

**Driver Master S.A.
Société Anonyme**

**AUDITED ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020**

Address:

22-24, Boulevard Royal
L-2449 Luxembourg

RCS Luxembourg : B 197.583

Driver Master S.A.

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Driver Master S.A.

DIRECTORS' REPORT

The Board of Directors (the "**Board**") of Driver Master S.A. (the "**Company**") herewith submits its report for the year ended 31 December 2020.

General

The Company is a securitisation Company within the meaning of the Luxembourg Law of 22 March 2004 on securitisation (the "**Securitisation Law**") and has as its corporate purpose the securitisation of car loan receivables (the "**Permitted Assets**").

The Company may, in accordance with the terms of the Securitisation Law, and in particular its article 5, create one or more compartments. Each compartment shall, unless otherwise provided for in the resolution of the Board creating such compartment, correspond to a distinct part of the assets and liabilities in respect of the corresponding funding.

As at 31 December 2020, the Company is classified as a public-interest entity.

Summary of activities

Compartment 1

The company created a Compartment 1 investing in the Permitted Assets originated by Volkswagen Bank GmbH via the Volkswagen group dealership network (which, inter alia, comprises of Volkswagen, Audi, SEAT, Skoda and Volkswagen Nutzfahrzeuge) throughout Germany and are entered into with both private and business customers.

The purchase of the Permitted Assets was financed by the issue of Class A Notes, Class B Notes (altogether the "**Notes**") and Subordinated Loans.

In 2017, the Company executed a Clean-up Call for Compartment 3, Compartment 4, Compartment 5, Compartment 6 and Compartment 7 whereby Volkswagen Bank GmbH acquired all outstanding Lease Receivables (together with any related Lease Collateral) against payment of the Clean-up Call Settlement Amount.

On 25 August 2020, Compartment 1 was cleaned-up and all the remaining Permitted Assets were repurchased and the Notes issued fully repaid.

Compartment 2

The company created a Compartment 2 investing in the Permitted Assets originated by Volkswagen Bank GmbH.

The purchase of the Permitted Assets was financed by the issue of Class A Notes, Class B Notes (altogether the "**Notes**") and Subordinated Loans.

During 2020, the principal amount of Permitted Assets held by the Compartment 2 had a net increase of EUR 2,301,469,763.22 (2019: EUR 99,273,886.00).

As at 31 December 2020 the balance of Permitted Assets held by Compartment 2 amounts to EUR 14,653,719,263.34 (2019: EUR 12,352,249,500.12).

During 2020, the principal amount of the Notes issued by the Compartment 2 increased by a total amount of EUR 2,202,700,000.00 and EUR 102,300,000.00 (2019: EUR nil).

During the same period, the principal amount of the Subordinated Loans granted to the Compartment 2 increased by a total amount of EUR 108,467,201.33 (2019: EUR nil) due to Subordinated Loan increased and of EUR 10,330,713.99 (2019: EUR 8,223,355.37) due to capitalisation of interest.

Driver Master S.A.

DIRECTORS' REPORT (CONTINUED)

Summary of activities (continued)

As at 31 December 2020, the balance of the Notes and Subordinated Loan are as follows:

Instrument	Outstanding amount	Scheduled maturity	Legal maturity
Class A Notes	12,905,300,000.00	May 2028	May 2029
Class B Notes	599,400,000.00	May 2028	May 2029
Subordinated Loan	675,578,732.41	May 2028	May 2029

The Notes are backed by substantially all of the assets of the Company consisting primarily of the Company's right, title and interest on the Permitted Assets which have been transferred to the Company.

The Subordinated Loans has been subscribed by Volkswagen Bank GmbH for the purpose of credit enhancement and it ranks junior to the Notes.

Corporate Governance

The Board duly notes that, based on Article 52 of the law of 23 July 2016 concerning the audit profession (the "**Audit Law**"), the Company is classified as a public-interest entity and is required to establish an audit committee.

However, the Company's sole business is to act as issuer of asset-backed securities as defined in point (5) of Article 2 of Commission regulation (EC) N° 809/2004. Therefore, it is exempted from the audit committee obligation based on Article 52 (5) c).

The Company has concluded that the establishment of a dedicated audit committee or an administrative or supervisory body entrusted to carry out the function of an audit committee is not appropriate for the nature and extent of the Company's business which consists merely of an interest in assets to which the limited recourse Notes issued are linked. Furthermore, the Company operates in a strictly defined regulatory environment (e.g. Securitisation Law, CSSF supervision, listing on EU-regulated market) and is subject to respective governance mechanisms.

Corporate Governance - Internal control and risk management procedures

The Board is responsible for managing the Company and carefully managing the Company's system of internal control and risk management. Its members are jointly accountable for the management of the Company and ensuring that the statutory and legal requirements and obligations of the Company are met and complied with.

