

## BASE PROSPECTUS

This document constitutes a base prospectus in respect of non-equity securities within the meaning of Article 8 of Regulation (EU) 2017/1129 (the "**Base Prospectus**").

### **DRIVER UK MASTER S.A. acting for and on behalf of its Compartment 4**

(incorporated with limited liability in Luxembourg with registered number B 162 723)

as Issuer

### **GBP 2,000,000,000 Programme for the Issuance of Asset Backed Notes (the "Programme")**

Under this Programme, Driver UK Master S.A., acting for and on behalf of its Compartment 4 (the "**Issuer**") may from time to time issue asset backed floating rate Class A Notes and asset backed floating rate Class B Notes (together, the "**Notes**") denominated in GBP (subject always to compliance with all legal and/or regulatory requirements).

The Issuer will issue the relevant Class of Notes in series with the same or different issue dates, interest rates and scheduled repayment dates (but having the same interest payment dates) (each a "**Series**"). For each Series of Class A Notes, the Issuer will deliver a global registered note to a Common Safekeeper for Clearstream, Luxembourg and Euroclear. For each Series of Class B Notes, the Issuer will deliver a global registered note to a Common Depository for Clearstream, Luxembourg and Euroclear.

For each issue of Notes, final terms to this Base Prospectus (each such final terms referred to as "**Final Terms**") will be provided as a separate document. The Final Terms must be read in conjunction with the Base Prospectus.

The proceeds of the Notes (including any Further Notes) will be used to finance the purchase by the Issuer of receivables arising against Obligors under financing agreements for the acquisition of vehicles granted to such Obligors by Volkswagen Financial Services (UK) Limited ("**VWFS**" or the "**Seller**") pursuant to the terms and under the conditions of the Receivables Purchase Agreement.

Each Note entitles the holder to demand the payment of a particular amount of interest and/or principal only, if and to the extent such amounts have been received by the Issuer as Collections, from the Cash Collateral Account, from the enforcement of the Security with respect to the Receivables and from the Swap Agreements. In case of payment in full by the respective Obligors in accordance with the underlying Financing Contract and/or utilisation of the Cash Collateral Account to the extent any shortfall of Receivables is fully covered thereby, and subject to receipt in full of the amounts payable under the Swap Agreements each holder of a Note is entitled to payment of the principal amount plus interest calculated at a percentage rate per annum being the sum (subject to a floor of zero) of Compounded Daily SONIA plus the applicable Margin, in each case with reference to the principal amount of each Note remaining outstanding immediately prior to the time of each payment and published pursuant to Condition 12 (*Notices*). Payments of principal and interest on each Class of Notes and Series of Notes will be made monthly in arrear on the 25<sup>th</sup> day of each month in each year or, if such date is not a Business Day, on the next following Business Day unless that day falls in the next calendar month in which case the date will be the first preceding day that is a Business Day.

This Base Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") of Luxembourg in its capacity as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and the Luxembourg law dated 16 July 2019 on prospectuses for securities (*loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) (the "**Luxembourg Prospectus Law**"). Such approval should not be considered as an endorsement of the quality of the Notes that are subject to this Base Prospectus or an endorsement of the Issuer that is subject to this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. In the context of such approval, the CSSF neither assumes any responsibility nor gives any undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with Article 6(4) of the Luxembourg Prospectus Law. Application will be made to the Luxembourg Stock Exchange for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market upon their issuance. The Luxembourg Stock Exchange's regulated market is a regulated market for

the purpose of Directive 2014/65/EU. This Base Prospectus constitutes a base prospectus for the purpose of Article 8 of the Prospectus Regulation, and, will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The validity of this Base Prospectus will expire on 22 February 2023. After such date there is no obligation of the Issuer to issue supplements to this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies. This Base Prospectus is published on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>).

Any websites referred to in this Base Prospectus does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF, except for any website referred to in the section of this Base Prospectus headed "**DOCUMENTS INCORPORATED BY REFERENCE**".

Each of the Notes will be in the denomination of at least GBP 100,000 or an amount in GBP equivalent to EUR 100,000 and will be governed by the laws of Germany and will be represented by a global registered note (the "**Global Note**"), without interest coupon, issued in respect of each Series of Class A Notes and each Series of Class B Notes. The Global Note representing each Series of Class A Notes will be deposited with a Common Safekeeper for Clearstream, Luxembourg and Euroclear under the new safekeeping structure ("**NSS**") and the Global Note representing each Series of Class B Notes will be deposited with a Common Depository for Clearstream, Luxembourg and Euroclear in the form of a classical global note ("**CGN**"). The Notes represented by the Global Notes will not be exchangeable for definitive Notes. The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life and the Class A Notes will not satisfy all of the applicable criteria that are currently in force to be recognised as Eurosystem eligible collateral on issue. Such recognition will depend upon, inter alia, satisfaction of the Eurosystem eligibility criteria. See "**Overview of the Terms and Conditions of the Notes – Global Notes.**"

Ratings have been assigned to the Class A Notes by Moody's Investors Service Limited ("**Moody's**") and S&P Global Ratings UK Limited ("**S&P**"). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the European Union "**EU**" and registered under Regulation (EC) No 1060/2009 of the European Parliament (the "**CRA Regulation**"), as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013 ("**CRA3**") and UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the UK and registered under CRA3 as it forms part of domestic law of the United Kingdom by virtue of the EUWA and as amended by the Credit Rating Agencies (Amendment, etc) (EU Exit) Regulations 2019 (the "**UK CRA Regulation**"). Each of Moody's and S&P is established in the United Kingdom and not registered under the CRA Regulation, however, the ratings issued by Moody's and S&P have been endorsed by S&P Global Ratings Europe Limited and Moody's Deutschland GmbH, respectively, pursuant to Article 4(3) of the CRA Regulation. VWFS considered the appointment of a small CRA when appointing the rating agencies in connection with the updates to this Transaction along with Moody's and S&P. The assignment of ratings to the Class A Notes or an outlook on these ratings is not a recommendation to invest in the Class A Notes and may be revised, suspended or withdrawn at any time.

## **SONIA**

### *EU Benchmarks Regulation*

Amounts payable under the Notes are calculated by reference to Compounded Daily SONIA, which is provided by the Bank of England (the "**SONIA Administrator**"). As at the date of this Base Prospectus, the SONIA Administrator does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**EU Benchmarks Regulation**"). As far as the Issuer is aware, Article 2 of the EU Benchmarks Regulation applies, such that the SONIA Administrator, is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

### *UK Benchmarks Regulation*

As at the date of this Base Prospectus, the Bank of England, as administrator of SONIA, does not appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to the Benchmarks Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmarks Regulation**"). The Bank of England is exempt under Article 2 of the UK Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.

## **Responsibility of Prospective Investors**

The purchase of Notes is only suitable for investors that have adequate knowledge and experience in such structured investments and have the necessary background and resources to evaluate all risks related with the investment that are able to bear the risk of loss of their investment (up to a total loss of the investment) without the necessity to liquidate the investment in the meantime and that are able to assess the tax aspects of such investment independently.

Furthermore, each potential investor should on the basis of its own and independent investigation and help of its professional advisors (the consultation of which the investor may deem necessary) be able to assess if the investment in the Notes is in compliance with its financial requirements, targets and situation (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's), is in compliance with its principles for investments, guidelines or any restrictions applicable to it arising from legal investment laws and regulations or review or regulation by certain authorities (regardless of whether it acquires the Notes for itself or as a trustee) and is an appropriate investment for the purchaser (or for any beneficiary if acting as a trustee), notwithstanding the risks of such investment.

## **EU Securitisation Regulation, UK Securitisation Regulation and U.S. Risk Retention Rules**

### **EU Securitisation Regulation and UK Securitisation Regulation**

VWFS is the "**originator**" for the purposes of Article 2(3) of the UK Securitisation Regulation and the EU Securitisation Regulation. VWFS is legally bound to comply with the provisions of the UK Securitisation Regulation and contractually agrees to comply with the provisions of the EU Securitisation Regulation.

All Receivables included in the Portfolio have been originated by VWFS and are sold to the Issuer by VWFS in its capacity as Seller.

VWFS shall, whilst any of the Notes remain outstanding retain for the life of such Notes a material net economic interest of not less than 5 per cent. with respect to the Transaction in accordance with Article 6(3)(c) of the UK Securitisation Regulation and Article 6(3)(c) of the EU Securitisation Regulation.

VWFS undertakes that it will not reduce, hedge or otherwise mitigate its credit exposure to the material net economic interest for the purposes of Article 6(1) of the UK Securitisation Regulation and Article 6(1) of the EU Securitisation Regulation and:

- (a) with respect to the UK Securitisation Regulation, until such time as UK regulatory technical standards are published jointly by the FCA and PRA, Article 12 of the Commission Delegated Regulation specifying the risk retention requirements pursuant to the UK Securitisation Regulation (the "**Commission Delegated Regulation**") (BTS 625/2014 as amended by Annex R of The Technical Standards (Capital Requirements) (EU Exit) (No. 3) Instrument 2019) and, pursuant to Article 43(7) of the UK Securitisation Regulation, until regulatory technical standards are adopted jointly by the FCA and PRA, provided that the level of retention may reduce over time in compliance with Article 10 (2) of the Commission Delegated Regulation.
- (b) for the purposes of the EU Securitisation Regulation Article 12 of the Commission Delegated Regulation (EU) 625/2014 until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the EU Securitisation Regulation, provided that the level of retention may reduce over time in compliance with Article 10 (2) of the Commission Delegated Regulation (EU) 625/2014.

As at the Initial Issue Date and any Further Issue Date, such interest will be comprised of an interest in randomly selected exposures equivalent to no less than 5 per cent. of the nominal amount of the securitised exposures.

After the Closing Date, the Servicer, on behalf of the Issuer, has prepared and will continue to prepare Monthly Investor Reports wherein relevant information with regard to the Purchased Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller for the purposes of which the Seller will provide the Issuer with all information reasonably required in accordance with the Securitisation Regulation (EU) Disclosure Requirements and the Securitisation Regulation (UK) Disclosure Requirements.

The Manager and each Noteholder, to the extent the EU Securitisation Regulation or UK Securitisation Regulation is applicable to it, is required to independently assess and determine the sufficiency of the information described in the preceding two paragraphs for the purposes of complying with Article 5 et seq. of the EU Securitisation Regulation or UK Securitisation Regulation and neither the Issuer nor VWFS makes any representation that the information described above is sufficient in all circumstances for such purposes.

Each prospective investor is required to independently assess and determine the sufficiency of the information described in the preceding paragraphs of this section and in this Base Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation or UK Securitisation Regulation and any corresponding national measures which may be relevant and none of the Issuer, the Seller (in its capacity as the Seller and the Servicer), the Arranger, the Swap Counterparty, the Manager, nor the Transaction Parties makes any representation that the information described above or in this Base Prospectus generally is sufficient in all circumstances for such purposes. In addition, each prospective investor should ensure that it complies with the implementing provisions in respect of the EU Securitisation Regulation or UK Securitisation Regulation as applicable in its relevant jurisdiction. Prospective investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator and/or independent legal advice on the issue.

The Issuer and VWFS as the originator hereby designate this Base Prospectus as the "transaction summary" for the purposes of Article 7(1)(c) of the UK Securitisation Regulation.

#### *U.S. Risk Retention Rules*

The issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section \_\_.20 of the U.S. Risk Retention Rules and no other steps have been taken by the Issuer, the Seller, Arranger, the Manager or any of their affiliates or any other party to accomplish such compliance.

The Seller accepts responsibility for the information set out in this section "**EU Securitisation Regulation, UK Securitisation Regulation and U.S. Risk Retention Rules**".

### ***Prohibition of Sales to EEA Retail Investors***

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### ***Prohibition of Sales to UK Retail Investors***

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under Regulation (EU) No 1286/2014.

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits, as to which please see further the section of the Base Prospectus headed "**BUSINESS PROCEDURES OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED**" and "**ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT**";
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which we note that the Portfolio will be serviced in line with the usual servicing procedures of the Seller – please see further the section of the Base Prospectus headed "**ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT**";
- (c) diversification of credit portfolios given the Seller's target market and overall credit strategy, as to which, in relation to the Portfolio, please see the section of the Base Prospectus headed "**THE PURCHASED RECEIVABLES POOL**"; and
- (d) policies and procedures in relation to risk mitigation techniques, as to which please see further the sections of the Base Prospectus headed "**BUSINESS PROCEDURES OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED**" and "**ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT**".

**For a discussion of certain significant factors affecting investments in the Notes, see "RISK FACTORS".**

For reference to the definitions of capitalised terms appearing in this Base Prospectus and certain interpretation rules, see "**THE MASTER DEFINITIONS SCHEDULE**".

**Arranger and Manager**

Royal Bank of Canada plc

This Base Prospectus is dated 22 February 2022.

The Issuer accepts full responsibility for the information contained in this Base Prospectus and any Final Terms notwithstanding that the Seller and Servicer, the Security Trustee, the Swap Counterparty, the Principal Paying Agent, the Interest Determination Agent, the Cash Administrator, the Account Bank or any other party expressly accepts responsibility for its own description or information which it provides in this Base Prospectus (being, in the case of the Security Trustee the information under the section "**Security Trustee**", in the case of the Swap Counterparty the information under its name in the section "**Swap Counterparty**", in the case of Principal Paying Agent, Interest Determination Agent and Cash Administrator the information under the section "**Principal Paying Agent, Interest Determination Agent, Cash Administrator, Account Bank**" and in the case of the Account Bank under the section "**Account Bank**"), provided that, with respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information available to it from such third party, no facts have been omitted, the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information sourced from a third party and accepts no responsibility for the accuracy thereof. The Issuer has taken all reasonable care to ensure that the information given in this Base Prospectus and the Final Terms is to the best of its knowledge in accordance with the facts and does not omit anything likely to affect its import. The Issuer has taken all reasonable care to ensure that the information in this Base Prospectus and any Final Terms is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. Volkswagen Financial Services (UK) Limited as the Seller and Servicer accepts responsibility for any information in this Base Prospectus and, if any, in the Final Terms relating to the Purchased Receivables, the Security, the disclosure of servicing related risk factors, risk factors relating to the Purchased Receivables, the information contained in "**Description of The Portfolio**", "**The Purchased Receivables Pool**", "**Business Procedures of Volkswagen Financial Services (UK) Limited**", "**The Seller and Servicer**", "**Administration of The Purchased Receivables under the Servicing Agreement**", "**Business and Organisation of Volkswagen Financial Services (UK) Limited**" and the paragraphs on page ii headed "**Securitisation Regulation and U.S. Risk Retention Rules**" (the "**VWFS Information**"). Subject to the foregoing, Volkswagen Financial Services (UK) Limited as Seller and Servicer has taken all reasonable care to ensure that the information given in the VWFS Information is to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import. The Manager accepts full responsibility for the information contained in "**Weighted Average Life of the Notes**", (subject to the qualifications in such section) except that to the extent there is any inaccuracy resulting from information provided by VWFS to the Manager, in which case VWFS is solely responsible for such information.

No person has been authorised to give any information or to make any representations, other than those contained in this Base Prospectus, in connection with the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, Volkswagen Financial Services (UK) Limited, the Security Trustee, the Servicer, the Manager, the Swap Counterparty or by the Arranger shown on the cover page or any other parties described in this Base Prospectus. The Arranger and the Manager do not constitute an underwriting syndicate or otherwise take responsibility for the subscription, sale or other matters in connection with the issue of any Notes under this Base Prospectus except to the extent that any of the Arranger, the Swap Counterparty or the Manager takes part in such issue as manager, underwriter, selling agent or in similar capacity. The delivery of this Base Prospectus does not imply any assurance by the Issuer, Volkswagen Financial Services (UK) Limited, the Security Trustee, the Servicer, the Swap Counterparty, the Manager or by the Arranger shown on the cover page or any other parties described in this Base Prospectus that this Base Prospectus will continue to be correct at all times during the one-year period of validity except that the Issuer will publish a supplement to this Base Prospectus if and when required pursuant to Article 23 of the Prospectus Regulation. Any such supplement will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended from time to time (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (within the meaning of Regulation S under the Securities Act).

The Notes at all times may not be purchased, without the prior consent of the Seller, by any person except for persons that are not "**U.S. persons**" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**"). "**U.S. Risk Retention Rules**" means Regulation RR (17 C.F.R Part 246) implementing the risk

retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended. Prospective investors should note that the definition of "**U.S. person**" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "**U.S. person**" in Regulation S. Each purchaser of Notes, including beneficial interests therein, will be deemed to, and in certain circumstances will be required to, represent and agree that (1) it is not a Risk Retention U.S. Person (2) it is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note to a U.S. Person; and (3) it is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules. Each prospective investor will be required to make these representations if such representations have not been previously made, as a condition to placing any offer to purchase the Notes. The Issuer, VWFS and the Manager will rely on these representations, without further investigation.

The Notes may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. Persons except (i) pursuant to an exemption from, or in a transaction not subject to the registration requirements of, the Securities Act and (ii) without the prior consent of the Seller, in accordance with an exemption from the U.S. Risk Retention Rules.

The issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section \_\_.20 of the U.S. Risk Retention Rules and no other steps have been taken by the Issuer, the Seller, the Arranger, the Manager or any of their affiliates or any other party to accomplish such compliance.

Neither the delivery of this Base Prospectus or any Final Terms, nor any offering, sale or delivery of any Notes shall, under any circumstances, create any implication (i) that the information in this Base Prospectus is correct at any time subsequent to the date hereof, or (ii) that there has been no adverse change in the financial situation of the Issuer or with respect to Volkswagen Financial Services (UK) Limited since the date of this Base Prospectus or the balance sheet date of the most recent relevant financial statements or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. This does not affect the obligation of the Issuer to file a supplement in accordance with Article 23 of the Prospectus Regulation. Any such supplement will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>).

No action has been taken by the Issuer, the Manager and the Arranger other than as set out in this Base Prospectus that would permit a public offering of the Notes, or possession or distribution of this Base Prospectus, any Final Terms or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus (or any part hereof) or any Final Terms, nor any advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and regulations, and the Issuer, the Manager and the Arranger have represented that all offers and sales by them have been made on such terms. The Notes are not intended for investment by retail investors and this Base Prospectus has not been prepared for distribution to retail investors.

Neither this Base Prospectus nor any Final Terms constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of any offer to buy any of the securities offered hereby or thereby in any circumstances in which such offer or solicitation is unlawful. The distribution of this Base Prospectus (or of any part thereof) or any Final Terms and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus (or any part thereof) comes are required by the Issuer, the Manager and the Arranger to inform themselves about and to observe any such restrictions. Neither this Base Prospectus nor any Final Terms constitute, or may be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Base Prospectus (or of any part thereof) or any Final Terms see "**SUBSCRIPTION AND SALE**".

**THE NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF ANY OF THE ARRANGER, THE MANAGER, THE SELLER, THE SERVICER (IF DIFFERENT), THE SWAP COUNTERPARTY, THE SECURITY TRUSTEE, THE ACCOUNT BANK, THE CASH ADMINISTRATOR, THE REGISTRAR, THE PRINCIPAL PAYING AGENT, THE**



INTEREST DETERMINATION AGENT, THE CORPORATE SERVICES PROVIDER, THE DATA PROTECTION TRUSTEE, OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY (OTHER THAN THE ISSUER) TO THE TRANSACTION DOCUMENTS. IT SHOULD BE NOTED FURTHER THAT THE NOTES WILL ONLY BE CAPABLE OF BEING SATISFIED AND DISCHARGED FROM THE ASSETS OF THE ISSUER. NEITHER THE NOTES NOR THE UNDERLYING PURCHASED RECEIVABLES WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AUTHORITY OR BY ANY OF THE ARRANGER, THE MANAGER, THE SELLER, THE SERVICER (IF DIFFERENT), THE SWAP COUNTERPARTY, THE SECURITY TRUSTEE, THE ACCOUNT BANK, THE CASH ADMINISTRATOR, THE REGISTRAR, THE PRINCIPAL PAYING AGENT, THE INTEREST DETERMINATION AGENT, THE CORPORATE SERVICES PROVIDER, OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY (OTHER THAN THE ISSUER) TO THE TRANSACTION DOCUMENTS OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN.

THE NOTES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, NOR HAS THE ISSUER BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT"). THE ISSUER WILL BE RELYING ON AN EXCLUSION OR EXEMPTION FROM THE DEFINITION OF "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT CONTAINED IN SECTION 3(C)(1) OF THE INVESTMENT COMPANY ACT, ALTHOUGH THERE MAY BE ADDITIONAL STATUTORY OR REGULATORY EXCLUSIONS OR EXEMPTIONS AVAILABLE TO THE ISSUER. THE ISSUER IS BEING STRUCTURED SO AS NOT TO CONSTITUTE A "COVERED FUND" FOR PURPOSES OF REGULATIONS ADOPTED UNDER SECTION 13 OF THE BANK HOLDING COMPANY ACT OF 1956, AS AMENDED, COMMONLY KNOWN AS THE "VOLCKER RULE."

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, legal advisor, accountant or other financial adviser.

An investment in the Notes that are the subject of this Base Prospectus is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment (including the total loss of the amount invested in the Notes together with the expenses incurred for purchasing and holding the Notes).

It should be remembered that the price of securities and the expected income from them may decrease.

Neither the Arranger nor the Manager, nor the Swap Counterparty have verified the information contained herein and the Manager do not accept any responsibility for information provided by any other Manager. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arranger, the Swap Counterparty or the Manager as to the accuracy or completeness of the information contained in this Base Prospectus and any Final Terms. In making an investment decision, investors must rely on their own examination of the terms of this Base Prospectus, including the merits and risks involved.

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### **GENERAL DESCRIPTION OF THE PROGRAMME**

The Programme is a GBP 2,000,000,000 Programme for the issuance of the Notes under which the Issuer may from time to time issue asset backed floating rate notes denominated in GBP (subject always to compliance with all legal and/or regulatory requirements). The applicable terms to any Notes will be agreed between the Issuer and the relevant purchaser prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes attached to the relevant Global Note representing such Notes, as completed by the applicable Final Terms attached to such Global Note (see "Terms and Conditions of the Notes – Form and Nominal Amount of the Notes" below for further detail).

## RISK FACTORS

THE PURCHASE OF THE NOTES MAY INVOLVE SUBSTANTIAL RISKS AND BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES ALL THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW. PROSPECTIVE INVESTORS SHOULD MAKE SUCH INQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE ISSUER, THE ARRANGER OR THE MANAGER.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the risks described in this section are the material risks inherent in investing in Notes but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. Accordingly, prospective investors should consider the detailed information set out elsewhere in this Base Prospectus. Although the Issuer believes that the various structural elements described in this document mitigate some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Issuer's financial strength.

### I. Risks factors which are specific and material to the Issuer

#### **No Recourse to other Compartments and Non-Petition Clause**

The Notes are limited recourse contractual obligations of the Issuer solely in respect of Compartment 4 within the meaning of the Luxembourg Securitisation Law. Pursuant to Article 62(2) of the Luxembourg Securitisation Law, where an individual compartment's assets are insufficient for the purpose of meeting the Issuer's obligations under a respective issuance, it is not possible for the noteholders in that compartment's issuance to obtain the satisfaction of the debt owed to them by the Issuer from assets belonging to another compartment. Recourse of the Noteholders in respect of claims against the Issuer under or in relation to the Notes will be strictly limited to the net assets allocated to Compartment 4 (the "**Compartment 4 Assets**") and shall not extend to the remainder of the Issuer's estate. Furthermore, the other parties to the Transaction Documents are not liable for the obligations of the Issuer and no third party guarantees the fulfilment of the Issuer's obligations under the Notes. Consequently, the Noteholders have no rights of recourse against such third parties.

