial prepayments.
- Monthly PCP handback report from September 2004 to Feb 2025.
- Monthly PCP return ratio report from January 2016 to Dec 2024.
- Provisional portfolio as of 1 June 2025 (loan-by-loan and stratification tables) and its related amortisation schedule.
- Portfolio payment date information.

Delinquencies

Exhibit 10 Delinquencies (%)



Source: Morningstar DBRS, VWFSUK.

The delinquency levels of VWFSUK have been consistent and low over the past 10 years, with the exception of the coronavirus-related lockdowns. The recent increase in the 91+ delinquency bucket is attributed to VWFSUK's new forbearance approach, where the lender proactively works with customers in actual or anticipated financial difficulties.

Cumulative Gross Credit Defaults and Gross Voluntary Terminations

Exhibit 11 Cumulative Credit Defaults – Total Portfolio

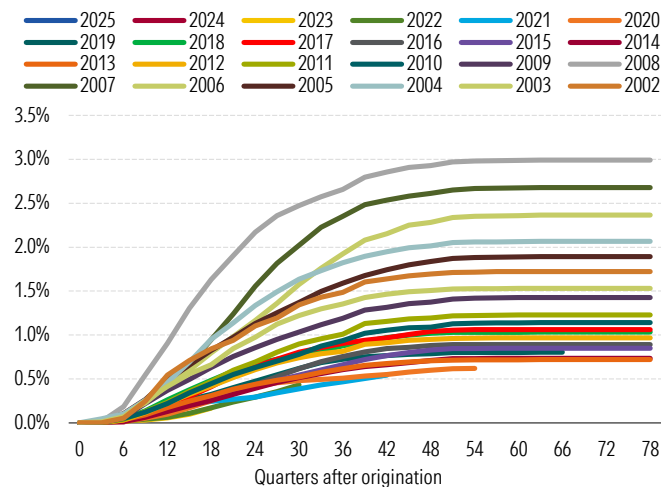
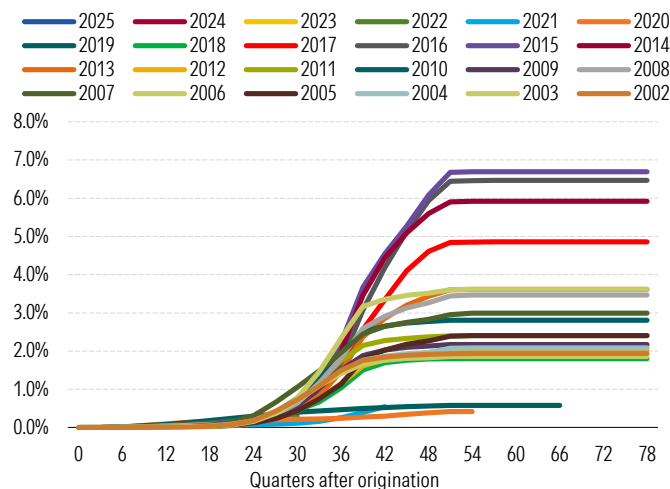


Exhibit 12 Cumulative gross VTs—Total Portfolio



Sources: Morningstar DBRS, VWFSUK

Morningstar DBRS understands that the credit default definition is the same definition outlined in the transaction documents, whereby:

- A purchased receivable has been written off as without value in accordance with the Servicer's customary operating practices;
- A purchased receivable that has been hostile terminated in accordance with the Servicer's customary operating practices; or,
- A PCP contract where the obligor has elected to handback the vehicle and such receivable has not been realised by the Servicer within 91 days from the return date.

Credit defaults are tracking in line with other Morningstar DBRS-rated UK auto ABS transactions sponsored by captive lenders. Recent origination vintages are showing improved credit default performance. The primary driver of credit risk is the LP product; although, the portfolio's exposure to LP is limited. Morningstar DBRS observes a comparably worse credit default performance in the used subsets.

Morningstar DBRS notes the flattening of the gross VT curves of more recent originations vintages. Morningstar DBRS considers the main drivers of VT performance to be (1) contract tenor, (2) customer deposit levels, (3) the strength of the new and used car markets, and (4) wider macroeconomic factors affecting borrowers' ability to meet their monthly loan repayments. The combination of these variables determines whether it is advantageous to VT and the length of time that a customer has available to make this decision prior to contract maturity.

Morningstar DBRS set its blended expected credit default rate at 0.8% and 2.9% for gross voluntary terminations.

