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ABS

Driver Master S.A. - Compartment 2

Ratings

Debt	Series	Par Amount (1)	Subordi-nation (1)(2)	Coupon (per annum)	ISIN	Rating	Rating Action
Class A Notes	2015-1	€947,100,000	9.80%	0.41%	XS1258029401	AAA (sf)	New Rating
Class B Notes	2015-1	€44,100,000	5.60%	0.81%	XS1258030086	A(high) (sf)	New Rating
Subordinated Loan	n. a.	€52,504,687	-	2.01%	---	---	---

Notes:
(1) As at the issue date.
(2) Subordination is calculated on the €1,050,004,686.83 initial portfolio.

Transaction Summary

DBRS Ratings Limited (DBRS) has assigned the aforementioned ratings to the Series 2015-1 Class A Notes and the Series 2015-1 Class B Notes issued by Driver Master S.A. acting with respect to its Compartment 2 (Driver Master 2 or the issuer). The issuer is a compartment in a public company (*société anonyme*) with limited liability incorporated under the law of Luxembourg and structured to operate as a master trust in the context of a securitisation programme that was established on 27 July 2015 (the programme). Series 2015-1 notes of both classes were issued in the context of the aforementioned programme with the same revolving period maturity date. However, Series 2015-1 Class A Notes will rank in priority to Series 2015-1 Class B Notes. The issuer may issue further series of Class A Notes and Class B Notes subject to the provisions of the programme documents that will be designated as Series 20*yz-x* (where 20*yz* is the year of issuance).

DBRS may also assign ratings to the further notes of both classes belonging to the new series when issued by Driver Master 2, and such ratings will be published on www.dbrs.com. The issuance of subsequent series of Class A Notes and/or Class B Notes will be subject to compliance with some conditions specified in the programme documents.

On or about the programme set-up date Volkswagen Bank GmbH (VW Bank or the originator and the seller) assigned a €1.05 billion pool of receivables related to auto loan contracts granted by VW Bank to retail and commercial customers in Germany (the receivables or collectively the portfolio). Furthermore, on or about each payment date the seller may offer subsequent pools or receivables that the issuer will purchase in accordance with the terms of the transaction documents subject to certain conditions specified therein.

Notable Features

- The issuer is structured as a master trust and may issue further Class A Notes and Class B Notes, the issuance proceeds of which should be used to purchase additional receivables to provide adequate enhancement to the notes. Both the existing and the newly issued notes will be backed by the aggregated pool of receivables.
- The various Series notes have a revolving period during which time collections from receivables can be used to fund the purchase of additional receivables that VW Bank may offer at their option.
- Receivables are discounted at a fixed rate of 3.537%; however, VW Bank retains a component of the discount rate corresponding to 2%.
- The notes and the subordinated loan pay a fixed rate and thus the issuer's assets and liabilities are in natural hedge. Only cash sitting on the accounts may generate interest rate risk.
- The amortisation of the notes is generally sequential with the Class A Notes of all series ranking in priority to the Class B Notes of all series.

Strengths

- VW Bank is a highly experienced, financially strong captive finance servicer.

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- VW Bank's auto loan portfolio has experienced low historical net loss rates with consistently high recoveries.
- The issuer acquires direct security interest over the purchased vehicles through the assignment of the receivables.
- The receivables are related to auto loan contracts that do not envisage any direct residual value risk for the issuer.

Challenges and Mitigating Factors

- The additional purchase of receivables may substantially alter the composition of the underlying portfolio. **Mitigant(s)**: Criteria limit the changes to the composition of the pool, and VW Bank origination has been particularly stable over the years with limited changes in the split between used and new or by product type. DBRS has assumed a worsened portfolio composition to reflect the medium-term trend of VW Bank's portfolio composition. DBRS will consistently monitor the transaction.
- In some circumstances Class B Notes belonging to specific series may amortise while some Class A Notes of other series are still locked in a revolving period. **Mitigant(s)**: such occurrence is limited to specific circumstances and such repayment of Class B Notes is only allowed if some conditions are met and the Class A Notes overcollateralisation is above certain levels specified in the documents. DBRS has considered such circumstances in the analysis.

Rating Rationale

The DBRS ratings of the rated notes address the payment of interest and full repayment of principal in accordance with the terms of the programme documents and the terms and conditions of the relevant Series Notes. DBRS based the rating primarily on the following:

- The transaction's capital structure and the form and sufficiency of available credit enhancement.
- Relevant credit enhancement in the form of subordination, reserve funds and excess spread. Credit enhancement levels are sufficient to support DBRS's projected expected cumulative net loss (CNL) assumption under various stressed cash flow assumptions for the Rated Notes.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the transaction documents.
- Originator and servicer's capabilities with respect to originations, underwriting, servicing and financial strength.
- The credit quality of the collateral and ability of the servicer to perform collection activities on the collateral.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the Issuer and the consistency with DBRS's *Legal Criteria for European Structured Finance Transactions* methodology.

Sovereign Assessment

On 13 February 2015, DBRS confirmed its Long-Term Foreign and Local Currency Issuer Ratings on the Federal Republic of Germany at AAA and its Short-Term Foreign and Local Currency Issuer Ratings at R-1 (high). The trend on the aforementioned ratings is Stable.

For more information, please refer to the most recent published press release by DBRS regarding the Federal Republic of Germany.