The Board has the overall responsibility for the Company's system of internal control and for achieving its effectiveness. This system of internal control is designed to manage, rather than eliminate, risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company operates a management structure with clear delegated authority levels and clear functional reporting lines and accountability. All relevant decisions are subject to appropriate authorisation procedures. The Board monitors financial and operational performance and compliance controls on a continuing basis and identifies and responds to business risks as they arise.

Voting rights

Each issued share holds one vote in a meeting of shareholders. No special voting rights exist, nor does the sole shareholder has any special right of control.

Driver Master S.A.

DIRECTORS' REPORT (CONTINUED)

Acquisition of own shares

The Company may, to the extent and under the terms permitted by law, purchase its own shares. During the year ended 31 December 2020, the Company has not purchased any of its own shares.

Research and development activities

The Company was neither involved nor participated in any kind of research or development activities in the year ended 31 December 2020.

Branches and participations of the Company

The Company does not have any branches or participations.

Board

The Company is managed by a Board comprising at least three members. The directors, whether shareholders or not, are appointed for a period not exceeding six years by the sole shareholder, who may at any time remove them.

The Board is vested with the powers to perform all acts of administration and disposition in compliance with the corporate objects of the Company. The Company will be bound in any circumstances by the joint signatures of two members of the Board unless special decisions have been reached concerning the authorised signature in case of delegation of powers or proxies.

As at 31 December 2020, Mrs Z.H. Cammans, Mrs H. Siciliano and Mrs M. Mussai-Ramassur were directors of the Company.

Related business risks

Credit risk:

The Company may be exposed to a credit risk with third parties with whom it trades and may also bear the risk of settlement default.

Counterparty risk:

Some of the assets and derivatives will expose the Company to the risk of counterparty default.

The liquidity risk, market risk, currency risk, interest risk and the price risk are not defined as the directors of the Company believe that these risks are not applicable for the Company or are not deemed as principal risks to the Company as a whole.

Subsequent events

On 15 January 2021, Compartment 1 was liquidated. The remaining open balances of Compartment 1 were transferred to the General compartment.

No other events have occurred subsequent to the year-end which would have a material impact on the financial statements as at 31 December 2020.

Luxembourg, 07 July 2021



Mrs Z.H. Cammans
Director



Mrs H. Siciliano
Director



Mrs M. Mussai-Ramassur
Director

Independent auditor's report

To the Shareholders of
Driver Master S.A.
22-24, Boulevard Royal
L-2449 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Driver Master S.A. (the "Company"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Existence & Valuation of loan receivables

Risk identified

The purpose of the Company is purchasing portfolios of car loan receivables (the “Receivables”) of customers from Volkswagen Bank GmbH (the “Originator” and “Asset Servicer”) against the issuance of listed notes. The selection process of the Receivables is conducted by the Asset Servicer. Hence, controls and processes implemented by the Asset Servicer are critical to ensure that Receivables balances exist and are accurate. The Receivables as at 31 December 2020 amounted to EUR 14,653,719,263.34 representing 95% of the total balance sheet and related disclosures are included in Notes 2.2.1 and 3 to the financial statements. Considering the materiality of the amount involved and the judgment required in assessing the recoverability, we identified existence and valuation of loan receivables as a key audit matter.

Our audit response

Our audit procedures over the Investments held as fixed assets included, among others:

- Obtaining the legal documentation in order to confirm the existence of a servicer agreement between the Company, the Originator and Asset Servicer;
- Obtaining a confirmation as at 31 December 2020 of the Receivables from the Originator;
- Understanding and evaluating controls and processes implemented at the Asset Servicer, including among others the IT system and controls in relation to receivables management;
- Performing a sample test on Receivables by obtaining supporting loan contracts reconciling them to the Originator source system;
- Obtaining all monthly reports from the Asset Servicer in charge of collecting, monitoring and reporting on the Receivables and we performed on a sample basis reconciliations of such monthly reports to the Asset Servicer IT system, to the accounting records of the Company, and to external bank statements;
- Recalculating, on a sample basis the amortization of loan receivables to verify outstanding principal and calculated interest income
- Reconciling reported write-offs by the Asset Servicer to the accounting records of the Company;
- Assessing the potential Covid-19 pandemic impact on the Receivables by inquiry of the Originator;
- Assessing the adequacy of the Company’s disclosures in respect of the Investments held as fixed assets in Notes 2.1, 2.2.1 and 3 to the financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Other matter

The financial statements of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 July 2020.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Board of Directors on 16 December 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Oliver Cloess
Jul 7, 2021