Recoveries & Cumulative Net Loss

Exhibit 13 Credit Recoveries—Total Portfolio

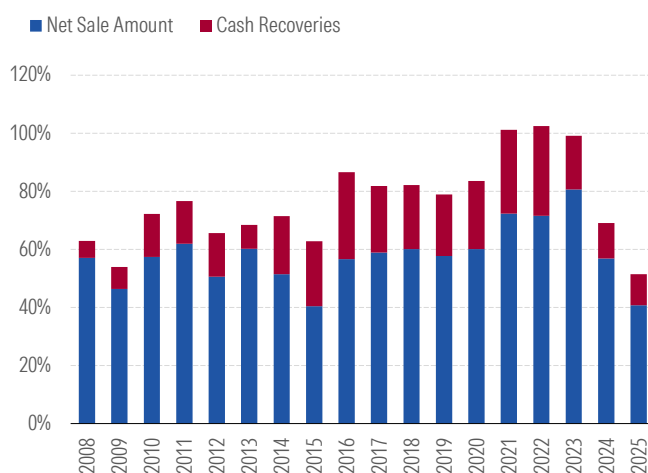
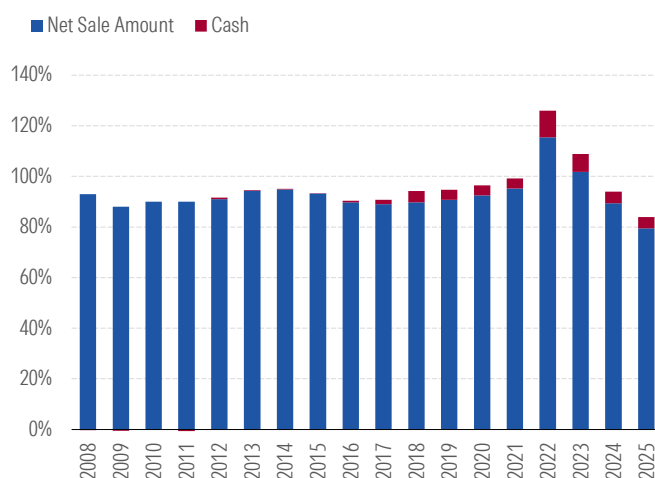
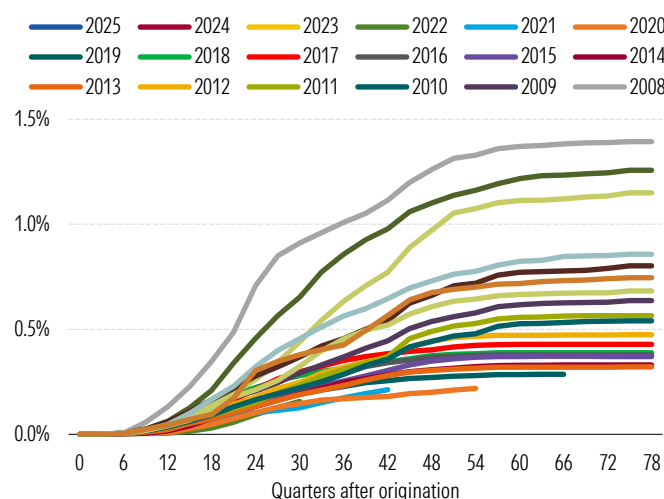
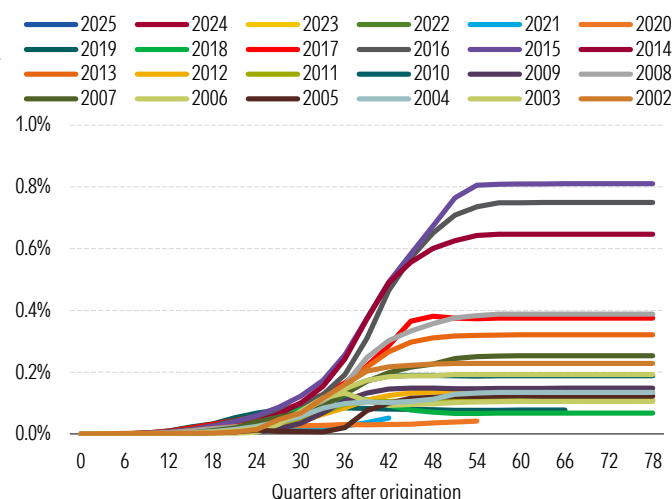


Exhibit 14 VT Recoveries—Total Portfolio



Sources: Morningstar DBRS, VWFSUK

Exhibit 15 Cumulative Credit Net Losses—Total Portfolio**Exhibit 16** Cumulative VT Net Loss—Total Portfolio