In this context, it is possible that any proceeds from the realisation by the Security Trustee of the security upon the occurrence of a Foreclosure Event prove insufficient to enable the Issuer to meet all payments due in respect of the Notes, taking into account the Order of Priority and the Noteholders will then have no further claim against the assets of any other compartment or any non-compartmental assets of the Issuer.

Consequently, in case of enforcement of the claims under the Notes, to the extent that the proceeds from the liquidation of the Compartment 4 Assets proves insufficient to make all payments due in respect of the Notes (the "**Shortfall**"), any claims arising against the Issuer due to such Shortfall shall be extinguished and neither the Noteholders nor any person on their behalf shall have the right to petition for the winding up of the Issuer to recover the Shortfall amount.

If the Issuer is declared bankrupt, certain preferred creditors of Driver UK Master S.A. (including the Luxembourg tax authorities) may have a privilege that ranks senior to the rights of the Noteholders in such circumstances. This may further reduce the available assets of Compartment 4, therefore increasing the risk of the Issuer not being able to meet in full its payment obligations against the Noteholders under Luxembourg law.

As a result, the Noteholders may face the risk of not being able to receive any income in respect of their investment or, at worst, of being unable to recover their initial investment.

Furthermore, the enforcement of the payment obligations under the Notes shall solely be effected by the Security Trustee in accordance with the Trust Agreement. By subscribing the Notes and in accordance with Article 64 of the Luxembourg Securitisation Law, the Noteholders agree to a non-petition clause. This means that none of the Noteholders (or any persons acting on behalf of any of them) shall be entitled at any time until the expiry of one year and one day after the Final Maturity Date, to take any action or other steps or legal proceedings for the winding-up, dissolution or reorganization or for the appointment of a receiver, administrator, administrative receiver, agent, liquidator or similar officer of the Issuer or of any or all of the revenues and assets of the Issuer, or have any right to take any steps, except in accordance with the provisions of this Base Prospectus, for the purpose of recovering any debts whatsoever owing to it by the Issuer.

### **Risk in respect of payments made and Security provided during the "suspect period"**

Driver UK Master S.A. is a public limited liability company (*Société Anonyme*) incorporated under the laws of Luxembourg, has its registered office in Luxembourg and is managed by its Board of Directors, professionally residing in Luxembourg. Accordingly, bankruptcy proceedings with respect to Driver UK Master S.A. would likely proceed under, and be governed by, the bankruptcy laws of Luxembourg. Driver UK Master S.A. can be declared bankrupt upon petition by a creditor of Driver UK Master S.A. or at the initiative of the court or at the request of Driver UK Master S.A. in accordance with the relevant provisions of Luxembourg insolvency law. Under Luxembourg law, a company is bankrupt ("*en faillite*") when it is unable to meet its current liabilities and when its creditworthiness is impaired. The conditions for opening bankruptcy proceedings are the cessation of payments ("*cessation des paiements*") and the loss of commercial creditworthiness ("*ébranlement du crédit commercial*"). The failure of controlled management proceedings may also constitute grounds for the opening of bankruptcy proceedings. Other insolvency proceedings under Luxembourg law include controlled management and moratorium of payments ("*gestion contrôlée et sursis de paiement*") of the Issuer, composition proceedings ("*concordat*") and judicial liquidation proceedings ("*liquidation judiciaire*").

Under Luxembourg bankruptcy law, certain acts deemed to be abnormal if carried out by the bankrupt party during the so-called "suspect period" or ten days preceding the "suspect period" may be unenforceable against the bankruptcy estate of such party. Whilst the unenforceability is compulsory in certain cases, it is optional in other cases. The "suspect period" is the period that lapses between the date of cessation of payments ("*cessation de paiements*"), as determined by the bankruptcy court, and the date of the court order declaring the bankruptcy. The "**suspect period**" cannot exceed six months.

Under Article 445 of the Luxembourg Code of Commerce, (a) a contract for the transfer of movable or immovable property entered into or carried out without consideration, or a contract or transaction entered into or carried out with considerably insufficient consideration for the insolvent party; (b) a payment, whether in cash or by transfer, assignment, sale, set-off or otherwise for debts not yet due, or a payment other than in cash or bills of exchange for debts due or (c) a contractual or judiciary mortgage, pledge, or charge on the debtor's assets for previous debts, would each be unenforceable against the bankruptcy estate if carried out during the "**suspect period**" or ten days preceding the "**suspect period**".

Under Article 448 of the Luxembourg Code of Commerce, transactions entered into by the bankrupt debtor with the intent to deprive its creditors are null and void, regardless of the date on which they were made.

Under Article 446 of the Luxembourg Code of Commerce, any payments made by the bankrupt debtor in the "**suspect period**" may be rescinded if the creditor was aware of the cessation of payment of the debtor.

If the Issuer is declared bankrupt, a competent court in Luxembourg may consider that the Issuer's entry into the Transaction and the Transaction Documents has been carried out within the so-called "**suspect period**". In such case, any payment of principal or interest in respect of the Notes could be unenforceable against the Issuer, in application of sub (b) of Article 445 of the Luxembourg Code of Commerce and Noteholders could face the risk of non-recovery of payments due under the Notes.

According to Article 61(4) second paragraph of the Luxembourg Securitisation Law and without prejudice to the provisions of the law of 5 August 2005 on financial collateral arrangements, the validity and perfection of each of the security interests mentioned under item (c) of Article 445 of the Luxembourg Code of Commerce

cannot be challenged by a bankruptcy receiver with respect to Article 445 of the Luxembourg Code of Commerce and such security interests are enforceable even if they were granted by the company during the suspect period. However, according to Article 61(4) second paragraph of the Luxembourg Securitisation Law the validity and perfection of each of the security interests mentioned under item (c) in the above paragraph cannot be challenged by a bankruptcy receiver even if granted by the company during the "suspect period" or ten days preceding the "suspect period", if (i) the articles of incorporation of the company granting the security interests are governed by the Luxembourg Securitisation Law and (ii) the company granted the respective security interest no later than the issue date of the securities or at the conclusion of the agreements secured by such security interest. In other words, the Security Documents entered into in accordance with Article 61(4) second paragraph of the Luxembourg Securitisation Law and hence no later than the date of the issue of the Notes or the conclusion of the agreements secured by the security could not be challenged by a bankruptcy receiver even if granted by the Issuer during the "suspect period" or ten days preceding such "suspect period".



## II. Risks related to the nature of the Notes

### Liability and Limited Recourse under the Notes and the Subordinated Loan

All payment obligations of the Issuer acting for and on behalf of its Compartment 4 under the Notes and the Subordinated Loan constitute limited recourse obligations to pay only the respective Available Distribution Amount which includes, inter alia, amounts received by the Issuer from the Purchased Receivables and under the other Transaction Documents. The Available Distribution Amount may not be sufficient to pay amounts accrued under the Notes, which may result in an Interest Shortfall as defined in the Incorporated Terms Memorandum, however, an Interest Shortfall other than non-payment of interest on the most senior Class of the Notes will not constitute a Foreclosure Event in accordance with clause 16 (*Foreclosure on the Security; Foreclosure Event; Enforcement Event*) of the Trust Agreement. The Notes shall not give rise to any payment obligation in addition to the foregoing. The enforcement of the payment obligations under the Notes and the Subordinated Loan shall only be effected by the Security Trustee in accordance with the Trust Agreement. A Foreclosure Event will, following the service of an Enforcement Notice by the Security Trustee, result in the enforcement of the collateral held by the Security Trustee. If the Security Trustee enforces the claims under the Notes and/or the Subordinated Loan, such enforcement will be limited to those assets which were transferred to the Security Trustee and to any other assets of the Issuer. To the extent that such assets, or the proceeds of the realisation thereof, prove ultimately insufficient to satisfy the claims of all Noteholders or the Subordinated Lender in full, then any shortfall arising shall be extinguished and neither any Noteholder, nor the Security Trustee shall have any further claims against the Issuer. Such assets and proceeds shall be deemed to be "**ultimately insufficient**" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter.

If any of the events which require the Security Trustee to take action should occur, the Security Trustee will have legal access to the Security only. The Security Trustee itself is not a guarantor, nor have any guarantees been given by other Transaction Parties, with respect to which the Security Trustee could assert claims on behalf of the Noteholders and/or the Subordinated Lender.

### Subordination of Notes

Holders of a Series of Class B Notes will bear more credit risk with respect to the Issuer than holders of a Series of Class A Notes and will incur losses, if any, prior to holders of a Series of Class A Notes because of the subordination of the Series of Class B Notes in relation to the Series of Class A Notes.

No payment of interest will be made on each Series of Class B Notes until all of the Issuer's expenses (including applicable fees for Agents), and all interest on each Series of Class A Notes are paid in full, and no payment of principal will be made on a Series of Class B Notes until the principal amount of each Series of Class A Notes is paid in full.

In particular, following the end of the Revolving Period and prior to the occurrence of a Foreclosure Event leading to an Enforcement Event, on each Payment Date the Issuer shall pay from the Available Distribution Amount (provided that, prior to the occurrence of a Foreclosure Event leading to an Enforcement Event, the payment of interest due and payable on each Series of Class B Notes has been paid) the Class A Amortisation Amount, which comprises a payment of principal in respect of a Series of Class A Notes until the Note Principal Amount Outstanding of such Series of Class A Notes equals the Class A Targeted Note Balance. Payments on each Series of Class B Notes will be made from any amounts remaining from the Available Distribution Amount only after the payment of principal on each Series of Class A Notes and until the Note Principal Amount Outstanding of each Series of Class B Notes equals the Class B Targeted Note Balance.

A Foreclosure Event leading to an Enforcement Event will occur *inter alia* if the Issuer defaults in the payment of any interest on the most senior Class of Notes when the same becomes due and payable, and such default continues for a period of five (5) Business Days. If a Foreclosure Event leading to an Enforcement Event has occurred, the Issuer will not pay interest or principal on any Notes other than the Class A Notes until all of the Issuer's expenses and all interest and principal due on the Class A Notes are paid in full.

### Interest Rate Risk / Risk of Swap Counterparty Insolvency

a) *Noteholders may be subject to interest rate risk*

Payments in respect of the Purchased Receivables made to the Seller by an Obligor under a Financing Contract comprise monthly amounts calculated with respect to a fixed interest rate which may be different to Compounded Daily SONIA plus margin, which is the interest rate (being subject to a floor of zero) payable on the Class A Notes and the Class B Notes.

The Issuer will hedge afore-described interest rate risk and will use payments made by the Swap Counterparties to make payments on the Notes on each Payment Date, in each case calculated with respect to the swap notional amount which is equal to the outstanding Series Nominal Amount on the relevant Series of Notes, following payment on the immediately preceding Payment Date.

During those periods in which the floating rates payable by a Swap Counterparty under a Swap Agreement are substantially greater than the fixed rates payable by the Issuer under such Swap Agreement, the Issuer will be more dependent on receiving payments from such Swap Counterparty in order to make interest payments on the relevant Series of Notes. If the Swap Counterparty fails to pay any amounts when due under a Swap Agreement, the Collections from Receivables and the General Cash Collateral Amount may be insufficient to make the required payments on the respective Series of Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments on the respective Series of Notes.

During periods in which the floating rates payable by a Swap Counterparty under a Swap Agreement (including periods in which the floating amount payable by the Swap Counterparty is a negative number as a result of the quoted negative floating rate exceeding the spread), are less than the fixed rate payable by the Issuer under such Swap Agreement, the Issuer will be obliged to make a payment to such Swap Counterparty. The Swap Counterparty's claims for payment (including certain termination payments required to be made by the Issuer upon a termination of a Swap Agreement) under the Swap Agreement will be higher in priority than all payments on the Notes. If a payment under the Swap Agreement is due to the Swap Counterparty on any Payment Date, the Purchased Receivables and the General Cash Collateral Amount may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments under the Notes.

b) *Termination of the Swap Agreements*

The Swap Counterparty may become insolvent or may suffer from a rating downgrade, in which case it would have to be replaced or, in case of a certain rating downgrade would have to provide collateral. A Swap Agreement may also be terminated by either party due to an event of default or a termination event. However, there can be no assurance that a guarantor or replacement Swap Counterparty will be found or that the amount of collateral will be sufficient to meet the Swap Counterparty's obligations. In such events the Noteholders may experience delays and/or reductions in the interest and principal payments due in respect of such Series of Notes.

The enforceability of a contractual provision which alters the priorities of payments to subordinate the claim of a Swap Counterparty (to the claims of other creditors of its counterparty) upon the occurrence of an insolvency of or other default by a Swap Counterparty has been challenged in the English and U.S. courts. However this is an aspect of cross border insolvency law which remains untested. Whilst the priority issue is considered largely resolved in England and Wales, concerns still remain that the English and U.S. courts will diverge in their approach which, in the case of an unfavourable decision in the U.S., may adversely affect the Issuer's ability to make payments on the Notes. If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Transaction Documents (such as a provision of the relevant Order of Priority which refers to the ranking of the Swap Counterparty's rights in respect of certain amounts under the Swap Agreements). In particular there is a risk that such subordination provisions would not be upheld under US bankruptcy law. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as a Swap Counterparty, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in

the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, such actions may adversely affect the rights of the Noteholders, the rating and/or the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

### **Risks in connection with the application of the German Debenture Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*)**

A Noteholder is subject to the risk to be outvoted and to lose rights towards the Issuer against his will in the case that the Noteholders agree pursuant to the Conditions to amendments of the Conditions by majority vote according to the *Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz - SchVG)* (German Debenture Act). In the case of an appointment of a Noteholder's representative for all Noteholders a particular Noteholder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Noteholders.

### **Modification of Conditions of the Notes**

Notwithstanding the provisions of the German Debenture Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz - SchVG)*) the Issuer and Noteholders have specified that as long as the Notes are outstanding, the Conditions of any Series may only be modified through contractual agreement to be concluded between the Issuer and all the Noteholders of each Series with a prior notification to the Rating Agencies, to the extent such Series is rated, as provided for in Sec. 4 of the German Debenture Act or by a Noteholder's resolution adopted with unanimous consent of the Noteholders of such Series pursuant to Sections 5 to 22 of the aforementioned act.

The Security Trustee may in certain circumstances agree to amendments to the Conditions and/or the Trust Agreement for the purpose of effecting a Benchmark Rate Modification (a "**Proposed Amendment**"), subject to and in accordance with the detailed provisions of Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*).

In relation to any such Proposed Amendment, the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of Notes of the proposed modification in accordance with Condition 12 (Notices). However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders representing at least 10 per cent. of the aggregate Note Principal Amount Outstanding of the relevant Class of Notes have contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Security Trustee that such Noteholders do not consent to the modification, the modification in respect of such Class of Notes will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Note Principal Amount Outstanding of a Class of Notes have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the Proposed Amendment, then such Proposed Amendment will not be made in respect of each Series of Notes unless Noteholders of such Series of Notes unanimously consent in favour of the Proposed Amendment. The Issuer is also required to obtain the consent of any other Transaction Creditors (other than the Swap Counterparties) whose consent is required to be obtained in order to make the Benchmark Rate Modification in accordance with the provisions of the Incorporated Terms Memorandum in so far they are materially and adversely affected by such modifications.

The Issuer will also be entitled to amend any term or provision of the Conditions with the consent of the Security Trustee, but without the consent of any Noteholder, any Swap Counterparty, the Subordinated Lender, the Arranger, the Manager or any other Person if it is advised by a reputable international law firm that such amendments are required for the Programme to comply with the EU Securitisation Regulation or the UK Securitisation Regulation, as applicable, or any regulatory and/or implementing technical standards adopted under the EU Securitisation Regulation or any directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom under the UK Securitisation Regulation. Any such amendment shall only become valid, by giving ten (10) Business Days prior notice to the Noteholders and the Rating Agencies in writing, including by e-mail. Insofar as such amendments relate to the originator or Seller, any amendments in order

to comply with the EU Securitisation Regulation shall not result in any non-compliance with the UK Securitisation Regulation and insofar as such amendments relate to the Issuer, any amendments in order to comply with the UK securitisation regulation shall not result in any non-compliance with the EU Securitisation Regulation.

There is no guarantee that any changes made to the Transaction Documents and the Conditions pursuant to the obligations imposed on the Security Trustee, as described above, would not be prejudicial to the Noteholders.

#### **Weighted average life of Class A Notes and Class B Notes**

The weighted average life of the Class A Notes and the Class B Notes is volatile. In the event that the Purchased Receivables are prematurely terminated, in arrear, or otherwise settled early, the principal repayment of the Class A Notes and the Class B Notes may be earlier or later than expected and, therefore, the yield on the Notes may be adversely affected by a higher or lower than anticipated rate of prepayment of the Purchased Receivables. The rate of prepayment of the Purchased Receivables cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the auto finance market, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayment that the Purchased Receivables will experience. Based on assumed rates of prepayment the approximate average lives and principal payment windows of each Class of Notes are set out in the section entitled "**WEIGHTED AVERAGE LIFE OF THE NOTES**".

However, the actual characteristics and performance of the Purchased Receivables will differ from such assumptions and any difference will affect the percentages of the initial amount outstanding of the Notes which are outstanding over time and the weighted average lives of the Notes. See the sections "**WEIGHTED AVERAGE LIFE OF THE NOTES**" and "**THE PURCHASED RECEIVABLES POOL**".

#### **Ratings of the Class A Notes**

The Issuer has not requested a rating of the Class A Notes by any rating agency other than the Rating Agencies. However, rating organisations other than the Rating Agencies may seek to rate the Class A Notes and, if such "**shadow ratings**" or "**unsolicited ratings**" are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, such shadow or unsolicited ratings could have an adverse effect on the value of the Class A Notes. Future events, including events affecting the Account Bank, the Seller and the Servicer (if different) could also have an adverse effect on the rating of the Class A Notes.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organisation. The ratings assigned to the Class A Notes should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings will continue for any period of time or that they will not be lowered, reviewed, suspended or withdrawn by the Rating Agencies. In the event that the ratings initially assigned to the Class A Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement to the Class A Notes.

### III. Risks related to the Purchased Receivables

#### Credit Risk of the Parties

The ability of the Issuer to make any principal and interest payments in respect of the Notes depends to a large extent upon the ability of the parties to the Transaction Documents to perform their contractual obligations. In particular, and without limiting the generality of the foregoing, the timely payment of amounts due in respect of the Notes depends on the ability of the Servicer to collect the Purchased Receivables and on the maintenance of the level of interest rate protection offered by the Swap Agreements.

#### Risk of Late Payment of Monthly Instalments

In the event of late payment (which could be caused by the Obligor's financial or personal reasons, including loss or reduction of earnings, illness (including any illness arising in connection with an epidemic or a pandemic (for example COVID-19)), divorce and other similar factors, which may, individually or in combination lead to in change in the economic situation of such Obligor) made in relation to Purchased Receivables becoming due in the respective Monthly Period, the risk of late payment under the Notes is in part mitigated for the Noteholders by payments from the General Cash Collateral Amount to the extent that funds are available therein. The Obligors' failure to make timely payments in relation to Purchased Receivables may adversely affect the Issuer's ability to make payments on the Notes. See also "RISK FACTOR – Risks related to the Purchased Receivables – The Corona Pandemic may have a material negative impact on the performance of the Issuer under the Notes".

#### **The Corona Pandemic may have a material negative impact on the performance of the Issuer under the Notes**

In December 2019, a novel strain of coronavirus which causes a respiratory disease in humans ("**COVID-19**") was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a global pandemic. Governments worldwide have implemented measures to contain the spread of the virus including domestic and international travel bans, quarantines and restrictions on public gatherings and commercial activity. The precise impacts of the COVID-19 pandemic (the "**Corona Pandemic**") on the Issuer, the Servicer, the other Transaction Parties and/or any Obligor in respect of an underlying Finance Contract are wide ranging and difficult to determine and may include, but are not limited to, the matters set out below. Such matters may adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market.

#### *Impact on VWFS's ability to act as Servicer*

The Corona Pandemic may pose a risk to the operational business of VWFS. For example, due to company workplaces being no longer usable, only limited services might be available for customers or even no services at all. Possible bottlenecks in IT permissions, missing or inadequate hardware and / or software in the home office workplace could develop into an IT risk for VWFS. During a pandemic situation, customer care intensity could increase, because due to the existing uncertainty, significantly more inquiries could occur at the back office / service area compared to the usual operation. This could exacerbate the situation with possibly restricted IT permissions. A loss of key personnel could result in essential business processes not being carried out or being significantly delayed. All of this could have a negative impact on VWFS's ability to perform its obligations as Servicer and, as a result may have an adverse impact on the timing and amount of Collections received from the Purchased Receivables and thereby on the ability of the Issuer to make payments in full when due on the Notes.

#### Risk of late payment or non-payment of monthly instalments and Residual Values

##### A: UK Government initiatives

In response to the Corona Pandemic a number of governments have taken steps to mandate or encourage payment holidays or provide other relief for consumers in direct or indirect financial difficulty as a result of the effects of the Corona Pandemic.

In the UK, the FCA originally published temporary guidance for regulated firms that enter into regulated motor finance agreements including hire purchase and personal contract purchase agreements on 24 April 2020

which, was then updated with effect from 17 July 2020. The FCA also published a draft guidance on 2 November 2020, referred to as the "**Credit Payment Deferral Guidance**", which was updated with effect from 25 November 2020, which applies for a temporary period where a customer was already experiencing or reasonably expecting to experience temporary payment difficulties as a result of a loss of or reduction in their income (or income of other members of their household) due to the Corona Pandemic.

The FCA also published additional guidance on consumer credit and coronavirus for firms on 30 September 2020 which was updated on 19 November 2020 following draft guidance published on 2 November 2020 (the "**Tailored Support Guidance**") which is relevant to firms dealing with customers who need more tailored short or long-term support as a result of COVID-19, including where they have exhausted the support available under the Credit Payment Deferral Guidance and where they are experiencing payment difficulties once payment deferrals are no longer available under that guidance. The FCA has also published updated Tailored Support Guidance for Firms with effect from 31 January 2021 amending the circumstances in respect of which vehicles can be repossessed by firms. The Credit Payment Deferral Guidance and the Tailored Support Guidance are together the "**FCA Guidance**".

*(i) Credit Payment Deferral Guidance*

The Credit Payment Deferral Guidance was relevant to customers who have not received a payment deferral previously under the Credit Payment Deferral Guidance or who have received a payment deferral in the period up to 31 March 2021 and remained in financial difficulty at the end of their initial deferral period. Payment deferrals could only be extended until 31 July 2021, at which time all payment deferrals must come to an end.

*(ii) Tailored Support Guidance*

The Tailored Support Guidance is relevant to customers who:

- (a) have been granted the maximum number of payment deferrals under the Credit Payment Deferral Guidance and remain in payment difficulties;
- (b) are already receiving tailored support under the Credit Payment Deferral Guidance;
- (c) for whom a payment deferral under the Credit Payment Deferral Guidance was considered to be obviously not in their interests; or
- (d) who experience payment difficulties due to circumstances arising out of the Corona Pandemic after the Credit Payment Deferral Guidance is no longer in force.

