

# Final Verification Report

In respect of the Transaction „Koromo 3“ (Toyota Kreditbank GmbH)



22 October 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 16 June 2020, SVI has been mandated by the Originator (Toyota Kreditbank GmbH) to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction "Koromo 3" (the "Transaction").

As part of our verification work, we have discussed selected aspects of the Transaction with Toyota Kreditbank GmbH and legal counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of Toyota Kreditbank GmbH and the underlying transaction documentation.

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

- Final offering circular
- Legal Opinion
- Receivables Purchase Agreement
- Servicing Agreement
- Account Bank Agreement
- Transaction Definitions Agreement
- Notes Purchase Agreement
- Due Diligence Presentation prepared by Toyota Kreditbank GmbH

- Agreed-upon Procedures Report
- Latest version of the liability cash flow model
- Data Package received by Toyota Kreditbank GmbH
- 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 based on the 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: [www.svi-gmbh.com](http://www.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 on 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 “DEFINED TERMS” in the Final OC.

AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
CF-Model	Cash Flow-Model
Closing Date	22 October 2020
Due Diligence Presentation	Due Diligence Presentation prepared by Toyota Kreditbank GmbH
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 OC	Final Offering Circular dated 20 October 2020
Final Verification Report	Draft of Final Verification Report prepared by SVI in respect of the Transaction
InsO	Insolvenzordnung (German Insolvency Code)
Issuer	Koromo S.A., acting on behalf and for the account of its Compartment 3
Koromo 3	Issuer
LO	German Legal Opinion
Originator	Toyota Kreditbank GmbH
Purchaser	Koromo S.A., acting on behalf and for the account of its Compartment 3
RPA	Receivables Purchase Agreement
RTS on Homogeneity	Commission Delegated Regulation (EU) 2019/1851 dated 28 May 2019 supplementing the Securitisation Regulation with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation
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	Toyota Kreditbank GmbH
Servicer	Toyota Kreditbank GmbH

SPV	Special Purpose Vehicle or Issuer
Subordinated Lender	Toyota Kreditbank GmbH
Transaction	The securitisation of auto loan receivables involving Koromo 3 as Issuer
TKG	Toyota Kreditbank GmbH

#	Criterion Article 20 (1)	Verification Report
1	Assignment or transfer of ownership of the risk positions takes place by means of a <b>true sale</b> and is legally enforceable.	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence (Prospectus)</p> <p>The German Legal Opinion confirms (i) that the sale and assignment of a Receivable by the Seller to the Issuer pursuant to the Receivables Purchase Agreement constitutes a legal, valid and enforceable sale of such Purchased Receivable under German law; (ii) that the sale and assignment of Receivables under the RPA will be considered a "true sale"; and (iii) the legal, valid, binding and enforceable security transfer of title to the Vehicles to the Issuer (all subject to customary qualifications).</p> <p>Furthermore, the LO confirms:</p> <ul style="list-style-type: none"> <li>i. the valid, legally binding and enforceable nature of the obligations of the parties to the Transaction Documents;</li> <li>ii. that the sale and assignment of a Receivable from the Seller to the Issuer pursuant to the RPA will constitute a legal, valid, binding and enforceable sale and assignment of such Purchased Receivable;</li> <li>iii. that in case of an insolvency of the Seller under the InsO such sale will be considered a "true sale", i.e. it will no longer be part of the Seller's insolvency estate and entitling the Issuer (or Trustee, as applicable) to a right of segregation (<i>Aussonderung</i>), a right to opposition (<i>Drittwiderspruchsklage</i>) and that no insolvency administrator or any third party will be able to successfully challenge payments made by the Servicer with respect to Collections on the Purchased Receivables; and</li> <li>iv. the legal, valid, binding and enforceable nature of the security assignments of the Purchased Receivables to the Trustee and the security transfer of title (<i>Sicherungsübereignung</i>) to the Vehicles by the Seller to the Issuer and by the Issuer to the Trustee (all of the above subject to customary qualifications).</li> </ul> <p>The Legal Opinion does not cover the review of the Underlying Agreements. Nevertheless, the RPA contains in Section 13.2 (vii) representations and warranties by the Seller as of the date of the RPA and each Offer Date to the effect that each Initial Receivable and Additional Receivable complies with the Eligibility Criteria (as defined in the Definitions) which provide under (a) (ii) that the Receivable derives from an Underlying Agreement which constitutes the legal, valid and binding obligation of the respective Obligor, is based on the Seller's general terms and conditions and is governed by German law and under (a) (ix) that the Underlying Agreement (including the general terms and conditions) has been created in compliance with all applicable laws, rules and regulations (in particular with respect to consumer protection) and that the Seller is not in violation of any such laws, rule and regulations.</p>