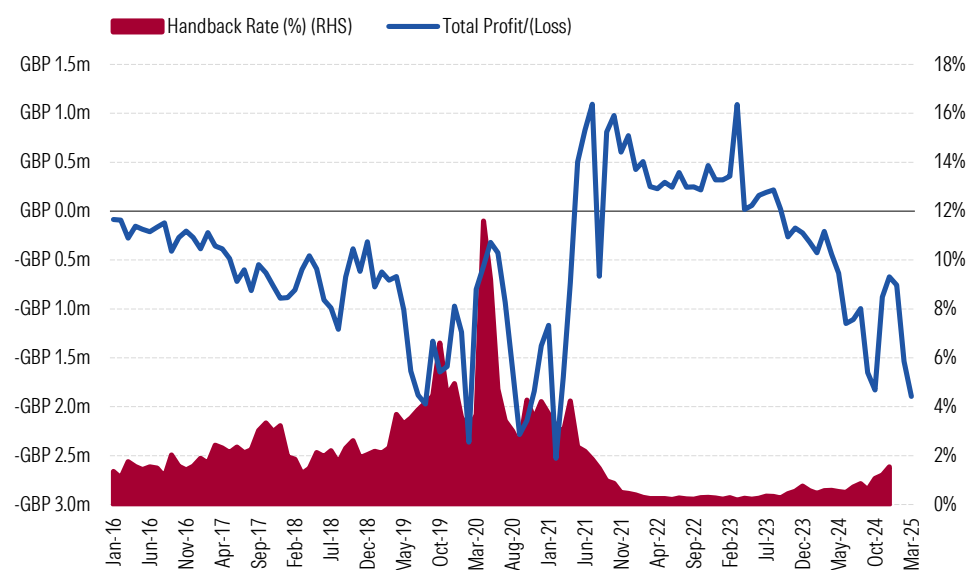
Sources: Morningstar DBRS, VWFSUK.

Morningstar DBRS has been provided with monthly recoveries split into asset sale and cash recoveries, further split into up to 18 months after default and over 18 months after default. The above graphs show annual recoveries up to 18 months following default and include Regulation 38 claims (Reg 38) that enables VWFSUK to reclaim part of the value added tax (VAT) that has been paid already. It is further understood that Reg 38 claims primarily benefit VTs, but also positively affected recoveries on credit defaults. The arising VAT adjustments are assigned to the Issuer, and form part of the collections. As is typical, recoveries on credit defaults are normally lower than on voluntary terminations.

Morningstar DBRS has set its blended credit default and voluntary termination expected recovery rate at 75.7%.

RV Realisation Data

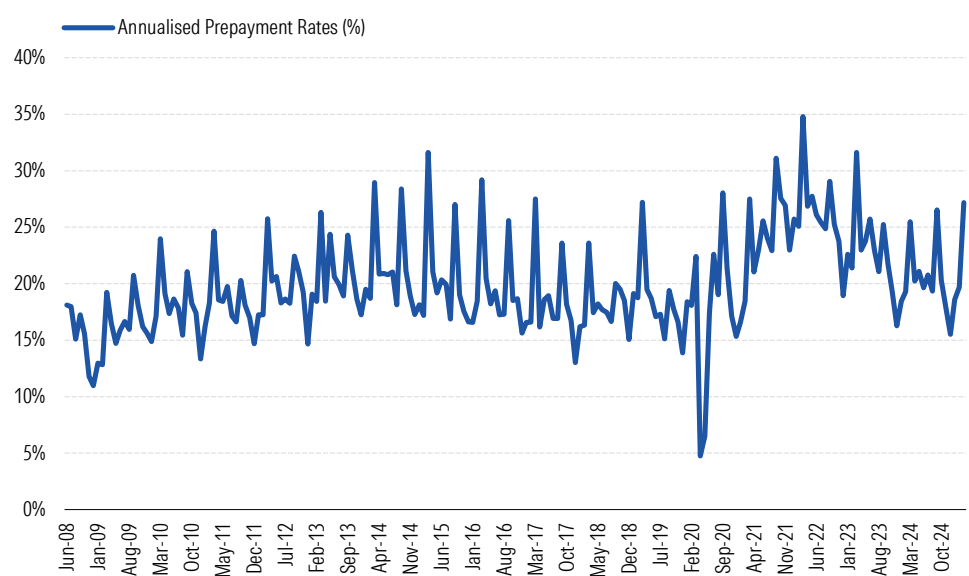
Under a PCP agreement, the customer has the option to return the vehicle to the Seller when the balloon payment becomes due. Typically, this situation is avoided because of the conservative nature and consistency of VWFSUK's RVs; the customer has no financial incentive to hand the vehicle back. However, this RV risk can be transferred from the customer to VWFSUK and there have been instances where vehicles are returned especially during suppressed used car markets.

