

Preliminary Verification Report

In respect of the Transaction „**Driver España Six**“ (Volkswagen Bank GmbH, Sucursal en España)



15 January 2020

Authorization of SVI as third party

STS Verification International GmbH (“SVI”) has been authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht “BaFin”, as the competent authority pursuant to Art 29 of the Securitisation Regulation and § 44 German Banking Act) to act in all EU countries as third party pursuant to Art 28 of the Securitisation Regulation to verify compliance with the STS Criteria pursuant to Art 27 (2) of the Securitisation Regulation.

Mandating of SVI and verification steps

On 19 June 2019, SVI has been mandated by the Originator (Volkswagen Bank GmbH, Sucursal en España) to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction “Driver España Six” (the “Transaction”).

As part of our verification work, we have met with representatives of Volkswagen Bank GmbH (“VWB”) and Volkswagen Financial Services AG (“VWFS”) to conduct an onsite due diligence meeting (“Due Diligence”) in Madrid on 23 July 2019. In addition, we have discussed selected aspects of the Transaction with VWB, VWFS and legal counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of VWB and the underlying transaction documentation.

For the purposes of our analysis, we have reviewed the following documents and other information related to the Transaction:

- Draft of the Preliminary offering circular
- Draft of the German Legal Opinion
- Draft of the Spanish Legal Opinion
- Draft Policy of Assignment of Loan Receivables
- Draft Servicing Agreement
- Draft Account Agreement
- Due Diligence Presentation by VWB/VWFS
- Investor Presentation by VWB/VWFS

- Draft Agreed-upon Procedures
- Latest version of the liability cash flow model
- Additional information received by e-mail, such as confirmations, comments, etc.

Verification Methodology

The fulfilment of each verification point in this Preliminary Verification Report provided to the Originator is evaluated on the basis of three fulfilment values (traffic light status):

Criterion is fully met	
Criterion is mostly met, but with comments or requests for missing information	
Criterion not (yet) met on the basis of available information	

The verification process is based on the SVI verification manual (“Verification Manual”), defined terms of the Verification Manual shall also apply to this report. It describes the verification process and the individual inspections in detail. The Verification Manual is applicable to all parties involved in the verification process and its application ensures an objective and uniform verification of transactions to be verified. Based on the Verification Manual, SVI has derived the Transaction Verification Catalogue for this Transaction as described under Verification Method in this report. For a full description of the methodology used by SVI for the Verification can be found in the Verification Manual on our website: ww.svi-gmbh.com

Disclaimer of SVI

SVI grants a registered verification label “verified – STS VERIFICATION INTERNATIONAL” if a securitisation complies with the requirements for simple, transparent and standardised securitisation as set out in Articles 19 to 22 of the Securitisation Regulation (“STS Requirements”). The aim of the Securitisation Regulation is to restart high-quality securitisation markets, and the intention of implementing a framework for simple, transparent and standardised transactions with corresponding STS criteria shall contribute to this. However, it should be noted that the SVI verification does not affect the liability of an originator or special purpose vehicle in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of verification services from SVI shall not affect the obligations imposed on institutional investors as set out in Article 5 of the Securitisation Regulation. Notwithstanding confirmation by SVI which verifies compliance of a securitisation with the STS Requirements, such verification by SVI does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation.

SVI has carried out no other investigations or surveys in respect of the issuer or the notes concerned other than as set out in this Preliminary Verification Report and disclaims any responsibility for monitoring the issuer’s continuing compliance with these standards or any other aspect of the issuer’s activities or operations. Furthermore, SVI has not provided any form of advisory, audit or equivalent service to the Originator, Issuer or Sponsor.

Investors should therefore not evaluate their investment in notes on the basis of this Preliminary Verification Report.

SVI assumes due performance of the contractual obligation thereunder by each of the parties and the representations made and warranties given in each case by any persons to SVI or in any of the documents are true, not misleading and complete.

LIST OF ABBREVIATIONS/DEFINITIONS

Note: For any other term used in this Preliminary Verification Report in capital spelling, please refer to the defined terms in the section “Transaction Definitions” in the Red OC.

AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
CF-Model	Cash Flow-Model
CRA3	Credit Rating Agencies Regulation
EBA	European Banking Authority
EBA Guidelines	Final Report on Guidelines on the STS criteria for non-ABCP securitisation, as published by EBA on 12 December 2018
Final Verification Report	Final Verification Report prepared by SVI in respect of the Transaction
GLO	German Legal Opinion
Issuer	Driver España Six
MAR	Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation)
Originator	Volkswagen Bank GmbH, Sucursal en España
PALR	Policy of Assignment of Loan Receivables
Preliminary OC	Preliminary Offering Circular dated 24 February 2020
Securitisation Regulation	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012
Seller	Volkswagen Bank GmbH, Sucursal en España
Servicer	Volkswagen Bank GmbH, Sucursal en España
SLO	Spanish Legal Opinion
SPV	Special Purpose Vehicle or Issuer
Transaction	The securitisation of auto loan receivables involving Driver España Six as Issuer
Driver España Six	Driver España Six, Fondo De Titulizacion
VWFS	Volkswagen Financial Services AG
VWB	Volkswagen Bank GmbH