#	Criterion Article 20 (1)	Verification Report
2	Requirements for the external <b>legal opinion</b>	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>The LO is provided by Ashurst, a well-known law firm with expertise in the area of securitisation.</p> <p>The LO is made available to the third-party verification agent and competent supervisory authorities.</p>

#	Criterion Article 20 (2)	Verification Report
3	Specification of increased <b>claw-back risks</b> : Are there any provisions in the respective national insolvency law, which could render the transfer voidable?	<p><u>Verification Method</u>: Legal (Legal opinion)</p> <p>There are no severe risks with regard to claw-back and re-characterisation as the LO confirms the effect that the sale and assignment will not be reversed or characterised as a secured financing transaction (subject to customary qualifications).</p> <p>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>The SPV must demonstrate that it had no knowledge in case of the seller's insolvency. However, Section 13.1(e) and (f) of the RPA provides for the representation and warranty of the Seller confirming that it has not ceased or threatened to cease to carry on the whole or a substantial part of its business, has not generally stopped payment or threatened to generally stop payment of its debts, that it is not Insolvent and no steps have been taken or is intended to be taken by it or (to its knowledge) by any person for an insolvency, winding-up or liquidation of the Seller as of the date of the RPA and each Offer Date, to be confirmed in each Offer (see Form of Offer in Schedule 2 to the RPA). The repeated representations and warranties may be used by the SPV to demonstrate its non-knowledge of the Sellers' 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 <b>intermediate sales</b> 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 Koromo 3, the sale and transfer take place directly between the Seller (who is the original lender) and the SPV acting as Issuer, i.e. without any intermediate sale taking place.</p>
#	Criterion Article 20 (5)	Verification Report
6	If the <b>transfer of receivables takes place at a later stage</b> , 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 first transfer of the underlying exposures (Initial Receivables including the relevant Related Claims and Rights) from the Seller to the Issuer will occur on the Closing Date of the transaction (scheduled for 22 October 2020). Due to the revolving nature of the Transaction, on each following Offer Date during the Replenishment Period the Seller may offer to sell Additional Receivables (including the Related Claims and Rights) with economic effect as of the relevant Additional Cut-Off Date in accordance with the Purchase Requirements. In summary, it can be stated that the Purchased Receivables will be transferred either on the Closing Date or on each Purchase Date and that, in contrast to this, there will be no transfer of Receivables at a later stage.</p>
#	Criterion Article 20 (6)	Verification Report
7	<b>Representations and warranties</b> of the seller with regard to the legal condition of the goods	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Seller (who is the original lender) warrants that the underlying Purchased Receivables are legally valid, binding and enforceable and that, to the best of its knowledge, the Purchased Receivables are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect, see under "DEFINED TERMS" the definition "Eligibility Criteria", items (a) (ii) and (c) (ii) of the Final OC and Section 13.2 "Representations and Warranties of the Seller in relation to the Receivables and the Related Collateral", item (a) (vii) of the RPA.</p>
#	Criterion Article 20 (7)	Verification Report
8	Clear selection criteria (' <b>eligibility criteria</b> ') and no	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The underlying exposures transferred from the Seller to the SPV are selected according to predetermined, clear and documented eligibility criteria, see under "DEFINED TERMS" the definition "Eligibility Criteria" of the Final OC.</p>