Principal Transaction Parties and Relevant Dates

Type	Name	Rating
Issuer	Driver Master S.A. - Compartment 2	n. a.
Originator, Seller and Servicer	Volkswagen Bank GmbH	Private Rating
Subordinated Lender	Volkswagen Bank GmbH [1]	Private Rating
Servicer's Owner	Volkswagen AG	A/Stb / R-1(low)/Stb
Account Bank and Cash Administrator	The Bank of New York Mellon	AA/Stb // R-1(high)/Stb
Swap Counterparty	n. a.	
Security Trustee	Wilmington Trust SP Services (Frankfurt) B.V.	n. a.
Lead Manager	Commerzbank AG	Private Rating
Arrangers	Commerzbank AG Volkswagen Financial Services AG	Private Rating Private Rating

Type	
Issue Date	27 July 2015
First Interest Payment Date	25 August 2015
Payment Dates	The first payment date and the 25th day of each month (following BD)
Payment Frequency	Monthly
Portfolio Assignment Date	27 July 2015
Portfolio Valuation Date	30 June 2015
Collection Periods	From the portfolio valuation date to the end of July 2015 and each calendar month thereafter
Revolving Period Maturity Date	25 June 2016
Legal Final Maturity Date	25 May 2024

Origination and Servicing

DBRS conducted an operational review of Volkswagen Bank GmbH (VW Bank) auto finance operations in Braunschweig, Germany. VW Bank is a wholly owned subsidiary of Volkswagen Financial Services AG (VWFS), which itself is wholly owned by the Volkswagen Group (VG). DBRS considers VWFS's German origination and servicing practices to be consistent with those observed among other auto finance companies. VW Bank was founded in 1949 and is headquartered in Braunschweig, Germany. VW Bank is part of VWFS which is responsible for coordinating the worldwide financial services activities of the VG. VWFS provides banking, leasing, insurance and other services to its retail, wholesale and fleet customers.

As an operating subsidiary of VWFS, VW Bank looks to provide their customers with everything they need to achieve financial and mobile flexibility. The product offerings range from the financing of new and pre-owned cars of the Volkswagen Group and non-Group brands, to wholesale financing and direct banking. Within this business model, VW Bank also supports the sale of the products of the Volkswagen Group and its brands. VW Bank co-operates closely with approximately 2,300 dealerships of the Volkswagen Group. A dealer can thus offer the customer complete service from a single source, including the financing. In addition, dealers receive valuable support from VW Bank in the form of diverse training measures and extensive marketing support.

DBRS has assigned a private rating to VW Bank and publically rates Volkswagen AG at 'A' with a Stable trend. An outline of the Group's operational structure is shown below.

Origination and Underwriting

VW Bank offers different kinds of products for financing new and used cars. A *Classic Credit loan* agreement represents finance at a fixed interest rate where the loan balance fully amortises through equal monthly instalments. A second type of finance is called the *Auto Credit loan* where borrowers have three options at loan maturity. Option one allows the borrower to pay off the final balloon payment; option two is to refinance the final balloon payment or option three allows the borrower to return the vehicle to the dealer, where under

[1] Or another affiliate of Volkswagen AG.

a guarantee, the dealer has the obligation to make the final balloon payment to VW Bank. If the dealer defaults and fails to fulfil their duties, the borrower will be liable for the final balloon payment under the loan agreement.

Underwriting Process

All underwriting activities at VWFS are appropriately segregated from marketing and sales. VWFS adheres to standard identity and income verification practices including collection of income statements while identity cards, proof of address and utility bills are reviewed. External credit data is retrieved from two nationally-recognised bureaux (SCHUFA, Credit reform) and incorporated into the automated credit scoring models. Prior to acceptance of an application, VW Bank checks the credit standing of the customer. For private and commercial retail customer contracts, applications are automatically approved by a scoring system if the information on the application meets VW Bank's criteria.

Applications are analysed through VWFS's internal credit scoring system which assigns a 'band' to the loan denoting the risk associated with the borrower and loan. Bands 'A' and 'B' are considered the lowest risk while high risk loans are classified as 'D' or 'Z' band. Dual bureau data is primarily used for high risk bands. Automatic decisioning only exists for the low risk bands and, as expected, the approval rate is considerably lower for 'D' bands. Approximately 28% of all applications are referred and 2% are declined immediately.

Applications that are not automatically accepted by the scoring system are assessed by an employee of the credit department. The employees of VW Bank's credit department typically have several years' industry experience and degrees in business administration. Each employee is personally assigned a credit ceiling up to which they may underwrite a given loan.

Summary strengths

- Global brands with good reputation and strong position within the German market.
- Rising penetration rate over last few years.
- Use of multiple rules-based credit scoring models incorporating dual credit bureau data and monthly analysis of rules and performance metrics.
- Centralised and independent credit and risk management functions with underwriting teams split between retail (individuals and business) and corporates.

Servicing

Servicing begins during the final stages of initial financing with the customer services department reviewing all borrower documents and credit terms including interest rates, loan maturity, insurance and prepayment terms. The majority of payments are made via direct debit (about 99%) and have monthly payment frequencies and virtually no balloon payments for standard purchase loans. In the rare circumstance where customers do not agree to this requirement, payment comes from standing orders for payment transfers from their bank account, regular bank transfers, or cheque. Servicing is centralised and the company places considerable focus on customer service evidenced through proactive assessment of customer satisfaction following contract execution and quarterly surveys. VWFS employs a customer contact council as well as a professional planning forum to ensure adherence to corporate strategies involving customer service. Given VWFS's low staff attrition rate, average company tenure among the servicing group is estimated at over five years.

The arrears management process is heavily automated and is driven by an SAP workflow system providing collection teams daily workload reports and performance monitoring statistics. VWFS complies with all regulatory guidelines. The company's behavioural scoring model which assigns a probability of default (PD) and loss given default (LGD) to each loan is used to segregate arrears cases based on the risk profile. VWFS continues to place more focus on specialised collections for vulnerable customers as a result of the economic crisis.