Oliver Cloess

Luxembourg, 7 July 2021

BALANCE SHEET
Financial year from 01 01/01 /2020 **to** 02 31/12/2020 (in 03 EUR)

 Driver Master S.A.
 22-24 Boulevard Royal
 L-2449 Luxembourg
ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	109	110
I. Intangible assets	1111		112
1. Costs of development	1113		114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		116
a) acquired for valuable consideration and need not be shown under C.I.3	1117		118
b) created by the undertaking itself	1119		120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		122
4. Payments on account and intangible assets under development	1123		124
II. Tangible assets	1125		126
1. Land and buildings	1127		128
2. Plant and machinery	1129		130
		14,653,719,263.34	12,352,249,500.12

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	135	136
	3	14,653,719,263.34	12,352,249,500.12
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
		14,653,719,263.34	12,352,249,500.12
6. Other loans	1147	147	148
D. Current assets	1151	151	152
		739,467,461.39	603,297,875.88
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	163	164
		604,348,210.45	484,314,895.78
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171	172
	4	604,348,210.45	484,314,895.78
a) becoming due and payable within one year	1173	173	174
		604,348,210.45	484,314,895.78
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183	184
a) becoming due and payable within one year	1185	185	186
b) becoming due and payable after more than one year	1187	187	188

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____ 5	197 _____ 135,119,250.94	198 _____ 118,982,980.10
E. Prepayments	1199 _____	199 _____	200 _____
TOTAL (ASSETS)		201 _____ 15,393,186,724.73	202 _____ 12,955,547,376.00

CAPITAL, RESERVES AND LIABILITIES
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	Reference(s)	Current year	Previous year
A. Capital and reserves	1301	31,000.00	31,000.00
I. Subscribed capital	1303 <u>6</u>	31,000.00	31,000.00
II. Share premium account	1305		
III. Revaluation reserve	1307		
IV. Reserves	1309		
1. Legal reserve	1311		
2. Reserve for own shares	1313		
3. Reserves provided for by the articles of association	1315		
4. Other reserves, including the fair value reserve	1429		
a) other available reserves	1431		
b) other non available reserves	1433		
V. Profit or loss brought forward	1319		
VI. Profit or loss for the financial year	1321	0.00	0.00
VII. Interim dividends	1323		
VIII. Capital investment subsidies	1325		
B. Provisions	1331 <u>8</u>	16,665.48	48,277.23
1. Provisions for pensions and similar obligations	1333		
2. Provisions for taxation	1335		
3. Other provisions	1337	16,665.48	48,277.23
C. Creditors	1435	15,393,139,059.25	12,955,468,098.77
1. Debenture loans	1437	13,505,232,540.03	11,425,545,163.49
a) Convertible loans	1439		
i) becoming due and payable within one year	1441		
ii) becoming due and payable after more than one year	1443		
b) Non convertible loans	1445 <u>9</u>	13,505,232,540.03	11,425,545,163.49
i) becoming due and payable within one year	1447	532,540.03	85,493.12
ii) becoming due and payable after more than one year	1449	13,504,700,000.00	11,425,459,670.37
2. Amounts owed to credit institutions	1355		
a) becoming due and payable within one year	1357		
b) becoming due and payable after more than one year	1359		

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 _____	368 _____
a) becoming due and payable within one year	1369 _____	369 _____	370 _____
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____ 10	379 _____ 1,887,818,678.41	380 _____ 1,529,830,142.70
a) becoming due and payable within one year	1381 _____	381 _____ 1,212,239,946.00	382 _____ 963,910,232.66
b) becoming due and payable after more than one year	1383 _____	383 _____ 675,578,732.41	384 _____ 565,919,910.04
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 _____ 87,840.81	452 _____ 92,792.58
a) Tax authorities	1393 _____	393 _____ 17,893.90	394 _____ 30,318.05
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 _____ 11	397 _____ 69,946.91	398 _____ 62,474.53
i) becoming due and payable within one year	1399 _____	399 _____ 69,946.91	400 _____ 62,474.53
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 _____ 15,393,186,724.73	406 _____ 12,955,547,376.00

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01 /2020 to 02 31/12/2020 (in 03 EUR)

Driver Master S.A.
22-24 Boulevard Royal
L-2449 Luxembourg

	Reference(s)	Current year	Previous year
1. Net turnover	1701	701	702
2. Variation in stocks of finished goods and in work in progress	1703	703	704
3. Work performed by the undertaking for its own purposes and capitalised	1705	705	706
4. Other operating income	1713	713	714
5. Raw materials and consumables and other external expenses	1671	671	672
a) Raw materials and consumables	1601	601	602
b) Other external expenses	1603 12	603 -144,689,114.70	604 -122,919,663.16
6. Staff costs	1605	605	606
a) Wages and salaries	1607	607	608
b) Social security costs	1609	609	610
i) relating to pensions	1653	653	654
ii) other social security costs	1655	655	656
c) Other staff costs	1613	613	614
7. Value adjustments	1657	657	658
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659	660
b) in respect of current assets	1661	661	662
8. Other operating expenses	1621 13	621 -315,370,928.60	622 -275,499,767.80
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720