	active portfolio management (I / III)	The Transaction features a Revolving Period and amortises sequentially thereafter. On each Offer Date, the Seller may offer to sell Receivables (including the Related Collateral) to the Issuer and warrants that each of the Initial Receivables complies with the Eligibility Criteria on the Initial Cut-Off Date and each of the Additional Receivables complies with the Eligibility Criteria on the relevant Additional Cut-Off Date. As a consequence, consistent Eligibility Criteria apply to both the Initial Receivables and the Additional Receivables.
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#	Criterion Article 20 (7)	Verification Report
9	Clear selection criteria ('eligibility criteria') and no active portfolio management (II / III)	<p><u>Verification Method:</u> Legal (Transaction documents) / 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 a Purchased Receivable did not fulfil the Eligibility Criteria on the relevant Cut-Off Date, the Seller may (at its sole discretion) remedy any non-compliance with the Eligibility Criteria at no cost to the Issuer so that, following such remedy, the relevant Purchased Receivable meets the Eligibility Criteria. If such remedy is not possible or not made within ten Business Days, the Seller will repurchase (in whole but not in part) each such Non-Eligible Receivable (including the Related Claims and Rights) at the Repurchase Price. Such repurchase shall be made no later than two Business Days prior to the Payment Date immediately following such event by entering a Repurchase Agreement, see Section 14.1 "Repurchase of Non-Eligible Receivables" of the RPA. There will, however, be no substitution of the ineligible receivable with a new receivable.</p> <p>Generally, the above described repurchase mechanism used in the Transaction (a) does not make the performance of the Transaction dependent both on the performance of the underlying exposures and on the performance of the portfolio management, and (b) is not performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit.</p> <p>As a result of the above, the criterion "no active portfolio management" is fulfilled.</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 <b>homogeneous</b> portfolio in terms of asset classes (I / III)	<u>Verification Method</u> : Legal (Transaction documents)
		The underlying exposures fall into the asset type according to Art. 1 (a) (v) of the Commission Delegated Regulation (EU) 2019/1851 on Homogeneity (i.e. auto loans and leases).
		The Seller has chosen the homogeneity factor according to Art. 2 (4.) (b) of the EBA Final RTS on Homogeneity of the underlying exposures, i.e. jurisdiction, whereby the pool shall consist of underlying exposures relating to a consumer ( <i>Verbraucher</i> ) or an entrepreneur ( <i>Unternehmer</i> ) with residence or having its registered office in one jurisdiction (Germany) only, see under "DEFINED TERMS" the definition "Eligibility Criteria", items (b) (i) of the Final OC.
#	Criterion Article 20 (8)	Verification Report
12	Securitisation of a homogeneous portfolio in terms of asset classes (II / III)	<u>Verification Method</u> : Due Diligence (Underwriting and Servicing Policy)
		The underlying exposures have been originated in accordance with consistent underwriting standards, as presented in the Due Diligence and further described in #17. No distinction is made between securitised and non-securitised receivables. The processes assure that only consumer ( <i>Verbraucher</i> ) or entrepreneurs ( <i>Unternehmer</i> ) with residence or having its registered office in Germany 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)	<u>Verification Method</u> : Data (AuP Report)
		The homogeneity factor "residence in Germany" is, through the check of the data field "Location of the Obligor" part of the Eligibility Criteria Verification as further described in #39. The Underlying Agreements have been entered into exclusively with consumer ( <i>Verbraucher</i> ) or entrepreneurs ( <i>Unternehmer</i> ) resident or having its registered office in Germany, see under "DEFINED TERMS" the definition "Eligibility Criteria", items (b) (i) of the Final OC.