The Tailored Support Guidance focusses on ensuring tailored customer support after 31 October 2020 with an expectation that firms will employ a range of short and long-term forbearance options to support their customers. The FCA requires firms to deliver outcomes which include:

- (a) treating customers fairly;
- (b) ensuring that customers are treated with forbearance and due consideration;
- (c) responding to the needs of vulnerable customers;
- (d) putting in place sustainable repayment arrangements which are affordable and take account of their customers' wider financial situation; and
- (e) ensuring that customers are not pressured into repaying debts in an unreasonably short period of time.

Whilst the Tailored Support Guidance permits firms to take steps to terminate the agreement and repossess the vehicle, it states that firms should not, absent exceptional circumstances (including where the customer agrees to a voluntary surrender of the vehicle or it is abandoned), terminate the regulated agreement or repossess goods or vehicles under the agreement that the customer needs before 31 January 2021, extended to 1 April 2021 under the proposed amendments to the Tailored Support Guidance. The Tailored Support Guidance emphasises:

- (a) that while there is no 'one-size-fits-all' approach to how long firms should offer forbearance before commencing proceedings, action to seek possession should be a last resort and not started unless all other reasonable attempts to resolve the position have failed; and
- (b) the need for fair and appropriate treatment of vulnerable customers, including as a result of circumstances related to COVID-19, should be borne in mind by firms in the context of commencing or pursuing repossession.

*B: VWFS initiatives*

VWFS is regulated by the FCA and in servicing the Purchased Receivables is required to comply with the Consumer Credit Sourcebook ("**CONC**") which includes, at CONC 7.3.4, a requirement to treat customers in default or in arrears with forbearance and due consideration.

*(i) VWFS Payment Deferrals*

In order to reflect the requirements of the FCA Guidance, VWFS offered VWFS Payment Deferrals comprising Payment Holiday with No Term Extensions and Payment Holiday With Term Extensions to COVID-19 Eligible Obligors and Further VWFS Payment Deferrals comprising Further Payment Holiday with no Term Extensions and Further Payment Holiday with Term Extension to Existing COVID-19 Eligible Obligors. Following 31 July 2021 VWFS is no longer obliged to offer VWFS Payment Deferrals.

VWFS Payment Deferrals may potentially increase residual value risk to the Issuer (not taking into account for these purposes VWFS's obligations under the Redelivery Repurchase Agreement) as a result of VWFS not reducing the guaranteed minimum future value and balloon payment to take into account the extension to the term of a Purchased Receivable. VWFS has calculated a collateral RV buffer in the form of a Collateral RV Buffer Amount to be made available to the Issuer as a deposit by VWFS on the Collateral RV Ledger. The Collateral RV Buffer Amount was paid by VWFS to the Issuer on the Payment Date following the expiry of the Monthly Period in which a Purchased Receivable became subject to a Payment Holiday with Term Extension and Further Payment Holiday With Term Extension. VWFS reserves the right to offer, to not offer or to adjust the Collateral RV Ledger in respect of any additional or extended regulatory guidance issued in respect of the FCA guidance.

The realisation proceeds relating to Vehicles may be lower than the sale or recovery proceeds in respect of such Vehicle together with the applicable Collateral RV Buffer Amount and may result in the Issuer not receiving sufficient Collections to make payments in full when due on the Notes.

*(ii) Forbearance*

In the context of COVID-19 and in respect of Obligors in financial difficulty during the term of their Financing Contract, VWFS has expanded the scope of its customary forbearance activities by changing its Customary Operating Practices to include the following which may be offered depending upon the circumstances of the Obligor:

- (a) *Arrangements to Pay:* VWFS may offer arrangements to pay plans depending upon the customer's circumstances. The customer may potentially be allowed to break the Arrangement to Pay up to a maximum of three times (currently 2 times);
- (b) *Token Payments:* VWFS may accept a one-off payment from the customer in an attempt to prevent the Financing Contract falling into arrears;
- (c) *Breathing Space:* VWFS may agree to a period in which it will not actively pursue arrears of up to 60 days (currently 30 days); and
- (d) *Delay Terminations:* VWFS may agree to a delay between the date the contract is placed into arrears and the date the vehicle is repossessed.

(together the "**Forbearance Amendments**"). The Forbearance Amendments may result in the Issuer not receiving sufficient Collections to make payments in full when due on the Notes. VWFS reserves the right to offer, to not offer or to adjust the Forbearance Amendments in respect of any updated guidance (once it comes into effect) and any additional or extended regulatory guidance.

### *C: Monthly Investor Report*

VWFS will include in its Monthly Investor Report details of Purchased Receivables which are subject to VWFS Payment Deferrals and a Further VWFS Payment Deferral, COVID-19 Extensions, and arrangements to pay agreed in the context of the Corona Pandemic.

#### **Financing Contracts**

The Issuer does not have any rights in, over or to the vehicles that are financed by the Financing Contracts - it only has rights in connection with the sale proceeds of those vehicles. Accordingly, in the event of any insolvency of VWFS, the Issuer is reliant on any administrator or liquidator of VWFS taking appropriate steps to sell such vehicles. Because the sale proceeds have been transferred to the Issuer, this will be of no value to VWFS' creditors as a whole and therefore an administrator or liquidator will not have any financial incentive to take such steps. This risk is mitigated by the inclusion of a provision in the Servicing Agreement providing that the Issuer (or the Servicer on behalf of the Issuer) will pay, in accordance with the Order of Priority, any administrator or liquidator's costs and expenses in selling such vehicles and an Administrator Recovery Incentive fee; however there can be no certainty that any administrator or liquidator would take such actions and no contractual obligations on VWFS to do so that would be enforceable against VWFS or an administrator or liquidator thereof after the commencement of the administration or liquidation of VWFS.

Furthermore, following an Insolvency Event which occurs in respect of VWFS it will no longer be required to repurchase Redelivery Purchased Receivables pursuant to the Redelivery Repurchase Agreement. The realisation proceeds relating to Vehicles which are the subject of Redelivery Financing Contracts may be lower than the Redelivery Repurchase Price paid by VWFS under the Redelivery Repurchase Agreement.

#### **Right to Vehicles and reliance on residual value**

Under Financing Contracts which are PCP Agreements, at the end of the term of the PCP Agreement, an Obligor may either settle the contract by paying the balloon payment (and thereby purchase the Vehicle) or, subject to the Vehicle being in a condition acceptable to VWFS and within the agreed mileage, return the Vehicle to VWFS in full and final settlement of the PCP Agreement. Where the Obligor chooses not to return the Vehicle, title in the Vehicle passes to the Obligor when the Obligor pays the additional "**option to purchase**" fee to VWFS (which does not form part of the Receivables). Where the Obligor chooses to return the Vehicle, VWFS then acts as the Obligor's agent in selling the Vehicle and the sale proceeds of the Vehicle are applied to settle the Final Rental Amount. The Issuer will be exposed to the risk that due to economic, market and social factors in the used vehicle market, including industry specific effects such as the potential impact of an increasingly negative sentiment around diesel vehicles, the residual value of the Vehicle may be less than anticipated at the outset of the Financing Contract and thus less than the Final Rental Amount. In such cases, the Issuer's ability to make payments on the Notes may be affected.

#### **Market Value of Purchased Receivables**

There is no assurance that the market value of the Purchased Receivables will at any time be equal or greater than the Series Nominal Amount outstanding for any Class of Notes and Series of Notes.

#### **Commingling Risk**

VWFS, as the Servicer, is entitled to commingle funds representing Collections with its own funds during each Monthly Period in accordance with the following procedure:

- (a) if and so long as the Monthly Remittance Condition is satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each Monthly Period and will be required to make a single deposit of such monthly Collections to the Distribution Account on each Payment Date; and
- (b) if and so long as the Monthly Remittance Condition is not satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each relevant Monthly Period only in accordance with the procedure outlined in detail in "**ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT - Commingling**".



Commingled funds may be used or invested by VWFS at its own risk and for its own benefit until the next relevant Payment Date. If VWFS were unable to remit those funds or were to become insolvent, losses or delays in distributions to Noteholders may occur.

### **Risk of Change of Servicer**

In the event VWFS is replaced as Servicer, there may be losses or delays in processing payments or losses on the Purchased Receivables due to a disruption in servicing during a transfer to a successor Servicer, or because the successor Servicer is not as experienced as VWFS. This may cause delays in payments or losses under the Notes. There is no guarantee that a successor Servicer will provide the servicing at the same level as VWFS. The Servicer will, however, not be released from its obligations under the Servicing Agreement until a successor Servicer has entered into a new servicing agreement with the Issuer.

### **Risk of Non-Existence of Receivables**

If any of the Receivables have not come into existence at the time of their transfer to the Issuer under the relevant Receivables Purchase Agreement or belong to another Person other than the Seller, such transfer would not result in the Issuer acquiring title to such Receivable. The Issuer would not receive adequate value in return for its purchase price payment. This risk, however, will be mitigated by contractual representations and warranties and the contractual obligation that (i) if such Receivable had not come into existence, VWFS shall pay to the Issuer an amount equal to the amount paid by the Issuer for such non-existent Receivable on the relevant Purchase Date or (ii) if such Receivable belongs to another person, VWFS shall pay to the Issuer an amount equal to the Settlement Amount for such non-existing Receivable on the Repurchase Date. Such Settlement Amount will be equal to the present value of the Purchased Receivable on the last calendar day of the month prior to the repurchase date in which the buying back shall become effective using, as applicable, the Discount Rate.

### **Equitable Assignment**

Assignment by VWFS to the Issuer of the benefit of the Receivables derived from Financing Contracts governed by the laws of England and Wales will take effect in equity only because no notice of the assignment will be given to Obligor.

The giving of notice to the Obligor of the assignment (whether directly or indirectly) to the Issuer would have the following consequences:

- (a) notice to the Obligor would "**perfect**" the assignment so that the Issuer would take priority over any interest of a later encumbrance or assignee of VWFS' rights who has no notice of the assignment to the Issuer;
- (b) notice to an Obligor would mean that the Obligor should no longer make payment to VWFS as creditor under the Financing Contract but should make payment instead to the Issuer. If the Obligor were to ignore a notice of assignment and pay VWFS for its own account, the Obligor might still be liable to the Issuer for the amount of such payment. However, for so long VWFS remains the Servicer under the Servicing Agreement, VWFS also is the agent of the Issuer for the purposes of the collection of the Receivables and will, accordingly, be accountable to the Issuer for any amount paid to VWFS in respect of the Receivables;
- (c) notice to the Obligor would prevent VWFS and the Obligor amending the relevant Financing Contract without the involvement of the Issuer. However, VWFS will undertake for the benefit of the Issuer that VWFS will not waive any breach under, or amend the terms of, any of the Financing Contracts, other than in accordance with VWFS' Customary Operating Practices; and
- (d) lack of notice to the Obligor means that the Issuer will have to join VWFS as a party to any legal action which the Issuer may want to take against any Obligor. VWFS as Seller will, however, undertake for the benefit of the Issuer that VWFS will lend its name to, and take such other steps as may be required by the Issuer or the Security Trustee in relation to any action in respect of the Purchased Receivables and VWFS grants the Issuer a power of attorney in this regard.

Until notice is given to the Obligor, equitable set-off rights (such as for misrepresentation or breach of contract as referred to in "**Liability For Misrepresentations And Breach Of Contract**" below) may accrue in favour of an Obligor in respect of his obligation to make payments under the relevant Financing Contract. Exercise of such rights by the Obligor may, therefore, result in the Issuer receiving less money than anticipated from the Receivables, which may in turn lead to reduced amounts being available to pay the Noteholders. The assignment of any Receivables to the Issuer will be subject both to any prior equities which have arisen in favour of the Obligor and to any equities which may arise in the Obligor's favour after the assignment until such time (if ever) as he receives actual notice of the assignment.

Notification Events have been put in place in the transaction to mitigate the risk deriving from the equitable assignment but there can be no certainty as to the timing and effectiveness of such Notification Events.

### **Changes to the UK regulatory structure**

The Financial Conduct Authority (the "**FCA**") is responsible for the consumer credit regime in the UK. The FCA regulates firms in the sector both prudentially and through extensive conduct of business requirements ensuring that business across the sector is conducted in a way which advances the interests of all users and participants.

The FCA has been the regulator since April 2014 and it is still evolving its practices in connection with the consumer credit regime. In light of this it is possible that it will take further action to impose stricter rules on current practices of regulated firms. It is possible that through the actions it takes as regulator it will have an effect on the Financing Contracts, the Seller, and the Issuer and their respective businesses and operations, which may, in turn, affect the Issuer's ability to make payments in full on the Notes when due.

### **Regulatory framework**

The regulatory framework for consumer credit in the UK consists of the Financial Services and Markets Act 2000 ("**FSMA**") and its secondary legislation, including the Financial Services and Markets Act (Regulated Activities) Order 2001 (the "**RAO**"), retained provisions in the Consumer Credit Act 1974, as amended by the Consumer Credit Act 2006, and its retained associated secondary legislation (the "**CCA**"), and rules and guidance in the FCA Handbook, including the Consumer Credit Sourcebook ("**CONC**"). Article 60B of the RAO defines a regulated credit agreement as an agreement between an individual ("**A**") and any other person ("**B**") under which B provides A with credit of any amount and which is not an exempt agreement under articles 60C to 60HA of the RAO. Article 60C of the RAO contains an exemption for consumer credit contracts exceeding the value of £25,000, which are entered into wholly or predominantly for the debtor's business purposes.

The application of the CCA to the Financing Contracts which are regulated by the CCA (the "**Regulated Financing Contracts**") will have several consequences including the following:

#### **(a) Voluntary Terminations**

At any time before the last payment falls due in respect of the relevant Regulated Financing Contract, the Obligor may, pursuant to sections 99 and 100 of the CCA, terminate the relevant Regulated Financing Contract. Obligors do not have to state a reason for exercising their rights under this section. Generally Obligors may take advantage of the right of voluntary termination when they are in financial difficulty, or when the residual value of the Vehicle on part-exchange is less than the amount that would be payable on Early Settlement. In order to terminate the Regulated Financing Contract, the Obligor is required to notify VWFS. On and upon notification the Obligor must return the Vehicle, at its own expense, to an address as reasonably required by VWFS, together with everything supplied with the vehicle.

In such a case VWFS is entitled to:

- (i) all arrears of payments due and damages incurred for any other breach of the Regulated Financing Contract by the Obligor prior to such termination;
- (ii) the amount (if any) by which one half of the total amount which would have been payable under the Regulated Financing Contract if it had run its course exceeds the aggregate of

sums already paid by the Obligor and amounts due from the Obligor under the Regulated Financing Contract immediately before exercise by the Obligor of its statutory right of termination;

- (iii) possession of the relevant vehicle subject to the Regulated Financing Contract being terminated; and
- (iv) any other sums due but unpaid by the Obligor under the Regulated Financing Contract.

Following the Voluntary Termination of a Financing Contract, VWFS will take possession of the relevant vehicle and will sell such Vehicle in accordance with its Customary Operating Practices. VWFS will apply (a) any amounts received per paragraphs (i) and (ii) above and (b) any proceeds from the sale of the vehicle to reduce the receivables balance of the Financing Contract that remains outstanding following the Voluntary Termination. Following such application, any remaining amounts of receivables balance on the Financing Contract that has been the subject of the Voluntary Termination will be written-off and reduced to zero.

Following the end of the Revolving Period, if an Obligor exercises its rights to terminate a Financing Contract pursuant to sections 99 and 100 of the CCA, it is possible that the Notes may be redeemed earlier than anticipated.

Furthermore if an Obligor terminates a Financing Contract pursuant to sections 99 and 100 of the CCA, it is possible that the Issuer will not receive the full amount of the principal amount outstanding on the relevant Purchased Receivable and an amount of principal will accordingly be written-off. This in turn could trigger losses in respect of the Notes.

(b) **Early Settlement of Regulated Financing Contracts**

The Obligor has a statutory right to discharge his payment liability, and obtain title to the Vehicle, under the Regulated Financing Contract in advance of its scheduled final repayment date by paying VWFS all unpaid scheduled payments through to the scheduled final repayment date together with all other amounts due and payable under the relevant Regulated Financing Contract less a rebate calculated pursuant to the provisions of the Consumer Credit (Early Settlement) Regulations 2004 (the "**Early Settlement Regulations**") (see sub-paragraph (d) below).

In addition, from 1 February 2011 the Obligors under a Regulated Financing Contract entered into after 11 June 2010 have a right to make partial early repayments of the Regulated Financing Contract. One or more partial early repayment(s) may be made at any time during the life of the relevant Regulated Financing Contract, subject to the Obligor taking certain steps as outlined in Section 94 of the CCA. The provisions on partial early settlement are largely the same as those for full early settlement and the framework operates in much the same way.

(c) **Termination of Regulated Financing Contracts**

VWFS has the right to terminate the Regulated Financing Contract in the event of an unremedied material breach of agreement by the Obligor. In such case VWFS is entitled to repossess the vehicle (however, where the Obligor has paid at least one-third of the total amount payable, the vehicle becomes "**protected**" under the CCA with the consequences described in "**Protected Goods**" below) and recover either:

- (i)
  - (1) all arrears of payments due and damages incurred for any breach of the Regulated Financing Contract by the Obligor prior to such termination;
  - (2) all VWFS' expenses of recovering or trying to recover the Vehicle, storing it and tracing the Obligor and any shortfall relating to the sale or other disposal of vehicle (including all expenses of sale); and

- (3) any other sums due but unpaid by the Obligor under the Regulated Financing Contract less a rebate calculated pursuant to the provisions of the Early Settlement Regulations (see below).

(ii) or such lesser amount as a court considers will compensate VWFS for its loss.

Court decisions have conflicted on whether the amount payable by the obligors on termination by the lender (for example, for repudiatory breach by the Obligor) is restricted to the amount calculated by the one-half formula for termination by the Obligor. The Financing Contracts provide that the amount payable by the Obligor on termination by VWFS is the outstanding balance of the total amount payable under the Financing Contract less any statutory rebate for early settlement and less any proceeds of sale or estimated value of the vehicle so the Financing Contracts reflect those court decisions favourable to VWFS on this point.

(d) **Rebate on Early Settlement or on Termination of a Regulated Financing Contract by VWFS**

In the case of Regulated Financing Contracts, a rebate of credit charges may be due on early settlement. The amount of the rebate is calculated in accordance with the Early Settlement Regulations. The rebate is available only in the circumstances specified in the Early Settlement Regulations. No such rebate is required where the Obligor exercises his right to terminate a Regulated Financing Contract as described in (a) above, as the Obligor may terminate the relevant Regulated Financing Contract, without discharging in full the total amount payable under the Regulated Financing Contract.

(e) **Time Orders**

If, with regards to a Regulated Financing Contract, certain default or enforcement proceedings are taken or notice of early termination is served on an Obligor, the Obligor can apply to the court for a time order to change the timing of payments under his Regulated Financing Contract or to repay the outstanding sum by lower instalments than provided for in his Regulated Financing Contract. Under the provisions of the CCA the court has a wide discretion to make an order incorporating such amendments to the relevant Regulated Financing Contract as it considers fit, in order to achieve the objectives of the time order.

(f) **Bona fide purchaser**

A disposition of the vehicle by the Obligor to a bona fide private purchaser without notice of the Financing Contract will transfer to the purchaser VWFS' title to the vehicle.

(g) **Interpretation of technical rules**

VWFS has interpreted certain technical rules under the CCA in a way common with many other lenders in the vehicle finance market. If such interpretation were held to be incorrect by a court or other dispute resolution authority, then the Financing Contract would be unenforceable without a court order. If such interpretation were challenged by a significant number of Obligors, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts. Where agreements are unenforceable without a court order due to minor documentary defects, lenders have historically pursued such debts as though they are simply enforceable, until such time as those defects were raised by the borrower and/or the court in any claim. To mitigate the risks associated with this approach, lenders currently rely on the decision in *McGuffick v Royal Bank of Scotland* [2010] 1 All ER 634, in which the High Court ruled that, in relation to agreements which were unenforceable by reason of failures to provide copies under sections 77 and 78 of the CCA, steps which fell short of obtaining a court judgment against the borrower were not "enforcement" within the meaning of the CCA.

(h) **Enforcement of improperly executed or modified Regulated Financing Contracts**

If a Regulated Financing Contract has been "**improperly executed**" (as such term is used in the CCA) or improperly modified in accordance with the provisions of the CCA, it may be unenforceable unless a court order has been obtained. A Regulated Financing Contract may be completely unenforceable in circumstances where (i) there is no Regulated Financing Contract signed by the Obligor; and/or (ii) the form and content of certain prescribed pre-contract information and the agreement do not conform to the relevant detailed provisions of the CCA.

(i) **"Unfair relationship"**

The court has power under section 140A of the CCA to determine that the relationship between a lender and a customer arising out of the credit agreement (whether alone or with any related agreement) is unfair to the consumer. In applying the new unfair relationship test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the lender's conduct before and after making the agreement. There is no statutory definition of "**unfair**" as the intention is for the test to be flexible and subject to judicial discretion. The Supreme Court has given general guidance in respect of unfair relationships in *Plevin v Paragon Personal Finance Ltd* [2014] 1 WLR 4222. Whilst the court acknowledged that it is not possible to state a precise or universal test for an unfair relationship, which must depend on the court's judgment of all the relevant facts, the court did give guidance on the nature of the test which should be applied. The Supreme Court acknowledged that what must be unfair is the relationship between the debtor and the creditor. Although the court is concerned with hardship to the debtor, there may be features which operate harshly against the debtor but it does not necessarily follow that the relationship is unfair because the features in question may be required in order to protect a legitimate interest of the creditor. The FCA principles are also relevant and apply to the way contract terms are used in practice and not just the way they are drafted. Once an Obligor alleges that an unfair relationship exists, the burden of proof is on the lender to prove the contrary.

(j) **Financial Ombudsman Service**

The Financial Ombudsman Service is an out-of-court dispute resolution scheme with jurisdiction to determine complaints against authorised persons under the FSMA relating to conduct in the course of specified regulated activities including in relation to consumer credit.

Under FSMA, the Financial Ombudsman Service is required to make decisions on, among others, complaints relating to the terms in agreements on the basis of what, in the Ombudsman's opinion,

would be fair and reasonable in all the circumstances of the case, taking into account, among others, law and guidance. Complaints brought before the Financial Ombudsman Service for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. The Financial Ombudsman Service may order a money award to an Obligor, which may adversely affect the value at which the Financing Contracts in the Receivables could be realised and accordingly the ability of the Issuer to meet its obligations under the Notes. The jurisdiction of the Financial Ombudsman Service has applied since 6 April 2007.

(k) **Private rights of action under the FSMA**

An Obligor who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an FCA authorised person of a rule under the FSMA. From 1 April 2014, such rules include rules in the FCA Consumer Credit Sourcebook (CONC), which transposes certain requirements previously made under the CCA and in OFT guidance. The Obligor may set off the amount of the claim for contravention of CONC against the amount owing under the Regulated Financing Contract or any other credit agreement he has taken with the authorised person (or exercise analogous rights in Scotland). Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.

(l) **Enforcement action by the FCA**

The FCA has a broad range of enforcement powers under the FSMA which it can take against authorised firms where the firm breaches a requirement of the FSMA. These powers include the ability to order restitution and implement consumer redress schemes under Section 404 of FSMA. In addition where a lender or broker does not have the relevant permission an agreement will be unenforceable against the customer without an order of the FCA.