Initial collections activity starts in the Debt Management unit where letters are sent out at 12, 24, and 36 days past due. The collection activities are supplemented through phone calls that are prioritised on the basis of

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risk and if non-payment continues for 53 days, then responsibility for the account typically migrates to the Collection Centre. Once in the Collections Centre, borrowers are notified that their contract is being terminated and then have 14 days to surrender the vehicle or make all past due payments. In around 50% of the cases, the Collection Centre succeeds and the contract becomes current again. In those cases where the customer does not surrender the car to the dealer, external repossession companies are utilised to secure the vehicle which usually occurs at the 91st day of delinquency. The vehicle is then marketed at VW Group's network.

Summary Strengths

- Majority of payments made via direct debit.
- Low default rate and stabilised recovery rates.
- Active early arrears management practices which benefit from automated workflows and behavioural scoring that segregates arrears cases based on risk and loan size.

Opinion on Back-Up Servicer: No back-up servicer on the Programme. DBRS believes that VG's current financial condition mitigates the risk of a possible disruption in servicing following a potential servicer event of default including insolvency.

Collateral Analysis

Data Quality

The information used includes data listed below sourced by the originator, VW Bank, through the transaction arrangers, Commerzbank AG and Volkswagen Financial Services AG.

DBRS was provided with historical dynamic and static data on the entire auto loan portfolio originated by VW Bank and with detailed stratification tables related to the portfolio selected by VW Bank as at the end of June 2015 by applying the same criteria specified in the transaction documents and that are expected to be applied for the assignment of the subsequent portfolios.

The set of historical data analysed by DBRS is detailed below:

- Quarterly dynamic delinquency data from Q3 2008 up to the end of 2014.
- Quarterly dynamic loss (write-off) data from 2010 to the end of 2014.
- Monthly static net loss data from 2004 to the end of 2014.

DBRS was provided with the net loss data separately for (1) amortising loans (Classic Credit) granted for the purchase of new vehicles, (2) amortising loans (Classic Credit) granted for the purchase of used vehicles (3) balloon loans (Auto Credit) granted for the purchase of new vehicles and (4) balloon loans (Auto Credit) granted for the purchase of used vehicles. The remaining data was provided on the entire portfolio or split by used and new vehicles.

DBRS understands that the default definition applied is the occurrence of termination of the contract (in accordance with the servicer's practice that envisages termination within the sixth unpaid instalment, usually between 90 and 180 days in arrears).

DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

Collateral Analysis

The Portfolio

The receivables are monetary claims against borrowers arising under auto loan contracts subject to the German Civil Code provisions on consumer financing and comprising interest, principal and loan administration fees. The relevant loan contracts were granted to private and commercial customers by VW

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Bank for the purchase of used or new vehicles. VW Bank offers two core products repayable through fixed monthly instalments known as (1) *Classic Credit* and (2) *Auto Credit*. *Auto Credit* customers benefit from a final balloon payment feature available whereas the *Classic Credit* has equal instalments including the last one; both types of contract are made available to finance the purchase of new and used vehicles.

Receivables are secured by the relevant purchased vehicles through a security interest (*Sicherungseigentum*) that was validly assigned to the issuer by VW Bank.

On or about the issue date VW Bank assigned a pool of receivables of about €71,050 million to the issuer, which paid the purchase price of the portfolio with the proceeds of subscription of the Class A and Class B Notes and with the funds provided by the subordinated lender. VW Bank may offer additional portfolios of similar receivables subject to certain provisions of the transaction documents.

The issuer can purchase such additional receivables using the collections made under the portfolio during the revolving period of series notes (revolving portfolios) or with the proceeds of subscription of additional series notes (accretive portfolios).

DBRS has analysed the €1.05 billion pool of receivables initially assigned and selected by VW Bank as at 30 June 2015. The analysed pool is substantially similar to those in prior Driver transactions (selected). VW Bank's origination practices continue to result in homogeneous, granular, seasoned collateral pools characterised by significant down payments, low contractual interest rates, a bias towards balloon-based contracts, regional diversification and a representative mix of Volkswagen's brands.