#	Criterion Article 20 (8)	Verification Report
14	The underlying exposures contain <b>obligations that are contractually binding and enforceable</b>	<p><u>Verification Method</u>: Legal (Legal opinion) / Due Diligence</p> <p>Under "DEFINED TERMS" the definition "Eligibility Criteria", items (a) (ii) of the Final OC contains warranties by the Seller as to the legally valid, binding and enforceable nature of the underlying exposures, i.e. the Underlying Agreements under which the relevant Purchased Receivables arises.</p>
#	Criterion Article 20 (8)	Verification Report
15	The underlying exposures have <b>defined periodic payment streams</b> and do not include <b>transferable securities</b> 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 TKG in respect of private obligors. For the purposes of the transaction, three contract types form part of the securitised portfolio:</p> <ol style="list-style-type: none"> <li>1. Loan type "Standard Underlying Agreement" with linear (i.e. fully amortising with equal instalments) form of financing, and</li> <li>2. Loan type "Balloon Financing" with equal instalments and a balloon payment at the end of term, as well as</li> <li>3. Loan type "Toyota Komplett" with either equal instalments or a balloon payment and an additional put option with the dealer in respect to the vehicle.</li> </ol> <p>Apart from these variations, the three contract types do not differ structurally in terms of payment streams (with the exception of the final instalment), as discussed and verified in the Due Diligence.</p> <p>As presented during the Due Diligence, the underlying exposures have defined periodic payment streams relating to principal, interest, insurance-related and service-related payments. The Receivables derive from the 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. Please also refer to "DEFINED TERMS" the definition "Eligibility Criteria", item (a) (iv) of the Final OC.</p> <p>The eligibility criteria restrict the underlying exposures to Receivables originated under a loan agreement and do not include transferable securities (please refer to the section "DEFINED TERMS" the definition "Eligibility Criteria", item (c) (xi) of the Final OC). 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 <b>securitisation positions</b> 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 Receivables originated under a loan agreement, 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>The origination and/or resale of securitisation positions is not part of the business model of the Seller and not permitted under the Sellers' underwriting policy, please refer to the section "DEFINED TERMS" the definition "Eligibility Criteria", item (c) (xi) of the Final OC.</p>
#	Criterion Article 20 (10)	Verification Report
17	<b>Origination of underlying exposures in the ordinary course of business</b> 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 (Transaction documents) / Due Diligence</p> <p>Toyota Kreditbank GmbH is one of the largest captive banks in Germany and active since 1988. Organisation and business processes have been developed over decades. TKG is wholly owned by Toyota Financial Services Corporation (TFSC) and ultimately by Toyota Motor Corporation. TKG, in its capacity as a manufacturer-related financing company, offers financial services aimed at supporting car sales such as traditional loan contract and final instalment financing arrangements for new and used cars. TKG is subject to the supervision of the German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>) in accordance with the German Banking Act (<i>Kreditwesengesetz</i>).</p> <p>As presented and discussed in the Due Diligence, the well-developed and highly professional organisation of its business procedures is in line with the volume and quantity of business transactions. TKG's business procedures assure that securitised exposures have been originated in the ordinary course of business and in accordance with uniform standards, as reflected in the Credit and Collection Policy, see in this regard "DEFINED TERMS" the definition "Eligibility Criteria", item (a) (iii) of the Final OC. Deviations from the Credit and Collection Policy are only permissible in well-defined and documented instances, see Section 4.3 "LIMITATION OF AUTHORITY" of the Service Agreement. The underlying exposures are selected for securitisation using a random selection process.</p> <p>The underlying exposures are similar to the non-securitised Underlying Agreements in the asset type "auto loans and leases" (see definition of "similar exposures" in the EBA Guidelines) due to the strictly random selection process. Furthermore the underlying exposures are no less stringent than those that the Seller applied at the time of origination to similar exposures that are not securitised (if any), please refer to see Section 13.2 "Representations and Warranties of the Seller in relation to the Receivables and the Related Collateral" item (a) (x) of the RPA.</p>

		Since exposures will be transferred to the Issuer after closing, any material changes to the Underlying Agreements shall be disclosed to the Issuer with its consents and any modification to the Credit and Collection Policy shall not prejudice the rights of the Noteholders.
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#	Criterion Article 20 (10)	Verification Report
18	<b>Underwriting standards</b> 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, 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, 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, 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 Seller 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	<b>Assessment of the borrower's creditworthiness</b> 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 (Transaction documents)</p> <p>Toyota Kreditbank GmbH is a financial institution (Kreditinstitut) according to § 1 German Banking Act. As such, the Seller is supervised by BaFin as competent national supervisory authority. The Seller's credit granting is done on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing credits. Additionally, the Seller has effective systems in place to apply such process in accordance with Article 8 of Directive 2008/48/EC, see Section 13.2 "Representations and Warranties of the Seller in relation to the Receivables and the Related Collateral" (a) (ix) (C) of the RPA.</p>