#	Criterion Article 20 (1)	Verification Report
1	Assignment or transfer of ownership of the underlying exposures takes place by means of a true sale and is legally enforceable.	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence (Prospectus)</p> <p>The GLO confirms under German law the effective transfer of legal title to the Loan Receivables under the PALR as to be recognised by German courts and allowing for segregation (<i>Aussonderung</i>) in any insolvency proceedings of the Seller (subject to customary qualifications).</p> <p>The SLO confirms under Spanish law the valid assignment of the Loan Receivables to the Fund subject to payment in accordance with the Policy of Assignment (and subject to requirements set out in Law 5/2015) and the assignment of reservation of title rights ancillary to the Loan Receivables regarding the vehicles (subject to due registration and other customary qualifications).</p> <p>The GLO confirms under German law the effective transfer of legal title to the Loan Receivables as binding on the Seller, any creditors of the Seller or an insolvency administrator in any insolvency proceedings of the Seller (subject to customary qualifications).</p> <p>The SLO confirms under Spanish law the legal, valid, binding and enforceable nature of the obligations of the Management Company and the Seller under the agreements and that the assignment of the Loan Receivables to the Fund pursuant to the PALR is valid, binding and enforceable vis-a-vis third parties (subject to registration requirements with regard to the transfer of the reservation of title rights and other customary qualifications).</p> <p>The GLO confirms that there are no increased risks with regard to claw-back and re-characterisation. In addition, the SLO does not address any such specific risks.</p> <p>The GLO and the SLO or any external or specific internal memo or confirmation do not cover the review of the Loan Contracts. The PALR contains in Section 6.2 (a) representations and warranties by the Seller as of the Cut-Off Date and the Date of Incorporation (which coincides with the date of assigning the Loan Receivables) and any Additional Cut-Off Date confirming that the Loans constitute legally binding and enforceable obligations.</p>

#	Criterion Article 20 (1)	Verification Report
2	Requirements for the external legal opinion	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>The GLO and the SLO are provided by Hogan Lovells, a well-known internationally operating law firm with good expertise in the securitisation field.</p> <p>Both, the GLO and the SLO are made available to SVI as third-party verification agent and to competent supervisory authorities.</p>

#	Criterion Article 20 (2)	Verification Report
3	Specification of increased claw-back risks : Are there any severe claw-back provisions in the respective national insolvency law which could render the transfer voidable?	<p><u>Verification Method</u>: Legal (Legal opinion)</p> <p>As the Seller is a German bank acting through its Madrid Branch, it is assumed that any insolvency proceedings are governed by German law. Therefore, other than as provided under German insolvency laws in case of fraudulent, unfair prejudicial or improperly favourable transfers there are no such increased risks. Such laws are considered non-increased claw-back risks under No. 4 of the Catalogue (Art. 20 (3) of the Securitisation Regulation).</p> <p>Under German insolvency law in respect of a transfer within certain time periods prior to and after the filing of insolvency proceedings the SPV must demonstrate that it had no knowledge of the seller's insolvency.</p> <p>To mitigate against this, Section 6.1 (ii) of the PALR represents that neither on the Date of Incorporation (which coincides with the date of assigning the Loan Receivables) nor at any time since it was incorporated it has been declared insolvent (<i>zahlungsunfähig</i>), has been in negative equity (<i>überschuldet</i>) nor is any insolvency imminent (<i>drohende Zahlungsunfähigkeit</i>) (all as defined under German insolvency laws). The Issuer may use this representation to prove its non-knowledge of the Seller's insolvency.</p>
#	Criterion Article 20 (3)	Verification Report
4	Specification of non-increased claw-back risks: National insolvency laws are harmless, as they provide for the possibility of reassignment in other unfair ways in the event of fraud, damage to creditors or favouring other creditors.	<p><u>Verification Method</u>: Legal (Legal opinion)</p> <p>Applicable German insolvency laws are considered not to represent any severe claw-back risks (see above under #3).</p>

#	Criterion Article 20 (4)	Verification Report
5	If the sale and transfer is not taking place directly between the seller and the SPV but intermediate sales take place, is the true sale still fulfilled?	<p><u>Verification Method</u>: Legal (Legal opinion, Receivable purchase agreement)</p> <p>Under the transaction structure used by Driver España Six, the sale and transfer take place directly between the Seller (who is the original lender) and the SPV / Fund acting as Issuer, i.e. without any intermediate sale taking place.</p>
#	Criterion Article 20 (5)	Verification Report
6	If the transfer of receivables takes place at a later stage , are the trigger events in relation to the seller's credit quality standing sufficiently defined?	<p><u>Verification Method</u>: Legal (Legal opinion, Receivable purchase agreement)</p> <p>The transfer of the underlying exposures will occur on the closing date of the transaction (scheduled for 28 February 2020), i.e. there will be no transfer of receivables at a later stage.</p>
#	Criterion Article 20 (6)	Verification Report
7	Representations and warranties of the seller with regard to the legal condition of the underlying exposures	<p><u>Verification Method</u>: Legal (Receivable purchase agreement)</p> <p>The Seller (who is the original lender) warrants that the underlying Loan Receivables are legally valid and binding agreements, see section "2. UNDERLYING ASSETS", subsection "2.2 Assets backing the issue", item (h) (ii)(1) of the Preliminary Prospectus and above under # 3. SVI has obtained confirmation from the Seller's inhouse legal counsel that the standard loan agreements in use by the Seller do not contain any prohibition of assignment.</p>
#	Criterion Article 20 (7)	Verification Report
8	Clear selection criteria (' eligibility criteria ') and no active portfolio management (I / III)	<p><u>Verification Method</u>: Legal (Receivable purchase agreement)</p> <p>The underlying exposures transferred from the seller to the SPV / Trust are selected according to predetermined, clear and documented eligibility criteria, see clause 6.2 of the PALR.</p> <p>The transaction is amortising and does not feature a revolving period and / or a term take-out.</p> <p>There are no exposures that will be transferred to the SPV / Trust after closing of the transaction.</p> <p>As a result of the above, the criterion "no active portfolio management" is fulfilled.</p>