Portfolio Summary and Comparison to Previous Driver

	Private Driver 2011-2	Private Driver 2012-1	Driver 10	Private Driver 2013-1	Driver 11	Private Driver 2014-1	Driver 12	Driver 12	Driver 13	Driver Master 1	Driver Master 2	Driver Master 3
Amount (€000's)	997	1,000	1,000	1,000	750	1,000	1,356	750	841	750	1,050	1,050
Closing Date	Aug-11	Apr-12	Feb-13	Jun-13	Jul-13	Apr-14	May-14	May-14	Feb-15	Jul-15	Jul-15	Jul-15
New %	65.7%	65.9%	65.7%	65.3%	65.3%	66.8%	66.6%	66.6%	67.3%	50.1%	50.0%	50.0%
Used%	34.3%	34.1%	34.3%	34.7%	34.7%	33.2%	33.4%	33.4%	32.7%	49.9%	50.0%	50.0%
Down Payment	24.7%	24.4%	24.7%	24.5%	24.6%	23.7%	23.8%	24.0%	23.8%	20.7%	20.6%	20.9%
Retail/Corporate*	73% / 27%	69% / 31%	70% / 30%	71% / 29%	71% / 29%	99.8% / 0.2%	99.7% / 0.3%	99.6% / 0.4%	99.67% / 0.33%	99.55% / 0.45%	99.62% / 0.38%	99.62% / 0.38%
Direct Debit	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.7%	99.7%	99.7%
Top 20%	0.246%	0.271%	0.269%	0.291%	0.330%	0.438%	0.264%	0.407%	0.349%	0.432%	0.345%	0.344%
Avg. Outstanding Discounted Balance	12,632	13,915	14,084	14,050	13,937	14,503	14,193	14,398	15,635	14,220	14,127	14,054
W. Avg. Interest Rate	3.94%	4.08%	3.83%	3.70%	3.64%	3.21%	3.20%	3.27%	2.94%	2.60%	2.59%	2.60%
WA Original Term	47.01	47.10	47.44	47.59	47.51	47.42	47.43	47.34	47.35	49.13	49.25	49.14
WA Remaining Term	34.17	36.22	36.58	36.11	36.51	36.59	36.94	36.33	38.91	35.80	35.91	35.85
Seasoning	12.84	10.88	10.49	11.04	10.48	10.00	9.65	10.29	7.59	12.45	12.45	12.41
Product Type												
AutoCredit	82.2%	82.0%	82.0%	82.2%	82.2%	84.7%	84.7%	84.5%	85.7%	88.6%	88.3%	88.2%
ClassicCredit	17.8%	18.0%	18.0%	17.8%	17.8%	15.3%	15.3%	15.5%	14.3%	11.4%	11.7%	11.8%
Autocredit Balloon % Original	42%	41%	41%	42%	42%	44%	43%	43%	44%	50%	49%	49%
Make												
Audi	17.6%	19.8%	21.9%	21.3%	21.5%	21.3%	20.8%	20.7%	24.0%	27.9%	27.8%	27.7%
SEAT	6.0%	5.6%	5.3%	5.1%	5.1%	4.1%	4.3%	4.2%	4.7%	13.4%	13.5%	13.4%
Skoda	10.9%	11.5%	12.0%	13.0%	13.3%	13.2%	13.6%	13.4%	14.1%	10.1%	10.0%	10.0%
VW	63.1%	61.1%	58.8%	58.5%	58.1%	59.6%	59.4%	59.9%	55.4%	46.4%	46.4%	46.7%
Other	2.3%	2.1%	2.1%	2.0%	2.0%	1.8%	1.8%	1.8%	1.8%	2.2%	2.3%	2.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Top 3 Regions												
North Rhine Westfalia	19.2%	19.7%	20.0%	20.3%	19.8%	20.3%	20.3%	20.9%	20.7%	20.7%	20.6%	20.4%
Bavaria	13.3%	13.4%	13.7%	13.8%	13.4%	13.7%	13.6%	13.5%	14.3%	14.5%	14.6%	14.8%
Baden-Wuertemberg	11.4%	11.1%	11.4%	11.3%	11.3%	11.7%	11.7%	11.5%	11.7%	12.6%	12.2%	12.2%
Original Credit Enhancement												
Class A	8.95%	9.50%	9.20%	9.50%	9.20%	9.00%	9.00%	9.00%	9.00%	(*) 9.45%	(*) 9.45%	(*) 9.45%
Class B	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.61%	(*) 5.25%	(*) 5.25%	(*) 5.25%

(*) Minimum permitted by triggers

Eligibility Criteria

The receivables comprising the initial portfolio and the subsequent portfolios to be assigned by VW Bank will be selected in accordance with eligibility criteria, which are detailed in the transaction documents. The main features of the eligibility criteria are summarised as follows:

- Receivables are assignable and pay equal monthly instalments within 84 months since origination and may also include a final balloon payment.

- The loan contracts are secured by the financed assets, and VW Bank can legally transfer the security title (*Sicherungseigentum*) to the financed assets and no third party's rights prevent such dispositions.
- The loan contracts have been entered into either with corporate entities with their registered office in Germany or with individuals resident in Germany.
- At least two instalments have been paid.
- The maximum obligor concentration as a percentage of the discounted balance does not exceed €500,000.

Loans that meet at least one of the conditions listed below upon assignment are to be excluded:

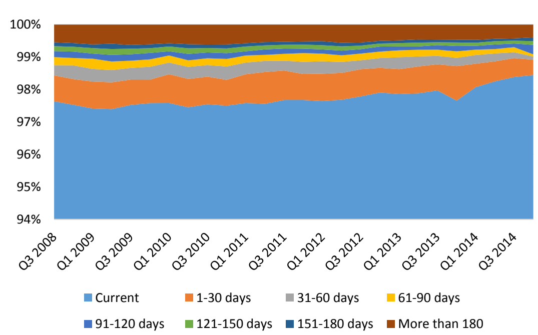
- Loan contracts which are overdue.
- Borrowers maintaining deposits on account with VW Bank.
- Borrowers who are affiliate of *Volkswagen AG, Familie Porsche Stuttgart und Familie Piech Salzburg Gruppe* (registered under a single borrower unit at the German Central Bank).
- Terminated contracts or contracts in the process of being terminated.
- According to VW Bank's records, no insolvency proceedings are initiated against any of the Borrowers.

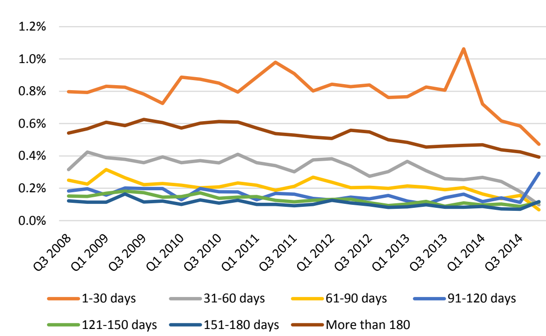
Concentration Limits
The pool of receivables comprising the receivables initially and subsequently assigned is expected to respect some concentration limits spelled in the programme documents and which are summarised below:

- Used vehicle loans do not exceed 50%.
- Classic Credit loans do not exceed 10%.
- Non-VW group brand passenger cars or light commercial vehicles do not exceed 10%.

Historical Performance

Arrears
DBRS received dynamic quarterly delinquency data over the entire auto loan portfolio from Q3 2008 (and up to the end of 2014). The charts below shows the composition of the outstanding portfolio split into delinquency buckets (terminated loans are included in the last bucket until written-off).





Dynamic delinquency levels have been low and stable over the reported period, with the new vehicle subset demonstrating superior performance compared to that of used vehicles. Delinquency levels for arrears between 60 and 180 days in arrears have fallen since their peak of 1.40% in June 2009, but have been stable since September 2014 at around 0.85%. DBRS understands that, towards the end of 2013, the increase in arrears below 30 days was due to the switch to SEPA which caused some processing issues. The originator confirmed that this issue has been resolved and DBRS observed a decline in such arrears bucket from 1.06% in December 2013 to 0.58% in September 2014.