	Reference(s)	Current year	Previous year
10. Income from other investments and loans forming part of the fixed assets			
	1721 <u>14</u>	721 <u>506,091,323.32</u>	722 <u>419,657,947.18</u>
a) derived from affiliated undertakings	1723 _____	723 _____	724 _____
b) other income not included under a)	1725 _____	725 <u>506,091,323.32</u>	726 <u>419,657,947.18</u>
11. Other interest receivable and similar income			
	1727 _____	727 _____	728 _____
a) derived from affiliated undertakings	1729 _____	729 _____	730 _____
b) other interest and similar income	1731 _____	731 _____	732 _____
12. Share of profit or loss of undertakings accounted for under the equity method			
	1663 _____	663 _____	664 _____
13. Value adjustments in respect of financial assets and of investments held as current assets			
	1665 <u>3</u>	665 <u>-15,338,423.98</u>	666 <u>0.00</u>
14. Interest payable and similar expenses			
	1627 <u>15</u>	627 <u>-30,688,217.04</u>	628 <u>-21,235,243.22</u>
a) concerning affiliated undertakings	1629 _____	629 <u>-10,513,491.59</u>	630 <u>-8,219,339.63</u>
b) other interest and similar expenses	1631 _____	631 <u>-20,174,725.45</u>	632 <u>-13,015,903.59</u>
15. Tax on profit or loss			
	1635 <u>16</u>	635 <u>-971.09</u>	636 <u>0.00</u>
16. Profit or loss after taxation			
	1667 _____	667 <u>3,667.91</u>	668 <u>3,273.00</u>
17. Other taxes not shown under items 1 to 16			
	1637 <u>16</u>	637 <u>-3,667.91</u>	638 <u>-3,273.00</u>
18. Profit or loss for the financial year			
	1669 _____	669 <u>0.00</u>	670 <u>0.00</u>

Driver Master S.A.

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - General information

The Company is a Luxembourg public limited liability company incorporated in Luxembourg on 5 June 2015 for an unlimited period under the legal form of "Société Anonyme" having its corporate office at 22-24 Boulevard Royal, L-2449 Luxembourg, Grand-Duchy of Luxembourg. The Company is registered at the Registre du Commerce et Sociétés of Luxembourg City under number B 197.583.

The accounting period of the Company begins on the 1st of January and terminates on the 31st of December.

The purpose of the Company is the securitisation, within the meaning of the Securitisation Law, of the Permitted Assets. The Company may enter into any agreement and perform any action necessary or useful for the purposes of securitising Permitted Assets, including, without limitation, disposing of its assets in accordance with the relevant agreements.

The Company may only carry out the above activities if and to the extent that they are compatible with the Securitisation Law.

The Company may, in accordance with the terms of the Securitisation Law, and in particular its article 5, create one or more compartments. Each compartment shall, unless otherwise provided for in the resolution of the Board creating such compartment, correspond to a distinct part of the assets and liabilities in respect of the corresponding funding.

The Company is included in the consolidated accounts of Volkswagen AG, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of Volkswagen AG is located at Berliner Ring 2, 38440 Wolfsburg, (HRB Nr. 100484) and the consolidated accounts are available at the same address.

In addition, the Company is included in the consolidated accounts of Volkswagen Financial Services AG, forming the smallest body of undertakings included in the body of undertakings referred to in the above-mentioned paragraph of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at Gifhomer Str. 57, 38112 Braunschweig, Germany and the consolidated accounts are available at the same address.

Capitalised terms not defined within these audited annual accounts are defined in the respective Transaction Documents of each compartment of the Company.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002 (as amended), determined and applied by the Board.

The preparation of annual accounts required the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Comparative figures of captions "Other debtors", "Amounts owed to affiliated undertakings", "Non convertible loans", "Other creditors", "Other external expenses" and "Other interest and similar expenses" as at 31 December 2019 have been modified to enable comparability with the figures presented as at 31 December 2020.

