

Final Verification Report

In respect of the Transaction „DRIVER MASTER S.A., Compartment 1“
(Volkswagen Bank GmbH)



26 July 2019, updated version of 25 June 2019

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 30 April 2019, SVI has been mandated by the Originator Volkswagen Bank GmbH to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction "**Driver Master S.A., Compartment 1**" (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 (the "Due Diligence") in Braunschweig on 26th February 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:

- Preliminary offering circular dated 16 April 2019 („Preliminary OC") and Final offering circular dated 19 June 2019 ("Final OC")
- German Legal Opinion („LO")
- Receivables Purchase Agreement („RPA")
- Servicing Agreement („Servicing Agreement")
- Swap Agreement ("Swap Agreement")
- Account Agreement ("Account Agreement")

- Due Diligence Presentation by VWB/VWFS („Due Diligence Presentation“) dated 26 February 2019 and further updated in April 2019
- Agreed-upon Procedures („AuP“) Report
- Latest version of the liability cash flow model („CF-Model)
- Investor Report received from VWB in relation to Driver Master („Investor Report“)
- Additional information received by e-mail, such as confirmations, comments, etc.

Verification Methodology

The fulfilment of each verification point in this Final 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 Final 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 based of this Final 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 Final Verification Report in capital spelling, please refer to the defined terms in the section “Master Definitions Schedule” in the Final OC.

AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
CF-Model	Cash Flow-Model
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
Driver Master	Driver Master S.A., acting with respect to its Compartment 1
Issuer	Driver Master S.A., acting with respect to its Compartment 1
Originator	Volkswagen Bank GmbH
Final OC	Final Base Prospectus dated 19 June 2019
Final Verification Report	Final verification report prepared by SVI in respect of the Transaction
RPA	Receivables Purchase Agreement
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
Servicer	Volkswagen Bank GmbH
SPV	Special Purpose Vehicle or Issuer
Transaction	The securitisation of auto loans involving Driver Master as Issuer
VWFS	Volkswagen Financial Services AG
VWB	Volkswagen Bank GmbH

#	Criterion Article 20 (1)	Verification Report
1	Assignment or transfer of ownership of the risk positions 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 legal opinion confirms the transfer of title to the underlying exposure to the SPV through a true sale both with respect to the assignment and transfer of the Purchased Receivables and with respect to the transfer of the Financed Objects.</p> <p>The legal opinion confirms the legal enforceability of the true sale, assignment or transfer against the seller and third parties with respect to the valid, legally binding and enforceable rights and obligations of the parties to the renewal documents, with respect to the transfer and assignment of the Purchased Receivables, with respect to the transfer of security title to the Financed Objects.</p> <p>The Legal Opinion confirms that there are no increased risks with regard to claw-back and re-characterisation.</p> <p>The Legal Opinion does not cover the review of the Loan Contracts. However, the Receivables Purchase Agreement contains representations and warranties by VWB as of the Initial and any Additional Cut-Off Date concerning the legally valid, binding and enforceable nature of the Purchased Receivables, their assignability and the compliance of the Loan Contracts (which term includes by definition the general terms and conditions) with applicable consumer financing laws.</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 LO is provided by Jones Day, a well-known internationally operating law firm with good expertise in the securitisation field.</p> <p>The legal opinion is 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 provisions in the respective national insolvency law, which	<p><u>Verification Method:</u> Legal (Legal opinion)</p> <p>Other than as provided by applicable 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>