(m) **Servicing Requirements**

VWFS has to comply with certain post contract information requirements under the CCA. Failure to comply with these requirements can have a significant impact. For example: (a) the credit agreement is unenforceable against the customer for any period when the lender fails to comply with requirements as to periodic statements, arrears notices or default notices (although any such unenforceability may be cured prospectively by the lender complying with requirements as to periodic statements, arrears notices and default notices); (b) the customer is not liable to pay interest or default fees for any period when the lender fails to comply with requirements as to periodic statements or arrears notices; and (c) interest on default fees is restricted to nil until the 29th day after the day on which a notice of default fees is given and then to simple interest (i.e. interest may only be calculated on the principal amount of the default fee).

**Liability for misrepresentations and breach of contract**

(a) **Regulated Financing Contracts**

Under section 75 of the CCA, an Obligor may make a claim against VWFS as well as a supplier in respect of any misrepresentations made by the supplier in a transaction between the supplier and the Obligor during negotiations between them before execution of the relevant Regulated Financing Contract or for a breach of contract. This liability arises in relation to, for example, insurance products where the creditor can be liable to the Obligor for misrepresentation or breach of contract by an insurer (or a dealer on its behalf) in relation to an insurance contract between the insurer and the Obligor and financed by a Regulated Finance Contract.

In all the above circumstances, VWFS normally has a right to be reimbursed by the supplier for any amount paid to the Obligor in respect of the Obligor's claim and any costs (including legal costs) incurred in defending the claim.

Equitable (or equivalent or analogous) set-off rights (such as for misrepresentation or breach of contract) may accrue in favour of the Obligor in respect of its obligation to make payments under the

relevant Financing Contract. Exercise of such rights by the Obligors may, therefore, result in the Issuer receiving less money than anticipated from the Receivables, which may in turn lead to reduced amounts being available to pay the Noteholders.

In addition under section 56 of the CCA where a credit broker, such as a dealer, carries out antecedent negotiations with an Obligor those negotiations will be deemed to be carried out in the capacity of agent of the creditor as well as in his actual capacity. As a result VWFS will be potentially liable in respect of any misrepresentations made by any credit broker involved in introducing an Obligor to VWFS. This liability arises in relation to the Vehicle, and applies for example, to the dealer's promise to the Obligor on the quality or fitness of the Vehicle, and can extend, for example, to the dealer's promise to apply a part-exchange allowance to discharge an existing credit agreement. If any such pre-contractual statement is a misrepresentation or implied condition in the regulated consumer credit contract, then the Obligor is entitled to, amongst other things, rescind the contract and return the goods, and to treat the contract as repudiated by VWFS and accept such repudiation by notice, and is not liable to make any further payments, and may claim repayment of the amounts paid by the Obligor under the contract and damages such as the cost of hiring an alternative vehicle. The Obligor may set-off the amount of any such money claim against the amount owing by the Obligor under the credit agreement or any other credit agreement he has taken with VWFS (or exercise analogous rights in Scotland).

(b) **All Financing Contracts including Regulated Financing Contracts**

Under the Supply of Goods (Implied Terms) Act 1973 an Obligor may also make a claim for breach of contract against VWFS or, potentially, terminate the Financing Contract for repudiatory breach if the vehicle the subject of the Financing Contract is not of satisfactory quality (which includes an assessment of whether it is fit for its intended purpose) or as described. Under the terms of each Financing Contract, there is one clause which purports to restrict VWFS' liability for any loss, injury or damage (other than death or personal injury) caused by VWFS' negligence or breach of contract. This clause is expressly stated to be subject to the relevant implied terms of the Supply of Goods (Implied Terms) Act 1973 in relation to title, conformity of the vehicles in question as to description, sample, quality and fitness for a particular purpose.

For Financing Contracts entered into on or after 1 October 2015 by Obligors acting wholly or mainly outside that Obligor's trade, business, craft or profession equivalent protections are contained in the Consumer Rights Act 2015 (the "**CRA15**"). Where the Obligor makes the contract other than in the course of a business this exclusion does not affect the Obligor's statutory rights, either under the Supply of Goods (Implied Terms) Act 1973 or the CRA15, that the goods be of satisfactory quality fit for their intended purpose and as described. Where the Obligor makes the contract in the course of a business the exclusion of liability will only be binding if it meets a statutory test of reasonableness.

In the above circumstances, VWFS will normally have a right to claim against the dealer or supplier for any amount paid to the Obligor in respect of the Obligor's claim and any costs (including legal costs) incurred in defending the claim. If any such case arises and the Obligor's claim is successful, VWFS would also ordinarily seek to sell the Vehicle back to the dealer.

**Protected Goods**

If, under a Regulated Financing Contract, the Obligor has paid VWFS one-third or more of the total amount payable under the relevant Regulated Financing Contract, the vehicle becomes "**protected**" pursuant to section 90 of the CCA and VWFS is not entitled to repossess it, unless VWFS first obtains an order from the court to this effect. If, however, the Obligor terminates the Regulated Financing Contract, the vehicle ceases to be "**protected**" and VWFS may effect repossession unless the court grants the Obligor a "**time order**" rescheduling the Obligor's outstanding liabilities under the Regulated Financing Contract, or otherwise exercises any other discretion which it may have under the CCA. In the event any of the vehicles owned by Obligors are protected, this could potentially cause delays in recovering amounts due from the Obligors and consequently may reduce amounts available to Noteholders.

**Other risks resulting from Consumer Legislation**

(a) **Unfair Terms in Consumer Contracts Regulations 1999**

The Unfair Terms in Consumer Contracts Regulations 1999 (the "**UTCC Regulations**") apply in relation to the Financing Contracts involving consumers entered into prior to 1 October 2015. An Obligor may challenge a term in an agreement on the basis that it is "**unfair**" within the meaning of the UTCC Regulations and therefore not binding on the Obligor.

A term shall be regarded as unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations arising under the contract to the detriment of the consumer. It should be noted that there is no strict definition as to what will constitute an "**unfair**" term, although Schedule 2 to the UTCC Regulations provides a (non-exhaustive) list of terms that may potentially be deemed to be unfair. The assessment of unfairness will take into account all the circumstances attending the conclusion of the contract.

Ultimately, only a court can decide whether a term is fair; however, it will take into account any relevant guidance published by the Competition and Markets Authority or the FCA. The FCA had previously published guidance on how it would interpret the UTCC Regulations. This guidance was withdrawn in March 2015 following a number of decisions by the Court of Justice of the European Community and the then impending enactment of the CRA15 on 1 October 2015 and the repeal on that date of the UTCC Regulations. The FCA will also consider the terms of agreements, and how the terms are applied in light of their "**Treating Customers Fairly**" principle. In particular, they will look at whether satisfactory outcomes have been achieved for customers.

For transactions entered into on and after 1 October 2015, the CRA15 will apply in place of the UTCC Regulations. The CRA15 continues to provide consumers with substantially the same rights as they enjoyed under the UTCC Regulations and also extends protection to announcements or other communications, whether or not in writing, that may be seen by the consumer that are related to the Financing Agreement. The CRA15 makes both consumer contracts and consumer notices unenforceable if they fail the fairness test; introduces a more stringent test for fairness by making main subject matter of the contract or terms which set the price subject to the fairness test if they are not both transparent and prominent; and introduces new terms into the list of potentially unfair clauses in consumer contracts.

No assurance can be given that the implementation of the CRA15 or changes to guidance will not have an adverse effect on the Receivables, VWFS, the Servicer, the Issuer and their respective businesses and operations. The broad and general wording of the UTCC Regulation and the CRA15 makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a court would find a term to be unfair. It is therefore possible that any agreements made with consumers may contain unfair terms, which may result in the possible unenforceability of those unfair terms. This may adversely affect the ability of the Issuer to dispose of Receivables, or any part thereof, in a timely manner and/or the realisable value of the Receivables, or any part thereof, and accordingly affect the ability of the Issuer to meet its obligations under the Notes when due.

No assurance is given that future changes to the CRA15, the manner in which the CRA15 is applied, interpreted or enforced, or changes to guidance relating to the CRA15 will not have an adverse effect on the Receivables, VWFS, the Servicer, the Issuer and their respective businesses and operations. This may adversely affect the ability of the Issuer to dispose of Receivables, or any part thereof, in a timely manner and/or the realisable value of the Receivables, or any part thereof, and accordingly affect the ability of the Issuer to meet its obligations under the Notes when due.

(b) **Unfair Commercial Practices Directive 2005**

On 11 May 2005, the European Parliament and the Council adopted the Unfair Commercial Practices Directive (SI 2005/29/EC) (the "**UCPD**"). The UCPD is a maximum harmonisation Directive, which means that (except for financial services and immoveable property) Member States may not impose more stringent provisions than those provided for by the UCPD.

The UCPD seeks to harmonise unfair trading laws in all Member States by: (i) introducing a general prohibition on traders not to treat consumers unfairly; (ii) obliging businesses not to mislead consumers through acts or omissions or through subjecting them to aggressive commercial practices such as high pressure selling techniques; and (iii) introducing a prohibition of specified practices that



will be deemed unfair in all circumstances. The UCPD has a wide scope in that it prohibits unfair business-to-consumer practices in all sectors, however, it only focuses on the protection of economic interests. Other interests such as health, safety, taste or decency are outside its scope.

The UCPD is intended to protect only the collective interests of consumers; it does not seek to provide individual consumers with a private right of action.

The Consumer Protection from Unfair Trading Regulations 2008 (SI 2008/1277) (the "**Consumer Protection Regulations**"), which implement the UCPD, came into force on 26 May 2008.

The Consumer Protection Regulations are comprised of three key restrictions:

- (i) Regulation 3 sets out a general prohibition of unfair commercial practices, so as to catch all practices which do not fall into the specific prohibitions of misleading and aggressive practices or the specifically banned practices. In accordance with Regulation 3, a commercial practice is "**unfair**" if:
  - (1) the practice contravenes the requirements of "**professional diligence**" (which is the special skill and care a trader may be reasonably expected to exercise commensurate with honest market practice or the general principle of good faith in its field of activity); and
  - (2) the practice materially distorts or is likely to materially distort the economic behaviour of the average consumer with regard to the product in question.
- (ii) Regulations 5 to 7 set out specific prohibitions in respect of misleading actions or omissions, and aggressive practices, respectively.
- (iii) Schedule 1 to the Consumer Protection Regulations contains a list of 31 specified commercial practices that are in all circumstances to be deemed unfair. Evidence of their effect, or likely effect, on the average consumer is not required in order to prove a breach under the Consumer Protection Regulations.

Enforcers (such as the Competition Markets Authority and local trading standards authorities) may take civil enforcement action in respect of a breach of the Consumer Protection Regulations and consumers also have a right to redress for prohibited practices, including a right to unwind agreements, claim damages or obtain a discount.

The Consumer Protection Regulations require the Competition and Markets Authority and local trading standards authorities to enforce the Consumer Protection Regulations by prosecution or by seeking an enforcement order to prevent a business from carrying on unfair practices. In addition, the FCA addresses unfair practices in its regulation of consumer finance. No assurance can be given that any regulatory action or guidance in respect of the Consumer Protection Regulations will not have a Material Adverse Effect on the Financing Contracts and accordingly on the Issuer's ability to make payments in full when due on the Notes.

### **FCA ongoing work in the motor finance market sector**

The FCA has been looking at the motor finance market to develop its understanding of the relevant products and how they are sold, and to assess whether the products cause harm to consumers and if the market is functioning as well as it could. The FCA published its final findings in March 2019. In particular, the FCA found that commission models allowing broker discretion on interest rates have the potential for significant customer harm in terms of higher interest charges. The FCA refers in particular to Increasing Difference in Charges (DiC) and Reducing Difference in Charges commission models, which 'can provide strong incentives' for brokers to arrange finance at higher interest rates. With DiC models, brokers are paid a fee which is linked to the interest rate payable by the customer. The contract between the lender and broker sets a minimum (for Increasing DiC) or maximum (for Decreasing DiC) interest rate and the fee is a proportion of the difference in interest charges between the actual interest rate and the minimum/maximum interest rate. On 15 October 2019, the FCA published a consultation paper (CP 19/28) proposing a ban on motor finance discretionary commission models where the amount of the commission is linked to the interest rate the customer pays and

which the dealer or broker has the power to set. This includes Increasing DiC and Reducing DiC models, as well as scaled commission models. Such a prohibition aims to address consumer harm by removing the financial incentive for brokers or dealers to increase a customer's interest rate. The FCA has also prepared draft amendments to its rules and guidance on commission disclosure to customers. The FCA's final rule changes in July 2020, and new rules introducing a ban on discretionary commission models have applied since 28 January 2021. The FCA has also introduced new disclosure rules relating to commission paid by customers which also take effect from this date. In addition, the FCA published a "**Dear CEO**" letter on 20 January 2020 entitled "**Portfolio Strategy: Motor Finance Providers**" setting out its supervisory strategy for the period to August 2021.

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the vehicle finance market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller, whether arising from the FCA review into the motor finance industry or otherwise. Additionally, this may have a Material Adverse Effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations and may in turn adversely affect the Issuer's ability to make payments in full when due on the Notes.

### **Scottish Receivables**

Certain of the Financing Contracts have been entered into with Obligors who are (a) consumers and (b) located in Scotland and certain of the vehicles financed pursuant to the Financing Contracts are located in Scotland. In such circumstances, there is a risk that the Scottish courts could apply Scots law based on regulations 5 and 8 of the Unfair Terms in Consumer Contracts Regulations 1999 and from 1 October 2015 the CRA15.

If a Scottish court were to declare that a Financing Contract was in fact governed by Scots law (a "**Scottish Financing Contract**"), the Scots court may declare that such Scottish Financing Contract had always been governed by Scots law, and that the Scottish Financing Contract should therefore be interpreted as a matter of Scots law. There is therefore a risk that the transfer under English law of Receivables derived from Scottish Financing Contracts ("**Scottish Receivables**") sold by VWFS to the Issuer may not be considered to be a valid transfer by the Scots courts.

To mitigate this risk, VWFS will declare trusts (each a "**Scottish Trust**") in favour of the Issuer over the Scottish Receivables and the Vehicles relating thereto and the Issuer will be the beneficiary under each Scottish Trust. To the extent a Scots court considers the Financing Contract to be governed by Scots law, legal title to the relevant Scottish Receivable will remain with VWFS because no formal assignation of the Scottish Receivable duly intimated to the relevant Obligor(s) will have been made. The legal position of the Issuer under each Scottish Trust is substantially in accordance with that set out above in relation to the holding of an equitable interest in the Purchased Receivables governed by the laws of England and Wales.

The fixed charge granted by the Issuer in favour of the Security Trustee over the Issuer's assets provides for, among other things, an Assignation in Security of the Issuer's interest in Scottish Trusts.

### **Reliance on Warranties**

If the warranties given by the Seller in the Receivables Purchase Agreement in respect of the Purchased Receivables are breached on (i) the Initial Cut-Off Date in respect of the Initial Receivables or (ii) the relevant Additional Cut-Off Date in respect of the Additional Receivables and such failure materially and adversely affects the interests of the Issuer or the Noteholders, the Seller shall have until the end of the Monthly Period which includes the sixtieth (60th) day (or, if the Seller so elects, an earlier date) after the date that the Seller became aware or was notified of such breach to cure or correct such breach (the "**Cure Period**"). The Issuer's sole remedy will be to require the Seller to take one of the following remedial actions:

- (a) remedy the matter giving rise to such breach if such matter is capable of remedy provided that, if a remedy within the relevant Cure Period (as defined above) is not practicable, VWFS may remedy such breach by the last day of the following calendar month; or
- (b) repurchase the relevant Purchased Receivable at a price equal to, or, in case of a breach of clause 8.1(h) (Warranties and Representations) of the Receivables Purchase Agreement, pay to the Issuer, the Settlement Amount of such Purchased Receivable as at the end of the calendar month

immediately preceding such repurchase provided that, if it is not practicable to repurchase such Purchased Receivable within the relevant Cure Period (as defined above), VWFS may repurchase such Purchased Receivable on the immediately following Payment Date.

The Servicer shall immediately notify the Issuer and the Security Trustee if the Servicer becomes aware of any breach of the Seller's representations and warranties or of any breach of any undertaking given by the Seller in any relevant Transaction Documents, including, but not limited to, clauses 8.1 and 8.2 (Warranties and Representations) of the Receivables Purchase Agreement.

Additionally, each of the Issuer and Security Trustee agree to notify VWFS promptly upon becoming aware of any breach of representation or warranty set out in clause 8.1 (Warranties and Representations) of the Receivables Purchase Agreement of a Purchased Receivable. This will not constitute an obligation of the Issuer and/or the Security Trustee to investigate whether any such breach has occurred.

If the Seller breaches any warranty given in respect of itself in the Receivables Purchase Agreement as at each Additional Purchase Date and the breach materially and adversely affects the interests of the Issuer and Noteholders, the Issuer may require VWFS to remedy the matter giving rise to such breach if such matter is capable of remedy provided that, if a remedy within the relevant Cure Period (as defined above) is not practicable, the Seller may remedy such breach by the last day of the following calendar month. The Seller also agrees, subject to certain exclusions and limitations, to indemnify the Issuer and the Security Trustee for any breach of its obligations under the Receivables Purchase Agreement and the other Transaction Documents to which it is a party, its failure to comply with any applicable law, rule or regulation imposed upon it by the laws of England and Wales or Scotland or the non-conformity of any Financing Contract with such law, rule or regulation or any product liability claim for damages for personal injury or damage to property or other similar or related claim, liability or action proceedings in respect of which are commenced in the courts of England and Wales or Scotland, arising in connection with any Receivable or Vehicle related thereto or Financing Contract.

### **Reliance on Servicing and Collection Procedures**

VWFS, in its capacity as Servicer, will carry out the servicing, collection and enforcement of the Receivables, including foreclosure on the Receivables in accordance with the Servicing Agreement (see "**ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT**"). Accordingly, the Noteholders are relying on the business judgment and practices of VWFS as they exist from time to time, in its capacity as Servicer to collect and enforce claims against the Obligors.

See also "RISK FACTOR – Risks related to the Purchased Receivables – The Corona Pandemic may have a material negative impact on the performance of the Issuer under the Notes".

### **Conflicts of Interest**

VWFS, the Arranger, the Manager, the Security Trustee and the Swap Counterparty are acting in a number of capacities in connection with the transaction. These parties will have only those duties and responsibilities expressly agreed to by them in the relevant agreement and will not, by virtue of their or any of their Affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each agreement to which they are a party. The aforementioned parties in their various capacities in connection with the Transaction may enter into business dealings from which they may derive revenues and profits without any duty to account therefore in connection with the transaction.

VWFS, in particular, may hold and/or service claims against the Obligors other than the Purchased Receivables. The interests or obligations of the aforementioned parties in their respective capacities with respect to such other claims may in certain aspects conflict with the interests of the Noteholders.

The aforementioned parties may engage in commercial relationships, in particular, be lender, provide general banking, investment and other financial services to the Obligors and other parties. In such relationships the aforementioned parties are not obliged to take into account the interests of the Noteholders. Accordingly, because of these relationships, potential conflicts of interest may arise out of the transaction.

In the event that any of the above parties were to fail to perform their obligations (including any failure to deliver reports that it is required to prepare) under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control such as epidemics or pandemics), Noteholders may be adversely affected.

### **Fixed Charges may take effect as Floating Charges**

Pursuant to the terms of the Deed of Charge and Assignment, the Issuer has purported to grant fixed charges over, among other things, its interests in the Purchased Receivables and their Ancillary Rights, its rights and benefits in the Accounts from time to time.

English law relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only if, for example, it is determined that the Security Trustee has not been provided sufficient control over the charged assets (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating security under Scots law). If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Transaction Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administrator or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 251 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but a new Section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000, or £800,000 in relation to floating charges which come into existence on or after 6 April 2020) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors and from 1 December 2020 HMRC obtained preferential status as a secondary preferential creditor in respect of certain taxes (eg, VAT, PAYE, employee NICs, student loan deductions and construction industry scheme deductions). This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

### **Termination for Good Cause (*Kündigung aus wichtigem Grund*)**

As a general principle of German law, a contract may always be terminated for good cause (*Kündigung aus wichtigem Grund*) and such right may not be totally excluded nor may it be subject to unreasonable restrictions or consent from a third party. This may also have an impact on several limitations on the right of the parties to terminate any of the German Transaction Documents for good cause.

### **Employees**

Some Obligors may be employees of VWFS. Consequently, they may have a right of set-off against amounts due under the Purchased Receivables against unpaid wages or other cash benefits. Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the notes.

### **Historical and Other Information**

The historical information set out in particular in "**DESCRIPTION OF THE PORTFOLIO**" is based on the historical experience and present procedures of the Seller. None of the Issuer, the relevant Swap Counterparty, the Arranger, the Manager, the Security Trustee, the Principal Paying Agent, or the Corporate Services Provider has undertaken or will undertake any investigation or review of, or search to verify the historical information. There can be no assurances as to the future performance of the Purchased Receivables. Any deterioration of the future performance of the Purchased Receivables may result in the Issuer not receiving sufficient Collections to redeem part or all of the Notes.

#### **IV. Legal, Macro-economic and regulatory risks relating to the Notes**

##### **General market volatility**

On 31 December 2020 at 11pm (the "**IP Completion Time**") the transition period agreed under the 'Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community' (the "**Withdrawal Agreement**") ended. From the IP Completion Time the UK ceased to be part of the European Economic Area and left the EU customs union and single market. The UK and EU/European Atomic Energy Community signed the 'Trade and Cooperation Agreement' on 30 December 2020 (the "**Trade and Cooperation Agreement**") in order to govern the future relationship between the UK and the EU from the IP Completion Time. The Trade and Cooperation Agreement covers trade in goods and services, establishes a framework for co-operation as to citizen's security and a governance mechanism. The Trade and Cooperation Agreement is applicable in the UK from 1 January 2021 and provisionally applicable in the EU from 1 January 2021 until ratification by the European Parliament.

The Withdrawal Agreement (the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (as so amended, the "**EUWA**") together with secondary legislation enacted under powers provided in the EUWA ensures that the UK has a functioning statute book from the IP Completion Time. The UK's financial services regulators, the Bank of England, PRA and FCA have been granted temporary transitional powers to delay or modify firms' regulatory obligations where they have changed as a result of a statutory instrument made under Section 8 of the EUWA. These modifications are temporary and there can be no assurance that such arrangements will continue to be available in the future.

There are a number of areas of uncertainty in connection with the future of the UK and its relationship with the European Union and it is not currently possible to determine the impact that the UK's departure from the European Union and/or any related matters may have on general economic conditions in the UK, including the performance of the UK automobile market. It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the Purchased Receivables), the Transaction Parties and/or any Obligor in respect of the underlying Financing Contract, or on the regulatory position of any such entity or of the transactions contemplated by the Transaction Documents under EU regulation or more generally.

Prospective investors should also note that the regulatory treatment, including the availability of any preferential regulatory treatment, of the Notes may be affected (as to which see RISK FACTORS - Risk Retention and Due Diligence Requirements).

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market.

##### **Market and Liquidity Risk for the Notes**

Presently, there is not an active and liquid secondary market for the Notes and there is no guarantee that an active and liquid secondary market will be established in the near future. Although the Manager could establish a secondary market for the Notes, this does not necessarily mean that they are obliged to do so and any market activity which has been there in the past can be easily terminated without prior notice. If there are no market activities (i.e. bids and offers) by the Manager, it is unlikely that a liquid secondary market will be established. It is therefore not guaranteed that a secondary market will be established and even if such market is established that it provides sufficient liquidity to absorb any bids or that any Noteholder will be able to find a buyer for Notes held by it. Accordingly investors should be prepared to be invested in the Notes until final maturity of the relevant Notes.