#	Criterion Article 20 (7)	Verification Report
9	Clear selection criteria ('eligibility criteria') and no active portfolio management (II / III)	<p><u>Verification Method</u>: Due Diligence</p> <p>The underlying exposures in the provisional and the final pool are selected based on a well-established, random selection process.</p> <p>In case any of the Loan Receivables does not confirm to the content of the representations and warranties as set out in clauses 6.1(b) and 6.2 of the PALR, the Seller undertakes to replace the Loan Receivable in question by another with similar financial characteristics, as to the amount, remaining term, interest rate and characteristics of the Borrower, which is acceptable to the Management Company and reported to the Rating Agencies, provided that it does not affect their rating of the Notes, see clause 5.1 of the PALR.</p>
#	Criterion Article 20 (7)	Verification Report
10	Clear selection criteria ('eligibility criteria') and no active portfolio management (III / III)	<p><u>Verification Method</u>: Data (AuP Report)</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample, covers the key eligibility criteria specified for the Transaction. Please also refer to #39 for a summary of the scope of the asset audit.</p>
#	Criterion Article 20 (8)	Verification Report
11	Securitisation of a homogeneous portfolio in terms of asset classes (I / III)	<p><u>Verification Method</u>: Legal (Transaction documents)</p> <p>According to Art. 1 (a) (v) of the Commission Delegated Regulation (EU) 2019/1851 with regard to regulatory technical standards on the homogeneity of the underlying exposures, the underlying exposures correspond to the asset type auto loans and leases.</p> <p>The Seller has chosen the homogeneity factor according to Art. 2 (4.) (b) of the Commission Delegated Regulation (EU) 2019/1851 on homogeneity of the underlying exposures, i.e. jurisdiction, whereby the pool shall consist of underlying exposures relating to Obligors with residence in one jurisdiction (Spain) only, see clauses 6.1 (b) (i) and 6.2 (h) of the PALR.</p>
#	Criterion Article 20 (8)	Verification Report
12	Securitisation of a homogeneous portfolio in terms of asset classes (II / III)	<p><u>Verification Method</u>: Due Diligence (Underwriting and Servicing Policy)</p> <p>The underlying exposures have been originated in accordance with consistent underwriting standards, as presented in the Due Diligence Presentation and further described in # 17. No distinction is made between securitised and non-securitised receivables.</p>

		The processes assure that only Obligors resident in Spain are originated according to the underwriting policy.
		The same applies to the servicing policy, with the underlying exposures being serviced using consistent standards and no distinction being made between securitised and non-securitised receivables.

#	Criterion Article 20 (8)	Verification Report
13	Securitisation of a homogeneous portfolio in terms of asset classes (III / III)	<p><u>Verification Method</u>: Data (AuP Report)</p> <p>Additionally, the homogeneity factor "residence in Spain" is, as further described in #39, part of the Eligibility Criteria Verification, (clauses 6.1 (b) (i) and 6.2 (h) of the PALR), whereby the Loan Receivables arise from Loans granted to individuals resident in Spain or legal persons with their registered office in Spain.</p>

#	Criterion Article 20 (8)	Verification Report
14	The underlying exposures contain obligations that are contractually binding and enforceable	<p><u>Verification Method</u>: Legal (Legal opinion) / Due Diligence</p> <p>Clause 6.2 (a) of the PALR contains warranties by the Seller as to the legally valid, binding and enforceable nature of the underlying exposures, i.e. the Loan Agreements under which the relevant Loan Receivables arises. Please also refer to #1.</p>

#	Criterion Article 20 (8)	Verification Report
15	The underlying exposures have defined periodic payment streams and do not include transferable securities other than unlisted corporate bonds	<p><u>Verification Method</u>: Legal (Legal opinion, Transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The underlying exposures for the transaction represent standard auto loan agreements originated by Volkswagen Bank GmbH, Sucursal en España in respect of corporate and retail customers. For the purposes of the transaction, two contract types form part of the securitised portfolio: (1) Closed end loan contracts (<i>Classic Credit</i>) and (2) Open end loan contracts (<i>Auto Credit</i>). The two contract types differ mainly in relation to the treatment of residual values for the financed vehicles (Balloon Instalments for the residual value of the vehicle on the date on which the relevant loan agreement ends allows the vehicle purchaser to choose between: (a) to pay off the Loan directly by means of the Balloon Instalment or applying for financing of the final instalment from the Seller or (b) to hand the vehicle over to the Seller as the payment of the final instalment of the agreement.). As the transfer of the Loan Receivables shall not include the balloon payments, the two contract types do not differ structurally in terms of payment streams, as discussed in the Due Diligence Presentation.</p> <p>The underlying exposures represent the finance portion (itself comprising a claim against the Borrower in respect of principal, interest, interest for delayed payment, commissions for early redemption and rights or compensations assigned to the Seller by virtue of insurance policies related to the vehicles , see clause 2.1 (b) of the PALR) paid by the borrower during the term of the</p>

		<p>loan agreement and have defined periodic payment streams during that term. The residual value portion (balloon payment) does not form part of the underlying exposures.</p> <p>The eligibility criteria restrict the underlying exposures to Loan Receivables originated under a loan contract. The compliance of the provisional pool with the eligibility criteria has been verified through the Eligibility Criteria Verification (see #39).</p>
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#	Criterion Article 20 (9)	Verification Report
16	Are there any securitisation positions in the portfolio?	<p><u>Verification Method</u>: Legal (transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The eligibility criteria restrict the underlying exposures to Loan Receivables originated under a loan contract, thereby assuring that no securitisation position may become part of the portfolio. The compliance of the provisional pool with the eligibility criteria has been verified through the Eligibility Criteria Verification (see # 39).</p> <p>As demonstrated during the Due Diligence, the origination and/or resale of securitisation positions is not part of the business model of the Originator and not permitted under the Originator's underwriting policy.</p>