	could render the transfer voidable?	<p>Under applicable 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>However, Section 6.3 (d) of the Receivables Purchase Agreement provides for the representation and warranty of the Seller confirming the non-occurrence of an Insolvency Event. The repetition of such representation and warranty on the Initial Cut-Off Date, the Closing Date, any Additional Cut-Off Date and Additional Purchase Date may be used by the SPV to demonstrate 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 Master, the sale and transfer takes place directly between the Seller (who is the original lender) and the SPV / Compartment 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 Initial Receivables and Additional Receivables has occurred in the period between the Initial Issue Date of 27 July 2015 and the relevant Closing Date of the Transaction (Closing Date 2019 scheduled for on or around 25 June 2019) and within the Revolving Period (please also refer to the criteria ##8, 17, 32). The transfer of Additional Receivables will occur on each Additional Purchase Date. In summary, it can be stated that the receivables will be transferred either on the Closing Date or on each Additional Purchase Date. There will be no other 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 goods	<p><u>Verification Method:</u> Legal (Receivable purchase agreement)</p> <p>The Seller (who is the original lender) warrants that the underlying auto loan receivables are legal, valid, binding and enforceable contractual obligations of the relevant borrower, see in this regard section "DESCRIPTION OF THE PORTFOLIO", subsection "Warranties and Guarantees in relation to the Sale of the Purchased Receivables" of the Preliminary OC.</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 / Compartment are selected according to predetermined, clear and documented eligibility criteria, see in this regard section "DESCRIPTION OF THE PORTFOLIO", subsection "Warranties and Guarantees in relation to the Sale of the Purchased Receivables" of the Final OC.</p> <p>A Revolving Period is provided for in the transaction structure. Under the RPA (see section 4 "Sale and purchase of purchased additional receivables" in connection with section 6 "Warranties by VW Bank" of the RPA), the Originator may offer to sell Additional Receivables to the Issuer on each Additional Purchase Date during the Revolving Period provided that certain pre-defined conditions precedent (which include the non-occurrence of a Series Revolving Period Expiration Date or an Early Amortisation Event on each Additional Purchase Date) are met. Under clause 6 of the RPA, the Originator warrants and guarantees that, with respect to the Purchased Receivables, the selection criteria are met on each Cut-Off Date (Initial Cut-Off date and on each Additional Cut-Off Date). As a consequence, consistent selection criteria apply to both the Purchased Initial Receivables purchased by the Issuer on the Original Closing Date and the Additional Receivables purchased by the issuer on each subsequent Additional Purchase Date.</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)	<u>Verification Method</u> : Due Diligence
		The underlying exposures in the pool are selected based on a well-established, random selection process.
		In case an underlying exposure should turn out to be not eligible and the interests of the Issuer or noteholders are materially and adversely affected, VWB has the obligation to either remedy the matter or repurchase the underlying exposure, see clause 6.4 of the RPA.
#	Criterion Article 20 (7)	Verification Report
10	Clear selection criteria ('eligibility criteria') and no active portfolio management (III / III)	<u>Verification Method</u> : Data (AuP Report)
		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 selection criteria specified for the Transaction. Please also refer to #39 for a summary of the scope of the asset audit.
#	Criterion Article 20 (8)	Verification Report
11	Securitisation of a homogeneous portfolio in terms of asset classes (I / III)	<u>Verification Method</u> : Legal (Transaction documents)
		The underlying exposures fall into the asset category according to Art. 2 (e) of the EBA Final Draft RTS on the homogeneity of the underlying exposures (i.e. auto loans and leases).
		The Seller has chosen the homogeneity factor according to Art. 3 (5) (b) of the EBA Final Draft RTS on the homogeneity of the underlying exposures, i.e. jurisdiction, whereby the pool shall consist of underlying exposures relating to obligors with residence in one jurisdiction (Germany) only, see section "DESCRIPTION OF THE PORTFOLIO", subsection "Warranties and Guarantees in relation to the Sale of the Purchased Receivables", item (I) of the Final OC. The requirement of borrowers being resident in Germany is part of the selection criteria.

#	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> <p>The processes assure that only borrowers resident in Germany are originated according to the underwriting policy.</p>
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 Germany" is part of the Eligibility Criteria Verification, (selection criteria 6.1 (I) of the RPA), whereby the Loan Contracts have been entered into exclusively with borrowers which have their registered office (for corporate entities) or place of residency (for individuals) in Germany.</p>
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 6.1 (a) of the RPA contains warranties by the Seller as to the legally valid, binding and enforceable nature of the underlying exposures, i.e. the Loan Contracts (which term includes by definition the general terms and conditions – see section "MASTER DEFINITIONS SCHEDULE" in the Final OC). Please also refer to #1.</p>
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 VWB in respect of commercial and private clients. For the purposes of the transaction, two contract types form part of the securitised portfolio: The Purchased Receivables require the monthly payment of Interest and Principal in exchange for the financing of the acquisition of the vehicles which (i) either amortise in substantially equal monthly instalments during the life of the Loan Contract (ClassicCredit) or (ii) provide, in addition to substantially equal monthly instalments during the life of the Loan Contract, for a final larger balloon payment (AutoCredit). Apart from this, the two contract types do not differ structurally in terms of payment streams, as discussed in the Due Diligence Presentation.</p>

