

Final LCR Assessment

In respect of the Transaction “**Driver Master S.A., Compartment 2**”
(Volkswagen Bank GmbH)

26 June 2023



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) 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 Articles 19 to 26e of the Securitisation Regulation ("STS Verification"). Moreover, SVI performs additional services including the verification of compliance of securitisations with (i) Article 243 of the Capital Requirements Regulation (Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms as amended by Regulation (EU) 2021/558 of 31 March 2021) ("CRR Assessment"), (ii) Article 270 (senior positions in STS on-balance sheet securitisations) of the CRR ("Article 270 Assessment"), (iii) Article 13 of the Delegated Regulation (EU) 2018/1620 on liquidity coverage requirement for credit institutions dated 13 July 2018, amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirements for Credit Institutions ("LCR") ("LCR Assessment"), and (iv) the STS Criteria, in respect of existing securitisations and potential deficiencies regarding compliance with the STS Criteria ("Gap-Analysis").

Mandating of SVI and verification steps

On 17 April 2023, SVI has been mandated by the Originator (Volkswagen Leasing GmbH) to verify compliance with Article 13 of the LCR for the securitisation transaction "**Driver Master S.A., Compartment 2**" (the "Transaction").

As part of our verification work, we took part in an onsite due diligence which was organised by representatives of Volkswagen Financial Services AG and Volkswagen Bank GmbH on 19 April 2023 in Braunschweig. In addition, we have discussed selected aspects of the Transaction with Volkswagen Bank GmbH and legal counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of Volkswagen Bank GmbH and the underlying transaction documentation.



For the purposes of this Final LCR Assessment, we have reviewed the following documents and other information related to the Transaction:

- Base Prosepctus
- Additional information received by e-mail, such as confirmations, comments, etc.

Verification Methodology

The fulfilment of each verification point in this Final LCR Assessment 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 based on available information	



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 same registered verification label is used by SVI in the context of a CRR Assessment, Article 270 Assessment, LCR Assessment and Gap-Analysis. 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 STS verification performed by SVI 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 or set out in the CRR, LCR and other relevant regulations, respectively. 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 LCR Assessment and disclaims any responsibility for monitoring the Issuer's continuing compliance with these requirements or any other aspect of the issuer's activities or operations. In particular, SVI has relied on statements made in the Prospectus or other legal documentation of the Transaction and based its analysis on information provided directly or indirectly by the Originator or Sponsor of the Transaction. Investors should therefore not evaluate their investment in securitisation positions based on this LCR Assessment.

SVI has not provided any form of advisory, audit or equivalent service to the Originator, Issuer or Sponsor.

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 LCR Assessment in capital spelling, please refer to the defined terms in Section “MASTER DEFINITIONS SCHEDULE” in the Base Prospectus.

BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
Base Prospectus	Base Prospectus dated 21 June 2023
CMBS	Commercial Mortgage-Backed Securitisation
CRR	Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms
ECAI	External credit assessment institution
ESMA	European Securities Markets Authority
Final Verification Report	Final Verification Report prepared by SVI in respect of the Transaction
HQLA	High Quality Liquid Assets
Issuer	Driver Master S.A., acting for and on behalf of its Compartment 2
LCR	Delegated Regulation (EU) 2018/1620 on liquidity coverage requirement for credit institutions dated 13 July 2018, amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirements for Credit Institutions
Level 2B Securitisations	Asset-backed securities as referred to in Article 12(1)(a) of the LCR that fulfil the requirements of Article 13 of the LCR
Moody's	Moody's Deutschland GmbH
Originator	Volkswagen Bank GmbH
RMBS	Residential Mortgage-Backed Securitisation
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
S&P Global	S&P Global Ratings Europe Limited
Securitisation Position	In respect of the Transaction and for the purposes of fulfilment of the requirements for HQLA/Level 2B Securitisations, the Class A Notes issued by the Issuer
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



STS Criteria	Articles 18-26 of the Securitisation Regulation, setting out criteria for simple, transparent and standardised securitisations
SSPE	Special Purpose Vehicle or Issuer
Transaction	The securitisation of auto loans receivables involving Driver Master S.A., Compartment 2 as Issuer

