

Bulletin:

# Driver UK Master S.A., Compartment 7 Class A And B U.K. Auto ABS Ratings Unchanged After Tap Issuance And Annual Renewal

November 25, 2024

LONDON (S&P Global Ratings) Nov. 25, 2024--S&P Global Ratings said today that its 'AAA (sf)' and 'A+ (sf)' credit ratings on Driver UK Master S.A., Compartment 7's class A and B notes are unchanged following the issuer's proposed tap issuance and annual renewal.

The senior Schuldschein loan 2023-1, senior Schuldschein loan 2023-2, series 2023-3 class A notes, junior Schuldschein loan 2023-1, junior Schuldschein loan 2023-2, series 2023-3 class B notes, series 2023-5 class B notes, and the subordinated loan remain unrated, at the issuer's request.

The proceeds from the tap issuance will be used to fully redeem the £151.9 million series 2023-11 class A notes and £23.1 million series 2023-4 class B notes.

Driver UK Master S.A., Compartment 7 is a securitization of a portfolio of U.K. auto loan receivables, which Volkswagen Financial Services (U.K.) Ltd. originated. The underlying collateral comprises loans representing either hire purchase, personal contract purchase, or lease purchase agreements.

Each year, noteholders have the option to renew the revolving period for an additional 12-month period. As part of the annual renewal, the note coupons and interest rate swaps are repriced, the legal maturity dates are extended, and other structural features, such as minimum required credit enhancement levels, may be amended to reflect changes in the collateral characteristics. In our view, these amendments do not affect the outstanding ratings as we deem these offers to be opportunistic, rather than distressed (see "S&P Global Ratings Definitions," published on Oct. 15, 2024). Therefore, our ratings on the class A and B notes remain unchanged.

Compared with the closing date and the most recent September 2024 series 2024-1 class A and B notes issuance, several changes were introduced to the transaction documents as part of this renewal (see "New Issue: Driver UK Master S.A., Compartment 7", published on Nov. 27, 2023 and "Driver UK Master S.A., Compartment 7 Series 2024-1 Class A And B Auto ABS Notes Assigned Ratings; Other Ratings Affirmed", published on Sept. 25, 2024):

- The revolving period was extended by 12 months, until the November 2025 payment date.
- The legal final maturity date on senior and junior instruments was extended to November 2032.
- The time to start advanced collateral posting upon a trigger event was increased to 30 calendar

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days from the previous 14 calendar days.

- One of the net loss triggers under the credit enhancement increase conditions was changed to a dynamic 12-month average from the previous cumulative net loss trigger.
- The maximum subordinated loan amount was increased to £900 million from £750 million.

We have provided a rating agency confirmation for the proposed tap issuance and annual renewal, and our current ratings on the notes continue to reflect our evaluation of the underlying collateral.

## **Related Research**

- European Auto ABS Index Report Q3 2024, Nov. 13, 2024
- S&P Global Ratings Definitions, Oct. 15, 2024
- Driver UK Master S.A., Compartment 7 Series 2024-1 Class A And B Auto ABS Notes Assigned Ratings; Other Ratings Affirmed, Sept. 25, 2024
- Credit Conditions Europe Q4 2024: Turn In Credit Cycle Won't Be Plain Sailing, Sept. 25, 2024
- U.K. Economic Outlook Q4 2024: Disinflation And Rate Cuts Will Stimulate Growth, Sept. 23, 2024
- Economic Outlook For The Eurozone Sees Growth Return And Rates Fall, June 24, 2024
- S&P Global Ratings Updates Sector And Industry Variables For Its Global Auto ABS Methodology And Assumptions, May 7, 2024
- United Kingdom, April 22, 2024
- S&P Global Ratings' Approach To GloBE Or Pillar II Tax Liabilities In European Structured Finance Transactions, April 19, 2024
- New Issue: Driver UK Master S.A., Compartment 7, Nov. 27, 2023
- ESG Industry Report Card: Auto Asset-Backed Securities, March 31, 2021
- How Much Is Enough? Information Quality Standards For The EMEA RMBS And ABS Rating Process, Jan. 8, 2019
- 2017 EMEA ABS Scenario And Sensitivity Analysis, July 6, 2017
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

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