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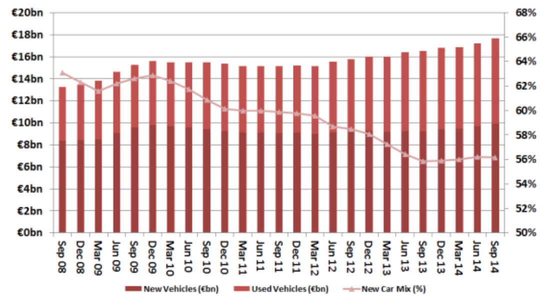
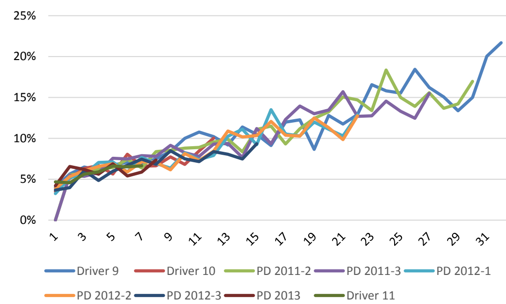
New/Used Vehicle Mix

VW Bank's retail portfolio has continued to grow throughout 2013 from €15 billion to €17.36 billion in September 2014. Since 2010, there has been an ongoing shift in the portfolio mix with new car balances falling from a peak of 63% to 56% as at September 2014. DBRS understands that the positive shift in the used vehicle mix has been a result of the originator's strategy to increase penetration rates for used car financing.



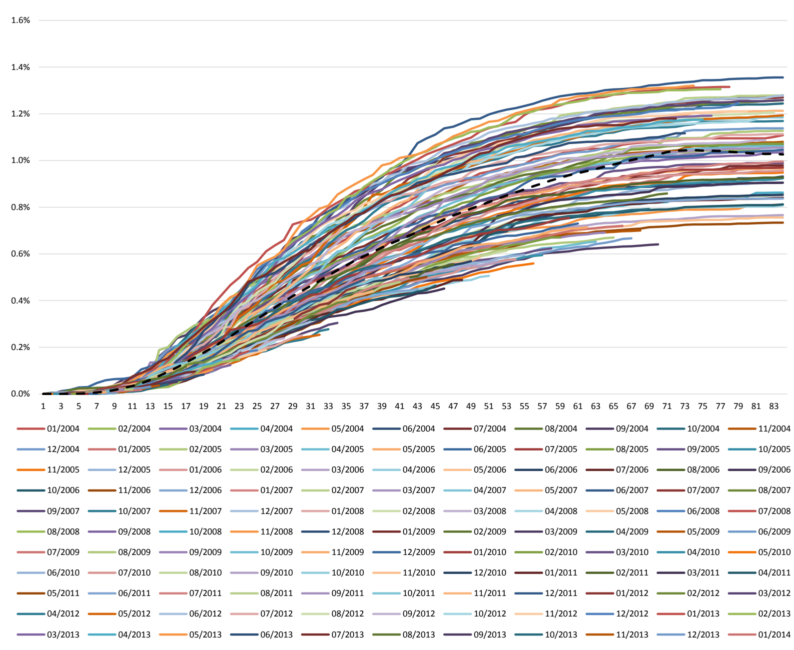
Prepayment data

DBRS was not provided with prepayment data on the entire auto loan portfolio originated by VW Bank. However, public data related to the existing Driver transactions is available and extraordinarily consistent. The chart on the right shows the annualised prepayment rate on each monthly period numbered from issuance. Note that the denominator used to determine the prepayment rate is, for each transaction, the relevant securitised portfolio. Thus the constant increase is driven by the reduction of the portfolio period by period.



Net Loss Data

DBRS received static monthly net loss data over the entire auto loan portfolio from 2004 (and up to the end of 2014). The chart below shows monthly net losses over the entire portfolio (losses are registered upon write-off).



Transaction Structure

Transaction Diagram

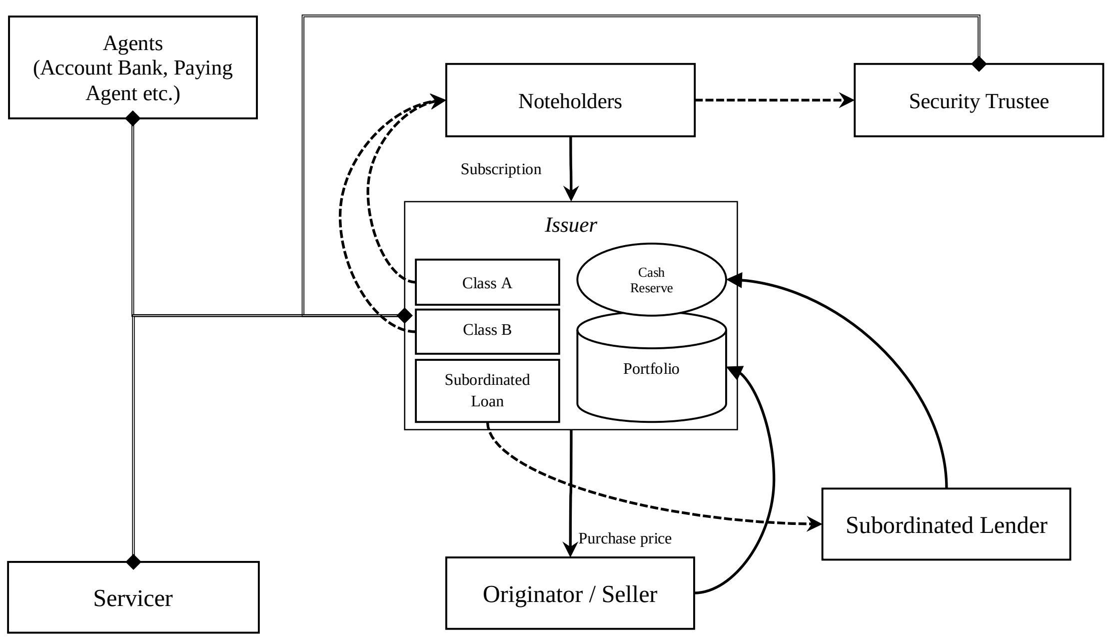
The issuer is a special-purpose entity that has been established for the purpose of issuing asset-backed securities within the context of a programme.