#	Criterion Article 20 (10)	Verification Report
17	Origination of underlying exposures in the ordinary course of business and in accordance with underwriting standards that are no less stringent than those applied to similar non-securitised risk positions	<p><u>Verification Method:</u> Legal (Underwriting and Servicing Policy) / Due Diligence</p> <p>Volkswagen Bank GmbH, Sucursal en España is a branch of VWB, a credit institution which is separately supervised and regulated by the ECB. Volkswagen Bank GmbH, Sucursal en España specialises in providing financing at the point of sale and has been active in Spain since 1967. It operates through agreements with dealerships (mainly distributors) which then offer the final customer the financing for their products, even though the loan underwriting and risk assessment is performed by Volkswagen Bank GmbH, Sucursal en España. The loan agreement is signed between Volkswagen Bank GmbH, Sucursal en España and the customer.</p> <p>As presented and discussed in the Due Diligence Presentation, the well-developed, highly professional and reasonably automated organisation of its business procedures coincides with the volume and quantity of business transactions. The car dealers do form an integral part of the origination process with sales representatives acting as agents for the Originator.</p> <p>Accordingly, the business procedures assure that securitised exposures have been originated in the ordinary course of business and in accordance with uniform standards, see in this regard clause 6.1 (b)(iv) of the PALR. Deviations from the underwriting policy are only permissible in well-defined and documented instances. The underlying exposures are selected for securitisation using a random selection process.</p> <p>The underlying exposures are similar to the non-securitised contracts in the asset category of "auto loans and leases" (see definition of "similar exposures" in the EBA Guidelines) due to the strictly random selection process.</p> <p>Since no exposures will be transferred to the Issuer after closing, no obligation to disclose material changes to the underwriting policy after the closing of the Transaction applies.</p>
18	Underwriting standards for securitised exposures are no less stringent than those applied to similar non-securitised exposures	<p><u>Verification Method:</u> Due Diligence</p> <p>As presented and discussed in the Due Diligence Presentation, no distinction is made between securitised and non-securitised exposures in any respect, be it applicable regulatory standards, competence grid and involvement of decision-makers, distribution channels, product types and product characteristics, annual agreements on (sales) objectives, sales management measures and bonus systems, lending standards, approval processes and incentive measures, credit processing, dunning procedures, debt collection, realisation of collateral, customer service, outsourcing of sales, underwriting and servicing activities or areas of risk controlling, accounting and reporting (except for the required reporting of ABS transactions).</p> <p>Employees of the Originator or at the car dealers involved in the underwriting do not know whether a risk position currently being processed for application will be securitised at a later stage or not.</p>

#	Criterion Article 20 (10)	Verification Report
19	Assessment of the borrower's creditworthiness performed in accordance with Article 8 of Directive 2008/48/EC, or paragraphs 1 to 4, point (a) of paragraph 5 and paragraph 6 of Article 18 of Directive 2014/17/EU or, if applicable, the analogous provisions of a third country	<p><u>Verification Method:</u> regulatory / legal / due diligence / data</p> <p>VWB is a credit institution (Kreditinstitut) according to § 1 German Banking Act. In connection with and since the realignment of Volkswagen Financial Services AG, VWB is a wholly owned subsidiary of Volkswagen AG since 1 September 2017 and directly supervised and regulated by the European Central Bank ("ECB"). In addition, the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and the German Bundesbank as competent authorities are monitoring the business of VWB. VWB performs the „Assessment of the borrower's creditworthiness" with respect to loan contracts with consumers in accordance with Article 8 of Directive 2008/48/EC.</p>
20	Originator's experience (management and senior staff) in origination of risk positions	<p><u>Verification Method:</u> Regulatory (suitable proof incl. Imprint Website) / Due Diligence</p> <p>As an institution, the Originator does have at least 5 years of experience in origination and underwriting of exposures similar to those securitised, see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE", subsection 2.2 (g) "Method of origination of the Loans and principal lending criteria" of the Preliminary Prospectus.</p>
21	The underlying exposures are transferred without undue delay after selection	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The date of the preliminary and final pool cuts are 30 November 2019 and 31 January 2020, respectively. Transfer of the final pool will occur at closing (scheduled for 28 February 2020), i.e. without undue delay.</p>