#	Criterion Article 13, Paragraph 1 of the LCR	LCR Assessment
1	Qualification of the securitisation position as STS securitisation and fulfilment of additional criteria	<p><u>Verification Method:</u> Legal (Base Prospectus) / Regulatory (STS Notification, STS Verification Report)</p> <p>The Transaction and therefore also the Securitisation Position will be notified according to Article 27 (1) of the Securitisation Regulation by the Originator to ESMA as meeting the requirements of Articles 19 – 22 of the Securitisation Regulation in respect of non-ABCP securitisations, see the Prospectus. Please also refer to the Final Verification Report prepared by SVI in respect of the Transaction.</p> <p>The additional criteria laid down in paragraph 2 and paragraphs 10 to 13 of Article 13 of the LCR are met, please refer below to #2-8.</p>
#	Criterion Article 13, Paragraph 2 (a) of the LCR	LCR Assessment
2	Credit Rating of the securitisation position	<p><u>Verification Method:</u> Legal (Base Prospectus) / Due Diligence (Rating report)</p> <p>The Class A Notes to be issued by the Issuer are expected to be assigned a Aaa (sf) and AAA (sf) long-term ratings by Moody's and DBRS, respectively. Both Moody's and DBRS have the status of a nominated ECAI. Hence, the Securitisation Position will be assigned a credit assessment of credit quality step 1 (AAA to AA- or equivalent) by a nominated ECAI in accordance with Article 264 of Regulation (EU) No 575/2013.</p>
#	Criterion Article 13, Paragraph 2 (b) of the LCR	LCR Assessment
3	Most senior tranche of the securitisation	<p><u>Verification Method:</u> Legal (Base Prospectus)</p> <p>The Securitisation Position is the most senior tranche issued by the Issuer under the Transaction as there is only one class of notes. The Securitisation Position possesses the highest level of seniority at all times during the ongoing life of the Transaction, see Subsection "Priority of Payments" of the Base Prospectus.</p> <p>The Notes represent the most senior tranche as there is only one class of Notes (please refer to Subsection "Priority of Payments" of the Base Prospectus).</p>

#	Criterion Article 13, Paragraph 2 (g) of the LCR	LCR Assessment
4	Homogeneity requirements	<p><u>Verification Method</u>: Legal (Base Prospectus) / Data</p> <p>The Securitisation Position is backed by a pool of homogeneous underlying exposures, which all belong to only one subcategory, namely 'Auto loans and leases to borrowers or lessees in a Member State'. The Transaction fulfils the requirements on homogeneity of underlying exposures as stipulated by the RTS on Homogeneity. Please also refer to Items #11-13 of the Final Verification Report prepared by SVI in respect of the Transaction.</p>
#	Criterion Article 13, Paragraph 10 of the LCR	LCR Assessment
5	Securitisation position not held by the credit institution or group company that originated the underlying exposures	<p><u>Verification Method</u>: Legal (Base Prospectus) / Due Diligence (explicit confirmation by the originator)</p> <p>The underlying exposures been originated by Volkswagen Bank GmbH acting as Originator. For the purpose of compliance with this requirement it is assumed that the credit institution holding the Securitisation Position in its liquidity buffer is not the Originator, any of its subsidiaries, its parent undertaking, a subsidiary of its parent undertaking or any other undertaking closely linked with the Originator.</p>
#	Criterion Article 13, Paragraph 11 of the LCR	LCR Assessment
6	Requirement regarding Tranche Size	<p><u>Verification Method</u>: Legal (Base Prospectus)</p> <p>The Nominal Amount of the Class A Notes is expected to amount to approximately 12,163,100,000, hence the issue size of the tranche amount is at least EUR 100 million (or the equivalent amount in domestic currency).</p>

#	Criterion Article 13, Paragraph 12 of the LCR	LCR Assessment
7	Requirements regarding Weighted Average Life of the securitisation position	<p><u>Verification Method</u>: Data (Cash flow Model) / Due Diligence (explicit confirmation by originator)</p> <p>Under all Prepayment Rate assumptions for the Transaction (in the range of 0% to 25%), the remaining weighted average life of the Class A Notes is 5 years or less, see Section "Weighted Average Life of the Notes/Assumed Amortisation of the Notes" of the Prospectus and confirmed through the cash flow model (CF-Model) prepared by Hypoport which can be accessed via https://www.loanbyloan.eu/home/ (subscription model). SVI has been granted access to the website and the CF-Model for the Transaction in order to verify the remaining weighted average life of the Notes.</p>
#	Criterion Article 13, Paragraph 13 of the LCR	LCR Assessment
8	Requirements regarding the Originator	<p><u>Verification Method</u>: Legal (Base Prospectus) / Due Diligence (explicit confirmation by originator)</p> <p>The Originator is a credit institution as defined in Article 4 (3) of the CRR and a financial institution (<i>Kreditinstitut</i>) according to § 1 German Banking Act. The Originator is directly supervised and regulated by the ECB. In addition, the BaFin and the German Bundesbank as competent authorities are monitoring the business of Volkswagen Bank GmbH.</p>
#	Criterion Article 37 of the LCR	LCR Assessment
9	Transitional provisions for RMBS	<p><u>Verification Method</u>: Legal (Base Prospectus)</p> <p>The securitised exposures consist exclusively of auto loan receivables, hence the exceptions for residential mortgages regarding loan-to-value or loan-to-income requirements do not apply.</p>



As a result of the verifications documented above, we confirm to **Volkswagen Bank GmbH** that the requirements pursuant to Article 13 of the Delegated Regulation (EU) 2018/1620 on liquidity coverage requirement for credit institutions dated 13 July 2018, amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirements for Credit Institutions for HQLA as Level 2B Securitisations, have been fulfilled for the transaction **“Driver Master S.A., Compartment 2”**.

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