In order to better present the financial statements for the year, the Company has changed its methodology for the recognition of revenue and write-off during the year. As a result, the Interest income has increased but a value adjustment to reflect the losses arising from write-off in the same amount has also been recognised. The aforementioned change in approach towards revenue and write-off recognition impacted the captions "Income from other investments and loans forming part of the fixed assets" and "Value adjustments in respect of financial assets and of investments held as current assets" and is presented as follow:

FS Caption	2020	2019 corrected	2019 as per Annual Accounts
Income from other investments and loans forming part of the fixed assets	506,091,323.32	431,862,726.27	419,657,947.18
Value adjustments in respect of financial assets and of investments held as current assets	(15,338,423.98)	(12,204,779.09)	-

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.2.1 Financial fixed assets

Permitted Assets included in financial fixed assets are recorded at their discounted nominal value. In case of a durable depreciation in value according to the opinion of the Board, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 2 - Summary of significant accounting policies (continued)

2.2.2 Debtors

Other debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is either uncertain or compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Derivative financial instruments

The Company may enter into derivative financial instruments such as swaps in order to reduce its exposure coming from the floating rate of the Notes against the fixed rate of the Permitted Assets. The interests linked to derivatives instruments are recorded on an accrual basis at the closing date. Commitments relating to swap transactions are recorded in the off-balance sheet accounts.

2.2.4 Foreign currency translation

The Company maintains its books and records in EUR.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Cash, short-term debtors and creditors are translated on the basis of the exchange rates effective at balance sheet date. The exchange gains and losses are recorded in the profit and loss account. Other assets and liabilities are translated separately at the lower or the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at balance sheet date. Solely the exchange losses are recorded in the profit and loss account. Exchange gains and losses are recorded in the profit and loss account at the moment of realisation.

Where there is an economic link between an asset and liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account whereas the net unrealised exchange gains are not recognised.

2.2.5 Provisions

Provisions are intended to cover charges which at the balance sheet date are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

2.2.6 Notes issued

Notes issued are stated at par value less any repayments made to their principal.

2.2.7 Creditors

Where the amount repayable on account is greater than the amount received, the difference may be accounted for in the profit and loss account when the debt is issued.

2.2.8 Interest receivable and payable

Interest receivable and payable are recorded on an accrual basis.

2.2.9 Equalisation provision / Overcollateralisation charges

Losses during the year as a result from sales, defaults, lower market values or cost may cause a partial reduction on the assets. Such shortfalls will be borne by the holders of the Subordinated Loans in inverse order of the priority of payments when there is no Overcollateralisation liability.

Consequently, a decrease in value will be made and deducted from the amount repayable on the Subordinated Loans / Overcollateralisation liability and booked in the profit and loss account as "Other operating income".

Similarly, in case of profit made during the period, the Equalisation provision/ Overcollateralisation charges booked in the profit and loss as "Other operating expenses" will accordingly increase the Subordinated Loans / Overcollateralisation liability.

Note 3 - Financial assets

	<u>2020</u>	<u>2019</u>
	EUR	EUR
<u>Permitted Assets</u>		
Opening balance	12,352,249,500.12	12,256,396,672.83
Additions during the year	8,565,729,448.98	6,118,844,787.91
Disposals for the year	(6,248,921,261.78)	(6,022,991,960.62)
Write-offs for the year	(15,338,423.98)	-
Closing balance	<u>14,653,719,263.34</u>	<u>12,352,249,500.12</u>

In 2015, the Company purchased seven pools of Permitted Assets on behalf of its compartments.

On 25 August 2020, Compartment 1 was cleaned-up and all the remaining Permitted Assets were repurchased and the Notes issued fully repaid.

During 2020, the principal amount of Permitted Assets held by the Compartment 2 had a net increase of EUR 2,301,469,763.22 (2019: EUR 99,273,886.00).

As at 31 December 2020 the balance of Permitted Assets held by Compartment 2 amounts to EUR 14,653,719,263.34 (2019: EUR 12,352,249,500.12).

Total interest income for the period ended 31 December 2020 amounted to EUR 506,091,323.32 (2019: EUR 419,657,947.18).

Acquisition of the Permitted Assets was financed by issuance of Notes and Subordinated Loans granted to the Company (see also notes 9 and 10).

Driver Master S.A.**NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)****Note 4 - Amounts owed by affiliated undertakings**

	<u>2020</u>	<u>2019</u>
	EUR	EUR
<u>Becoming due and payable within one year</u>		
Volkswagen Bank GmbH	604,348,210.45	484,314,895.78
Total amounts owed by affiliated undertakings	<u>604,348,210.45</u>	<u>484,314,895.78</u>

Amounts owed by affiliated undertakings mainly stands for the receivable from Volkswagen Bank GmbH for the December 2020 collection of the Permitted Assets, which is due in January 2021.

