Driver Australia Master Trust (ABN 62 902 670 567)

Special Purpose Financial Report

31 December

2022

Annual report – 31 December 2022

of the Driver Australia Master Trust

Contents

Trust Manager's Report

of the Driver Australia Master Trust

The Trust manager presents its report together with this financial report (referred to hereafter as the Financial Report) for the year ended 31 December 2022. The Financial Report covers the Driver Australia Master Trust (referred to hereafter as the Trust). The Financial Report was authorised for issue by Perpetual Nominees Limited in its capacity as Trust manager on 27 April 2023. The Trustee of the Trust is Perpetual Corporate Trust Limited (ABN 99 000 341 533).

Principal activities

The Trust was established on 28 June 2016 for the Driver Australia Master Asset Backed Securitisation deal. Since 2016, the Trust has acquired receivables from Volkswagen Financial Services Australia Pty Ltd (referred to hereafter as the Originator) on a regular basis through an equitable entitlement. The Trust has completed three term take-outs, whereby equitable entitlements to receivables were sold into Driver Australia Four Trust, Driver Australia Five Trust and Driver Australia Six Trust.

Driver Australia Master Trust is a trust domiciled in Australia. Its principal place of business and registered office are:

Driver Australia Master Trust
Level 1, 24 Muir Road
Chullora NSW 2190

Review and results of operations

The operating profit for the Trust for the year from 1 January 2022 to 31 December 2022 was $13,793,228 (2021: $13,406,256). The Trust is part of the consolidated tax group of Volkswagen Financial Services Australia Pty Ltd.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 31 December 2022 that have significantly affected, or may significantly affect:

- the Trust's operations in future financial years, or
- the results of those operations in future financial years, or
- the Trust's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the Trust's operations and the expected results of operations have not been included in this report because the managers believe it would be likely to result in unreasonable prejudice to the Trust.

Rounding of amounts

Amounts in the Trust report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Trust manager.

Financial Report – 31 December 2022

of the Driver Australia Master Trust

Contents

Statement of Comprehensive Income

of the Driver Australia Master Trust

$'000	Note	31.12.2022	31.12.2021
Interest and similar income	2	56,701	36,560
Interest expense	2	(31,751)	(17,238)
Net interest and similar income		**24,950**	**19,322**
Net gains/losses on financial instruments at fair value (incl. hedge ineffectiveness of designated relationships)		5,187	8,879
Total income from operations		**30,137**	**28,201**
Other expenses from ordinary activities	3	(16,344)	(14,795)
Profit/(loss) before income tax		**13,793**	**13,406**
Income tax expenses		0	0
Profit/(loss) for the financial period		**13,793**	**13,406**
Other comprehensive income		0	0
Total other comprehensive income for the year		**13,793**	**13,406**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

of the Driver Australia Master Trust

$'000	Note	31.12.2022	31.12.2021
Current assets			
Cash and cash equivalents	4	21,984	16,207
Deemed loan to Originator	5	104,089	75,416
Derivative financial instruments	11	14,667	9,283
Other financial assets	6	84,264	61,884
Other assets	7	190	167
Total current assets		**225,194**	**162,957**
Non-current assets			
Deemed loan to Originator	5	1,778,326	1,311,598
Total non-current assets		**1,778,326**	**1,311,598**
Total assets		**2,003,520**	**1,474,555**