Noteholders should be aware of the prevailing and widely reported global credit market conditions which continue at the date hereof, and the general lack of liquidity in the secondary market for instruments similar to the Notes. Specifically, the secondary markets have experienced disruptions resulting from reduced investor demand for asset-backed securities and increased investor yield requirements for those securities. As a result, the secondary market for asset-backed securities has experienced extremely limited liquidity which has had a severe adverse effect on the market value of asset-backed securities such as the Notes. Limited liquidity in the secondary market for asset-backed securities may continue to have a severe adverse effect on the market value of asset-backed securities, especially those securities that are more sensitive to

prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. The market values of the Notes are likely to fluctuate and may decrease. Any such fluctuation may be significant and could result in significant losses to investors in the Notes. In addition, the forced sale into the market of asset-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market.

The market continues to develop in relation to SONIA as a reference rate in the capital markets. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). In this respect, the Bank of England released a discussion paper in February 2020 entitled "Supporting Risk-Free rate transition through the provision of compounded SONIA" pursuant to which the Bank stated its intention to publish a daily SONIA compounded index and a set of compounded SONIA period averages, an approach similar to that already taken by the Federal Reserve bank of New York in respect of SOFR. This means that a screen rate based on an observable publicly available average rate or index may evolve over time but there is no guarantee of this. As a result, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate issued under this Base Prospectus. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Payment Date. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

#### **Changes or uncertainty in respect of SONIA may affect the value and payment of interest under the Notes**

Various interest rates and other indices which are deemed to be "benchmarks", including SONIA, are the subject of recent national and international regulatory reforms and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the EU Benchmarks Regulation.

Under the EU Benchmarks Regulation, which applied as from 1 January 2018 in general, new requirements apply with respect to the provision of a wide range of benchmarks (including LIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the EU Benchmarks Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, deemed equivalent or recognised or endorsed). The scope of the EU Benchmarks Regulation is wide and applies to many interest rates, foreign exchange rate indices and other indices where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue (EU regulated market, EU multilateral trading facility, EU organised trading facility) or via a systematic internaliser, certain financial contracts and investment funds.

The UK Benchmarks Regulation contains similar requirements with respect to the UK, in particular the requirement for benchmark administrators to be authorised or registered (or, if non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and prevent certain uses by UK-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK based, deemed equivalent or recognised or endorsed). The UK treasury is proposing to further extend the transitional period for third country benchmarks from 31 December 2022 to 31 December 2025.

Based on the foregoing, investors should be aware that any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be, or may cause such benchmarks to be discontinued entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

The Class A Notes Interest Rate and the Class B Notes Interest Rate will be determined on the basis of Compounded Daily SONIA (as defined in the Conditions). Compounded Daily SONIA differs from LIBOR for Sterling deposits in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and Compounded Daily SONIA may behave materially differently as interest reference rates for the Notes and under the Swap Agreement. The use of Compounded Daily SONIA as a reference rate for debt securities is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing Compounded Daily SONIA.

These reforms, benchmarks reforms at a European or UK level and other pressures may cause one or more interest rate benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. In particular, investors should be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including Compounded Daily SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) if SONIA is discontinued and an amendment as described in paragraph (c) below has not been made, then the rate of interest on the Notes will be determined for each applicable interest period by the fall-back provisions provided for under the definition of SONIA, although such provisions, being dependent in part upon the provision by the Bank of England's Bank Rate (the "**Bank Rate**"), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available;
- (c) while an amendment may be made under Condition 14 (*Amendments to Conditions and Benchmark Rate Modification*) to change the Compounded Daily SONIA rate on the Notes to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (d) if SONIA is discontinued or is otherwise unavailable, and whether or not an amendment is made under Condition 14 (*Amendments to Conditions and Benchmark Rate Modification*) to change the Compounded Daily SONIA rate on the Notes as described in paragraph (b) above there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate to allow the transactions to effectively mitigate interest rate risk in respect of the Notes and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available.

Investors should note the various circumstances under which a Benchmark Rate Modification may be made, which are specified in Condition 14 (*Amendments to Conditions and Benchmark Rate Modification*). As noted above, these events broadly relate to SONIA's disruption or discontinuation, but also include, *inter alia*, any public statements by the regulatory supervisor of the administrator of the Applicable Benchmark Rate to that effect, and a Benchmark Rate Modification may also be made if the Issuer (or the Servicer) reasonably expects any of these events to occur. Investors should also note the various options permitted as an Alternative Benchmark Rate as set out in Condition 14 (*Amendments to Conditions and Benchmark Rate Modification*).

Moreover, any of the above matters (including an amendment to change the SONIA rate as described in paragraph (c) above) or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a Material Adverse Effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to

SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

### **Risk Retention and Due Diligence Requirements**

Regulation (EU) No 2017/2402 dated 12 December 2017 and any relevant regulatory and/or implementing technical standards adopted by the European Commission in relation thereto, any relevant regulatory and/or implementing technical standards applicable in relation thereto pursuant to any transitional arrangements made pursuant to the EU Securitisation Regulation, and in each case, any relevant guidance published by the European Banking Authority, the European Securities and Markets Authority (or, in either case, any predecessor authority), the European Commission and by national competent authorities (the "**EU Securitisation Regulation**") applies from 1 January 2019 subject to certain transitional and grandfathering provisions.

Regulation (EU) No 2017/2402 dated 12 December 2017, as it forms part of domestic law of the United Kingdom by virtue of the EUWA, and any implementing laws or regulations in force in the United Kingdom in relation to the EU Securitisation Regulation or amending the EU Securitisation Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, binding technical standards and related documents published by the FCA and the PRA of the United Kingdom) (the "**UK Securitisation Regulation**") applies in the UK from the IP Completion Time. The UK's financial services regulators, being the Bank of England, PRA and FCA, have been granted temporary transitional powers to delay or modify firms' regulatory obligations where they have changed as a result of a statutory instrument made under Section 8 of the EUWA and standstill directions have been issued for a temporary period with respect to a number of provisions of the UK Securitisation Regulation.

Investors, to which the EU Securitisation Regulation or UK Securitisation Regulation is applicable, should make themselves aware of the requirements of Articles 5 et seqq. of the EU Securitisation Regulation or UK Securitisation Regulation, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

#### *Risk Retention*

Article 6 of the EU Securitisation Regulation provides for a direct obligation on originators to retain a net economic interest. Article 5 (1)(c) of the EU Securitisation Regulation requires institutional investors as defined in Article 2 (12) of the EU Securitisation Regulation, which term also includes an insurance or reinsurance undertaking as defined in the EU Solvency II Regulation and an alternative investment fund manager as defined in the EU AIFM Regulation, to verify that, if established in the European Union, the originator, sponsor or original lender retains on an ongoing basis a material net economic interest in accordance with Article 6 of the EU Securitisation Regulation and the risk retention is disclosed to the institutional investor in accordance with Article 7(1)(e) of the EU Securitisation Regulation. The originator is not established in the European Union but has contractually agreed to comply with Article 6 of the EU Securitisation Regulation.

Article 6 of the UK Securitisation Regulation provides for a direct obligation on originators to retain a net economic interest. Article 5 (1)(c) of the UK Securitisation Regulation requires institutional investors as defined in Article 2 (12) of the UK Securitisation Regulation, which term also includes an insurance or reinsurance undertaking as defined in the UK Solvency II Regulation and an alternative investment fund manager as defined in the UK AIFM Regulation, to verify that, if established in the United Kingdom, the originator, sponsor or original lender retains on an ongoing basis a material net economic interest in accordance with Article 6 of the UK Securitisation Regulation and the risk retention is disclosed to the institutional investor in accordance with Article 7(1)(e) of the UK Securitisation Regulation.

With respect to the commitment of the originator to retain a material net economic interest with respect to the Transaction, following the issuance of Initial Notes and/or Further Notes after 1 January 2019, VWFS is the "**originator**" for the purposes of Article 2(3) of the UK Securitisation Regulation and the EU Securitisation Regulation. VWFS is legally bound to comply with the provisions of the UK Securitisation Regulation and contractually agrees to comply with the provisions of the EU Securitisation Regulation. VWFS shall, whilst any of the Notes remain outstanding retain for the life of such Notes a material net economic interest of not less than 5 per cent. with respect to the Transaction in accordance with:



- (a) in the case of the EU Securitisation Regulation, Article 6(3)(c) of the EU Securitisation Regulation and pursuant to Article 43(7) of the EU Securitisation Regulation, until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the EU Securitisation Regulation, Commission Delegated Regulation (EU) 625/2014, and
- (b) in the case of the UK Securitisation Regulation, Article 6(3)(c) of the UK Securitisation Regulation and Article 43(7) of the UK Securitisation Regulation until such time as UK regulatory technical standards are published jointly by the FCA and PRA, the Commission Delegated Regulation (BTS 625/2014 as amended by Annex R of The Technical Standards (Capital Requirements) (EU Exit) (No. 3) Instrument 2019),

through retention of randomly selected "**exposures**" (i.e. Receivables), equivalent to no less than 5 per cent. of the nominal amount of the "**securitised exposures**" (i.e. the Purchased Receivables) at the Issue Date, where such exposures would otherwise have been securitised in the securitisation, provided that the number of potentially securitised exposures is no less than 100 at origination. The Seller has prepared a table as set out in the section "**THE PURCHASED RECEIVABLES POOL**" of this Base Prospectus with a view to reflect that it complies with Article 6(3)(c) of the UK Securitisation Regulation and Article 6(3)(c) of the EU Securitisation Regulation. The pool of exposures (being Receivables) to be randomly selected and retained by the Seller will have the characteristics set out in the table titled "**Retention according to Article 6(3)(c) of the UK Securitisation Regulation and Article 6(3)(c) of the EU Securitisation Regulation**" in the section "**THE PURCHASED RECEIVABLES POOL**".

The outstanding balance of the retained exposures may be reduced over time by, amongst other things, amortisation and allocation of losses or defaults on the underlying Purchased Receivables. The Monthly Investor Reports will also set out monthly confirmation as to the Seller's continued holding of the original retained exposures.

It should be noted that there is no certainty that references to the retention obligations of the Seller in this Base Prospectus will constitute explicit disclosure (on the part of the Seller) or adequate due diligence (on the part of the Noteholders) for the purposes of Article 5 of the EU Securitisation Regulation or the UK Securitisation Regulation.

#### *Due diligence*

Article 5 of the EU Securitisation Regulation and the UK Securitisation Regulation places an obligation on institutional investors (as defined in the EU Securitisation Regulation and the UK Securitisation Regulation) before investing in a securitisation and thereafter, to analyse, understand and stress test their securitisation positions and monitor on an ongoing basis in a timely manner performance information on the exposures underlying their securitisation positions. After the Issue Date, the Servicer (on behalf of the Issuer) will prepare monthly investor reports wherein relevant information with regard to the Purchased Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller in accordance with Article 7(1)(e) of the EU Securitisation Regulation and the UK Securitisation Regulation.

Prospective investors should note that there can be no assurance that the information in this Base Prospectus or to be made available to investors in accordance with Article 7 of the EU Securitisation Regulation or the UK Securitisation Regulation will be adequate for any prospective institutional investors to comply with their due diligence obligations under the EU Securitisation Regulation or the UK Securitisation Regulation. With respect to the Securitisation Regulation (UK) Disclosure Requirements, the Servicer will rely on the standstill direction issued by the FCA under its temporary transitional powers under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 governing the form of reporting templates, which will be in the form provided by Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 as such are permitted to be used by the FCA until the expiry of the Standstill Period.

Where the relevant retention requirements are not complied with in any material respect and there is negligence or omission in the fulfilment of the due diligence obligations on the part of a credit institution that is investing in the Notes, a proportionate additional risk weight of no less than 250 per cent. of the risk weight (with the total risk weight capped at 1250 per cent.) which would otherwise apply to the relevant securitisation position will be imposed on such credit institution, progressively increasing with each subsequent infringement of the due diligence provisions. Noteholders should make themselves aware of the provisions of the CRD IV

Package and make their own investigation and analysis as to the impact of the CRD IV Package on any holding of Notes.

If the Seller does not comply with its obligations under Article 6 of the EU Securitisation Regulation or Article 6 of the UK Securitisation Regulation, the ability of the Noteholders to sell and/or the price investors receive for, the Notes in the secondary market may be adversely affected.

Following the issuance of Initial Notes and/or Further Notes on or after 1 January 2019, relevant investors, to which the Securitisation Regulation is applicable, are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with the CRD IV Package or Article 5 of the EU Securitisation Regulation and Article 5 of the UK Securitisation Regulation and none of the Issuer, the Seller, the Manager nor the Arranger makes any representation that the information described above is sufficient in all circumstances for such purposes.

Noteholders should take their own advice and/or seek guidance from their regulator on compliance with, and the application of, the provisions of the CRD IV Package and Article 6 of the EU Securitisation Regulation and Article 6 of the UK Securitisation Regulation in particular.

**The Notes will not be STS - Simple, transparent and standardised securitisation.**

#### *EU STS securitisation*

The EU Securitisation Regulation also makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction (an "**EU STS securitisation**"). In order to obtain this designation, a transaction is required to comply with the requirements set out in Articles 20, 21 and 22 of the EU Securitisation Regulation (the "**EU STS Criteria**") and one of the originator or sponsor in relation to such transaction is required to file a STS notification to ESMA confirming the compliance of the relevant transaction with the EU STS Criteria.

As at the Closing Date the originator is not established in the EU and so the Transaction will not qualify as an EU STS securitisation on the basis that the requirements of Article 18 of the EU Securitisation Regulation are not fulfilled. The Notes will not be eligible as high quality liquid assets for the purposes of Liquidity Coverage Ratio as it applies in the EU from such date. The Transaction is not intended to be designated as an EU STS securitisation for the purposes of the EU Securitisation Regulation.

The missing EU STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment under various EU regimes that take into account the EU STS framework such as Type 1 securitisation under EU Solvency II; regulatory capital treatment under the securitisation framework of the EU CRR; and type 2B securitisation under the LCR Regulation.

#### *UK STS securitisation*

The UK Securitisation Regulation also makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction in the UK (an "**UK STS securitisation**"). In order to obtain this designation, a transaction is required to comply with the requirements set out in Articles 20, 21 and 22 of the UK Securitisation Regulation (the "**UK STS Criteria**") and one of the originator or sponsor in relation to such transaction is required to file a STS notification to the FCA confirming the compliance of the relevant transaction with the UK STS Criteria.

As at the Closing Date, whilst the originator is established in the UK and there is no requirement for the Issuer to be established in the UK for the purposes of Article 18 of the UK Securitisation Regulation, the Transaction will also not be classified as an UK STS securitisation and therefore will not be eligible as high quality liquid assets for the purposes of Liquidity Coverage Ratio as it applies in the UK from such date. The Transaction is not intended to be designated as an UK STS securitisation for the purposes of the UK Securitisation Regulation.

The missing STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment under various UK regimes that take into account the STS framework (such as Type 1 securitisation under UK Solvency II); regulatory capital treatment under the securitisation framework of the UK CRR; type 2B securitisation under the LCR Regulation as it applies in the UK.

Prospective investors are responsible for analysing their own position in relation to compliance with relevant regulations and should consult their own advisers in this respect. Prospective investors should consider (and where appropriate, take independent advice on) the potential consequences of the Transaction not being considered an EU or UK STS securitisation, which may include (but are not limited to) the negative regulatory position of and capital charges on the Notes and the negative effect on the price and liquidity of the Notes in the secondary market. Prospective investors are themselves responsible for monitoring and assessing changes to the EU or UK risk retention rules and their regulatory capital requirements.

### **Litigation in connection with the NOx issue in the UK**

VWFS and other Volkswagen Group entities face legal proceedings from a number of firms of solicitors based in the UK acting on behalf of affected owners or lessees, of which some had financial agreements with VWFS in respect of their vehicle. On 28 October 2016 one of the claimant law firms representing a number of claimants applied to the High Court for a Group Litigation Order ("**GLO**") for claims relating to the NOx issue. At present in the English group litigation, there are approximately 91,000 claimant entries in the Group Register with 11 claimant law firms representing these claimants. We are also aware of other law firms who have released advertisements to the public intimating the bringing of claims against the Volkswagen Group in respect of the NOx issue (the "**Group B claims**"). A number of Group B claims have been issued which are not within the existing GLO. However, the defendants have not, as at the date of this Base Prospectus, been served with the same nor analysed these claims for accuracy.

The first Case Management Conference ("**CMC**") following the making of the GLO in March 2018 took place on 5-6 March 2019 before the Managing Judge, Mr Justice Waksman.

At the CMC, Mr Justice Waksman ordered that a trial take place in respect of two preliminary issues. The trial of those preliminary issues commenced on 2 December 2019 and concluded on 13 December 2019.

Judgment was handed down on the preliminary issues on 7 April 2020 in which the Judge held the following in respect of each of the preliminary issues: Preliminary issue 1

- The courts in England and Wales (and other member state courts) are bound by the decision of the German Federal Motor Vehicle Transport Authority's findings that the affected vehicles contained a defeat device;
- It was an abuse of process for the claimants to seek to attack that finding collaterally by denying the vehicles contained a defeat device;
- The English Courts are not bound by the determination in the Vehicle Certification Agency ("**VCA**") letters that the affected vehicles contained a defeat device because the VCA had not made a formal finding. Nor was it an abuse of process to raise this issue in these proceedings.

#### Preliminary issue 2

- As a matter of English law (applying EU law) the software in the vehicles did amount to a defeat device within the meaning of Article 3(10) of Regulation 715/2007.

The defendants were denied permission to appeal the Judge's decision. The defendants' application to the Court of Appeal for permission to appeal was rejected on 5 August 2020.

At the CMC on 13 November 2020, the claimants sought to amend the Generic Particulars of Claim, in part, to plead that the technical measures of affected vehicles contained a prohibited defeat device due to the presence of a "thermal window". The claimants alleged that such a thermal window increases the level of damages recoverable in their claim. For the avoidance of doubt, it is denied that the thermal windows in question constitute a prohibited defeat device in the affected vehicles. The claimants also pleaded some changes in respect of the New Car Code as allegations of further misrepresentations or of a further prohibited practice under the Consumer Protection from Unfair Trading Regulations 2008. By consent between the parties, the amendments were allowed into the case before the Judge sat in the CMC.

The defendants have also consented to the claimants' latest amendments to their pleadings in respect of Regulation (EU) 2018/858 which came into force on 1 September 2020. The Regulation relates to the

approval and market surveillance of motor vehicles, and of systems, components and separate technical units intended for such vehicles.

The claimants served a further amended Generic Particulars of Claim on 19 February 2021. The defendants continue to deny the claimants' now amended case. An amended defence was filed by the defendants on 26 February 2021.

The claimants have also provisionally raised in correspondence other factors that they allege may constitute prohibited defeat devices either within the technical measures or otherwise. It is unclear at this stage whether they will amend their claim accordingly, but they are suggesting that they will do so.

In respect of the timetable for the main group litigation (i.e. the determination of all issues of liability and quantum), a substantive hearing took place between 3 December and 10 December 2021. The applications heard at that hearing concerned: (i) the Defendants' application to strike out, or obtain summary judgment in respect of, the Claimants' claims in deceit; and (ii) the Claimants' application for summary judgment and strike out in relation to the issue of satisfactory quality and validity of the certificates of conformity. Judgment is due to be handed down on 21 December 2021. Ahead of the hearing, there was a dispute about the scope of the Claimants' satisfactory quality application. The judge decided that part of their application would be heard as planned on 8-10 December, with the remainder (depending upon the outcome of the 21 December judgment) to be heard at a further hearing during March 2022.

The date for the next CMC, at which it is likely that the timetable for fact and expert evidence will be set down, has not yet been fixed but it is anticipated that it will likely take place in April 2022 (but this will depend in part upon the upcoming judgment due on 20 December 2021 and the timing of the hearing in March 2022 to hear the remainder of the Claimants' satisfactory quality application).

The trial of the lead cases is due to commence on 24 January 2023 with a provisional end date no later than the end of the summer 2023 term.

As against VWFS, claimants that entered into a financial contract with VWFS allege that they have a claim under the Consumer Credit Act 1974 ("**CCA**") on the basis that an 'unfair relationship' under the terms of the CCA existed between VWFS as a result of actions and/or omissions alleged against other Volkswagen Group entities. The claimants seek compensatory damages for these alleged breaches of the CCA and other relief for the losses they are alleged to have suffered.

Other causes of action brought against VWFS by the claimants include misleading commercial practices under the Consumer Protection from Unfair Trading Regulations 2008, and breaches of the implied term as to quality under the Sale of Goods Act 1979.

In respect of the Group B claims, all available information suggests that the claims that the Group B claimants will be looking to run in relation to EA 189 diesel engines are similar or identical to those presently advanced in the current group action.

VWFS continues to dispute the allegations being made and intends to vigorously defend the litigation and believes that there are good defences to the claims as it understands them.

The Issuer has been advised by VWAG that, based on both VWAG's data and leading market data and opinion, the residual values of the EA 189 engine vehicles affected by the NOx issue or of Volkswagen Group brand vehicles more generally have not been adversely affected as a result of the issue. However, there is evidence of a general degradation in residual values in the UK used car market as a result of the existing economic cycle. This is likely to impact the residual values of VWFS's portfolio in the short term and beyond. VWFS is continually monitoring the residual values of its portfolio through robust, well-established and business as usual monitoring processes, with the appropriate level of provisioning being maintained. For information, correspondence from the claimants has questioned the relevance of such residual values analysis in properly determining their loss.

Volkswagen Aktiengesellschaft, VWFS and other Volkswagen Group entities have been notified of threatened new claims in England and Wales in relation to certain diesel vehicles leased or sold in England, Wales and Northern Ireland since 2009 which contain various diesel engine types. No claim form has been served and the claims are uncertain in scope.

See the section "RISK FACTORS – Other Risks Resulting from Consumer Legislation – (2) Unfair Commercial Practices Directive 2005", and "RISK FACTORS – Unfair Relationship" and "RISK FACTORS – Liability for misrepresentations and breach of contract".

### **U.S. Risk Retention**

The Transaction will not involve risk retention by the Seller for the purposes of the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Base Prospectus as "Risk Retention U.S. Persons"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned Affiliate or branch of the sponsor or issuer organised or located in the United States.

The Notes sold as part of the initial distribution may not be purchased by Risk Retention U.S. Persons in the transaction. Prospective investors should note that whilst the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to the definition of U.S. person under Regulation S, the definitions are not identical and persons who are not "U.S. persons" under Regulation S may be "U.S. persons" under the U.S. Risk Retention Rules.

There can be no assurance that the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Failure of the offering of the Notes to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action which may adversely affect the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by a transaction to comply with the risk retention requirements of the U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Notes.

### **Basel Capital Accord and regulatory capital requirements**

The European authorities have now incorporated the Basel III framework into EU law, primarily through Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directive 2006/48/EC and 2006/49/EC (Capital Requirements Directive – "**CRD**"), as amended by Directive (EU) 2019/878 of 20 May 2019 (the "**CRD V**"), and the CRR, as amended by Regulation (EU) 2019/876 of 20 May 2019 (the "**CRR II**"). The provisions of CRD V and CRR II will apply in stages, the latest of which will apply from 2023. The changes under CRD V and CRR II which recently entered into force may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

Under the EUWA, the CRR (as it had effect immediately before the end of the transition period under the Withdrawal Act) became part of the domestic law of the United Kingdom by virtue of the EUWA, and was amended to ensure it functioned in a UK context. As elements of CRD V and CRR II did not apply before the end of the Transition Period, this means that some, but not all, of the amendments made by CRR II became UK law and the UK has also implemented some, but not all, of the CRD V Directive. The Prudential Regulation Authority (the "**PRA**") intends to implement those of the Basel III standards which make it equivalent to the remainder of CRR II on 1 January 2022, but this may change and there is no guarantee the UK would replicate CRR II or the associated Basel III standards exactly. The UK Government has presented a draft Financial Services Bill to UK Parliament (the "**FS Bill**") which will, among other things, establish the framework for the UK implementation of the Basel III standards that remain to be implemented in the UK. The PRA launched a consultation paper in February 2021 setting out their proposed rules to implement such outstanding Basel III standards in the UK.