#	Criterion Article 20 (10)	Verification Report
20	<b>Originator's experience</b> (management and senior staff) in origination of risk positions	<p><u>Verification Method</u>: Regulatory / Legal (Transaction documents) / Due Diligence</p> <p>As an institution, the Seller does have at least 5 years of experience in origination and underwriting of exposures similar to those securitised, see section 13.2 "Representations and Warranties of the Seller in relation to the Receivables and the Related Collateral" (a) (xi) of the RPA.</p>
#	Criterion Article 20 (11)	Verification Report
21	The underlying exposures are <b>transferred without undue delay</b> after selection	<p><u>Verification Method</u>: Legal (Transaction documents)</p> <p>The dates of the provisional and final pool cut are 30 June 2020 and 30 September 2020, respectively. Transfer of the pool will occur at closing (scheduled for 22 October 2020), i.e. without undue delay.</p>
#	Criterion Article 20 (11)	Verification Report
22	The underlying exposures do not include <b>any defaulted exposures</b> or to <b>debtors/guarantors with impaired creditworthiness</b>	<p><u>Verification Method</u>: Regulatory / Legal (Transaction documents) / Due Diligence</p> <p>As confirmed in the Final OC, the 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 Seller ´s knowledge, exposures in default within the meaning of Article 178 (1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired Obligor (see under "DEFINED TERMS" the definition "Eligibility Criteria", items (c) (xii) of the Final OC).</p> <p>Furthermore, the underlying exposures will not include Receivables relating to credit-impaired Obligors 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 to his non-performing exposures within 3 years prior to the transfer date of the underlying exposures to the Issuer (Closing Date); (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 Seller which are not securitised (see section under "DEFINED TERMS" the definition "Eligibility Criteria", items (c) (xii) of the Final OC).</p> <p>The Seller represents, with regards to the question which sources of information it has used to identify defaulted exposures and to determine if an Obligor is credit-impaired, that it has obtained information (1) from the Obligor on origination of the exposures, (2) in the course of TKG's servicing of the exposures or TKG's risk management procedures, or (3) from a third party. This is in line with the 'best knowledge' standard stipulated in the EBA Guidelines.</p>

		The Seller has IT systems in place to ensure that defaulted exposures or exposures to Obligor with impaired creditworthiness are excluded from the provisional or final pool cut.
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#	Criterion Article 20 (11)	Verification Report
23	The risk positions do not have a <b>credit assessment or a credit score</b> 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 profiles of the consumer (<i>Verbraucher</i>) or (ii) entrepreneurs (<i>Unternehmer</i>), credit agencies' information and financial information as well as past payment behaviour. 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 Seller which are not securitised" is considered to be met as the underlying exposures do not include (i) exposures that are classified as doubtful, impaired, non-performing or similar, or (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 Seller.</p>

#	Criterion Article 20 (12)	Verification Report
24	At the time of the transfer, the <b>debtor has paid at least 1 instalment</b>	<p><u>Verification Method</u>: Legal (Transaction documents) / Data (AuP Report)</p> <p>The Seller warrants that on the relevant Cut-Off Date at least one instalment in full has been paid in respect of each relevant Receivable, see under "DEFINED TERMS" the definition "Eligibility Criteria", items (b) (ii) of the Final OC.</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), covers the above mentioned Eligibility Criteria.</p>