#	Criterion Article 20 (11)	Verification Report
22	<p>The underlying exposures do not include any defaulted exposures or to debtors/guarantors with impaired creditworthiness</p>	<p><u>Verification Method</u>: Regulatory (suitable proof incl. Imprint Website) / Legal (Transaction documents) / Due Diligence</p> <p>The Originator is an institution subject to Regulation (EU) 575/2013. As presented in the Due Diligence and confirmed in the Preliminary Prospectus the Loan Receivables are transferred to the Issuer after selection without undue delay and do not include, at the time of selection and to the best of the Originator’s knowledge, exposures in default within the meaning of Article 178 (1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor (see section 6 “Seller’s Representations and Warranties”, clauses 6.2 (b), (g), (n) and (s) of the PALR).</p> <p>The Originator warrants that the underlying exposures will not include loan receivables relating to exposures in default (i.e. debtors who are past due more than 90 days on any material obligation to Volkswagen Bank GmbH, Sucursal en España or who Volkswagen Bank GmbH, Sucursal en España considers as unlikely to pay their obligations to Volkswagen Bank GmbH, Sucursal en España) (see section 6 “Seller’s Representations and Warranties”, clause 6.2 (s)(i) of the PALR).</p> <p>Furthermore, the underlying exposures will not include Loan Receivables relating to credit-impaired Obligors or guarantors who have (1) been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within 3 years prior to the transfer date of the underlying exposures to the Issuer; (2) was, at the time of origination, on a public credit registry of persons with adverse credit history; or (3) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by the Originator which are not securitised (see section 6 “Seller’s Representations and Warranties”, clause 6.2 (s)(ii) of the PALR).</p> <p>The Originator represents, with regards to the question which sources of information it has used to identify defaulted exposures and to determine if a Borrower or guarantor is credit-impaired, that it has obtained information (1) from the Borrower on origination of the exposures, (2) in the course of Volkswagen Bank GmbH, Sucursal en España’s servicing of the exposures or Volkswagen Bank GmbH, Sucursal en España’s risk management procedures, or (3) from a third party, see section 6 “Seller’s Representations and Warranties”, clause 6.2 (s) of the PALR. This is in line with the ‘best knowledge’ standard stipulated in the EBA Guidelines.</p> <p>The Originator has IT systems in place to ensure that defaulted exposures or exposures to debtors/guarantors with impaired creditworthiness are excluded from the provisional or final pool cut.</p>

#	Criterion Article 20 (11)	Verification Report
23	The risk positions do not have a credit assessment or a credit score that allows a significantly higher default risk to be expected than for non-securitised risk positions.	<p><u>Verification Method:</u> Due Diligence</p> <p>The most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio are the customer profile and credit bureau information (for private individuals), credit agencies' information and financial information (for commercial clients) and past payment behaviour (for both). All of these factors have an impact on the credit score.</p> <p>These factors are the same for securitised and non-securitised exposures due to the strictly random selection process.</p> <p>On this basis, it can be reasonably assumed that no worse performance should occur for securitised exposures for the term of the transaction.</p> <p>The requirement that the underlying exposures do not have a "credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by the Originator which are not securitised" is considered to be met as (i) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or similar, and (ii) exposures whose credit quality (based on credit ratings or other credit quality thresholds) significantly differs from the quality of other exposures ordinarily originated by the Originator.</p>
#	Criterion Article 20 (12)	Verification Report
24	At the time of the transfer, the debtor has paid at least 1 instalment	<p><u>Verification Method:</u> Legal (Transaction documents) / Data (AuP Report)</p> <p>The Originator warrants that on the Cut-off Date at least two instalments have been paid in respect of each of the Loan Receivables, see PALR, clause 6.2 (i).</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample (please also refer to #39, Article 22 (2)), covers the above-mentioned eligibility criteria.</p>

#	Criterion Article 20 (13)	Verification Report
25	The repayment of the securitisation position should not be predominantly dependent on the sale of assets collateralising the underlying exposures	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence / Data</p> <p>As presented and discussed in the Due Diligence, the transaction has been structured not to be predominantly dependent on the sale of the cars or other assets securing the Loan Receivables. The repayment is entirely linked to the repayment of the Loans; the repayment of the Loans in turn is not contingent and does not depend on the sale of the vehicles which serve as collateral for the Loans. As demonstrated during the Due Diligence, the Originator's underwriting focuses on the creditworthiness of its debtors rather than on the recoveries derived from the sale of the cars or other assets securing the Loan Receivables in the case of default.</p>
#	Criterion Article 21 (1)	Verification Report
26	Risk retention (Art. 6.1 of the Securitisation Regulation), usually by the Originator	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>Holder of risk retention: Volkswagen Bank GmbH, Sucursal en España as the Seller, see section I. "RISK FACTORS", subsection 2.3 (a) "Risk retention and due diligence requirements" of the Preliminary Prospectus.</p> <p>Type of risk retention: in accordance with Article 6(3)(c) of Securitisation Regulation, see section I. "RISK FACTORS", subsection 2.3 (a) "Risk retention and due diligence requirements" of the Preliminary Prospectus.</p> <p>The Seller does select the risk retention pool and does earmark the selected receivables in its IT systems in a similar way as the receivables that have actually been sold in the transaction. The procedures to select and earmark receivables both for the retention poolcut and for the actual sale are documented and well established. In addition, they are subject to regular internal and external auditing procedures. The same applies for the ongoing monthly reporting procedures, as confirmed during the Due Diligence.</p> <p>The Monthly Reports will also set out monthly confirmation regarding the continued holding the original retained exposures by the Seller, as confirmed by the Originator.</p> <p>The legal obligation of the seller to hold the risk retention during the lifetime of the transaction is entered into according to section I. "RISK FACTORS", subsection 2.3 (a) "Risk retention and due diligence requirements" of the Preliminary Prospectus.</p>