		<p>As discussed in the Due Diligence, the underlying exposures have defined periodic payment streams relating to principal, interest and insurance-related payments, or to any other right to receive income from assets supporting such payments. The Receivables derive from Loan Agreements which provide for regular monthly instalments resulting in full amortisation and/or regular monthly instalments plus one higher Balloon Instalment at the end of the contract term. The amortisation occurs on a monthly basis and results in monthly instalment payments consisting of principal and interest. (see section "DESCRIPTION OF THE PORTFOLIO" in the Final OC).</p> <p>The eligibility criteria restrict the underlying exposures to loan receivables originated under a loan contract, thereby eliminating any transferable security from the portfolio. The compliance of the provisional pool with the eligibility criteria has been verified through the Eligibility Criteria Verification (see #39).</p>
#	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 non-securitised risk positions	<p><u>Verification Method:</u> Legal (Underwriting and Servicing Policy) / Due Diligence</p> <p>VWB is a credit institution based in Germany and specialised in promoting sales for the Volkswagen Group and its brands, having started its operations in Germany in 1949. Since then, organisation and business processes of VWB have been developed over decades as part of Volkswagen Financial Services AG. Since 2017, VWB is separately supervised and regulated by the ECB.</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 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. 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>

#	Criterion Article 20 (10)	Verification Report
18	Underwriting standards for securitised exposures are no less stringent than those applied to 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 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 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>
#	Criterion Article 20 (10)	Verification Report
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 "BUSINESS AND ORGANISATION OF VOLKSWAGEN BANK GMBH", subsection "Origination and Securitisation Expertise" of the Final OC.</p>
#	Criterion Article 20 (11)	Verification Report
21	The underlying exposures are transferred without undue delay after selection	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The underlying exposures (both Initial Receivables and Additional Receivables) are transferred from the Seller to Driver Master without undue delay after selection.</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 / Data (AuP Report)</p> <p>The Originator is an institution subject to Regulation (EU) 575/2013. As presented in the Due Diligence and confirmed in the Final OC the Purchased 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 “Warranties by VW Bank”, clause 6.1 (f), (j), (q) and (t) of the RPA).</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 VWB or who VWB considers as unlikely to pay their obligations to VWB) (see section 6 “Warranties by VW Bank”, clause 6.1 (j), (q) and (t) of the RPA).</p> <p>Furthermore, the underlying exposures will <u>not</u> include loan receivables relating to credit-impaired debtor 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 SPV; (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 “Warranties by VW Bank”, clause 6.1 (t) (ii) of the RPA).</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 debtor on origination of the exposures, (2) in the course of VWB’s servicing of the exposures, or (3) from a third party, see clause 6.1 (t) (ii) of the RPA. This is in line with the ‘best knowledge’ standard stipulated in the EBA Guidelines.</p> <p>Debtors and guarantors (i) declared insolvent and/or undergone a debt-restructuring process, or (ii) found on a public or other credit registry of persons with adverse credit history are generally not eligible according to the underwriting policy, as discussed in the Due Diligence.</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 2 instalments have been paid in respect of each lease contract, see RPA, clause 6.1 (m).</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 (3)), 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 Purchased Receivables. The repayment is entirely linked to the repayment of the Loan Contracts; the repayment of the Loan Contracts in turn is not contingent and does not depend on the sale of the vehicles which serve as collateral for the Loan Contracts. 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 Purchased 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: VWB as the Seller, see section "RISK FACTORS", subsection "Risk retention and due diligence requirements" of the Final OC.</p> <p>Type of risk retention: in accordance with Article 6 (3) (c) of Securitisation Regulation, see section "RISK FACTORS", subsection "Risk retention and due diligence requirements" of the Final OC.</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 "RISK FACTORS", subsection "Risk retention and due diligence requirements" of the Final OC.</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 outstanding notes' balance. 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 "SWAP AGREEMENTS AND SWAP COUNTERPARTIES" in the Final OC. 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>
#	Criterion Article 21 (2)	Verification Report
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 "SWAP AGREEMENTS AND SWAP COUNTERPARTY" of the Final OC.</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 "MASTER DEFINITIONS SCHEDULE", definitions of "Swap Agreement" of the Final OC.</p> <p>The requirements for eligible swap counterparties are market standard in international finance, see section "SWAP AGREEMENTS AND SWAP COUNTERPARTY" of the Final OC.</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 Purchased Receivables which bear fixed interest rates.</p> <p>The Notes will bear interest at floating rates based on 1-M-Euribor, see sections "TERMS AND CONDITIONS OF THE CLASS A NOTES" and "TERMS AND CONDITIONS OF THE CLASS B NOTES" of the Final OC, 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>