The programme was set up with a master trust structure with the initial issuance of Series 2015-1 Class A and Series 2015-1 Class B Notes of €947,100,000 and €44,100,000 respectively. Furthermore, additional issuances of new Class A and Class B Notes of new series or increase of the existing Series notes during their revolving period may take place in future with the acquisition of additional receivables to increase the size of the collateral portfolio in proportion.

The issued Series 2015-1 notes are subject to a revolving period ending in June 2016. Notes of new series may be subject to a revolving period with a different maturity. Notes of both classes will not amortise during the respective revolving periods and collections (or part of them) may be applied to the purchase of additional receivables.

Class A Notes of different series will rank in priority to Class B Notes of all series, but Class B Notes of some series may be redeemed prior to the full redemption of some the Class A Notes if such Class A Notes are in their revolving periods. However, redemption of Class B Notes in such circumstances is only permitted if some overcollateralisation targets (required for both classes) are maintained (Target Overcollateralisation). Breach of the target overcollateralisation terminates the revolving period (Early Amortisation Event).

The transaction structure is outlined below.



The underlying assets comprising the portfolio are fixed-rate auto loan receivables and both the notes and the sub-loan are floating rate; the transaction thus benefits from an interest rate swap whereby the issuer pays a fixed rate to the swap counterparty and receives the floating rate index.

Repayment of the notes and the sub-loan is secured by payments from obligors with respect to the underlying auto loan receivables (collections) eventually supplemented with indemnities payable by the originator in accordance with the transaction documents.

During the revolving period additional receivables may also be purchased with collections or with the proceeds of subscription of additional notes (in case of increase of the size of the issuance).

Additional sources of funds available to the issuer are represented by the reserve fund.

The available funds must be disbursed by the issuer as per the terms of the transaction documents, on specified dates (the payment dates).

Priority of Payments

The transaction benefits from a single waterfall applicable on each payment date. Prior to an event of default of the issuer (Foreclosure Event), distributions stemming from the Available Distribution Amount are made according to a specific order (Order of Priority) which is summarised below:

(1) Taxes.
(2) Payments to the Security Trustee.
(3) Payments to the Servicer.
(4) Payments to other parties or providers and other expenses of the issuer.
(5) Interest on the Class A Notes (all series).
(6) Interest on the Class B Notes (all series).
(7) Replenishment of the reserve fund to its target (a).
(8) Repayment of principal under the Class A Notes in amortisation (b) and transfer to the Accumulation Account collection related to the series in their revolving period (c).
(9) Repayment of principal under the Class B Notes in amortisation (b) and transfer to the Accumulation Account collection related to the series in their revolving period (c).
Junior items

(a) The target of the reserve fund (Specified General Cash Collateral Account Balance) is 1.2% of the outstanding notes of all series and classes with a floor to 0.6% of the maximum outstanding balance of the portfolio at any prior moment in time.
(b) Funds for the amortisation are distributed among the amortising classes of various series based on the initial outstanding of each series class.
(c) Funds for the revolving are transferred to the Accumulation Account held in name of the issuer with the Account Bank and may be used by the issuer to purchase additional portfolios following receipt of an offer by the originator.

Repayment and accumulation of the series' notes of various classes during the phase in which some, but not all, series are amortising is regulated by the Target Overcollateralisation defined as follows:

Target Overcollateralisation	During revolving period	After revolving period but prior to a Credit Enhancement Increase Condition
Class A	13.5%	16.5%
Class B	9.0%	10.5%

Upon occurrence of an Early Amortisation Event all series of notes will start their amortisation.

Early Amortisation Event means any of the following:
- Default of the issuer.
- The accumulation Account exceeds 15% of the outstanding receivables.
- Occurrence of a Credit Enhancement Increase Condition
- Failure to replace a swap counterparty.
- The Class A overcollateralisation is lower than 9.45% or the Class B's is lower than 5.25% (after six consecutive payment dates after the set-off date).
- VW Bank ceases to be an affiliate of Volkswagen AG.

Credit Enhancement Increase Conditions:

- Dynamic Net Loss Ratio exceeds in three consecutive months:
  - 0.40% if weighted average seasoning is less than or equal to 12 months.
  - 1.00% if weighted average seasoning is less than or equal to 24 but greater than 12 months.
  - 2.00% if weighted average seasoning is less than or equal to 36 but greater than 24 months.
  - 2.8% if weighted average seasoning is greater than 36 months.

- Cumulative Net Loss Ratio exceeds:
  - 0.45% if weighted average seasoning is less than or equal to 12 months.
  - 1.20% if weighted average seasoning is less than or equal to 24 but greater than 12 months.
  - 1.75% if weighted average seasoning is less than or equal to 36 but greater than 24 months.
  - 2.25% if weighted average seasoning is greater than 36 months.

- Late Delinquency Ratio exceeds 1.75% on any payment date on or before 25 May 2016 or 3% for any payment date thereafter

- Servicer replacement.

- Insolvency of the issuer.

- Cash Collateral reserve not at its target level.