The Basel Committee on Banking Supervision has finalised a package of reforms to the Basel III framework ("**Basel 3.1**"). The implementation date of the Basel 3.1 standards is 1 January 2023, and most of these revisions are not included in CRR II or CRD V, and have not yet been legislated for in the EU.

Additionally, Regulation (EU) No 2015/61 of 10 October 2014 (the "**LCR Regulation**") sets out assumed asset inflow and outflow rates to better reflect actual experience in times of stress. On 19 November 2018, Delegated Regulation (EU) 2018/1620 amending the LCR Regulation (the "**Delegated Regulation**") entered into force, pursuant to which, *inter alia*, (i) the calculation of the expected liquidity outflows and inflows on repurchase agreements, reverse repurchase agreements and collateral swaps shall be aligned with the international liquidity standard developed by Basel Committee on Banking Supervision; (ii) the treatment of certain reserves held with third-country central banks shall be amended and (iii) transactions exposures of securitisations, which qualify as simple, transparent and standardised securitisations in accordance with the EU Securitisation Regulation and the UK Securitisation Regulation, shall qualify as Level 2B high quality liquid assets, if they additionally fulfil the conditions laid down in Article 13 of the LCR Regulation. The Delegated Regulation applied in the EU and the UK as from 30 April 2020 and applies in the UK by virtue of the EUWA.

The CRD V, the CRR II, the LCR Regulation and the Delegated Regulation may have negative implications on the cost of regulatory capital for certain investors and thereby on the overall return from an investment of the Notes and the liquidity of the Notes. Therefore, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them by the CRD V, the CRR II, the LCR Regulation and the Delegated Regulation. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

There can be no guarantee that the regulatory capital treatment of the Notes for investors will not be affected by any future implementation of and changes to the CRD V, or other regulatory or accounting changes.

### **Recovery and Resolution Proceedings**

As a result of the Banking Recovery and Resolution Directive 2014/59/EU of 15 May 2014 (the "**BRRD**"), it is possible that a credit institution or investment firm with its head office in an EEA state and/or certain group companies (such institution, investment firm or group company could encompass any Swap Counterparty) could be subject to certain resolution actions in that state.

Directive ((EU) 2019/879) ("**BRRD II**") was required to be transposed into national law in the UK and EU by 28 December 2020. BRRD II amends the BRRD by, amongst other matters, providing EU Member States with the power to ensure that their resolution authorities have the power to suspend payment or delivery obligations and enforcement action by secured creditors, including an exemption to include a contractual recognition of bail-in clause in certain circumstances and introducing requirements on the contractual recognition of resolution stay powers.

Any such resolution action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents (including the Swap Agreements) and there can be no assurance that Noteholders will not be adversely affected as a result.

### **Change of Law**

The structure of the issue of the Notes and the related transaction is based on Luxembourg, English and German law (including tax law) in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or changes to any relevant law, the interpretation thereof or administrative practice after the date of this Base Prospectus. Any negative judicial decision or change to any relevant law, the interpretation thereof or administrative practice could negatively affect payment under the Notes.

## V. Risks related to Taxation

### The Common Reporting Standard

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("**DAC II**") implements the Common Reporting Standard ("**CRS**") in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis.

For the purposes of complying with its obligations under CRS and DAC II, if any, the Issuer shall be entitled to require Noteholders to provide any information regarding their and, in certain circumstances, their controlling persons' tax status, identity or residence in order to satisfy any reporting requirements which the Issuer may have as a result of CRS and DAC II and Noteholders will be deemed, by their holding, to have authorised the automatic disclosure of such information by the Issuer (or any nominated service provider) or any other person to the relevant tax authorities who will exchange the information with the tax authorities of other participating jurisdictions, as applicable. Failure by the Issuer to comply with its CRS and DAC II obligations, if any, may result in the Issuer being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed as a result under applicable law. Such monetary penalties may lead to an inability of the Issuer to pay fully or partially interest on the Notes and or to redeem part or all of the Notes.

### Transactions on the Notes could be subject to the European financial transaction tax, if adopted

On 14 February 2013, the EU Commission adopted a proposal (the "**Commission's Proposal**") for a Council Directive) on a common financial transaction tax ("**FTT**") in Austria, Belgium, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "**established**" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT is still subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

### U.S. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes.

A number of jurisdictions (including Luxembourg and the United Kingdom) have entered into, or agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such

withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "**foreign passthru payments**" are filed with the U.S. Federal Register generally would be "**grandfathered**" for the purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Prospective holders of the Notes should consult their own tax advisors with respect to the FATCA rules and the application of FATCA to such holder in light of such holder's individual circumstances.

### **No gross up of payments**

The Notes will not provide for gross-up of payments in the event that the payments on the Notes become subject to withholding taxes, so that if the Issuer would have to withhold or deduct amounts on account of tax from payments due under the Notes, the Noteholders would receive reduced payments only.

### **ATAD Laws and ATAD 3 Proposal**

The Issuer is liable to Luxembourg corporate income tax on its worldwide net profits. The Luxembourg laws of 21 December 2018, which implements the Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (commonly known as "**ATAD**") and the Luxembourg law of 20 December 2019 implementing the Council Directive (EU) 2017/952 of 29 May 2019 regarding hybrid mismatches with third countries (commonly known as ATAD 2), together the "**ATAD Laws**", introduced new tax measures into Luxembourg law, including among others a limitation as regards so-called "exceeding borrowing costs" and hybrid mismatch rules. Whilst certain exemptions and safe harbor provisions (for example, exceeding borrowing costs up to 3 million euro will always remain deductible) exist in relation to the limitation of exceeding borrowing costs, these new rules may in certain situations result in the limitation respectively the denial of the deduction of payments to investors for Luxembourg tax purposes, which may adversely affect the income tax position of the Issuer and as such affect generally its ability to make payments to the holders of the Notes. According to the December infringement package published by the European Commission on 2 December 2021, the European Commission sent a reasoned opinion to Luxembourg asking it to correctly transpose ATAD into its local laws regarding the treatment of securitisation vehicles subject to and compliant with the EU Securitisation Regulation. Under current Luxembourg law and contrary to the wording of ATAD, securitisation companies covered by and compliant with the EU Securitisation Regulation are excluded from the scope of the interest deduction limitation rules. The reasoned opinion follows a formal notice sent to Luxembourg on 14 May 2020. Luxembourg has two months to respond to the reasoned opinion. If Luxembourg does not address the criticism by amending its local laws, the European Commission may decide to refer the case to the Court of Justice of the European Union. The outcome of such request, and the impacts on the Issuer, if any, as well as whether such outcome/impacts will or will not have a retroactive effect remain uncertain and may as such negatively impact or alter the tax position of the Issuer.

In any case, clarifications as regards the ATAD Laws and their interpretation may be enacted after the date of this Base Prospectus, possibly with retroactive effect, and could alter the tax position of the Issuer. In addition, the Issuer may take positions with respect to certain tax issues resulting from the ATAD Laws which may depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the applicable tax authority, there could be a materially adverse effect on the Issuer and its ability to make payments to the holders of the Notes.

In addition, on 22 December 2021, the Council of the European Union published the proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes and amending Directive 2011/16/EU (the "**ATAD 3 Proposal**"). Under the ATAD 3 Proposal, reporting obligations would be imposed on certain entities resident in a Member State for tax purposes. If these entities qualify as shell entities, they would not be able to access the benefits of the tax treaty network of its Member State nor to qualify for benefits under Council Directive 2011/96/EU of 30 November 2011, as amended (known as the EU parent-subsidiary directive) and/or Council Directive 2003/49/EC of 3 June 2003, as amended (known as the EU interest and royalties directive). Furthermore, they would not be entitled to a certificate of tax residence to the extent that



such certificate serves to obtain any of these benefits. Member States are expected to apply the provisions of the ATAD 3 Proposal as from 1 January 2024.

Securitisation companies covered by and compliant with article 2 point 2 of the EU Securitisation Regulation are excluded from the scope of the current version of the ATAD 3 Proposal. However, the ATAD 3 Proposal is still subject to negotiation and the final text of the ATAD 3 Proposal as well as its implementation into local laws remain currently uncertain. Consequently, the possible impacts of the ATAD 3 Proposal on the Issuer remain currently unknown.

Therefore, prospective holders of the Notes should make an investment decision only after careful consideration, with its independent advisers, as to the consequences of the ATAD Laws as well as to the evolution of the ATAD 3 Proposal and its potential impacts on the Issuer.

## **VI. Risks relating to the characteristics of the notes**

### **Eurosystem Eligibility**

The Notes are currently not Eurosystem eligible. However, the Class A Notes are intended to be held in a manner which would allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper, but does not necessarily mean that the Class A Notes in the future will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem eligible collateral**") at any or all times during their life. Such recognition will depend upon such satisfaction of all of the other Eurosystem eligibility criteria set out in the Guideline (EU) 2015/510 of the European Central Bank (the "**ECB**") of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast), which applies since 1 May 2015, as amended by Guideline (EU) 2019/1032 of the ECB of 10 May 2019 (ECB/2019/11) and Guideline (EU) 2020/1690 of the ECB of 25 September 2020 (ECB/2020/45). It is not expected that the Class A Notes and the Class B Notes will satisfy the Eurosystem eligibility criteria.

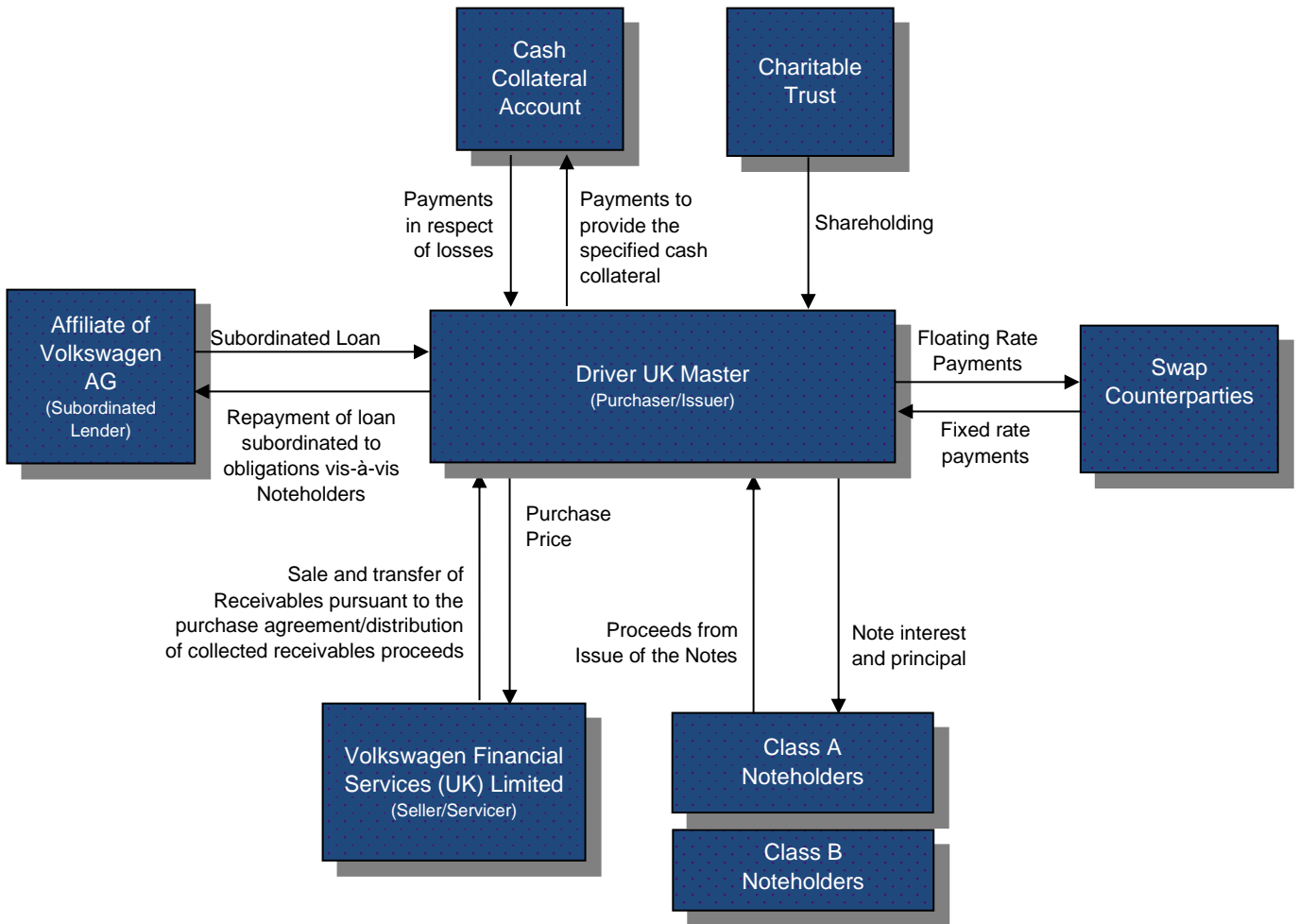
Neither the Issuer, the Manager nor the Arranger gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any prospective investor in the Class A Notes should consult its professional advisers with respect to whether or not the Class A Notes may constitute Eurosystem eligible collateral at any point of time during the life of the Class A Notes.

### **Bank of England Eligibility**

Certain investors in the Class A Notes may wish to consider the use of the Class A Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility ("**DWF**") and the Term Funding Scheme with additional incentives for small and medium sized enterprises ("**TFSME**"). Recognition of the Class A Notes as eligible securities for the purposes of the DWF and the TFSME will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Class A Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Class A Notes will not be eligible DWF or TFSME collateral. In addition, whilst central bank schemes such as, amongst others, the Bank of England's Sterling Monetary Framework, the Funding for Lending Scheme, the Term Funding Scheme or the European Central Bank's liquidity scheme have provided an important source of liquidity in respect of eligible securities, as at the date of this Base Prospectus, use of such schemes (other than TFSME) is now restricted to the maintenance of existing drawings by participants.

None of the Issuer, the Arranger or the Manager gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for the DWF or TFSME eligibility and be recognised as eligible DWF or TFSME collateral. Any potential investor in the Class A Notes should make its own determinations and seek its own advice with respect to whether or not the Class A Notes constitute eligible DWF or TFSME collateral.

### STRUCTURE DIAGRAM



## PRINCIPAL FEATURES OF THE NOTES

<b>Revolving Period</b>	The period from (and including) the Initial Issue Date and ending on (and including) the earlier of (i) the Series Revolving Period Expiration Date of the last outstanding Series of Notes and (ii) the occurrence of an Early Amortisation Event.
<b>Ratings on date of Base Prospectus and Expected Ratings on Further Issue Date for all Series of Class A Notes</b>	S&P: AAA(sf) Moody's: Aaa(sf)
<b>Ratings on date of Base Prospectus and Expected Ratings on Further Issue Date for all Series of Class B Notes</b>	The Class B Notes will not be rated
<b>Form of Notes</b>	All Series of Class A Notes are represented by global registered notes held under the NSS. All Series of Class B Notes are represented by global registered notes held by a Common Depositary for Euroclear and Clearstream Luxembourg.
<b>Listing and Admission to Trading</b>	Application has been made for listing on the official list of the Luxembourg Stock Exchange and for admission to trading of the Notes at the regulated market of the Luxembourg Stock Exchange.
<b>Clearing</b>	Clearstream, Luxembourg / Euroclear.

**KEY MINIMUM REQUIRED RATING DURING THE TERM OF THE TRANSACTION**

	<i>Short-term ratings</i>	<i>Long-term ratings</i>
<b>Account Bank Required Rating</b>	"A-1" from S&P and	"A" from S&P or
	"P-1" from Moody's and	"A+" from S&P and
	"P-1" from Moody's, if no long-term rating is maintained from Moody's.	"A2" from Moody's or
		"A2" from Moody's, if no short-term rating is maintained from Moody's.
<b>Eligible Swap Counterparty</b>		<p>Having a long-term counterparty risk assessment of, or if it does not have such counterparty risk assessment, a long-term, unsecured and unsubordinated debt or counterparty obligations rating of "Baa1" or above from Moody's; or</p> <p>Having a long-term counterparty risk assessment of, or if it does not have such counterparty risk assessment, a long-term, unsecured and unsubordinated debt or counterparty obligations rating of "Baa3" or above from Moody's and which either posts collateral in the amount and manner set forth in the Swap Agreements or obtains a guarantee from a person having the ratings of "Baa1"; and</p>
	(i) Having a rating of not less than the counterparty ratings for the S&P Collateral Framework Option then in effect pursuant to the Swap Agreement; or (ii) having the Minimum S&P Collateralised Counterparty Rating and posts collateral in the amount and manner set forth in the Swap Agreements or (iii) obtaining a guarantee from a party having the minimum required counterparty ratings for the S&P Collateral Framework Option then in effect;	(i) Having a rating of not less than the counterparty ratings for the S&P Collateral Framework Option then in effect pursuant to the Swap Agreement; or (ii) having the Minimum S&P Collateralised Counterparty Rating and posts collateral in the amount and manner set forth in the Swap Agreements or (iii) obtaining a guarantee from a party having the minimum required counterparty ratings for the S&P Collateral Framework Option then in effect;
<b>Monthly Remittance Condition shall be no longer satisfied if any of the following events occur:</b>	Volkswagen Financial Services AG (or any of its successors within the Volkswagen Group) no longer has a short-term rating for unsecured and unguaranteed debt of at least "A-2" from S&P	(i) Volkswagen Financial Services AG (or any of its successors within the Volkswagen Group) no longer has a long-term rating for unsecured and unguaranteed debt of at least "BBB" from S&P, or
		(ii) where Volkswagen Financial Services AG (or any of its successors within the Volkswagen Group) is not the subject of an S&P short-term rating, it has a long-term

		rating for unsecured and unguaranteed debt of at least " <b>BBB+</b> " from S&P, or
		(iii) S&P notifies the Issuer and/or the Servicer that VWFS is no longer deemed eligible under the applicable rating criteria by S&P, or
		(iv) Volkswagen Financial Services AG (or any of its successors within the Volkswagen Group) holds less than 100 per cent. of the shares of VWFS or
		(v) Volkswagen Financial Services AG (or any of its successors within the Volkswagen Group as parent of the Servicer) no longer has a long-term rating for unsecured and unguaranteed debt of at least " <b>Baa1</b> " by Moody's.

## TRANSACTION OVERVIEW

The following "**TRANSACTION OVERVIEW**" must be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Base Prospectus and in the relevant Final Terms. For a discussion of significant risk factors to be construed in connection with an investment in the Notes, see "**Risk Factors**". Capitalised terms not specifically defined in this TRANSACTION OVERVIEW shall have the meanings ascribed to them in clause 1 (*Definitions*) of the Incorporated Terms Memorandum which is dated on or about the date of this Base Prospectus and signed, for purposes of identification, by each of the Transaction Parties.

## THE PARTIES

<b>Issuer</b>	Driver UK Master S.A., a securitisation company within the meaning of the Luxembourg law of 22 March 2004 on securitisation as amended (" <b>Luxembourg Securitisation Law</b> "), incorporated under the form of a public limited liability company ( <i>société anonyme</i> ), with registered office at 22-24 Boulevard Royal, L-2449 Luxembourg registered with the trade and companies register under number B 162 723 (the " <b>Company</b> "), acting for and on behalf of its Compartment 4 (the " <b>Issuer</b> "). The Company has elected in its Articles of Incorporation ( <i>Statuts</i> ) to be governed by the Luxembourg Securitisation Law. The exclusive purpose of the Company is to enter into one or more securitisation transactions, each via a separate compartment (" <b>Compartment</b> ") within the meaning of the Luxembourg Securitisation Law. The Notes will be funding the fourth securitisation transaction (the " <b>Transaction</b> ") of the Issuer.
<b>Foundation</b>	Stichting CarLux, a foundation duly incorporated and validly existing under the laws of The Netherlands, having its registered office at Barbara Strozziilaan 101, 1083 HN Amsterdam, The Netherlands and registered with the trade register of the Chamber of Commerce in Amsterdam under number 34283304 (the " <b>Foundation</b> "). The Foundation owns all of the issued shares representing one hundred per cent (100%) of the Issuer. The Foundation does not have shareholders and would distribute any profits received from the Issuer (if any) to charitable organisations.
<b>Issuer and Purchaser</b>	Compartment 4 of Driver UK Master S.A. relating to the Transaction and the issue of the Notes has been created by a decision of the board of directors of Driver UK Master S.A. taken on 18 June 2018.
<b>Seller</b>	Volkswagen Financial Services (UK) Limited (" <b>VWFS</b> "), incorporated under the laws of the England as a company with limited liability (see the section " <b>The Seller and Servicer</b> ") having its corporate seat at Milton Keynes, United Kingdom and its registered offices at Brunswick Court, Yeomans Drive, Blakelands, Milton Keynes with registered number 02835230.
<b>Servicer</b>	VWFS, incorporated under the laws of England as a company with limited liability having its corporate seat at Milton Keynes, United Kingdom and its registered offices at Brunswick Court, Yeomans Drive, Blakelands, Milton Keynes with registered number 02835230.
<b>Arranger</b>	Royal Bank of Canada plc, a public company with limited liability incorporated under the Banking Act and with its registered office at 1 Place Ville Marie, Montreal, Quebec, H3C 3A9, Canada.
<b>Manager</b>	Royal Bank of Canada plc, a public company with limited liability incorporated under the Banking Act and with its registered office at 1 Place Ville Marie, Montreal, Quebec, H3C 3A9, Canada.
<b>Swap Counterparty</b>	Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden.
<b>Subordinated Lender</b>	VWFS, incorporated under the laws of England as a company with limited liability having its corporate seat at Milton Keynes, United Kingdom and its

registered offices at Brunswick Court, Yeomans Drive, Blakelands, Milton Keynes with registered number 02835230.