		Currency hedges are not provided for in the transaction structure.
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#	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 a Foreclosure Event:</p> <ul style="list-style-type: none"> - no cash will be retained with the Issuer, see section "TRUST AGREEMENT", subsection "Order of Priority" of the Final OC. - the principal receipts from the underlying exposures will be used for the fully sequential amortisation of the securitisation positions, see section "TRUST AGREEMENT", subsection "Order of Priority" of the Final OC. - 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 Overcollateralization Amounts and the Class A/B Targeted Overcollateralization Percentages, see the respective definitions in section "MASTER DEFINITIONS SCHEDULE" of the Final OC.</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 "MASTER DEFINITIONS SCHEDULE" of the Final OC.</p> <p>Upon occurrence of a Credit Enhancement Increase Condition the amortisation switches back to fully sequential.</p> <p>The occurrence of a Credit Enhancement Increase Condition is not reversible, see the definition of Class A Targeted Overcollateralization Percentage in section "MASTER DEFINITIONS SCHEDULE" of the Final OC.</p>

As a result of the above, SVI is convinced that the amortisation mechanism complies with Art. 22 (5) of the Securitisation Regulation.

#	Criterion Article 21 (6)	Verification Report
32	Early amortisation provisions or triggers for termination of the revolving phase to include at least the following:	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>General: The Issuer will only be allowed to purchase Additional Receivables until an Early Amortisation Event (see definition in section "MASTER DEFINITION SCHEDULE" in the Final OC) has occurred. Thus, the revolving period will end upon the occurrence of an Early Amortisation Event. The following events trigger an Early Amortisation Event:</p>
	a) deterioration in the credit quality of the underlying exposures below a predefined threshold	A deterioration in the credit quality of the Purchased Receivables to or below a predetermined threshold (as set out in item (c) of the definition of Early Amortisation Event).
	b) insolvency-related events in relation to the Originator or the Servicer	The occurrence of an insolvency-related event with regard to the Originator or the Servicer (as set out in item (a) and item (f) of the definition of Early Amortisation Event).
	c) decline in value of the underlying exposures below a predefined threshold	The value of the Purchased Receivables held by the Issuer falls below a predetermined threshold (early amortisation event as set out in item (d) of the definition of Early Amortisation Event).
	d) failure to generate sufficient new underlying exposures for replenishments under revolving Transactions	A failure to generate sufficient new Additional Receivables that meet the predetermined credit quality (as set out in item (b) of the definition of Early Amortisation Event).