Current liabilities			
Debt securities in issue	8	100,244	72,285
Other financial liabilities	9	11,498	9,209
Other liabilities	10	1,741	414
Total current liabilities		**113,483**	**81,908**
Non-current liabilities			
Debt securities in issue	8	1,850,899	1,367,302
Total non-current liabilities		**1,850,899**	**1,367,302**
Total liabilities		**1,964,382**	**1,449,210**
Net assets		**39,138**	**25,345**
Equity			
Retained earnings		39,138	25,345
Total equity		**39,138**	**25,345**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

of the Driver Australia Master Trust

$'000	Contributed equity	Cash-flow hedges reserve	Retained earnings	Total equity
Balance at 1 January 2021	0	0	11,939	**11,939**
Profit for the year	0	0	13,406	13,406
Other comprehensive income for the year	0	0	0	0
Total comprehensive income for the year	0	0	13,406	13,406
Balance at 31 December 2021	**0**	**0**	**25,345**	**25,345**
Profit for the year	0	0	13,793	13,793
Other comprehensive income for the year	0	0	0	0
Total comprehensive income for the year	0	0	13,793	13,793
Balance at 31 December 2022	**0**	**0**	**39,138**	**39,138**

The Trust has $1 as contributed equity.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

of the Driver Australia Master Trust

$'000	31.12.2022	31.12.2021
Cash flows from operating activities		
Net payment to Originator	(22,014)	(7,296)
Payments to Originator (principal)	(501,106)	(139,489)
Receipts from Originator (interest)	53,964	38,378
Net swap interest	2,732	(1,669)
Service fees	(15,885)	(14,653)
Other operating cash flows	1,772	1,477
Total cash flows from operating activities	**(480,537)**	**(123,252)**
Cash flows from financing activities		
Proceeds from		
Asset Backed Securities Notes issued	475,300	142,710
Subordinated loans	52,429	15,906
Cash collateral loan	5,704	1,713
Repayments of		
Subordinated loans	(16,175)	(18,107)
Interest on		
Asset Backed Securities Notes issued	(27,558)	(14,007)
Subordinated loans	(3,386)	(3,253)
Total cash flows from financing activities	**486,314**	**124,962**
Net cash movement	**5,777**	**1,710**
Cash and cash equivalents at the beginning of the financial year	16,207	14,497
Cash and cash equivalents at the end of the financial year	21,984	16,207

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

of the Driver Australia Master Trust

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Notes to the financial statements

of the Driver Australia Master Trust

GENERAL

1| Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. BASIS OF PREPARATION

The Trust is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared for the sole purpose of complying with the Master Trust Deed.

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Board. It contains only those disclosures considered necessary by the Trust Manager to meet the needs of the users. Driver Australia Master Trust is a for-profit entity for the purpose of preparing the financial statements.

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the statement of financial position, statement of comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

Going Concern
The Trust had a positive net-asset position at year end. In view of this the Trust manager has prepared the special purpose financial statements on a going concern basis

New and amended standards adopted by the Trust
The effect of the adoption of new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2022 is described in Note 1N.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical Accounting Estimates
No critical accounting estimates had to be made in relation to the preparation of the financial statements except for the determination of expected credit losses (ECL). Please refer Note 1H for details on expected credit losses (ECL).

Foreign currency translation
- *Functional and presentation currency:*

Items included in these financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

- *Transactions and balances:*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.
Foreign exchange gains and losses are presented in the income statement on a net basis within non-interest revenue or other expenses from ordinary activities. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

B. REVENUE AND EXPENSE RECOGNITION

Interest and similar income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of similar financial instruments can be estimated reliably.

C. INTEREST EXPENSES

Interest expenses are recognised in the Statement of Comprehensive Income for interest-bearing liabilities measured at amortised cost using the effective interest rate method.

Any fees associated with obtaining the Trust’s funding are capitalised when paid and amortised over the term of the related funding instrument as part of the effective interest rate method. They are presented as part of the interest expense in the Statement of Comprehensive Income.

D. INCOME TAX

The Trust is part of the tax consolidated group of Volkswagen Financial Services Australia Pty Ltd.

E. GOODS AND SERVICES TAX (GST)

The Trust is part of the tax consolidated group of Volkswagen Financial Services Australia Pty Ltd. Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

F. FINANCIAL ASSETS

Recognition and de-recognition

The Trust recognises a financial asset when it becomes party to the contractual provisions of the instrument. It derecognises a financial asset when the contractual rights to the cash flows expire or when it transfers the financial asset.