#	Criterion Article 20 (13)	Verification Report
25	The repayment of the securitisation position should <b>not be predominantly dependent on the sale of assets</b> collateralising the underlying exposures	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence / Data</p> <p>As presented and discussed in the Due Diligence, the Transaction does not, for the repayment of the securitisation positions, rely in any way on the sale of assets as the repayment is entirely linked to the repayment of the Performing Receivables. The repayment is entirely linked to the repayment of the Performing Receivables; the repayment of the Performing Receivables in turn is not contingent and does not depend on the sale of the vehicles which serve as collateral for the Purchased Receivables.</p>
#	Criterion Article 21 (1)	Verification Report
26	<b>Risk retention</b> (Art. 6.1 of the Securitisation Regulation), usually by the Seller	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>Holder of risk retention: TKG as the Seller, see Section 15. "EU RISK RETENTION AND EU TRANSPARENCY REQUIREMENTS", subsection 15.1 "Toyota" of the Notes Purchase Agreement.</p> <p>Type of risk retention: in accordance with Article 6(3)(d) of the Securitisation Regulation, see subsection 15.1 "Toyota", item (b) of the Notes Purchase Agreement. The Seller will, on an ongoing basis, retain a first loss tranche equivalent to a material net economic interest of not less than 5 per cent. in relation to the Transaction. As at the Closing Date, such retention will be comprised of an interest in the Class B Compartment 3 Notes and the Subordinated Loan as required by article 6(3)(d) of the Securitisation Regulation. The material net economic interest is not and will not be subject to any credit-risk mitigation or hedging.</p> <p>The Transparency Reports will also set out monthly confirmation regarding the continued holding of the risk retention by the Seller, as confirmed by the Seller (see subsection 15.1 "Toyota", item (e) of the Notes Purchase Agreement).</p> <p>The legal obligation of the Seller to hold the risk retention during the lifetime of the transaction is entered into according to subsection 15.1 "Toyota", item (b) of the Notes Purchase Agreement.</p>
#	Criterion Article 21 (2)	Verification Report
27	<b>Appropriate hedging</b> of interest rate and currency risks, no derivatives as underlying risk positions (I / II)	<p><u>Verification Method</u>: Due Diligence</p> <p>The Purchased Receivables as well as the Class A and Class B Notes are fixed rate, therefore no interest rate risks occur. Both assets and liabilities of the Issuer are EUR denominated hence no currency risk occurs.</p> <p>As a result of the described structure, no interest rate hedging e.g. in the form of derivatives (e.g. any fixed-floating interest rate hedge) is required.</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>No interest rate or currency hedging is required in the Transaction, see above under #27.</p>
#	Criterion Article 21 (3)	Verification Report
29	Generally used <b>reference rates</b> 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 Class A and Class B Notes will bear interest at fixed rates, see section "DEFINED TERMS" the definitions of "Class A Compartment 3 Notes" and of "Class B Compartment 3 Notes" of the Final OC.</p> <p>No reference rates apply to the cash accounts. The interest for the cash accounts will be based on a fixed rate.</p> <p>Currency hedges are not provided for in the transaction structure.</p>
#	Criterion Article 21 (4)	Verification Report
30	<b>Requirements in the event of an enforcement</b> or delivery of an acceleration notice	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>After the Enforcement Conditions have been fulfilled:</p> <ul style="list-style-type: none"> <li>no cash will be retained with the Issuer, see section "TERMS AND CONDITIONS OF THE NOTES", clause 9 "Post-Enforcement Priority of Payments" of the Final OC.</li> <li>the principal receipts from the underlying exposures will be used for the sequential amortisation of the securitisation positions as determined by the seniority of the securitisation position, see section "TERMS AND CONDITIONS OF THE NOTES", clause 9 "Post-Enforcement Priority of Payments" of the Final OC.</li> <li>all creditors of a class of notes will be served equally.</li> <li>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.</li> <li>no automatic liquidation or sale of risk positions or assets is provided for.</li> </ul>

#	Criterion Article 21 (5)	Verification Report
31	<b>Sequential repayment</b> 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>The Transaction has a strictly sequential priority of payments.</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:	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Additional Receivables can only be sold by the Seller until the Replenishment Period ends on the earlier of (i) the Payment Date falling in October 2025 and (ii) the Payment Date on which an Early Amortisation Event has occurred prior to the respective Calculation Date.</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, measured by the Cumulative Default Ratio (see item (b) of the definition of the Early Amortisation Event in the Final OC).
	b) insolvency-related events in relation to the Seller or the Servicer	The occurrence of an insolvency-related event with regard to the Servicer or the Seller (as set out in item (d) of the definition of the Early Amortisation Event in the Final OC and clause 17.2 "Termination" of the RPA).
	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 (see item (c) of the definition of the Early Amortisation Event in the Final OC).
	d) failure to generate sufficient new underlying exposures for replenishments under revolving Transactions	A failure to generate sufficient new Purchased Receivables that meet the predetermined credit quality (see item (a) of the definition of the Early Amortisation Event in the Final OC).

#	Criterion Article 21 (7)	Verification Report
33	<b>Clear rules</b> 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 Termination Event with respect to the Servicer, see clauses 17. "TERM; TERMINATION" and 18. "SUBSTITUTE SERVICER" of the Servicing Agreement.</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"> <li>• Trustee (see section "THE TRUSTEE" of the Final OC)</li> <li>• Cash Administrator / Paying Agent (see section "THE CASH ADMINISTRATOR AND THE PAYING AGENT" of the Final OC)</li> <li>• Account Bank (see section "THE ACCOUNT BANK" of the Final OC)</li> <li>• Data Trustee (see section "THE DATA TRUSTEE" of the Final OC)</li> <li>• Subordinated Lender (see section "THE SELLER, THE SERVICER AND THE SUBORDINATED LENDER" of the Final OC)</li> <li>• Corporate Administrator (see section "THE CORPORATE ADMINISTRATOR" of the Final OC)</li> </ul> <p>The Transaction documentation specifies clearly provisions that ensure the replacement of the Account Bank in the case of their default, insolvency, and other specified events, where applicable. In respect of the Account Bank provisions exist for its replacement if the Account Bank does not meet the for the Required Rating as set out in clause 9 "EXCHANGE OF ACCOUNT BANK UPON DOWNGRADE EVENT" of the Account Bank Agreement.</p> <p>The Transaction does not include any derivatives thus there are no Swap counterparties in the transaction.</p>
#	Criterion Article 21 (8)	Verification Report
34	<b>Experience of the Servicer</b> (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>Toyota Kreditbank GmbH is a financial institution (<i>Kreditinstitut</i>) according to § 1 German Banking Act. As such, the Seller is supervised by BaFin as competent national supervisory authority.</p> <p>The Final OC contains information on the experience of TKG as a servicer, see section "THE SELLER, THE SERVICER AND THE SUBORDINATED LENDER" of the Final OC.</p> <p>In addition, the experience and expertise of the management and the senior staff has been confirmed during the Due Diligence.</p>