Note 5 - Cash at bank and in hand

	<u>2020</u>	<u>2019</u>
	EUR	EUR
Cash collateral account	135,047,000.00	118,953,739.53
Capital Account	23,788.74	29,204.00
Disbursement account	48,462.20	36.57
Total cash at bank and in hand	<u>135,119,250.94</u>	<u>118,982,980.10</u>

Note 6 - Subscribed capital

As at 31 December 2020, the subscribed capital amounts to EUR 31,000.00 and is divided into 3,100 shares fully paid-up with a par value of EUR 10.00 each. The authorised capital amounts to EUR 31,000.00.

Note 7 - Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 8 - Provision

<u>Other provisions</u>	<u>2020</u>	<u>2019</u>
	EUR	EUR
Audit fees	15,000.00	46,000.00
Tax advisory fees	1,665.48	2,277.23
Total other provisions	<u>16,665.48</u>	<u>48,277.23</u>

Note 9 - Non Convertible Loans

	<u>2020</u>	<u>2019</u>
	EUR	EUR
<u>Becoming due and payable within one year</u>		
Interest payable on Class A Notes	402,430.27	59,577.81
Interest payable on Class B Notes	130,109.76	25,915.31
<u>Becoming due and payable after more than one year</u>		
Principal payable on Class A Notes	12,905,300,000.00	10,917,924,405.60
Principal payable on Class B Notes	599,400,000.00	507,535,264.77
Total non convertible loans	<u>13,505,232,540.03</u>	<u>11,425,545,163.49</u>

The Class A Notes issued by Compartment 2 bears a fixed interest rate of 0.1871%. Interest payments on the Class A Notes are made monthly in arrears on the 25th of each month and pursuant to the Final Terms dated 25 June 2020, the scheduled maturity of the Class A Notes has been set out to May 2028.

During the year, the Company issued additional Class A Notes in the total amount of EUR 2,202,700,000.00.

As at 31 December 2020 the outstanding balance of Class A Notes issued by Compartment 2 amounts to EUR 12,905,300,000.00 (2019: EUR 10,702,600,000.00).

The Class B Notes issued by Compartment 2 bears a fixed interest rate of 1.3024%. Interest payments on the Class B Notes are made monthly in arrears on the 25th of each month and pursuant to the Final Terms dated 25 June 2020, the scheduled maturity of the Class B Notes has been set out to May 2028.

During the year, the Company issued additional Class A Notes in the total amount of EUR 102,300,000.00.

As at 31 December 2020 the outstanding balance of Class A Notes issued by Compartment 2 amounts to EUR 599,400,000.00 (2019: EUR 497,100,000.00).

On 25 August 2020, Compartment 1 was cleaned-up and all the remaining Permitted Assets were repurchased and its Notes issued fully repaid.

Driver Master S.A.**NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)****Note 10 - Amounts owed to affiliated undertakings**

	<u>2020</u>	<u>2019</u>
	EUR	EUR
<u>Becoming due and payable within one year</u>		
Overcollateralisation reserve	636,748,676.03	479,727,367.64
Other amounts payable	563,044,087.27	473,806,436.74
Servicer fees	12,202,465.56	10,285,839.28
Accrued interest on Subordinated Loan	244,717.14	90,589.00
<u>Becoming due and payable after more than one year</u>		
Principal amount - Subordinated Loan	675,578,732.41	565,919,910.04
Total amounts owed to affiliated undertakings	<u><u>1,887,818,678.41</u></u>	<u><u>1,529,830,142.70</u></u>

Overcollateralisation payable represents an excess of the Permitted Assets' nominal value over the nominal value of the Notes, the equalisation provision and year-end payable towards Volkswagen Bank GmbH.

Other amounts payable is mainly composed by the amount due to Volkswagen Bank GmbH regarding further acquisition of assets.

In 2015 Compartment 2 was granted with a Subordinated Loans having Volkswagen Bank GmbH as lender. As at 31 December 2020, the Subordinated Loans bears a floating rate of 1m EURIBOR + 2.173%. Interest payments on the Subordinated Loans are made monthly in arrears on the 25th of each month and the final maturity of the Subordinated Loans will follow the final repayment of the Notes.

Note 11 - Other creditors

	<u>2020</u>	<u>2019</u>
	EUR	EUR
Other creditors	69,946.91	62,474.94
Total other creditors	<u><u>69,946.91</u></u>	<u><u>62,474.94</u></u>

Note 12 - Other external expenses

	<u>2020</u>	<u>2019</u>
	EUR	EUR
Servicer fees	144,463,264.05	122,629,070.64
Other external charges	89,514.36	16,147.94
Rating agency fees	39,797.14	124,957.00
Maintenance fees	39,559.53	52,726.07
Audit fees	30,964.38	67,955.00
Trustee services	17,970.40	27,785.16
Bank charges	5,305.56	476.85
Tax advisory fees	2,739.28	544.50
	<u><u>144,689,114.70</u></u>	<u><u>122,919,663.16</u></u>

Note 13 - Other operating expenses

	<u>2020</u>	<u>2019</u>
	EUR	EUR
Overcollateralisation charges	315,370,928.60	275,499,767.80
Total operating expenses	<u><u>315,370,928.60</u></u>	<u><u>275,499,767.80</u></u>

Overcollateralisation charges represents payment obligations towards Volkswagen Bank GmbH out of any surplus of cash-flows in accordance with the Order of Priority as defined in the Trust agreement.