Classification and measurement

The Trust classifies its financial assets into the following categories:
- financial assets at fair value through profit or loss
- financial assets at amortised cost and
- subordinated loans.

The classification depends on the Trust's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

The Trust classifies financial assets at amortised cost if they meet the following criteria:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Based on the above criteria, the Trust classifies the following items as financial assets at amortised cost:
- Cash and cash equivalents
- Deemed loan to Originator
- Other financial assets

Financial assets at amortised cost are initially measured at their fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. They are subsequently measured at amortised cost.

Financial assets at fair value through profit or loss

The Trust classifies financial assets at fair value through profit or loss in accordance with AASB 9 if they are not required to be measured at either amortised cost or fair value through other comprehensive income.

The Trust classifies its derivatives as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially and subsequently measured at their fair value.

Refer to Note 1K for further details on the Trust's accounting policy for derivatives.

G. DEEMED LOAN TO ORIGINATOR

Under Australian Accounting Standards, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Trust Manager has concluded that the Originator has retained substantially all the risk and rewards of the pool of loan receivables and as a consequence, the Trust does not recognise the loan receivables on its balance sheet but rather a deemed loan to the Originator. The initial amount of the deemed loan from the Trust corresponds to the purchase price paid by the Trust for the receivables less the value of the over-collateralisation via the collateral loan.

The initial measurement is at fair value with subsequent measurement being at amortised cost under the effective interest rate method.

H. IMPAIRMENT OF FINANCIAL ASSETS

The Trust applies a three-stage approach to measuring expected credit losses ("ECL") on debt instruments accounted for at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1, 12-month ECL: For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- Stage 2, lifetime ECL, not credit impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.
- Stage 3, lifetime ECL, credit impaired: Financial assets demonstrating objective indications of impairment are allocated to Stage 3. In Stage 3, an expected credit loss is calculated for the entire remaining maturity of the asset.

At each reporting date, the Trust assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Trust uses its internal credit risk scoring and grading systems, arrears status and forecast information to assess deterioration in credit quality of a financial asset. If a contract is more than 30 days past due, the contract is classified as a significant increase in credit risk but not impaired (stage 2).

The amount of credit risk exposure is measured as the unbiased and probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Trust and all the cash flows that the Trust expects to receive. The amount of the loss is recognised using a provision for doubtful debts account.

The Trust considers its historical loss experience and adjusts this for current observable data. In addition, the Trust uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any outlook of future economic conditions are reviewed regularly.

The Trust shows as an asset ("Deemed loan to Originator") its entitlement to the cash flows from retail loan contracts that were originated by Volkswagen Financial Services Australia Pty Ltd and subsequently sold to the Trust. As part of the transfer of these contracts, VWFSA provides overcollateralisation in the form of additional retail contracts to the Trust which has the purpose of absorbing credit losses up to a certain level. As of the balance date, actual credit losses incurred and the expected future credit losses on the Trust portfolio of retail loan cash flows are lower than the pro-rated amount of overcollateralisation. On this basis, no separate credit risk provision under AASB 9 has been recognised.

The Originator has provided the Trust with a $21.9m of cash collateral as at 31 December 2022 (2021: $16.2m) and $21.1m (2021: $18.6m) by way of additional loan receivables as overcollateralisation. The amount of deemed loan to the originator is recorded after adjusting the discounted receivables for the overcollateralisation. Management has undertaken an assessment of the expected credit loss and has assessed that the deemed loan to receivable does not need adjustment for expected credit losses; this is in part attributable to the over collateralisation. Accordingly no credit risk provision is recognised at balance sheet date.

I. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

J. FINANCIAL LIABILITIES

Recognition and de-recognition

The Trust recognises a financial liability when it becomes party to the contractual provisions of the instrument. It derecognises a financial liability when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Classification and measurement

The Trust classifies its financial assets into the following categories:
- financial liabilities at fair value through profit or loss and
- financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost using the effective interest method relate to debt securities in issue and other liabilities. Gains or losses resulting from changes in amortised cost, including the effects of changes in exchange rates are recognized through profit or loss.