#	Criterion Article 21 (2)	Verification Report
27	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (I / II)	<p><u>Verification Method</u>: Due Diligence</p> <p>Since the Loan Receivables are fixed rate and the Class A Notes and the Class B Notes are floating rate, interest rate risks arise from such mismatch. Both assets and liabilities of the Issuer are EUR denominated hence no currency risk occurs.</p> <p>Interest rate risk are hedged appropriately with fixed-floating interest rate swaps (one swap for each of the Class A Notes and the Class B Notes) where the swap notional is always equal to the amount of interest on the nominal amount of each of the Class A Notes and the Class B Notes outstanding on each Payment Date. Both the swap agreements and the Class A and Class B Notes contain a floor of zero for the 1-M-Euribor plus spread, hence the hedging is appropriate, see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.4 (h)(ii) "Swap Agreement" in the Preliminary Prospectus. The Swap Agreement is construed to fulfil the relevant Rating Agencies' criteria.</p> <p>No further risks in addition to interest rate risks are hedged under the interest rate hedge agreements.</p>
28	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (II / II)	<p><u>Verification Method</u>: Legal (Transaction documents)</p> <p>The legal instruments used by the Issuer to hedge interest rate risks are the Class A Swap Agreement and the Class B Swap Agreement, see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.4 (h)(ii) "Swap Agreement" in the Preliminary Prospectus.</p> <p>Both agreements do consider any potential asset liability mismatch by referencing to the outstanding notes balance, and both agreements are based on the 2002 ISDA Master Agreement as established market standard, see section "GLOSSARY OF DEFINED TERMS", definitions of "Class A Interest Rate Swap Agreement" and "Class B Interest Rate Swap Agreement" of the Preliminary Prospectus.</p> <p>The requirements for eligible swap counterparties are market standard in international finance, see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.4 (h)(ii) "Swap Agreement" in the Preliminary Prospectus.</p>

#	Criterion Article 21 (3)	Verification Report
29	Generally used reference rates for interest payments	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>No reference rates apply to the Loan Receivables which bear fixed interest rates.</p> <p>The Notes will bear interest at floating rates based on 1-M-Euribor, see section III "SECURITIES NOTE", subsection 4.8 (b) of the Preliminary Prospectus, constituting a market standard reference rate.</p> <p>The interest for the Cash Accounts will be based on EONIA, also constituting a market standard reference rate.</p> <p>Currency hedges are not provided for in the transaction structure.</p>
#	Criterion Article 21 (4)	Verification Report
30	Requirements in the event of an enforcement or delivery of an acceleration notice	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>After the occurrence of an early liquidation event:</p> <ul style="list-style-type: none"> - no cash will be retained with the Issuer, see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.4 (g)(4) "Fund Liquidation Order of Priority" in the Preliminary Prospectus. - the principal receipts from the underlying exposures will be used for the fully sequential amortisation of the securitisation positions, see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.4 (g)(4) "Fund Liquidation Order of Priority" in the Preliminary Prospectus. - all creditors of a class of notes will be served equally. - interest and principal payments are first made for the Class A Notes and then interest and principal payments are made for the Class B Notes, hence repayments are not reversed with regard to their seniority. - no automatic liquidation or sale of risk positions or assets is provided for.

#	Criterion Article 21 (5)	Verification Report
31	Sequential repayment as fall-back in the event of a deterioration in portfolio quality for Transactions that feature a non-sequential priority of payments	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>As usual in Driver transactions, the amortisation structure does provide for a pro-rata amortisation subject to the performance of the underlying portfolio and after the initial credit enhancement has increased to the required levels.</p> <p>The amortisation concept is based on the Class A/B Principal Payment Amounts, the Class A/B Targeted Note Balances, the Class A/B Targeted Overcollateralisation Amounts and the Class A/B Targeted Overcollateralisation Percentages, see the respective definitions in section "GLOSSARY OF DEFINED TERMS" in the Preliminary Prospectus.</p> <p>Performance triggers specifying if and to what extent a pro-rata amortisation can occur are based on the cumulative net losses as specified in the Credit Enhancement Increase Condition, see the respective definition in section "GLOSSARY OF DEFINED TERMS" in the Preliminary Prospectus.</p> <p>Upon occurrence of a Level 1 Credit Enhancement Increase Condition the required credit enhancement allowing for pro rata amortisation does increase, upon occurrence of a Level 2 Credit Enhancement Increase Condition the amortisation switches back to fully sequential.</p> <p>The occurrence of a Level 1 or 2 Credit Enhancement Increase Condition is not reversible, see the definition of Class A Targeted Overcollateralization Percentage in section "GLOSSARY OF DEFINED TERMS" in the Preliminary Prospectus.</p> <p>As a result of the above, SVI is convinced that the amortisation mechanism complies with Art. 22 (5) of the Securitisation Regulation.</p>
#	Criterion Article 21 (6)	Verification Report
32	Early amortisation provisions or triggers for termination of the revolving phase to include at least the following:	<u>Verification Method:</u> Legal (Transaction documents)
	a. deterioration in the credit quality of the underlying exposures below a predefined threshold	n.a. (no revolving period)
	b. insolvency-related events in relation to the Originator or the Servicer	n.a. (no revolving period)

	c. decline in value of the underlying exposures below a predefined threshold	n.a. (no revolving period)
	d. failure to generate sufficient new underlying exposures for replenishments under revolving Transactions	n.a. (no revolving period)