Note 14 - Income from other investments and loans forming part of the fixed assets

	<u>2020</u>	<u>2019</u>
	EUR	EUR
<u>Other income</u>		
Interest income from Permitted Assets	506,091,323.32	419,657,947.18
Total other income	<u><u>506,091,323.32</u></u>	<u><u>419,657,947.18</u></u>

Driver Master S.A.**NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)****Note 15 - Interest payable and similar expenses**

	<u>2020</u>	<u>2019</u>
	EUR	EUR
<u>Concerning affiliated undertakings</u>		
Interest payable on Subordinated Loans	10,513,491.59	8,219,339.63
Total concerning affiliated undertakings	<u>10,513,491.59</u>	<u>8,219,339.63</u>
<u>Other interest and similar expenses</u>		
Interest expenses on Class A Notes	14,448,328.76	10,123,589.30
Interest expenses on Class B Notes	4,890,746.19	1,801,970.11
Negative interest expenses on cash accounts	812,935.78	871,886.39
Interest expenses on Class A Notes swap	20,945.88	202,805.22
Interest expenses on Class B Notes swap	1,768.84	15,652.57
Total other interest and similar expenses	<u>20,174,725.45</u>	<u>13,015,903.59</u>
Total interest payable and similar expenses	<u>30,688,217.04</u>	<u>21,235,243.22</u>

Note 16 - Taxes

The Company is subject to all taxes applicable to commercial companies in Luxembourg incorporated under the Securitisation Law.

Note 17 - Staff

The Company did not employ any staff during

Note 18- Emoluments granted to the Members of the Board

No emoluments have been granted to any member of the Board, nor have any obligations arisen or been entered into by the Company in respect of retirement pensions for former members of the Board.

Note 19 - Loans or advances granted to the Members of the Board

No loans or advances have been granted to any member of the Board.

Note 20 - Audit and non-audit services

Fees that were recognized as other external expenses for services provided during the financial year to the Company by Ernst & Young S.A. (2019: PricewaterhouseCoopers) as Réviseur d'Entreprises agréé and as authorised Cabinet de révision agréé were as follows:

Amount excluding VAT	<u>2020</u>	<u>2019</u>
	EUR	EUR
Audit fees	26,465.28	58,081.20
Other assurance services	-	-
Tax advisory services	-	-
Non-audit services	-	-
Total	<u>26,465.28</u>	<u>58,081.20</u>

Note 21 - Off balance sheet commitments

During the year ended 31 December 2020, Compartment 1 had been using derivatives financial instruments, however, pursuant to the termination of the transaction, all derivatives financial instruments have been fully terminated. As at 31 December 2020, Compartment 2, the only active compartment, does not have any derivatives financial instruments.

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 22- Balance sheet as at 31 December 2020 per compartment