#	Criterion Article 21 (7)	Verification Report
33	Clear rules in the Transaction documentation regarding obligations, tasks and responsibilities of the Servicer, trustees and other ancillary service providers	<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 Servicer Replacement Event, see summary of the Servicing Agreement in section "ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT" of the Final OC.</p> <p>Similar provisions for the obligations, duties and responsibilities are provided for the following parties, see the respective descriptions in the Final OC:</p> <ul style="list-style-type: none"> • Issuer (see section "THE ISSUER" of the Final OC.) • Security Trustee (see section "TRUST AGREEMENT", subsection "Duties of the Security Trustee prior to occurrence of the Foreclosure Event" of the Final OC) • Account Bank, Cash Administrator and Calculation Agent (see section "ACCOUNT BANK, CASH ADMINISTRATOR AND CALCULATION AGENT" of the Final OC) • Corporate Administration (see section "CORPORATE ADMINISTRATION" of the Final OC) <p>Also, detailed provisions exist for the obligations, duties and responsibilities of the Swap counterparty (see sections "SWAP AGREEMENTS AND SWAP COUNTERPARTY" and the definition of "Eligible Swap Counterparty" in section "MASTER DEFINITIONS SCHEDULE" of the Final OC).</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 Final OC 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 summarised in section "BUSINESS AND ORGANISATION OF VOLKSWAGEN BANK GMBH", subsection "Origination and Securitisation Expertise" of the Final OC.</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.
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#	Criterion Article 21 (8)	Verification Report
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 VWB (see section "BUSINESS PROCEDURES OF VOLKSWAGEN BANK GMBH" of the Final OC) and the Servicing Agreement (as summarised in the section "ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT" of the Final OC) contain a description of procedures related to:</p> <ul style="list-style-type: none"> • Negotiation of the Loan Contract and Appraisal of the Creditworthiness of the Prospective Borrower • Debts Management • Collection Centre • Procedure • Write-Off • Internal Audit • Commingling of Collections <p>The loss definition used in the transaction based on the Write-off ("Written Off Purchased Receivables"). This definition is consistently used in the Final OC, especially with respect to the 12-Months Average Dynamic Net Loss Ratio and with respect to the question whether the Credit Enhancement Increase Condition is in effect.</p> <p>The draft investor report provides inter alia for the monthly reporting of the status of the Credit Enhancement Increase Conditions.</p> <p>The procedures presented and discussed in the Due Diligence correspond to the description in the Final OC 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 notes will be issued based on the German Debenture Act (Schuldverschreibungsgesetz - SchVG), see section "TRUST AGREEMENT", subsection "PART K. Miscellaneous Provisions" of the Final OC. The law lays down clear rules in the event of conflicts between the different classes of noteholders.</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 provided by the Originator include the following areas:</p> <p>a) Losses (i.e. net losses after recoveries) <u>in static format</u> (covering the period from January 2004 until December 2018), separately for Auto Credit/Classic Credit and new Cars/used Cars</p> <p>It should be noted that these net losses (calculated by deducting the vehicle sales proceeds and other recoveries from the outstanding balance of the respective loans up to the final write-off of the loan) have been provided by the Originator in a detailed and consistent manner for the overall portfolio of substantially similar auto loan receivables covering a meaningful period of the credit cycle. The approach using write-off data is consistent with the business procedures of the Originator and the well-documented processes for servicing of non-performing auto loan receivables until the point of write-off.</p> <p>Additionally, the Originator discloses very detailed information on a single loan contract basis as part of the monthly investor reports for all outstanding Driver securitisations, see the link to the website of the Originator as shown below. These data allow to derive and analyse in detail the information on the recovery proceeds from the vehicle disposal, other recoveries, breakdown by region, brand, customer type (corporate/retail), vehicle type (new, used, demonstration vehicle) as well as date of origination and date of default. As a result, information about static or dynamic defaults (i.e. gross losses before recoveries) is disclosed.</p> <p>www.vwfsag.de/de/home/investor_relations/Volkswagen_Bank_GmbH/refinanzierung/asset_backed_securities.html</p> <p>b) Losses (i.e. net losses after recoveries) in <u>dynamic</u> format (covering the period from March 2012 until June 2018)</p> <p>c) Delinquencies (covering the period from September 2008 until June 2018)</p> <p>In addition, data on historic prepayments in relation to both Driver Master and other Driver transactions (e.g. Driver 14 and 15) is provided.</p> <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 "DESCRIPTION OF THE PORTFOLIO", subsection "Historical Performance Data" of the Final OC.</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.
#	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 "Eligibility Criteria Verification"); and b) Verification that the data disclosed to investors in the Final OC in respect of the underlying exposures is accurate (the "OC Data Verification"). <p>The sample drawn for the Eligibility Criteria Verification is representative of the securitised portfolio, based on the pool cut dated 31 March 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 regard to the Eligibility Criteria Verification has been made available to SVI on the 8th of May 2019. The final report confirms that the Eligibility Criteria Verification has occurred and that no significant adverse findings have been found.</p> <p>The OC Data Verification has been performed by the audit firm based on the pool dated 31 May 2019. This verification will be based on all underlying exposures (loan level data) and the scope comprises (i) verification that the Weighted Average Life of the Notes issued are accurate (see section "DESCRIPTION OF THE PORTFOLIO", subsection "Weighted Average Life of the Notes/Assumed Amortisation of the Notes" of the Final OC) have been correctly computed, and (ii) information in the stratification tables (see section "DESCRIPTION OF THE PORTFOLIO", subsection "Purchased Receivables Pool as at the Additional Cut-off Date" of the Final OC) correspond to the pool cut. The final report prepared by the audit firm with regards to the verification of the Weighted Average Life of the Notes has been made available to SVI on 20 June 2019. It confirms that no adverse findings have been found. In addition, SVI has been informed by the audit firm that the verification of the information in the stratification tables has also been performed with satisfactory results.</p>
#	Criterion Article 22 (3)	Verification Report
40		<u>Verification Method:</u> Legal (Transaction documents) / Due Diligence (Cash flow model)

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

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 Master 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.

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, the various series of Classes A and Class B Notes, the Originator/Service as well as other parties involved (summarised as senior expenses).

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.

The CF-Model is available since 2 May 2019 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.

The Originator undertakes to provide potential investors with the CF-Model upon request.

#	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 leases) 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 has already been made available since the Original Closing Date of Driver Master and will continue to be available on a monthly basis. - Art. 7 (1) (b): The Final OC will be made available prior to closing. - Art. 7 (1) (c): Not applicable. - Art. 7 (1) (d): In accordance with the RTS for notification, the notification has been provided to investors in draft form prior to pricing and in final form prior to closing. - Art. 7 (1) (e): The Investor Report has already been made available on each payment date since the Original Closing Date. - Art. 7 (1) (f): Ad hoc announcements will be published as soon as they need to be published under the MAR. - Art. (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 that the STS criteria pursuant to Article 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 Master S.A., Compartment 1**” have been fulfilled.

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