Exhibit 17 Total Profit/(Loss) and PCP Handback Rate

Sources: Morningstar DBRS, VWFSUK

Morningstar DBRS considered VWFSUK's relative prudent RV setting approach in deriving its embedded loss assumption (0.0%). Morningstar DBRS understands the recent losses on the PCP handbacks are driven by premium Audi and Porsche battery-electric SUVs.

Prepayments

Exhibit 18 Prepayments (%)

Sources: Morningstar DBRS, VWFSUK

Morningstar DBRS received monthly dynamic prepayment data for the total portfolio. Annualised prepayment rates have been, on average, consistent in the region of 15% and 25%. The peaks and troughs in the data represent the biannual release dates of the new, updated registration plates (March and September). Morningstar DBRS has tested prepayments between 2.1% and 25.0%, with lower minimum prepayment levels applied in lower credit rating scenarios.

Cash Flow Analysis

Morningstar DBRS' cash flow assumptions focused on the amount and timing of defaults and recoveries, prepayments, and upward and downward interest rate stresses.

Stressed Default and Recovery Assumptions

Morningstar DBRS applied credit rating-level specific multiples to the expected default and credit rating-level specific expected recovery in its cash flow analysis as shown in the table below:

	AAA (sf)	AA (sf)
Credit Default Multiple (times x)	5.0	3.5
Recovery Rate Haircut (%)	37.5	32.5

Morningstar DBRS applied mid-range core multiples to the expected default rate and then adjusted it to consider the incremental risk associated to the balloon component of LP loans at each credit rating level.

RV Stresses

RV losses are a function of the handback frequency/turn-in rate and the RV haircut (RVHC) applied. The handback frequency is typically affected by the health of the secondary car markets whereas the RVHC is derived from the embedded RV risk, market volatility and the portfolio's remaining term.

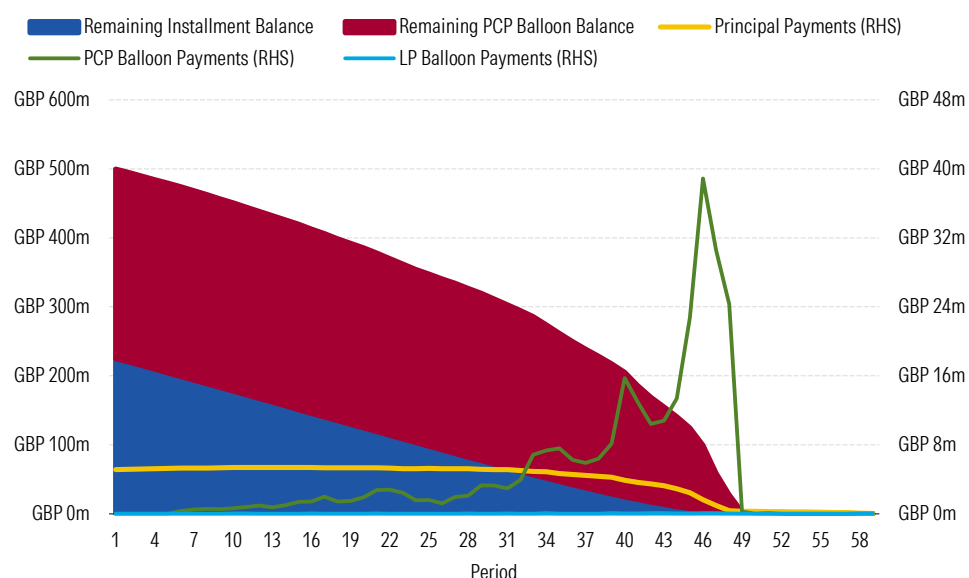
The combination of the various RV loss components allowed Morningstar DBRS to determine the expected RV loss in the relevant credit rating scenarios as follows:

	AAA (sf)	AA (sf)
RV Haircut (%)	37.4	31.9
Turn-In Rate (%)	100.0	95.0
RV Loss (%)	37.4	30.3

Morningstar DBRS considered a RV exposure of 58.4% within its cash flow analysis, considering the RV exposure of the provisional pool cut as at the cut-off date, 55.3%, the six-month revolving period and transaction's replenishment criteria.

Portfolio Amortisation and Portfolio Interest Rate

Exhibit 19 Portfolio Amortisation Schedule at Cut-Off Date



Sources: Morningstar DBRS, VWFSUK

As the portfolio includes the optional and mandatory balloon payments arising from the LP and PCP contracts, the payment profile shows volatility around concentrated cash flows.