	Compartment 1		Compartment 2		General compartment		Total	
	2020 EUR	2019 EUR	2020 EUR	2019 EUR	2020 EUR	2019 EUR	2020 EUR	2019 EUR
ASSETS								
A. Fixed assets								
Financial assets	-	248,683,121.13	14,653,719,263.34	12,103,566,378.99	-	-	14,653,719,263.34	12,352,249,500.12
Investment held as fixed assets	-	248,683,121.13	14,653,719,263.34	12,103,566,378.99	-	-	14,653,719,263.34	12,352,249,500.12
B. Current assets								
Debtors	41,093.81	15,582,449.50	739,402,578.84	587,686,222.38	31,000.00	31,000.00	739,474,672.65	603,299,671.88
Amounts owed by affiliated undertakings	-	-	-	-	-	-	-	-
- becoming due and payable within one year	-	8,625,709.68	604,348,210.45	475,689,186.10	-	-	604,348,210.45	484,314,895.78
Other debtors	-	-	-	-	7,211.26	1,796.00	7,211.26	1,796.00
- becoming due and payable within one year	-	-	-	-	-	-	-	-
from another compartment	-	-	-	-	23,788.74	29,204.00	135,119,250.94	118,982,980.10
Cash at bank and in hand	41,093.81	6,956,739.82	135,054,368.39	111,997,036.28	-	-	-	-
Total Assets	41,093.81	264,265,570.63	15,393,121,842.18	12,691,252,601.37	31,000.00	31,000.00	15,393,193,935.99	12,955,549,172.00
CAPITAL, RESERVES AND LIABILITIES								
A. Capital and reserves								
Subscribed capital	-	-	-	-	31,000.00	31,000.00	31,000.00	31,000.00
B. Provisions								
Other provisions	-	24,211.75	16,665.48	24,065.48	-	-	16,665.48	48,277.23
C. Creditors								
Debtors	41,093.81	264,241,358.88	15,393,105,176.70	12,691,228,535.89	-	-	15,393,146,270.51	12,955,469,894.77
Non convertibles loans	-	-	-	-	-	-	-	-
- becoming due and payable within one year	-	264.95	532,540.03	85,228.17	-	-	532,540.03	85,483.12
- becoming due and payable after more than one year	-	-	-	-	-	-	-	-
Amounts owed to affiliated undertakings	-	225,759,670.37	13,504,700,000.00	11,199,700,000.00	-	-	13,504,700,000.00	11,425,459,670.37
- becoming due and payable within one year	33,882.55	29,322,136.87	1,212,206,063.45	934,588,065.79	-	-	1,212,239,946.00	963,910,232.66
- becoming due and payable after more than one year	-	9,139,092.95	675,578,732.41	556,780,817.09	-	-	675,578,732.41	565,919,910.04
Other creditors	-	-	-	-	-	-	-	-
Tax authorities	-	14,292.74	17,893.90	16,025.31	-	-	17,893.90	30,318.05
Other creditors	-	-	-	-	-	-	-	-
- becoming due and payable within one year	-	4,105.00	69,946.91	58,369.53	-	-	69,946.91	62,474.53
- becoming due and payable within one year against another compartment	7,211.26	1,796.00	-	-	-	-	7,211.26	1,796.00
Total Capital, Reserves and Liabilities	41,093.81	264,265,570.63	15,393,121,842.18	12,691,252,601.37	31,000.00	31,000.00	15,393,193,935.99	12,955,549,172.00

The captions "Other debtors - becoming due and payable within one year from another compartment" and "Other creditors - becoming due and payable within one year against another compartment" state amounts receivable or payable between compartments of the Company and are eliminated in the eCDF balance sheet previously display.

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 23 - Profit and loss account for the year from 1 January 2020 to 31 December 2020 per compartment

	Compartment 1		Compartment 2		General compartment		Total	
	2020 EUR	2019 EUR	2020 EUR	2019 EUR	2020 EUR	2019 EUR	2020 EUR	2019 EUR
Other external expenses	(718,805.77)	(2,669,747.43)	(143,970,308.93)	(120,249,915.73)	-	-	(144,689,114.70)	(122,919,663.16)
Other operating expenses	(1,283,790.70)	(4,721,494.46)	(314,087,137.90)	(270,778,273.34)	-	-	(315,370,928.60)	(275,499,767.80)
Income from other investments and loans forming part of the fixed assets - other income	2,078,287.67	7,805,371.62	504,013,035.65	411,852,575.56	-	-	506,091,323.32	419,657,947.18
	2,078,287.67	7,805,371.62	504,013,035.65	411,852,575.56	-	-	506,091,323.32	419,657,947.18
Value adjustments in respect of financial assets and of investments held as current assets	-	-	(15,338,423.98)	-	-	-	(15,338,423.98)	-
Interest payable and similar expenses - concerning affiliated undertakings - other interest and similar expenses	(75,867.20)	(412,493.23)	(30,612,349.84)	(20,822,749.99)	-	-	(30,688,217.04)	(21,235,243.22)
	(27,442.34)	(90,807.98)	(10,486,049.25)	(8,128,531.65)	-	-	(10,513,491.59)	(8,219,339.63)
	(48,424.86)	(321,685.25)	(20,126,300.59)	(12,694,218.34)	-	-	(20,174,725.45)	(13,015,903.59)
Tax on profit or loss	(450.00)	-	(621.09)	-	-	-	(971.09)	-
Other taxes not shown under items 1 to 16	626.00	(1,636.50)	(4,293.91)	(1,636.50)	-	-	(3,667.91)	(3,273.00)
Profit or loss for the financial year	-	-	-	-	-	-	-	-

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 24 - Subsequent events

On 15 January 2021, Compartment 1 was liquidated. The remaining open balances of Compartment 1 were transferred to the General compartment.

No other events have occurred subsequent to the year-end which would have a material impact on the financial statements as at 31 December 2020.

Luxembourg, 07 July 2021



Ms Z.H. Cammans
Director



Mrs M. Mussai-Ramassur
Director



Mrs H. Siciliano
Director