The Reserve Funds

On the issue date, the €11,894,400 reserve fund (Cash Collateral Account), equal to 1.2% of the notes, will be funded in full. The reserve is available to pay the interest on the classes of notes and amortises with the amortisation of the notes (must be maintained at 1.2% of the outstanding of the notes) although with a floor at 0.6% of the maximum portfolio outstanding balance registered at any prior collection period end date.

Loan Administration Fee Reserve

VW Bank charges customers handling fees (Loan Administration Fees) in connection with the issuance of their automotive loans. DBRS understands that certain German courts have questioned whether loan administration fees can be validly agreed with consumers under general business conditions and that two German Federal Courts have already stipulated administration fees to be paid, invalid under the German Law. If the provisions regarding loan administration fees were held invalid by the Federal Supreme Court, an incremental set-off risk may arise.

The transaction structure is sensitive to rating thresholds of VW Bank (including lower than the BBB (high) rating assigned by DBRS) that may ultimately lead to collateral being posted into a Loan Administration Fee Reserve (as a leger within the Cash Collateral Account). Such reserve will only be used to cover losses resulting from VW Bank not honouring its obligations to settle any set-off claim from customers in relation to handling fees declared invalid.

As at the set-up date the risk is marginal as the handling fees have no longer been charged since 2012 and DBRS understands that the amount of handling fees included in the initial portfolio is expected to be about €3 million.

Set-off Risk Reserve

Should the total amount of potential set-off risk resulting from securitised borrowers’ deposits with VW Bank become greater than 1% of the outstanding portfolio and VW Bank's rating falls below specific rating thresholds (including lower than the BBB (high) rating assigned by DBRS), VW Bank is obliged to post equivalent levels of collateral that are adjusted on a monthly basis. Any such collateral amounts can only be used to cover losses resulting from the set-off claims not indemnified by VW Bank.

Events of Default

An event of default of the issuer (Foreclosure Event) will occur should any of the following occur:

(1) Insolvency.
(2) The issuer defaults on the payment of any interest on the most senior classes of notes (remaining unpaid for a period of five business days).
(3) The issuer defaults in the payment of principal on the final maturity date.

Cash Flow Analysis

Summary of the Cash Flow Scenarios

The DBRS cash flow model assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds and interest rates. Based on a combination of these assumptions, a total of 18 cash flow scenarios were applied to test the performance of the rated notes (see table below).

Scenario	Pre-payments	Default timing	Interest Rat
1	Slow	Front	Upward
2	Slow	Front	Downward
3	Slow	Base	Upward
4	Slow	Base	Downward
5	Slow	Back	Upward
6	Slow	Back	Downward
7	Mid	Front	Upward
8	Mid	Front	Downward
9	Mid	Base	Upward
10	Mid	Base	Downward
11	Mid	Back	Upward
12	Mid	Back	Downward
13	Fast	Front	Upward
14	Fast	Front	Downward
15	Fast	Base	Upward
16	Fast	Base	Downward
17	Fast	Back	Upward
18	Fast	Back	Downward

Interest Rate Risk, Basis Risk and Excess Spread

The entire collateral portfolio pays a fixed rate, and the yield of the portfolio is determined by the discount rate of 3.537% utilised to determine the net-present-value of the receivable upon assignment. However, the transaction documents envisage that a component of the interest collections is payable back to the seller prior to the application of the waterfall (Buffer Release Rate). The Buffer Release Rate for the Series 2015-1 notes is equal to 2%, thus the effective yield of the portfolio that is received by the issuer is equal to 1.537%.

The issuer's liabilities are under the notes and the sub-loan is fixed rate, in natural hedge regime with the receivables comprising the collateral portfolio.

Interest Rate Stresses

DBRS applied its standard interest rate stresses as detailed in its *Unified Interest Rate Model* methodology.

Yield Compression

The portfolio yield is constant due to the mechanism of assignment at net-present-value and is equal to the net discount rate of 1.34%.

Net Loss Base Case Assumptions

DBRS observed broadly consistent and low cumulative net loss rates from monthly vintages going back to 2004. At a total portfolio level loss rates were highest for those vintages originated in 2007 and 2008 with a peak of 1.32%. DBRS observed certain differences between the four subsets provided, with new vehicle contracts recording lower loss rates compared to used vehicles. However, at a product level, performance has been comparable for AutoCredit and ClassicCredit receivables over the reporting period.

In order to determine a loss estimate for the current transaction, for vintages that were not fully seasoned, cumulative net losses were projected to maturity using historical data relating to loss timing; DBRS considered maturity to be 84 months in line with the transaction's eligibility criteria. Additional volatility stresses were incorporated that led to the following assumptions being made as part of DBRS's cash flow analysis:

	New	Used
AutoCredit	0.74%	1.67%
ClassicCredit	0.72%	1.79%

Based upon the above, DBRS's base case (net) loss assumption was set at 1.05%. DBRS was not provided with separate recoveries information; however, based upon historical performance reported for previous and existing Driver transactions in Germany, recoveries were assumed to be 50% with a three-month recovery lag.

Prepayment Speeds and Prepayment Stress

DBRS was not provided with data related to prepayments; however, prepayment data from previous and existing Driver and Private Driver transactions was reviewed. Ultimately, three prepayment scenarios were modelled, 0%, 15% and 25%.

Prepayment analysis is particularly relevant for the programme as the receivables are assigned at a fixed discount rate. Where obligors have financing arrangements at interest rates higher than the discount rate, any prepayments could result in a shortfall in collections for the issuer. VW Bank has undertaken the obligation to compensate the shortfall and indemnify the issuer upon transfer of the monthly collections.

Timing of Defaults

DBRS estimated the default timing patterns and created base, front- and back-loaded default curves. The weighted-average life of the collateral portfolio is expected to be about three years, and the front-loaded, base and back-loaded default distributions are listed below.