#	Criterion Article 21 (7)	Verification Report
33	<p>Clear rules in the Transaction documentation regarding obligations, tasks and responsibilities of the Servicer, trustees and other ancillary service providers</p>	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Servicing Agreement provides for a clear specification of the contractual obligations, duties and responsibilities of the servicer, especially with regard to the servicing, monitoring, reporting and monthly advances to mitigate for commingling risk, as well as the provisions for a potential replacement in case of a Service Provider Replacement Event, see summary of the Servicing Agreement in section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.7 (b)(i) "Appointment of the Service Provider and its functions" in the Preliminary Prospectus.</p> <p>Similar provisions for the obligations, duties and responsibilities are provided for the following parties, see the respective descriptions in the Preliminary Prospectus:</p> <ul style="list-style-type: none"> • Issuer (see section II "REGISTRATION DOCUMENT FOR ASSET-BACKED SECURITIES", subsections 4. – 8. of the Preliminary Prospectus.) • Paying Agent (see section III "SECURITIES NOTE", subsection 5.2 "Paying and depository agents" of the Preliminary Prospectus) • Account Bank (see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.4 (e) "Accounts of the Fund. Parameters for the investment of temporary liquidity surpluses and parties responsible of such investment" in the Preliminary Prospectus • Management Company (see section II "REGISTRATION DOCUMENT FOR ASSET-BACKED SECURITIES", subsection 6. "ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE FUND" as well as section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.7 "Administrator, calculation agent or equivalent" of the Preliminary Prospectus. <p>Also, detailed provisions exist for the obligations, duties and responsibilities of the Swap counterparty (see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE" subsection 3.4 (h)(ii) "Swap Agreement" in the Preliminary Prospectus.</p>

#	Criterion Article 21 (8)	Verification Report
34	Experience of the Servicer (management and senior staff) in the servicing of exposures of a similar nature to those securitised	<p><u>Verification Method:</u> Regulatory (suitable proof) / Legal (Transaction documents) / Due Diligence</p> <p>VWB is a financial institution (Kreditinstitut) according to § 1 German Banking Act. In connection with and since the realignment of Volkswagen Financial Services AG, VWB is a wholly owned subsidiary of Volkswagen AG since 1 September 2017 and directly supervised and regulated by the ECB. In addition, the BaFin and the German Bundesbank as competent authorities are monitoring the business of VWB.</p> <p>The Preliminary Prospectus contains information on the experience of VWB as a seller and servicer. VWB has been successfully doing securitisations of loan receivables since 2004 and the management has sufficient experience.</p> <p>The experience of the Managements Board and Senior Staff is published in the Preliminary Prospectus under section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE", subsection 2.2 (g) "Method of origination of the Loans and principal lending criteria".</p> <p>As a result, VWB as servicer is deemed to have the relevant expertise as an entity being active as servicer of loan receivables for the last seven decades and as servicer of loan receivables securitisations for 15 years, and no contrary findings were observed in the due diligence.</p>
35	Appropriate and well documented risk management and service policies, procedures and controls	<p><u>Verification Method:</u> Regulatory (suitable proof) / Due Diligence</p> <p>As a result of the regulatory status (see # 34 above), VWB has well established procedures with regard to risk management, servicing and internal control systems in place, and no contrary findings were observed in the due diligence.</p>

#	Criterion Article 21 (9)	Verification Report
36	Clear and coherent definitions, regulations and possible measures with regard to the servicing of non-performing exposures	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>The description of the business procedures of Volkswagen Bank GmbH, Sucursal en España regarding the servicing of non-performing exposures (as summarised in the section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE", subsection 2.2 (g) "Method of origination of the Loans and principal lending criteria" of the Preliminary Prospectus) contain a description of procedures related to:</p> <ul style="list-style-type: none"> • Supervision and monitoring of credit risk • Delinquent loan recovery policy, divided into three sages: call management stage, prelitigation stage and court proceedings stage. <p>The loss definition used in the transaction is based on "Write-off" and this definition is consistently used in the Preliminary Prospectus, especially with respect to the Cumulative Gross Loss Ratio, which in turn is used in the Level 1 and 2 Credit Enhancement Increase Condition determining the amortisation mechanism in the order of priority of payments.</p> <p>The draft investor report provides inter alia for the monthly reporting of the status of the Level 1 and 2 Credit Enhancement Increase Conditions.</p> <p>The procedures presented and discussed in the Due Diligence correspond to the description in the Preliminary Prospectus and no contrary findings could be observed.</p>
#	Criterion Article 21 (10)	Verification Report
37	Clear rules in the event of conflicts between the different classes of noteholders	<p><u>Verification Method</u>: Regulatory / Legal (Transaction documents)</p> <p>The Preliminary Prospectus contains clear rules in the event of conflicts between the different classes of noteholders, see section III. "SECURITIES NOTE", subsection 4.11 "Representation of the security holders".</p>

#	Criterion Article 22 (1)	Verification Report
38	Provision of historical performance data before pricing	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence</p> <p>The historical performance data relate to the portfolio of auto Loan Receivables granted by the Seller to retail (includes private and small-commercial customers) borrowers, relating to used or new vehicles. The historical performance data provided by the Originator (see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE", subsection 2.2 (b) (29.) "Historical performance data" of the Preliminary Prospectus) include the following areas:</p> <ul style="list-style-type: none"> • Gross Losses (Outstanding amount at the moment of termination before recoveries) in static format (covering the period from 2005 until 2019), separate for the total portfolio, Classic Credit – New Cars, Classic Credit – Used Cars, Auto Credit – New Cars, Auto Credit – Used Cars. • Net Losses (Outstanding amount at the moment of write-off after recoveries) in static format (covering the period from 2005 until 2019), separate for the total portfolio, Classic Credit – New Cars, Classic Credit – Used Cars, Auto Credit – New Cars, Auto Credit – Used Cars. • Delinquencies measured as quarterly delinquency rate (covering the period from January 2008 until April 2019). • Prepayments measured as quarterly prepayment rate (covering the period from August 2006 until May 2019). • Dynamic Losses based on quarterly Write-off's and the Loss Ratio (covering the period from March 2007 until March 2019). <p>The data history, which is provided prior to pricing, covers a substantially longer period than the minimum of at least 5 years required under Article 22 (1) of the Securitisation Regulation, see section IV "ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE", subsection 2.2 (b) (29.) "Historical performance data" of the Preliminary Prospectus.</p> <p>Given that the most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio, namely the factors described in #23, are the same to the overall portfolio for which the above mentioned historical performance data have been procured, comparability between the securitised portfolio and the Originator's overall portfolio ("substantially similar exposures") is ensured.</p>