		As a result, TKG as servicer is deemed to have the relevant expertise as an entity being active as servicer of receivables and as servicer of receivables securitisations for more than five years, and no contrary findings were observed in the due diligence.
#	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), TKG 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 <b>servicing of non-performing exposures</b> , specification of the <b>priorities of payment</b>	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>The Credit and Collection Policy of Toyota Kreditbank GmbH (see section "CREDIT AND COLLECTION POLICY" of the Final OC), which must be complied in respect of the servicing of the loan agreements and the Purchased Receivables by the Servicer in accordance with the Servicing Agreement, contains a description of procedures related to:</p> <ul style="list-style-type: none"> <li>• Credit Underwriting Process</li> <li>• Scoring Process</li> <li>• Servicing and Collection Procedures</li> </ul> <p>The loss definition used in the transaction refers to the term „Defaulted Receivable“ which means a Receivable in respect of which (i) the Obligor is Insolvent; and/or (ii) the Servicer has terminated the related Underlying Agreement in accordance with the Credit and Collection Policy of the Servicer. As long as the Seller acts as Servicer a Receivable shall be a "Defaulted Receivable" if the relevant Underlying Agreement has been qualified as "MA 20", "MA 40", "MA43" or "MA44" in its dunning system.</p> <p>This definition is consistently used in the Transaction documentation.</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	<b>Clear rules in the event of conflicts</b> between the different classes of noteholders	<p><u>Verification Method:</u> Regulatory / Legal (Transaction documents)</p> <p>The Class A and Class B Notes are issued on the basis of the German Bonds Act (<i>Schuldverschreibungsgesetz</i>), see section "TERMS AND CONDITIONS OF THE NOTES", subsection 15.1 "Amendments", item (b) of the Final OC, enabling Noteholders to take resolutions within one class of notes. In addition, the Trust Agreement provides for clear instructions for the Trustee with regard to the treatment of the interests of different classes of notes and their ranking in line with the applicable Priority of Payments (see clause 4. "CONFLICT OF INTEREST" of the Trust Agreement).</p>
#	Criterion Article 22 (1)	Verification Report
38	Provision of <b>historical performance data</b> before pricing	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence</p> <p>The historical performance data provided by the Seller include the following areas:</p> <ul style="list-style-type: none"> <li>a) <b>Gross defaults</b> (i.e. losses before recoveries) in static format (covering the period from Q4 2007 until Q2 2020), separate for the used vehicles portfolio as well as for new vehicles portfolio, balloon financing portfolio, standard loan portfolio, the sub-portfolio private clients and the sub-portfolio commercial clients.</li> <li>b) <b>Recoveries</b> in static format (covering the period from Q4 2007 until Q2 2020), separate for the used vehicles portfolio as well as for new vehicles portfolio, balloon financing portfolio, standard loan portfolio, the sub-portfolio private clients and the sub-portfolio commercial clients.</li> <li>c) <b>Delinquencies</b> measured as monthly delinquency rate for the ageing buckets 1-29 days past due, 30-59 days past due, 60-89 days past due, 90-119 days past due, 120-149 days past due, 150-179 days past due and 180 and more days past due (covering the period from October 2007 until June 2020).</li> <li>d) <b>Prepayments</b> measured as monthly prepayment rate (covering the period from October 2007 until June 2020).</li> </ul> <p>The data history, which is provided prior to pricing, covers a period of at least 5 years required under Article 22 (1) of the Securitisation Regulation, see section "PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA" in the Final OC.</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 <b>asset audit</b> 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 Seller 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"> <li>a) a verification of the compliance of the underlying exposures in the portfolio with the key eligibility criteria (the "<b>Eligibility Criteria Verification</b>"); and</li> <li>b) verification that the data disclosed to investors in the Final OC in respect of the underlying exposures is accurate (the "<b>Final OC Data Verification</b>").</li> </ul> <p>The sample drawn for the Eligibility Criteria Verification is representative of the securitised portfolio, based on a provisional pool cut dated 30 June 2020. This is ensured by a sufficiently large sample and random selection, applying a 99 % confidence level. The final report prepared by the audit firm with regards to the Eligibility Criteria Verification has been made available to SVI on 07 August 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 OC Data Verification was performed by the audit firm based on the final pool cut dated 30 September 2020. This verification has been based on all underlying exposures (loan level data) and the scope comprises that the information in the stratification tables (please refer to section "PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA" in the Final OC) correspond to the final pool cut. The final report was prepared by the audit firm with regards to the Final OC Data Verification and was made available to SVI on 16 October 2020. The final report confirms that the Final OC Data Verification has occurred and that no adverse findings have been found.</p>