The receivables purchase price is calculated on a discounted cash flow basis. This may lead to cash flow strains if the underlying borrowers prepay, default or VT, as such cash flows are on the nominal and not the discounted value of the loans. If a contract is acquired at a contractual rate in excess of the discount rate, such actions result in a loss for the Issuer. As a mitigant, the portion of the discount rate related to the interest compensation and the interest compensation ledger funded to GBP 4,000,000 at closing may be used to compensate the Issuer.

Prepayment Stress

Morningstar DBRS considered an expected prepayment rate of 20.5% and scenarios ranging from 2.1% to 25.0% in its cash flow analysis.

Timing of Defaults and Recoveries

Morningstar DBRS estimated the default timing patterns and created front-loaded, middle, and back-loaded default curves over 30 months, as shown below.

Months	Front Loaded (%)	Middle (%)	Back Loaded (%)
1 - 10	50	25	20
11 - 20	30	50	30
21 - 30	20	25	50

Morningstar DBRS also assumed a recovery lag of six months.

Sensitivity Analysis

The tables below illustrate the sensitivity of the credit ratings to various changes in the expected PD, LGD, and the RV loss assumptions used by Morningstar DBRS in assigning the credit ratings:

Class A Notes

		Increase in PD and LGD (%)		
		0	25	50
Increase in RV Loss (%)	0	AAA (sf)	AA (high) (sf)	AA (sf)
	25	AA (high) (sf)	AA (sf)	AA (sf)
	50	AA (sf)	AA (sf)	AA (low) (sf)

Class B Notes

		Increase in PD and LGD (%)		
		0	25	50
Increase in RV Loss (%)	0	AA (sf)	AA (low) (sf)	A (high) (sf)
	25	AA (low) (sf)	A (high) (sf)	A (sf)
	50	A (sf)	A (sf)	A (low) (sf)

Appendix 1: Methodologies

Methodologies Applied

The credit rating methodologies and criteria used in the analysis of this transaction can be found at <https://dbrs.morningstar.com/about/methodologies>. Alternatively, please contact info-DBRS@morningstar.com.

Surveillance Methodology

Morningstar DBRS monitors this transaction in accordance with its *Master European Structured Finance Surveillance Methodology*, which is available at <https://dbrs.morningstar.com/about/methodologies>. Alternatively, please contact info-DBRS@morningstar.com.

Appendix 2: Environmental, Social, and Governance (ESG) Checklist and Considerations

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*	
Environmental		Overall:	N N
Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
Carbon and GHG Costs	Do the costs or risks related to GHG emissions, and related regulations and/or ordinances result in higher default risk or lower recoveries of the securitized assets?	N	N
	Are there potential benefits of GHG efficient assets on affordability, financeability, regulatory compliance, or future values (recoveries)?	N	N
	Carbon and GHG Costs	N	N
Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries, considering key IPCC climate scenarios?	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		Overall:	N N
Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and/or society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
	Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and/or society, and does this result in different default rates and/or recovery expectations?	N	N
	Considering changes in consumer behaviour or secular social trends: Does this affect the default and/or loss expectations for the securitized assets?	N	N
	Social Impact of Products and Services	N	N
Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
	Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Human Capital and Human Rights	N	N
Product Governance	Does the originator's, servicer's, or underlying borrower(s) failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s) misuse or negligence in maintaining private client or stakeholder data result in financial penalties or losses to the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		Overall:	N N
Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
	Considering the alignment of interest between the transaction parties and noteholders: Does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
	Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
	Considering how the transaction structure provides for timely and appropriate performance and asset reporting: Does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
	Corporate / Transaction Governance	N	N
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
Consolidated ESG Criteria Output:		N	N

* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.

A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

ESG Considerations**Environmental**

There were no Environmental factors that had a relevant or significant effect on the credit analysis. For more details about which Environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social

There were no Social factors that had a relevant or significant effect on the credit analysis. For more details about which Social factors could have an effect on the credit, please refer to the checklist above.

Governance

There were no Governance factors that had a relevant or significant effect on the credit analysis. For more details about which Governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to factors that could impact the financial profile and therefore the credit rating of the Issuer. They are separate from ESG sustainability factors, which are generally outside the scope of this 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 Factors in Credit Ratings at <https://dbrs.morningstar.com/research/454196>.

Appendix 3: Scope and Meaning of Financial Obligations

Morningstar DBRS' credit ratings on the Notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For Information on the associated financial obligations, please refer to the corresponding press release published for these credit rating actions.

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 default to be the risk that an Issuer will fail to satisfy the financial obligations in accordance with the terms under which a long-term obligation has been issued.

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We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

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