Based on the above criteria, the Trust classifies the following items as financial liabilities at amortised cost:
- Debt securities in issue
- Other financial liabilities

Debt securities in issue

Issued debt securities are initially recognised at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the debt securities using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs on the loan to the extent that is probable that some or all of the facility will be drawn down. Debt securities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or expenses, or as finance costs. Interest-bearing liabilities are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Other financial liabilities

These amounts represent liabilities for goods and services provided to the Trust prior to the end of financial year which are unpaid. Other liabilities are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss

The Trust classifies its derivatives as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are initially and subsequently measured at their fair value.

Refer to Note 1K for further details on the Trust's accounting policy for derivatives.

K. DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Trust designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or
- hedges of the cash flows of recognised liabilities and highly probable forecast transactions (cash flow hedges).

The Trust documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Trust also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows or fair values of hedged items.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within finance costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss and when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is released over the remaining life of the instrument.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

L. NET ASSETS / LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

The residual income unit holder is entitled to the net income of the Trust following payment of Trust expenses, fees, payments to swap providers and interest expenses of the Trust. This net income payment may further be subordinated to make any principal shortfalls. Following all payments being made under the waterfall, the residual income unitholder is entitled to any residual. As a result, the units are classified as equity.
Income not distributed is included in "net liabilities attributable to unitholders". Movement in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

M. ROUNDING

The Trust is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

N. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New standards adopted by the Trust for the first time in the year ended 31 December 2022

There are no new standards not yet adopted by the Trust that are expected to have a material impact on the financial position or income and expenses of the Trust.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

2 | Interest and similar income and interest expense and similar charges

$'000	31.12.2022	31.12.2021
Interest on deemed loan to originator	53,964	38,376
Net swap interest revenue/expense	2,429	(1,846)
Bank interest	308	30
Total interest and similar income	**56,701**	**36,560**

$'000	31.12.2022	31.12.2021
Interest expenses Note A	24,880	11,524
Interest expenses Note B	3,388	2,462
Interest expenses subordinated loan	3,483	3,252
Total interest expense	**31,751**	**17,238**

3 | Other expenses from ordinary activities

$'000	31.12.2022	31.12.2021
Service fee expenses	16,027	14,464
Other expenses	238	233
Trust manager fee	79	98
Total other expenses from ordinary activities	**16,344**	**14,795**

NOTES TO THE STATEMENT OF FINANCIAL POSITION

4 | Cash and cash equivalents

$'000	31.12.2022	31.12.2021
Cash and cash equivalents	21,984	16,207
Total cash and cash equivalents	**21,984**	**16,207**

The balance of cash and cash equivalents includes restricted cash items of $21,984k (2021: $16,207k) for the Trust.

5 | Deemed loan to Originator

Since 2016, the Trust has acquired receivables from Volkswagen Financial Services Australia Pty Ltd (referred to hereafter as the Originator) on a regular basis through an equitable entitlement. The Trust funded this acquisition by issuing class A notes, class B notes and a subordinated loan. A deemed loan has been recognised representing the consideration paid by the Trust.

The Originator undertakes the role as servicer for the receivables, transferring all collections of the receivables to the Trust. The Originator has provided the Trust with a $21.9m of cash collateral as at 31 December 2022 (2021: $16.2m) and $21.1m (2021: $18.6m) by way of additional loan receivables as overcollateralisation.

The first loss on the receivables is borne by the Originator to the extent of overcollateral provided to the Trust. The accumulated losses incurred against the cash collateral and overcollateral provided to the Trust as at the year ended 31 December 2022 amounted to $36,047,896 (2021: $30,200,986). As the overcollateralisation deducted from the receivables exceeds the expected credit loss under AASB 9, hence no provision recognised. The underlying provisions for the receivables are booked by the Originator in its financial statements.