<b>Cash Collateral Account Bank, Distribution Account Bank, Accumulation Account Bank, Counterparty Downgrade Collateral Account Bank and Custodian</b>	Citibank N.A., London Branch, Citigroup Centre Canada Square, Canary Wharf, E14 5LB London, United Kingdom.
<b>Cash Administrator</b>	Citibank N.A., London Branch, Citigroup Centre Canada Square, Canary Wharf, E14 5LB London, United Kingdom.
<b>Security Trustee</b>	Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany.
<b>Principal Paying Agent and Interest Determination Agent</b>	Citibank N.A., London Branch, Citigroup Centre Canada Square, Canary Wharf, E14 5LB London, United Kingdom.
<b>Registrar</b>	Citigroup Global Markets Europe AG, Reuterweg 16, D-60323 Frankfurt am Main, Germany.
<b>Corporate Services Provider</b>	Circumference FS (Luxembourg) S.A., 22-24 Boulevard Royal, L-2449 Luxembourg.
<b>Data Protection Trustee</b>	Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany.
<b>Rating Agencies</b>	Moody's Investors Service Limited, Canary Wharf, 1 Canada Square, London E14 5FA, and S&P Global Ratings UK Limited, 20 Canada Square, Canary Wharf, London, United Kingdom, E14 5LH.
<b>Clearing Systems</b>	Clearstream Banking société anonyme, 42 Avenue JF Kennedy, L-1885 Luxembourg and Euroclear Bank NV./SA., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

## THE NOTES

<b>Class A Notes and Class B Notes</b>	The subject of this Base Prospectus are the Notes which may be issued under the Programme by the Issuer on any date prior to February 2030 (the " <b>Programme Maturity Date</b> "), all as further described herein. With respect to payment of interest and principal, all Series of Class A Notes rank <i>pari passu</i> amongst themselves but rank senior to all Series of Class B Notes. With respect to payment of interest and principal, all Series of Class B Notes rank <i>pari passu</i> amongst themselves but rank junior to all Series of Class A Notes.
<b>Issue Dates</b>	Series of Class A Notes and Series of Class B Notes have been issued on the Initial Issue Date and may be issued on any further Payment Date falling (i) in the case of Further Notes of an existing Series of Class A Notes or an existing Series of Class B Notes, prior to the Series Revolving Period Expiration Date applicable to such Series, or (ii) in the case of Further Notes of a different Series, on any Payment Date prior to the Programme Maturity Date (each such further Payment Date a " <b>Further Issue Date</b> "). The Issuer will inform the existing Noteholders of any such intention to issue by sending a notice to the relevant Noteholder.
<b>Capital structure for Tap-Ups</b>	The capital structure with regards to the issuance of Further Notes under this Base Prospectus shall be as follows:



Class A Notes Increase Amount:	71.30%*
Class B Notes Increase Amount:	7.90%*
Subordinated Loan increase percentage	18.168%
Further Receivables Overcollateralisation Percentage:	2.632%*
Total:	100 %*

\* Percentages are in relation to the Further Discounted Receivables Balance

Furthermore, along with each issuance of Further Notes under the Transaction the Cash Collateral Account balance shall be increased so as to be equal to 1.20 per cent. of the aggregate outstanding principal amount of the Notes as of the relevant Further Issue Date after application of the applicable Order of Priority on such Further Issue Date.

**Issue Price**

The issue price at which a Series of Notes of any Class of Notes will be sold is set out in the relevant Final Terms.

**Denomination**

Each of the Notes will be issued in a principal amount of at least GBP 100,000 or an amount in GBP equivalent to EUR 100,000.

**Interest and Principal**

Class A Notes

Each Series of the Class A Notes entitle the Class A Noteholders thereof to receive from the Available Distribution Amount on each Payment Date:

- (a) interest at the rate equivalent to the sum (subject to a floor of zero) of Compounded Daily SONIA plus a rate specified in the Final Terms for the relevant Series (the "**Class A Notes Interest Rate**") on the nominal amount of the Class A Notes outstanding immediately prior to such Payment Date; and
- (b) thereafter, on and from the first Payment Date after the Series Revolving Period Expiration Date in respect of such Series, from the remaining Available Distribution Amount on each Payment Date (and prior to the occurrence of an Enforcement Event, provided that (A) the payment of interest due and payable on the Class B Notes has been paid and (B) the balance of the Cash Collateral Account equals the Specified General Cash Collateral Account Balance), payment of the Class A Amortisation Amount which comprises:
  - 1. where on the relevant Payment Date some of the outstanding Series of Notes but not all Series of Notes are Amortising Series, then for any Series of Class A Notes which on the relevant Payment Date qualifies as an Amortising Series for the first time (such Payment Date with respect to such Series referred to as the "**Class A Series Amortisation Date**"), the Class A Amortisation Amount applicable to such Series with respect to all Payment Dates following such qualification shall be determined as the lesser of (i) the principal amount outstanding of such Series and (ii) the product of (1) the positive difference between (A) the Class A Available Redemption Collections and (B) the sum of the Class A Amortisation Amounts in respect of the other Amortising Series of Class A Notes with an earlier Class A Series Amortisation Date and (2) the Amortisation Factor applicable to such Amortising Series; or
  - 2. if on the relevant Payment Date all Series of Class A Notes are Amortising Series, the Class A Amortisation Amount for any Series of Class A Notes will be determined as the product of (i) the Class A Principal Payment Amount multiplied by (ii) the ratio

of the principal amount outstanding of the relevant Amortising Series of Class A Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Class A Notes on such Payment Date as denominator.

### **Class B Notes**

Each Series of the Class B Notes entitle the Class B Noteholders thereof to receive on each Payment Date, out of the amounts remaining from the Available Distribution Amount on each Payment Date:

- (a) after payment of interest due and payable on the Class A Notes, interest at the rate equivalent to the sum (subject to a floor of zero) of Compounded Daily SONIA plus a rate specified in the Final Terms for the relevant Series (the "**Class B Notes Interest Rate**") on the nominal amount of the Class B Notes outstanding immediately prior to such Payment Date; and
- (b) thereafter, on and from the first Payment Date after the Series Revolving Period Expiration Date in respect of such Series, from the remaining Available Distribution Amount (and prior to the occurrence of an Enforcement Event, provided that (A) the payment of interest due and payable on the Class A Notes and Class B Notes have been paid, (B) the payment of the Class A Amortisation Amount and the Class A Accumulation Amount has been paid and (C) the balance of the Cash Collateral Account equals the Specified General Cash Collateral Account Balance), on each Payment Date, payment of the Class B Amortisation Amount, which comprises:
  1. where on the relevant Payment Date some of the outstanding Series of Notes but not all Series of Notes are Amortising Series, then for any Series of Class B Notes which on the relevant Payment Date qualifies as an Amortising Series for the first time (such Payment Date with respect to such Series referred to as the "**Class B Series Amortisation Date**"), the Class B Amortisation Amount applicable to such Series with respect to all Payment Dates following such qualification shall be determined as the lesser of (i) the principal amount outstanding of such Series and (ii) the product of (1) the positive difference between (A) the Class B Available Redemption Collections and (B) the sum of the Class B Amortisation Amounts in respect of the other Amortising Series of Class B Notes with an earlier Class B Series Amortisation Date and (2) the Amortisation Factor applicable to such Amortising Series; or
  2. if on the relevant Payment Date all Series of Class B Notes are Amortising Series, the Class B Amortisation Amount for any Series of Class B Notes will be determined as the product of (i) the Class B Principal Payment Amount multiplied by (ii) the ratio of the principal amount outstanding of the relevant Amortising Series of Class B Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Class B Notes on such Payment Date as denominator.

With respect to payments of interest and principal, particular attention should be paid to the risk factor descriptions as set forth in "**Risk Factors**" and in particular the risk factor outlined under "**Risk Factors – Liability and Limited Recourse under the Notes**".

### **Interest Period**

Unless otherwise mutually agreed by the parties, the period from (and including) a Payment Date to (but excluding) the next succeeding Payment Date provided that the initial Interest Period in respect of the Notes issued on the Initial Issue Date is the period from (and including) the Initial Issue Date to (but excluding) the first Payment Date.

<b>Ratings</b>	<p>As at the date of this Base Prospectus the Class A Notes are rated "<b>AAA (sf)</b>" by S&amp;P, and "<b>Aaa(sf)</b>" by Moody's. The Class B Notes will not be rated. The ratings of the Class A Notes indicate the ultimate payment of principal and the timely payment of interest. The ratings should not be regarded as a recommendation by the Issuer, the Seller, the Servicer (if different from the Seller), the Manager or the Arranger, the Security Trustee, the Principal Paying Agent, the Interest Determination Agent, the Registrar, the Data Protection Trustee, the Swap Counterparty, the Account Bank or the Rating Agencies to buy, sell or hold the Class A Notes; the ratings are subject to revision or withdrawal at any time.</p>
<b>Discount Rate</b>	<p>6.3718% per annum, on the basis 30/360.</p> <p>The Discount Rate shall include an amount equal to the Interest Compensation Rate which is available to pay Interest Compensation Order of Priority Required Amounts on any Payment Date.</p>
<b>Discounted Receivables Balance</b>	<p>The Discounted Receivables Balance means, in respect of each Purchased Receivable, its scheduled cash flow (including amounts of overdue Principal and interest under the relevant Financing Contract) discounted as at the relevant date at the Discount Rate. For the avoidance of doubt, the Discounted Receivables Balance shall exclude a Purchased Receivable which becomes a Written-Off Purchased Receivable.</p>
<b>Order of Priority</b>	<p>All payments of the Issuer under the Transaction Documents have to be made subject to, and in accordance with, the Order of Priority. See "<b>Trust Agreement</b>".</p>
<b>Foreclosure Event</b>	<p>Any of the following events:</p> <ul style="list-style-type: none"><li>(a) with respect to Driver UK Master S.A. an Insolvency Event occurs; or</li><li>(b) the Issuer defaults in the payment of any interest on the most senior Class of Notes then outstanding when the same becomes due and payable, and such default continues for a period of five (5) Business Days; or</li><li>(c) the Issuer defaults in the payment of principal of any Note on the Final Maturity Date.</li></ul> <p>It is understood that interest and principal on the Notes other than interest on the most senior Notes will not be due and payable on any Payment Date prior to the Final Maturity Date except to the extent there are sufficient funds in the Available Distribution Amount to pay such amounts in accordance with the Order of Priority.</p>
<b>Payment Dates</b>	<p>Each 25<sup>th</sup> day of a calendar month or, if such day is not a Business Day, then the next following Business Day, unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day (each a "<b>Payment Date</b>").</p>
<b>Business Day</b>	<p>Business Day means any day on which TARGET2 or the successor system to TARGET2 is open for business, provided that this day is also a day on which banks are open for business in London and Luxembourg.</p>
<b>Revolving Period</b>	<p>The Revolving Period means the period from (and including) the Initial Issue Date and ending on (and including) the earlier of (i) the Series Revolving Period Expiration Date of the last outstanding Series of Notes and (ii) the occurrence of an Early Amortisation Event.</p>
<b>Series Revolving Period Expiration Date</b>	<p>The Series Revolving Period Expiration Date means with respect to each Series of Notes the date specified for such Series as the "<b>Series Revolving Period Expiration Date</b>" in the applicable Final Terms, or as may have</p>

been subsequently extended in accordance with the Conditions of the Notes.

**Available Distribution Amount**

The monthly distribution of the Available Distribution Amount on each Payment Date in accordance with the Order of Priority. The Available Distribution Amount on each Payment Date comprises:

- (a) interest accrued on the Accumulation Account and the Distribution Account; plus
- (b) amounts received as Collections received or collected by the Servicer, inclusive, for avoidance of doubt, the Monthly Collateral Part 1 and Monthly Collateral Part 2 (after any relevant netting); plus
- (c) payments from the Cash Collateral Account as provided for in clause 19.3 and clause 19.13 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement; plus
- (d) (i) Net Swap Receipts under the Swap Agreements, (ii) where the relevant Swap Agreement has been terminated and any Swap Termination Payments due by the Issuer to the departing Swap Counterparty have been paid (after returning any Excess Swap Collateral to the Swap Counterparty) and no replacement Swap Counterparty has been found, an amount equal to the lesser of (A) the balance standing to the credit of the Counterparty Downgrade Collateral Account and (B) the Net Swap Receipts that would have been due from such Swap Counterparty on such date assuming that there had been no termination of such Swap Agreement; plus
- (e) in case of the occurrence of an Early Amortisation Event or after the end of the Revolving Period, transfers from the Accumulation Account to the Distribution Account pursuant to the Trust Agreement; less
- (f) the Buffer Release Amount to be paid to VWFS, provided that no Insolvency Event occurred in respect of VWFS; plus
- (g) the amounts standing to the credit of the Accumulation Account after the preceding Payment Date; plus
- (h) any amounts provided for or converted into another currency which are not used and reconverted (if applicable) in accordance with clause 20.5 (*Order of Priority*) of the Trust Agreement; plus
- (i) the Interest Compensation Order of Priority Amount; less
- (j) the Interest Compensation Amount.

For the avoidance of doubt, interest accruing on the Counterparty Downgrade Collateral Accounts (other than amounts payable under clause 19.10 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement), the Cash Collateral Account will not form part of the Available Distribution Amount. Such accrued interest and earned income will be retained on the relevant Account and (i) in the case of the Counterparty Downgrade Collateral Accounts, interest accruing in respect of amounts other than Swap Termination Payments received by the Issuer, be paid to the relevant Swap Counterparty in accordance with the Swap Agreement and (ii) in the case of the Counterparty Downgrade Collateral Account, interest accruing in respect of Swap Termination Payments received by the Issuer, be paid to the Subordinated Lender and/or VWFS in accordance with the priority of payment set out in clause 19.12 (*Distribution Account; Cash Collateral Account, Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement unless otherwise specified therein; (iii) in the case of interest accruing on the Cash Collateral Account, form part of the General

Cash Collateral Amount and will be applied in accordance with clause 19.3 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) and clause 20.3 (*Order of Priority*) of the Trust Agreement.

<b>Final Maturity Date</b>	For each Series of Notes, the date specified as such in the respective Final Terms.
<b>Distribution Account</b>	A Distribution Account of the Issuer will be maintained with the Distribution Account Bank into which the Servicer will remit Collections from the Purchased Receivables on the specified times agreed under the Servicing Agreement.
<b>Applicable Law</b>	The Notes are governed by German law. The English Transaction Documents are governed by English law, the German Transaction Documents are governed by German law and certain documents to be entered into in relation to Scottish Receivables are governed by Scots law.
<b>Tax Status of the Notes</b>	See section headed " <b>Taxation</b> " below.
<b>Selling Restrictions</b>	See section headed " <b>Subscription and Sale – Selling Restrictions</b> " below.
<b>Clearing Systems</b>	Clearstream Luxembourg and Euroclear (see " <b>General Information – Payment Information</b> ").
<b>Clearing Codes for the Notes</b>	The Clearing Codes for the Notes will be set out in the relevant Final Terms.
<b>Listing and Admission to Trading</b>	Application has been made for the Notes to be issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading at the regulated market of the Luxembourg Stock Exchange.
<b>Restrictions on transferability</b>	Subject to applicable rules and regulations of Clearstream Luxembourg and Euroclear, the interests in the Notes represented by the Global Notes are freely transferable.

## PURCHASED RECEIVABLES

**Purchase of Initial Receivables** Under the Receivables Purchase Agreement, the Issuer purchased and accepted on 25 June 2018 the assignment of the Initial Receivables as at the Initial Cut-off Date.

**Initial Cut-Off Date** 31 May 2018.

**Purchase of Additional Receivables** The Receivables Purchase Agreement provides that the Issuer will, during the Revolving Period, on any Payment Date (each an "**Additional Purchase Date**") apply the amount standing to the credit of the Accumulation Account, any proceeds obtained by the Issuer from the issue of Further Notes and any Subordinated Loan Increase Amounts to purchase from VWFS any Additional Receivables if and to the extent offered by VWFS subject to the fulfilment of certain conditions.

Such conditions include, inter alia, the requirement that:

- (a) the Additional Receivables meet the Eligibility Criteria set forth in clause 8.1 (*Warranties and Representations*) of the Receivables Purchase Agreement, and
- (b) that the Additional Receivables are subject to the first floating charge pursuant to security created pursuant to clause 3 (*Grant of Security and Declaration of Trust*) and clause 4 (*Floating Charge*) of the Deed of Charge and Assignment.

Where the Additional Receivables include Scottish Receivables, pending perfection under Scots law of such sale by duly intimated assignment, VWFS will hold the benefit of the Scottish Receivables and the other Scottish Trust Property in trust for the benefit of the Issuer on the terms of a Scottish Trust.

In addition, at the same time as completion of such sale of Receivables originated by VWFS:

- (a) the Issuer and VWFS will execute a Scottish Declaration of Trust in respect of, inter alia, those of the relevant Receivables which are Scottish Receivables and VWFS will intimate and deliver such Scottish Declaration of Trust to the Issuer; and
- (b) the Issuer will assign the benefit of the Scottish Trust so created to the Security Trustee substantially in the form of the assignment in security as set out in the Deed of Charge and Assignment and the Issuer will procure that that assignment is intimated to the Seller and delivered to the Security Trustee.

VWFS will further make certain representations and warranties on each such Additional Purchase Date (as further described under "**Description of the Portfolio – Representations and Warranties of the Seller**"). After the Revolving Period, the Issuer will no longer purchase and accept assignment of Additional Receivables.

Assignment by the Seller to the Issuer of the benefit of the Additional Receivables derived from Financing Contracts governed by the laws of England and Wales will take effect in equity only because no notice of the assignment will be given to Obligors. The assignment will be perfected following the occurrence of certain Notification Events.

**Remedy for breach of representation and warranty** Under the Receivables Purchase Agreement, in the event of a breach of a warranty given by VWFS in relation to a VWFS Receivable (i) as at the Closing Date in relation to the Initial VWFS Receivables, (ii) as at each Additional Purchase Date in relation to the relevant Additional Receivables acquired on such relevant Additional Purchase Date, and such breach materially and adversely affects the interests of the Issuer or the

Noteholders, the Seller shall have until the end of the Monthly Period which includes the sixtieth (60th) day (or, if the Seller elects, an earlier date) after the date that the Seller became aware or was notified of such breach to cure or correct such breach (the "**Cure Period**"). The Issuer's sole remedy will be to require the Seller to take one of the following remedial actions:

- (a) remedy the matter giving rise to such breach if such is capable of remedy provided that, if a remedy within the relevant Cure Period (as defined above) is not practicable, the Seller may remedy such breach by the last day of the following calendar month; or
- (b) repurchase the relevant Purchased Receivable at a price equal to, or, in case of a breach of clause 8.1(h) (*Warranties and Representations*) of the Receivables Purchase Agreement, pay to the Issuer the Settlement Amount of such Purchased Receivable at the end of the calendar month immediately preceding such repurchase provided that, if it is not practicable to repurchase such Purchased Receivable within the relevant Cure Period (as defined above), the Seller may repurchase such Purchased Receivable on the immediately following Payment Date.

The Servicer shall immediately notify the Issuer and the Security Trustee if the Servicer becomes aware of any breach of the Seller's representations and warranties set out in clause 8.1 or clause 8.2 (*Warranties and Representations*) of the Receivables Purchase Agreement.

Additionally, each of the Issuer and Security Trustee agree to notify VWFS promptly upon becoming aware of any breach of representation or warranty set out in clause 8.1 (*Warranties and Representations*) of the Receivables Purchase Agreement in relation to a Purchased Receivable. This will not constitute an obligation of the Issuer and/or the Security Trustee to investigate whether any such breach has occurred.

**Applicable Law**

The Financing Contracts are governed by English law or Scottish law.

**Form of Financing Contracts**

The Financing Contracts take the form of hire purchase agreements ("**HP Agreements**" or "**HP No Balloon**") and personal contract purchase agreements ("**PCP Agreements**" or "**PCP**") between VWFS and Obligors.

**HP Agreements**

Mainly entered into with retail Obligors, HP Agreements are available for both new and used vehicles. HP Agreements contain standard rental terms where an initial payment is made and then the balance is amortised in substantially equal monthly instalments. At the end of the term of the HP Agreement, after an additional "**option to purchase**" fee is paid, the Obligor owns the vehicle.

**PCP Agreements**

PCP Agreements are used for the financing of new and used vehicles in the retail market. PCP Agreements are similar to HP Agreements but with an additional larger "**balloon**" final rental payment at the end of the term of the PCP Agreement, where the Obligor can either settle the contract by paying the balloon payment (and thereby purchase the vehicle) or, subject to the Vehicle being in a condition acceptable to VWFS and within agreed mileage, return the Vehicle to VWFS in full and final settlement of the PCP Agreement.

Where the Obligor chooses not to return the Vehicle, title in the vehicle passes to the Obligor when the Obligor pays the additional "**option to purchase**" fee to VWFS (which fee does not form part of the Receivables). Where the Obligor chooses to return the Vehicle, VWFS then acts as the Obligor's agent in selling the vehicle and the sale proceeds of the vehicle are applied to settle the Final Rental Amount. Any surplus on sale in excess of the Final Rental Amount is retained by VWFS as a fee for acting as the Obligor's agent and is not passed back to the Obligor. The sale proceeds of the vehicle, including any surplus on sale in excess of the Final Rental Amount, are transferred to the Issuer as PCP Recoveries and Enforcement

Proceeds. Any shortfall between the sale proceeds and the Final Rental Amount is not recovered from the Obligor.

### Eligibility Criteria

VWFS warrants to the Issuer in clause 8.1 (*Warranties and Representations*) of the Receivables Purchase Agreement (i) on 25 June 2018 in respect of the Initial VWFS Receivables and (ii) as at each Additional Purchase Date in relation to the relevant Additional Receivables acquired on such relevant Additional Purchase Date that all Receivables sold under the Receivables Purchase Agreement on 25 June 2018 and on any Additional Purchase Date meet each of the following conditions set forth in the Receivables Purchase Agreement (the "**Eligibility Criteria**"):

- (a) that the purchase of the relevant Receivables will not have the result that the Aggregate Discounted Receivables Balance of all Purchased Receivables exceeds the following concentration limits with respect to the percentage of the Discounted Receivables Balance generated under Financing Contracts for used vehicles (concentration limit: 50 per cent.), and under Financing Contracts for non-VW group brand vehicles (concentration limit: 10 per cent.);
- (b) that none of the Obligors is an Affiliate of VWFS;
- (c) that the related Financing Contracts have been entered into exclusively with Obligors which, if they are corporate entities have their registered office in England, Scotland or Wales or, if they are individuals have their place of residence in England, Scotland or Wales;
- (d) that (according to the Seller's records) no pending bankruptcy or insolvency proceedings are initiated against any of the Obligors;
- (e) that such Purchased Receivable is denominated and payable in Sterling;
- (f) that no Purchased Receivable is overdue;
- (g) that the related Financing Contracts shall be governed by the laws of England and Wales or Scotland (depending on where the Obligor is resident or incorporated);
- (h) that the relevant Financing Contracts constitute legal, valid, binding and enforceable agreements with full recourse to the Obligor;
- (i) that the status and enforceability of the Purchased Receivables is not impaired due to warranty claims or any other rights of the Obligor (even if the Issuer knew or could have known on the Cut-Off Date of the existence of such defences or rights);
- (j) that the status and enforceability of the Purchased Receivables is not impaired by set-off rights and that no Obligor maintains deposits on accounts with VWFS;
- (k) that those related Financing Contracts which are regulated by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 comply in all material respects with the requirements of the Consumer Credit Act 1974, as amended, (the "**CCA**"), associated secondary legislation on consumer financing and the rules in the Consumer Credit Sourcebook within the FCA Handbook and, in particular contain legally accurate instructions in respect of the right of revocation of the Obligors and that none of the Obligors has used its right of revocation within the term of revocation;
- (l) that such Purchased Receivable arises under a Financing Contract that (a) contains an obligation to pay a specified sum of money and is subject to no contingencies (other than an obligation to pay interest



on overdue amounts), (b) does not require the Obligor under such Financing Contract to consent to the transfer, sale or assignment of the rights and duties of the Seller under such Financing Contract or to the sale to a third party of the Vehicle the subject thereof, and (c) does not contain a confidentiality provision that purports to restrict the Purchaser's or the Security Trustee's exercise of rights under the Receivables Purchase Agreement, including, without limitation, the right to review such Financing Contract;

- (m) that it can dispose of the Purchased Receivables free from rights of third parties and, to the best of the Seller's knowledge, the Purchased Receivables are not in a condition that can be foreseen to adversely affect the enforceability of the assignment;
- (n) that the Seller is the legal and beneficial owner, free from any Security Interest, of the Purchased Receivables;
- (o) that such Purchased Receivable was generated in the ordinary course of the Seller's business from the sale of goods or provision of credit or other services to the relevant Obligor and the related Financing Contract was entered into in accordance with the Customary Operating Practices;
- (p) that other than the right to make partial early repayments as provided for in the CCA, there are no provisions in the Financing Contract related to such Purchased Receivable whereby the Obligor may reduce the amount of such Purchased Receivable payable by the Obligor below the level of the stated payments as at the date of commencement of such Financing Contract (excluding any change as a result of any change in the rate of Value Added Tax or the corporation tax or capital allowances regimes). However, at the discretion of the Servicer and in accordance with its Customary Operating Practices, the Obligor may be given an option to reschedule repayments in a manner that increases or decreases the term of such Financing Contract and the consequential finance income; provided, that the total capital repayment shall not be impacted by any such measure;
- (q) that the Seller had at the time of origination of the Financing Contract under which such Purchased Receivable arises the necessary licences pursuant to the CCA, the necessary interim permissions pursuant to the Financial Services and Markets Act 2000 and as at the date of the Receivables Purchase Agreement has the necessary permissions pursuant to the Financial Services and Markets Act 2000, and each Financing Contract that is regulated by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 complies with the CCA, any statutory instrument or regulation made thereunder and the rules in the Consumer Credit Sourcebook within the FCA Handbook, and the Seller has not done anything that would cause such Purchased Receivable to be unenforceable under the CCA;
- (r) that on the relevant Cut-Off Date at least one instalment has been paid in respect of each of the Purchased Receivables and that the Purchased Receivables require substantially equal monthly payments to be made within seventy-two (72) months of the date of origination of the Financing Contract and may also provide for a final balloon payment;
- (s) that the Seller has complied with all material laws and regulations under the Data Protection Laws with respect to such Purchased Receivable;

- (t) that the terms of the Financing Contract related to such Purchased Receivable require the Obligor to pay all insurance, repair/maintenance and taxes with respect to the related Vehicle;
- (u) that the Vehicle related to such Purchased Receivables is not recorded in the records of the Servicer at such Purchase Date as having been (a) a total loss for insurance purposes or (b) stolen;
- (v) that the purchase of the relevant Receivables will not have the result that the total outstanding amount (for the avoidance of doubt, this refers to the Aggregate Discounted Receivables Balance) of Purchased Receivables resulting from Financing Contracts with one and the same Obligor exceeds 0.5% of the Aggregate Discounted Receivables Balance;
- (w) that each of the Purchased Receivables will mature no earlier than six (6) months and no later than seventy-one (71) months after the Cut-Off Date;
- (x) that in the case of any PCP Receivable, the Vehicle relating to such PCP Receivable is not a Porsche; and
- (y) that applicable details of the Vehicle relating to such Purchased Receivable and the relevant motor finance contract have been submitted by VWFS for registration with HP Information Ltd.