Year	Mid	Front	Back	Back-Stressed
1	20%	50%	20%	0%
2	50%	30%	30%	40%
3	30%	20%	50%	60%

Risk Sensitivity

DBRS expects a lifetime base case probability of default (PD) and loss given default (LGD) for each rated pool based on a review of historical data. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative effect on credit ratings. The tables below illustrate the sensitivity of the rating to various changes in the base case default rates and loss severity assumptions relative to the base case assumptions used by DBRS in assigning the ratings.

Class A

		Increase in Default Rate %		
		0	25	50
Increase in LGD %	0	AAA	AA(high)	AA
	25	AA(high)	AA(low)	A(high)
	50	AA	A(high)	A(low)

Class M

		Increase in Default Rate %		
		0	25	50
Increase in LGD %	0	A(high)	A(low)	BBB(high)
	25	A(low)	BBB(high)	BBB
	50	BBB(high)	BBB	BBB(low)

Legal Structure

Laws Affecting the Transaction

The notes and the programme documents are governed by German law with the exception of the hedging agreements that are governed by English law.

Under the assignment agreement (Loan Receivables Purchase Agreement), the issuer has acquired from VW Bank the loan receivables and may purchase in future additional receivables that may be offered by VW Bank.

DBRS expects originator's counsel to render an opinion with respect to (1) corporate good standing of the issuer, (2) enforceability of documents against originator and issuer, (3) true sale of assets from originator to Issuer and (4) tax regime of the issuer and the notes.

Set-Off Risk

Upon insolvency of the originator, borrowers can usually invoke the right to set off the amount they owe the originator at any given time, by any amounts due and payable to them by the originator. Within the European consumer credit framework as endorsed by the German law and regulations, such right might generally be invoked by assigned debtors also after the originator has transferred the financial right deriving from the loan contracts to a third party.

Although VW Bank offers deposits and current accounts to retail clients the criteria envisage that loans granted to borrowers holding current accounts with VW Bank cannot be securitised. The risk is further mitigated by an undertaking by VW Bank to indemnify the issuer in case of set-off claim is received and set-off reserve to be funded upon loss of certain rating levels by VW Bank.

Commingling Risk

The servicer is expected to receive and collect payments on behalf of the issuer on its own accounts. Should the servicer default, the issuer's funds might be commingled within the defaulted servicer's estate. VW Bank is expected to transfer monthly collections on or about the issue date thus retaining collections for about a month.

The risk of commingling is mitigated by the undertaking of the servicer to advance collections twice a month upon loss of certain rating levels by VW Bank. Due to the concentration of payment dates on the 1st and 15th day of the month expected collections to be transferred are calculated over the period 2nd to 15th and 16th to 1st of the following month.

Claw-Back Risk

In the legal and regulatory framework, upon default of an enterprise (company or a bank) that is subject to insolvency law, the official receiver may revoke and claw back payments made by the defaulted entity during the period immediately preceding the default. This is permitted in order to avoid selective repayment of specific creditors above others. The time during which claw-back right can be exercised may be extended up to two years depending on the framework.

The assignments of the receivables may be subject to the same proceedings following an event of default of the seller during the suspicious period; however, the official receiver should generally be required to prove that the issuer or its agents were aware of the incumbent default and that the price paid was not fair. DBRS understands that the repurchase of Receivables by the seller or sale to third parties may also be clawed back following the default of the relevant party.

Transaction Counterparty Risk

Originator and Servicer

VW Bank will service the receivables in accordance with its customary practices and as compensation receives a servicing fee of 1% of the aggregate discounted outstanding receivables balance. The servicer is also entitled to retain specific penalty and administrative fees as well as any investment earnings from the Cash Collateral Account and other accounts.

DBRS has conducted an internal assessment on VW Bank and concluded that VW Bank meets DBRS minimum criteria to act as originator and servicer.

As long as VW Bank is the servicer, the transaction documentation allows the servicer to make a distribution to the issuer's accounts once a month (about the payment date). The collections must thus commingle with the servicer's estate in case of default. However, if specific rating thresholds are not met, VW Bank has undertaken to establish a process that, within fourteen days of such event, facilitates the advance transfer of expected collections to the issuer as follows:

- Collections expected to be received during the period 2-15 are forwarded on the second business day after the fifteenth calendar day.
- Collections expected to be received from the sixteenth calendar day to the first next month of the Monthly Period are transferred on the second business day of the subsequent Monthly Period.

Furthermore, VW Bank must transfer actual collections corresponding to these periods within two business days to be then reimbursed of the advanced amounts.

A Servicer Replacement Event will be recognised should any of the following occur:

- Failure to deliver any required payment to the issuer or the Subordinated Lender (not remedied within three Business Days from being notified).
- Failure to duly observe or perform in any of its duties (not remedied within three Business Days from being notified).

Account Bank

The Bank of New York Mellon, Frankfurt branch (also BNY) is the account bank for the programme. DBRS publically rates The Bank of New York Mellon at AA/Stb and R-1(high)/Stb, and concluded that the BNY meets DBRS minimum criteria for account banks. The transaction contains downgrade provisions relating to the account bank consistent with DBRS criteria.

Methodologies Applied

The following are the primary methodologies DBRS applied to assign a rating to the above referenced transaction, which can be found on www.dbrs.com under the heading Methodologies:

- *Rating European Consumer and Commercial Asset-Backed Securitisations.*
- *Legal Criteria for European Structured Finance Transactions.*
- *Operational Risk Assessment for European Structured Finance Servicers.*
- *Unified Interest Rate Model for European Securitisations.*

Alternatively, please contact info@dbrs.com, or contact the primary analysts whose information is listed in this report.

Driver Master S.A. - Compartment 2

Report Date
27 July 2015

Monitoring and Surveillance

Please refer to DBRS's *Master European Structured Finance Surveillance Methodology*.

Notes:
All figures are in euros unless otherwise noted.

This report is based on information as of July 2015 unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.