$'000	31.12.2022	31.12.2021
Maturity analysis		
Less than 3 months	2,798	3,315
More than 3 months, but less than 1 year	101,291	72,101
More than 1 year, but less than 5 years	1,778,326	1,311,598
More than 5 years	0	0
Total	**1,882,415**	**1,387,014**

6 | Other financial assets

$'000	31.12.2022	31.12.2021
Accrued bank interest	57	2
Collections installment	84,207	61,882
Total	**84,264**	**61,884**

7 | Other assets

$'000	31.12.2022	31.12.2021
GST receivable	190	167
Total	**190**	**167**

8 | Debt securities in issue

The debt securities in issue at 31 December 2022 represent the notes in respect of a securitisation transaction that the Trust entered into and a subordinated loan provided from Volkswagen Financial Services Australia Pty Ltd. with an average interest rate of 3.73% (2021: 3.49%).

$'000	31.12.2022	31.12.2021
Secured borrowings		
Note A	1,649,000	1,206,700
Note B	174,500	141,500
Subordinated Loan	127,643	91,387
Total secured borrowings	**1,951,143**	**1,439,587**

$'000	31.12.2022	31.12.2021
Maturity analysis		
Less than 3 months	3,532	3,583
More than 3 months, but less than 1 year	96,712	68,722
More than 1 year, but less than 5 years	1,850,899	1,367,282
More than 5 years	0	0
Total	**1,951,143**	**1,439,587**

9 | Other financial liabilities

$'000	31.12.2022	31.12.2021
Amounts owing to Originator	1,712	1,261
Buffer Release Clearing Account	9,786	7,948
Total	**11,498**	**9,209**

10 | Other liabilities

$'000	31.12.2022	31.12.2021
Other creditors	1,741	414
Total	**1,741**	**414**

Notes To The Financial Instruments

11 | Financial instruments

$'000	31.12.2022	31.12.2021
Assets		
Interest rate swaps contracts	14,667	9,283
Total derivative financial instrument assets	**14,667**	**9,283**

The Trust is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Trust's financial risk management policies.

Interest rate swap contract

The Trust has entered into swap contracts under which it receives interest at variable rates and pays interest at fixed rates; fixed interest rates in the reporting period ranged between 1.76% and 5.98% (2021: 1.14% and 1.94% respectively).

The notional principal amounts and the remaining terms of contracts outstanding at the reporting date are:

$'000	31.12.2022	31.12.2021
	Notional	**Notional**
Maturity analysis		
Less than 3 months	0	0
More than 3 months, but less than 1 year	80,379	57,444
More than 1 year, but less than 5 years	1,743,121	1,290,756
More than 5 years	0	0
Total	**1,823,500**	**1,348,200**

OTHER NOTES

12 | Remuneration of auditors

$'000	31.12.2022	31.12.2021
Remuneration for audit of the financial reports of the Trust		
Auditor of the Trust - Ernst & Young	13	13
Total remuneration	**13**	**13**

13 | Events occurring after balance sheet date

A $500 million Term take-out was issued through Private Driver Australia 2023-1 in February 2023 and a $260 million Tap-up was performed in March 2023. Other than that, there were no material events subsequent to 31 December 2022.

14 | Contingent liabilities

There are no contingent liabilities as at 31 December 2022.

15 | Related party disclosure

The Trust has issued 1 unit for $1 to Driver Australia Master Pty Ltd.

All related party transactions were with Volkswagen Financial Services Australia Pty Ltd.