#	Criterion Article 22 (3)	Verification Report
40	<p>Provision of a precise <b>liability cash flow model</b> to the investors prior to pricing by the Seller;</p> <p>"precise" refers to the possibility for the investor to calculate the amortisation rate and, based on this, the pricing of the securitisation position</p>	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence (Cash flow model)</p> <p>The CF-Model for the Koromo 3 Transaction has been prepared by Bloomberg on behalf of the Originator. It is provided as web-based tool and can be accessed via <a href="http://www.bloomberg.net">http://www.bloomberg.net</a> (subscription model) under the ticker "KORO 3". On the basis of pre-defined default and prepayment scenarios, output files calculated in the model have been made available to SVI on 15 October 2020 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 do 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 does calculate correctly in each and every scenario.</p> <p>SVI performed a plausibility check of the output files calculated in the model provided by Bloomberg, which reflects the contractual relationships and cash flows from and to the securitised portfolio, Classes A and B Notes, the Originator/Servicer as well as other parties involved (summarised as senior expenses). A range of different scenarios can be modelled, including but not limited to prepayments, delinquencies, defaults (gross losses), recoveries and senior expenses.</p> <p>The CF-Model has been made available prior to the pricing of the Transaction. The Originator undertakes to provide potential investors with the CF-Model upon request.</p>
#	Criterion Article 22 (4)	Verification Report
41	<p>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>	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>The Seller has confirmed that information on the environmental performance of the assets financed by such underlying exposures (in this case: auto loans) is intended to be provided once available. The information is intended to be made available as part of the information on the underlying exposures as per Article 7 (1) (a) of the Securitisation Regulation and as applicable.</p>



#	Criterion Article 22 (5)	Verification Report
42	Compliance with the provisions of Art. 7 of the Securitisation Regulation (regarding <b>Transparency</b> ) is the responsibility of the Seller or Sponsor	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>The Seller confirms in the Final OC (see section "RISK RETENTION AND TRANSPARENCY REQUIREMENTS", subsection 1.2 "EU Transparency Requirements") that it will fulfil the provisions of Art. 7 of the Securitisation Regulation as follows:</p> <ul style="list-style-type: none"> <li>- Art. 7 (1) (a): Loan level data will be made available for the first time at the latest one month after the due date for the payment of interest and then on a quarterly basis.</li> <li>- Art. 7 (1) (b): The relevant transaction documentation has been made available prior to pricing.</li> <li>- Art. 7 (1) (c): Not applicable.</li> <li>- Art. 7 (1) (d): In accordance with the draft RTS for notification, the STS notification has been provided to investors in draft form prior to pricing and will be provided in final form not later than 15 days after closing.</li> <li>- Art. 7 (1) (e): The Investor Report will be made available for the first time at the latest one month after the due date for the payment of interest and then on a quarterly basis.</li> <li>- Art. 7 (1) (f): Ad hoc announcements will be published as soon as they need to be published under the MAR.</li> <li>- Art. 7 (1) (g): If a "Significant Event" occurs, investors will be informed immediately.</li> </ul>

As a result of the verifications documented above, we confirm to TKG 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 "**Koromo 3**" have been fulfilled.

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