#	Criterion Article 22 (2)	Verification Report
39	Performance of an asset audit on the basis of a sample and defined audit steps (Agreed upon Procedures, AuP) by an external independent party	<p><u>Verification Method</u>: Legal (AuP Report)</p> <p>The Originator has mandated a qualified and experienced audit firm to perform the asset audit followed by the audit firm. The asset audit and the AuP include both of the following:</p> <ul style="list-style-type: none"> a) a verification of the compliance of the underlying exposures in the portfolio with the key eligibility criteria (the "<u>Eligibility Criteria Verification</u>"); and b) verification that the data disclosed to investors in the Final Prospectus in respect of the underlying exposures is accurate (the "<u>Final Prospectus Data Verification</u>"). <p>The sample drawn for the Eligibility Criteria Verification is representative of the securitised portfolio, based on the preliminary pool cut dated 30 November 2019. This is ensured by a sufficiently large sample and random selection, applying a 95% confidence level. The final report prepared by the audit firm with regards to the Eligibility Criteria Verification has been made available to SVI on 9 January 2020. The final report confirms that the Eligibility Criteria Verification has occurred and that no significant adverse findings have been found.</p> <p>The Final Prospectus Data Verification has not yet been performed by the audit firm. SVI will conclude this section after the report for the Final Prospectus Data Verification has been provided, which is expected by mid-February 2020.</p>

#	Criterion Article 22 (3)	Verification Report
40	Provision of a precise liability cash flow model to the investors prior to pricing by the Originator; "precise" refers to the possibility for the investor to calculate the amortisation rate and, based on this, the pricing of the securitisation position	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence (Cash flow model)</p> <p>A CF-Model has been prepared by Moody's Analytics on behalf of the Originator, and is provided as web-based tool that can be accessed via www.sfportal.com (subscription model). SVI has been granted access to the website and the cash flow model for the Driver España Six transaction prior to pricing in order to perform the steps necessary to verify the compliance under Article 22 (3) of the Securitisation Regulation. It should be noted that the statements below reflect the result of SVI's review of the functionality of the cash flow model and can be considered as a check of plausibility, however no assurance can be given that the CF-Model calculates correctly in each and every scenario.</p> <p>SVI has verified the model provided by Moody's Analytics, which accurately reflects the contractual relationships and cash flows from and to the securitised portfolio, cash accounts, swap counterparties, Class A and Class B Noteholders, the Subordinated Lender, the Originator/Servicer as well as other parties involved (summarised as senior expenses).</p> <p>A wide range of different scenarios can be modelled, including but not limited to prepayments, delinquencies, defaults (gross losses), recoveries, interest rate assumptions, coupon on the notes and senior expenses. Both size as well as timing of payments or defaults can be varied. In addition, digital scenarios such as the exercise of call options (yes/no) can be considered. As a result, both base case scenarios for pricing as well as stress scenarios for credit analysis purposes can be modelled.</p> <p>The CF-Model is available since 10 January 2020 and hence has been provided before pricing. It has been updated before closing to incorporate the final pool cut and will, during the life of the transaction, be updated on a monthly basis.</p> <p>The Originator undertakes to provide potential investors with the CF-Model upon request.</p>
#	Criterion Article 22 (4)	Verification Report
41	For residential mortgage loan, auto loan or leasing portfolios: publication of information on the environmental performance of the assets financed by such underlying exposures (energy performance certificates)	<p><u>Verification Method</u>: Legal (Transaction documents, Due Diligence)</p> <p>The Originator has confirmed that information on the environmental performance of the assets financed by such underlying exposures (in this case: auto loans) is not captured in its internal database or IT systems and hence not available for reporting in this Transaction.</p>

#	Criterion Article 22 (5)	Verification Report
42	Compliance with the provisions of Art. 7 of the Securitisation Regulation (regarding Transparency) is the responsibility of the Originator or Sponsor	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>The Originator confirms that it will fulfil the provisions of Art. 7 of the Securitisation Regulation as follows:</p> <ul style="list-style-type: none"> - Art. 7 (1) (a): Loan level data will be made available for the first time on the payment date one month after closing (first payment date scheduled for 23 March 2020) and then on a monthly basis. - Art. 7 (1) (b): The Red Prospectus will be made available prior to pricing. - Art. 7 (1) (c): Not applicable. - Art. 7 (1) (d): In accordance with the RTS for notification, the notification will be provided to investors in draft form prior to pricing and the final form will be uploaded to the European DataWarehouse on closing. - Art. 7 (1) (e): The Investor Report will be made available for the first time on 16 March 2020 and then on a monthly basis. - Art. 7 (1) (f): Ad hoc announcements will be published as soon as they need to be published under the MAR. - Art. 7 (1) (g): If a "Significant Event" occurs, investors will be informed immediately. <p>Until the RTS on Art. 7 has entered into force, the information according to Art. 7 (1) (a) and Art. 7 (1) (e) according to Art. 43 (7) will be provided on the basis of the CRA3 templates.</p>

As a result of the verifications documented above, we confirm to Volkswagen Bank GmbH, Sucursal en España that the STS criteria pursuant to Articles 19 to 22 of the European Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 for the transaction “**Driver España Six**” have been fulfilled with the exception of Article 22 (2) of the Securitisation Regulation.

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