15a. Balances as at 31 December 2022

$'000	31.12.2022	31.12.2021
Transactions with Volkswagen Financial Services Australia		
Deemed loan to Volkswagen Financial Services Australia	1,882,415	1,387,014
Cash collateral loan	21,134	15,430
Receivables for collections installment	84,207	61,883
Services Fee outstanding at the end of the period	1,712	1,261
Total transactions with Volkswagen Financial Services Australia	**1,989,468**	**1,465,588**
Subordinated loan provided by Volkswagen Financial Services		
Subordinated loan	127,643	91,389
Accrued interest	124	26
Total subordinated loan provided by Volkswagen Financial Services	**127,767**	**91,415**

15b. Income and Expenses for 2022

$'000	31.12.2022	31.12.2021
Transactions with Volkswagen Financial Services Australia		
Interest income from deemed loan to the Originator	53,964	38,376
Of which is owing at the end of the period	11,832	2,458
Services Fee recognised during the year	16,027	14,464
Total transactions with Volkswagen Financial Services Australia	**81,823**	**55,298**
Expenses from Subordinated loan by Volkswagen Financial Services Australia		
Interest expense on subordinated loan	3,483	3,252
Total expenses from subordinated loan by Volkswagen Financial Services Australia	**3,483**	**3,252**

16 | Reconciliation of Profit from continuing operations after income tax to net cash outflow from operating activities

CONSOLIDATED & PARENT $'000	2022	2021
Profit/(loss) from continuing operations after income tax	**13,793**	**13,406**
Interest paid on issued liabilities	31,751	17,238
Accrued interest on deemed loan to Originator	(53,964)	(38,378)
Fair value (gain) / loss on derivatives	(5,384)	(8,806)
(Increase) / decrease in assets	(445,358)	(99,600)
Increase / (decrease) in liabilities	(21,375)	(7,112)
Net cash inflow/(outflow) from operating activities	**(480,537)**	**(123,252)**

Trust Manager's Declaration

As detailed in Note 1 to the financial statements, the Trust is not a reporting entity because in the opinion of the Trust Manager, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly this Financial Report has been prepared to satisfy the Manager's reporting requirements under the Master Trust Deed.

The Trust Manager declares that:

a) the attached financial statements and notes thereto comply with Australian Accounting Standards to the extent described in Note 1 to the financial statements;
b) the attached financial statements and notes give a true and fair view of the financial position and performance of the Trust; and
c) in the opinion of the Trust Manager there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
d) in the opinion of the Trust Manager, the attached financial statements and notes thereto are in accordance with the requirements outlined in Note 1 of the financial statements.

On behalf of the Trust Manager:

Andrew Romano

Sydney
27 April 2023

Trustee's Report

The Trustee is not aware of any material matters that require disclosure and have not been disclosed. The Trustee is not aware of any material matters which have occurred since the date of the financial statements that require disclosure and that have not been disclosed.

Based on our ongoing program of monitoring the Trust, the Trust Manager and our review of the financial statements, we believe that:

(i) the Trust has been conducted in accordance with the Master Trust Deed; and
(ii) the financial statements have been appropriately prepared and contain all relevant and required disclosures.

Signed for and on behalf of the Trustee,

Nathan Gale
Sydney
27 April 2023

Building a better
working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Unitholders of Driver Australia Master Trust

Opinion

We have audited the financial report, being a special purpose financial report, of Driver Australia Master Trust (the "Trust"), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Trust Manager's declaration.

In our opinion, the accompanying financial report is prepared, in all material respects, in accordance with the requirements of the *Australian Accounting Standards* to the extent described in Note 1A of the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1A to the financial report which describes the basis of accounting. The financial report is prepared to assist the Trust to meet the requirements of the Master Trust Deed. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the unitholders of the Trust (the Recipients) and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Trust Manager is responsible for the other information. The other information is the Trust Manager's report and Trustee's report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trust Manager for the Financial Report

The Trust Manager of the Trust is responsible for the preparation of the financial report in accordance with the financial reporting requirements of *Australian Accounting Standards* to the extent described in Note 1A of the financial report and for such internal control as the Trust Manager determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trust Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trust Manager either intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trust Manager.

- Conclude on the appropriateness of the Trust Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

We communicate with the Trust Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young
Sydney
27 April 2023