## **Collections**

With respect to any Purchased Receivable, the following amounts received during the preceding Monthly Period:

- (a) all payments received by the Servicer related to such Purchased Receivable in the form of cash, cheques, SWIFT payments, wire transfers, direct debits, bank giro credits or other form of payment made by an Obligor in respect of such Purchased Receivable, including PCP Recoveries, excess mileage charges, Enforcement Proceeds and Insurance Proceeds and any Written-Off Purchased Receivable Repurchase Price;
- (b) any payments received by the Servicer under any Ancillary Rights related to such Purchased Receivable;
- (c) any and all amounts received by the Servicer (or the Seller) (after expenses of recovery, repair and sale in accordance with Customary Operating Practices) in connection with any sale or other disposition of the Vehicle related to such Purchased Receivable, including, except where included in (d) below, an amount equal to any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995 that the Seller (or, the Servicer, exercising the Ancillary Rights assigned to the Issuer on the Issuer's behalf) is entitled to make in connection with any Vehicle related to such Purchased Receivable not including any amount in respect of VAT for which the Seller is required to account to the relevant tax authority in relation to such sale or other disposition;
- (d) any payments received by the Servicer (or the Seller) by way of recoveries in respect of any such Purchased Receivable that has become a Defaulted Receivable or a Terminated Receivable including an amount equal to any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995 that the Seller (or, the Servicer, exercising the Ancillary Rights assigned to the Issuer on the Issuer's behalf) is entitled to make in connection with any Vehicle related to such Purchased Receivable; plus
- (e) the aggregate Settlement Amounts paid by VWFS to the Issuer on such Payment Date pursuant to clause 9 (*Repurchase*) of the Receivables Purchase Agreement or any payment received by the

Issuer on such Payment Date pursuant to clause 10 (*Payment for Non-existent Receivables*) and clause 15 (*Late Payment/Indemnity*) of the Receivables Purchase Agreement and clause 3 (*Redelivery Repurchase Price*) of the Redelivery Repurchase Agreement,

but shall not include any payments constituting Excluded Amounts. For the avoidance of doubt, following the Monthly Collateral Start Date, Collections shall include the Monthly Collateral Part 1 and Monthly Collateral Part 2 posted by VWFS onto the Distribution Account in accordance with its obligations under the Servicing Agreement, as adjusted to reflect actual Collections received in respect of the relevant Monthly Period.

#### **Ancillary Rights**

In relation to a Purchased Receivable, Ancillary Rights shall mean all remedies for enforcing the same including, for the avoidance of doubt and without limitation:

- (a) the right to demand, sue for, recover, receive and give receipts for all amounts due and to become due whether or not from Obligors or guarantors under or relating to the Financing Contract to which such Purchased Receivable relates and all guarantees (if any) (including, for the avoidance of doubt, any Enforcement Proceeds received by the Seller or its agents);
- (b) the benefit of all covenants and undertakings from Obligors and from guarantors under the Financing Contract to which such Receivable relates and under all guarantees (if any);
- (c) the benefit of all causes and rights of actions against Obligors and guarantors under and relating to the Financing Contract to which such Receivable relates and under and relating to all guarantees (if any);
- (d) the benefit of any other rights, title, interest, powers and benefits of the Seller into, under, pursuant to or in relation to such Financing Contract (including the right (but not the obligation) to make any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995 that the Seller would otherwise be entitled to make in connection with any Vehicle related to such Purchased Receivable) other than rights specifically relating to the Vehicle itself (with such rights specifically relating to the Vehicle including, without limitation, the right of ownership but excluding the rights to any PCP Recoveries and (as referred to above) to any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995);
- (e) any Insurance Proceeds received by the Seller or its agents pursuant to Insurance Claims in each case insofar as the same relate to the Financing Contract to which such Receivable relates; plus
- (f) the benefit of any rights, title, interest, powers and benefits of the Seller in and to PCP Recoveries.

#### **Excluded Amounts**

Comprise the following, which are not sold to the Issuer: (a) any Supplemental Servicer Fee, (b) any credit protection, asset value or other insurance premiums payable by Obligors to the relevant insurers via the Servicer, (c) the VAT Component on payments received by the Servicer, (d) any amounts (together with any VAT thereon) payable by an Obligor in respect of refurbishment charges, wear-and-tear and other similar types of recoveries and charges (other than excess mileage charges); (e) any amount of VAT payable by an Obligor in respect of excess mileage charges, (f) any option to purchase fee specified in the Financing Contract; and (g) any cashflows from maintenance contracts.

#### **Interest Compensation Amount**

Means the element of the Discount Rate which with respect to any Payment Date is available to compensate the Issuer for interest shortfalls suffered by the Issuer as a result of the Early Settlement of Purchased Receivables during the Monthly Period. The Interest Compensation Amount shall be

calculated on each Payment Date as the product of (a) the Interest Compensation Rate divided by 12, and (b) the Future Discounted Receivables Balance.

If, on any Payment Date, the Interest Compensation Amount is greater than the Interest Compensation Order of Priority Required Amount, the excess shall be credited to the Interest Compensation Ledger.

**Interest Compensation  
Order of Priority Amount**

On any Payment Date, the sum of:

- (a) the amount of the Interest Compensation Amount necessary to satisfy the Interest Compensation Order of Priority Required Amount due on such date; and
- (b) if the Interest Compensation Amount is insufficient to satisfy the Interest Compensation Order of Priority Required Amount due on such date, a drawing from the Interest Compensation Ledger in an amount equal to the shortfall, until the balance of the Interest Compensation Ledger is equal to zero.

**Interest Compensation  
Order of Priority Required  
Amount**

Means, on each Payment Date the aggregate amount for all Financing Contracts that have been subject to Early Settlement during the Monthly Period calculated as the Discounted Receivables Balance for the Financing Contract subject to Early Settlement less the net present value of the future payments for the same Financing Contract calculated using the relevant internal rate of return (rather than the Discount Rate).

**Interest Compensation  
Ledger**

A ledger designated "**Interest Compensation Ledger**" shall be maintained on the Cash Collateral Account.

The Interest Compensation Ledger will not form part of the General Cash Collateral Amount. The Interest Compensation Ledger will be available to pay Interest Compensation Order of Priority Required Amounts on any Payment Date. VWFS will be entitled to receive any Interest Compensation Ledger Release Amounts outside of the Order of Priority.

**Interest Compensation  
Ledger Release Amount**

Means:

- (a) if an Insolvency Event in respect of VWFS has occurred and is continuing, zero; or
- (b) (i) on any Payment Date prior to the exercise of the Clean-Up Call Option, the amount standing to the credit of the Interest Compensation Ledger in excess of GBP 4,000,000; and
- (ii) following the exercise of the Clean-Up Call Option, the balance standing to the credit of the Interest Compensation Ledger,

which shall be paid to the Seller.

**Collateral RV Ledger**

VWFS has established the Collateral RV Ledger as a separate ledger on the Cash Collateral Account. Amounts standing to the credit of the Collateral RV Ledger shall not form part of the General Cash Collateral Amount. VWFS has: (i) on the Payment Date falling in July 2020 (the "**Collateral RV Buffer Start Date**") in respect of the Monthly Period commencing on 1 June 2020, and (ii) on the Payment Date in respect of each Monthly Period thereafter, deposited an amount equal to the Collateral RV Buffer Amount in respect of each Purchased Receivable which has, during the relevant Monthly Period, become subject to a Payment Holiday With Term Extension or a Further Payment Holiday With Term Extension.

VWFS will only be entitled to request a withdrawal of a Collateral RV Buffer Amount posted with respect to a Purchased Receivable subject to a Payment Holiday With Term Extension or a Further Payment Holiday With Term Extension outside of the Order of Priority if the related Purchased Receivable is repurchased in accordance with the Receivables Purchase Agreement or the Redelivery Repurchase Agreement.

The balance standing to the credit of the Collateral RV Ledger shall be used on the first to occur of (i) the latest occurring Final Maturity Date of any Series of Notes or (ii) the date on which the Aggregate Discounted Receivables Balance has been reduced to zero, to make payment of the amounts due and payable under items ninth, tenth, twelfth, thirteenth and fourteenth of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) of the Trust Agreement which represent payments of principal under the Class A Notes, Class B Notes and payments of principal and interest under the Subordinated Loan. Following the occurrence of an Enforcement Event, the General Cash Collateral Amount and the balance standing to the credit of the Collateral RV Ledger shall be applied in accordance with clause 20.3(c) (*Order of Priority*) of the Trust Agreement.

**Retained Profit Ledger**

The Issuer has established the Retained Profit Ledger on 25 February 2021. On each Payment Date the Retained Profit Ledger will be credited with the Retained Profit Amount in accordance with the applicable Order of Priority. Amounts may be debited from the Retained Profit Ledger from time to time to pay corporate income taxes in respect of the Retained Profit Amount and for any dividend payments to the Issuer's shareholder.

**Redelivery Repurchase Agreement**

The Issuer entered into a Redelivery Repurchase Agreement with VWFS. Subject to an Insolvency Event not having occurred in respect of VWFS if, on any day during a Monthly Period, a Financing Contract related to a Purchased Receivable becomes a Redelivery Financing Contract (such Purchased Receivable being a "**Redelivery Purchased Receivable**"), then on the Payment Date falling after the end of such Monthly Period (or, at the option of VWFS, on the second Payment Date falling after the end of such Monthly Period) (such date being the "**Redelivery Repurchase Date**") VWFS shall repurchase the Redelivery Purchased Receivable from the Issuer for a price equal to the Redelivery Repurchase Price. The Redelivery Repurchase Price is an amount equal to (i) the outstanding principal balance of a Redelivery Purchased Receivable as at the first day of the Monthly Period in which such Purchased Receivable becomes a Redelivery Purchased Receivable together with any arrears outstanding on such date but excluding any future interest payments (calculated on the basis of the Obligor internal rate of return) multiplied by (ii) one (1) minus the Replenished Receivables Overcollateralisation Percentage.

**Written-Off Purchased Receivables**

If during any Monthly Period, the Seller classifies any Purchased Receivable under a Financing Contract as a Written-Off Purchased Receivable, it may repurchase from the Issuer the benefit of all such Written-Off Purchased Receivables on the following Payment Date (or on any Payment Date thereafter) and on the Payment Date on which such Written-Off Purchased Receivable is repurchased pay consideration of £1 per Purchased Receivable so repurchased, paid into the Distribution Account in arrear on such Payment Date.

**THE SECURITY**

**Security for the obligations of the Issuer**

The Issuer, acting for and on behalf of its Compartment 4, has entered into a Trust Agreement, a Deed of Charge and Assignment and an assignment in security, governed by the laws of Germany, England and Scotland, respectively.

Under the Trust Agreement, the Issuer has instructed and authorised the Security Trustee to act as trustee (Treuhänder) for the benefit of the

Transaction Creditors pursuant to the terms of the Trust Agreement and the Deed of Charge and Assignment.

In the Trust Agreement, the Issuer undertakes to pay the Security Trustee, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to all the Transaction Creditors (including the holders of the Notes) pursuant to the Transaction Documents (the "**Trustee Claim**").

To provide collateral for the respective Trustee Claim, the Issuer assigns to the Security Trustee all its claims and other rights arising from the German Transaction Documents (with the exception of claims and other rights arising from the Trust Agreement) for the avoidance of doubt (including the rights to unilaterally alter a legal relationship (unselbständige Gestaltungsrechte)) and from all present and future German law contracts the Issuer has entered or may enter into in connection with the Transaction Documents.

In addition, the Issuer pledges to the Security Trustee all its present and future claims against the Security Trustee arising under the Trust Agreement and in the Accounts.

In addition, the Notes are secured and share the same Security with the other Secured Obligations of the Issuer as set out in the Deed of Charge and Assignment and the assignation in security.

The Security granted by the Issuer pursuant to the Deed of Charge and Assignment and a supplement thereto includes:

- (a) an assignment by way of first fixed security of the Benefit of all of its present and future right, title and interest to, in and under the English Purchased Receivables;
- (b) an assignment by way of first fixed security of the Benefit of all of its present and future right, title and interest to, in and under:
  - (i) the Charged Transaction Documents;
  - (ii) each other contract, agreement, deed and document, present and future, to which the Issuer is or becomes a party, including, without limitation, all rights to receive payment of any amounts which may become payable to the Issuer thereunder and all payments received by the Issuer thereunder from time to time, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof;
- (c) a first fixed charge over the Benefit of the Accounts of the Issuer, other than any such accounts situated outside England and Wales (and any replacement therefor), and all of its other book debts, present and future, the proceeds of the same and all other moneys due and payable to it and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any of the foregoing; and
- (d) a first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including the Issuer's uncalled capital (excluding any property or assets from time to time or for the time being effectively charged by way of fixed charge or assigned by way of security, but excepting from the foregoing exclusion the whole of the Issuer's undertaking, property assets and rights situated in

Scotland or otherwise governed by Scottish law all of which are charged by the floating charge).

In addition, as continuing security for the payment or discharge of the Secured Obligations, the Issuer granted and will grant Assignations in Security in favour of the Trustee, for itself and on trust for the Transaction Creditors relative to the Scottish Declarations of Trust under which VWFS holds and will hold in trust for the Issuer all its present and future rights, title and interest in, to and under, inter alia, the Scottish Receivables.

## IMPORTANT TRANSACTION DOCUMENTS AND TRANSACTION FEATURES

### **Servicing Agreement**

Under the Servicing Agreement between the Issuer, the Security Trustee and VWFS, VWFS, *inter alia*, agrees to:

- (a) service and collect the Purchased Receivables in accordance with the Servicing Agreement;
- (b) transfer to the Distribution Account of the Issuer on each Payment Date the Collections for the relevant Monthly Period;
- (c) undertake to facilitate, Bank of England, Securitisation Regulation and EMIR reporting for the Issuer; and
- (d) perform other tasks incidental to the above.

### **Servicer Replacement Event**

Any of the following events (each a "**Servicer Replacement Event**"):

- (a) the Servicer fails to make any payment or deposit to be made by it to the Distribution Account and such failure to pay has not been remedied within five (5) Business Days after the earliest of (i) receipt by the Servicer of a written notice from the Issuer or any Noteholder or (ii) the Servicer becoming aware of such failure to pay;
- (b) the Servicer fails to perform or observe in any material respect any material term, covenant or agreement hereunder applicable to it (other than as referred to in paragraphs (a) above) and such failure shall remain unremedied for sixty (60) days (or if such failure is not capable of remedy, in the Servicer's sole discretion, five Business Days) after receipt by the Servicer of written notice from the Issuer or any Noteholder requiring the failure to be remedied, (which Servicer Replacement Event shall be deemed to occur only upon the last day of the relevant period);
- (c) any material written representation or warranty made by the Servicer in its capacity as such in the Servicing Agreement or any of the Transaction Documents proves to have been incorrect, in any material respect, when made or deemed to be made by reference to the facts and circumstances then subsisting (provided, that repurchase or exchange of a Receivable by VWFS in accordance with the Receivables Purchase Agreement shall be deemed to remedy such circumstances with respect to such Receivable), and such incorrect representation or warranty shall remain unremedied for sixty (60) days (or, if such failure is not capable of remedy, in the Servicer's sole discretion, five Business Days) after receipt by the Servicer of written notice from the Issuer or any Noteholder requiring the circumstances causing or responsible for such misrepresentation to be remedied (which Servicer Replacement Event shall be deemed to occur only upon the last day of the relevant period);

- (d) the Servicer becomes subject to an Insolvency Event; or
- (e) the Servicer fails to renew, or suffers the revocation of, the necessary permissions pursuant to the Financial Services and Markets Act 2000 or licences to conduct its business under the Data Protection Laws, and such authorisations or licences are not replaced or reinstated within sixty days,

*provided, however,* that if a Servicer Replacement Event referred to under paragraph (a) to (c) above has occurred and was caused by an event beyond the reasonable control of the Servicer and if the respective delay or failure of performance is cured within a period of 150 days from the date on which the original failure to make payment, breach of term, covenant or agreement or breach of representation or warranty referred to under paragraph (a) to (c) occurred, a Servicer Replacement Event will be deemed not to have occurred.

#### **Account Agreement**

Under the terms of the Account Agreement, the Issuer holds the Accumulation Account with the Accumulation Account Bank, the Distribution Account with the Distribution Account Bank, each Counterparty Downgrade Collateral Account with the Counterparty Downgrade Collateral Account Bank and the Cash Collateral Account with the Cash Collateral Account Bank

Should any Account Bank cease to have the Account Bank Required Ratings, the Account Bank shall notify the Issuer and the Security Trustee thereof and within thirty calendar days, at its own cost (for the avoidance of doubt, this shall cover the legal fees as separately agreed in a side letter between, amongst others, the Issuer and the Account Bank in accordance with clause 15.1 (*Change of Account Bank and/or Cash Administrator*) of the Account Agreement), the Account Bank shall use all endeavours within its control for a period of thirty (30) calendar days to assist the Issuer to, and the Issuer shall: (i) transfer the Accounts held with it to an Eligible Collateral Bank or (ii) (in the case of a rating from S&P only) take any other action in order to maintain the rating of the Class A Notes or the Class B Notes, as applicable and to the extent rated, or to restore the rating of the Class A Notes or the Class B Notes, as applicable and to the extent rated, or such other rating or ratings of the Account Bank as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Class A Notes or the Class B Notes, as applicable and to the extent rated. If within this thirty day period none of the measures set out under clause 13 (*Accounts*) of the Trust Agreement is taken, the Issuer shall terminate the Account Agreement, provided that such termination shall not take effect until the transition of the Issuer's banking arrangements has been completed.

#### **Cash Collateral Account**

On the Initial Issue Date, the Issuer deposited GBP 6,000,000 in the Cash Collateral Account as the Cash Collateral Amount and on each Further Issue Date, such amount will be increased by an amount equal to 1.2 per cent. of the aggregate nominal amount of the Further Notes to be issued on such Further Issue Date. Drawings from the Cash Collateral Account will be made in accordance with the Order of Priority.

#### **Custody Agreement**

The Issuer has entered into the Swap Agreements with the Swap Counterparty. In relation to the Swap Agreements, the Issuer is required to open the Counterparty Downgrade Collateral Account for the purposes of holding any collateral transferred to the Issuer by the Swap Counterparty in accordance with the terms of the Swap Agreement. As such collateral may consist of certain securities, the Issuer may open a securities account with the Custodian and use certain custody services to be provided by the Custodian under a separate custody agreement to be entered into as appropriate.



**Counterparty Downgrade Collateral Account**

Each counterparty downgrade collateral account of the Issuer established with the Counterparty Downgrade Collateral Account Bank for collateral provided by the Swap Counterparty pursuant to the Swap Agreements. Any cash collateral or securities collateral posted to such Counterparty Downgrade Collateral Account as a result of a ratings downgrade of the relevant Swap Counterparty shall be recorded on a specific collateral ledger and any cash collateral shall bear interest. Such collateral shall be segregated from the Distribution Account and from the general cash flow of the Issuer and shall not constitute Collections. Collateral posted to such Counterparty Downgrade Collateral Account is solely for the purposes of, and in connection with, collateralising the Swap Agreements.

**Monthly Collateral**

For the purposes of the below, the "**Monthly Remittance Condition**" shall be no longer satisfied if any of the following events occur:

- (a) Either Volkswagen Financial Services AG, as parent of Volkswagen Finance Overseas B.V. which is the parent of the Servicer (or any of its successors within the VW Group as parent of the Servicer, as applicable) (i) no longer has a short-term rating for unsecured and unguaranteed debt of at least "A-2" from S&P or a long-term rating for unsecured and unguaranteed debt of at least "BBB" from S&P, or (ii) where Volkswagen Financial Services AG, as parent of Volkswagen Finance Overseas B.V. which is the parent of the Servicer (or any of its successors within the VW Group as parent of the Servicer, as applicable) is not the subject of an S&P short-term rating, a long-term rating for unsecured and unguaranteed debt of at least "BBB+" from S&P, or (iii) S&P notifies the Issuer and/or the Servicer that VWFS is no longer deemed eligible under the applicable rating criteria by S&P, or (iv) either (a) Volkswagen Financial Services AG (or any of its successors within the VW Group as parent of Volkswagen Finance Overseas B.V.) holds less than 100 per cent. of the shares of Volkswagen Finance Overseas B.V. (or any of its successors within the VW Group as parent of the Servicer), or (b) Volkswagen Finance Overseas B.V. (or any of its successors within the VW Group as parent of the Servicer) holds less than 100 per cent. of the shares of VWFS; or
- (b) Volkswagen Financial Services AG, as parent of Volkswagen Finance Overseas B.V. which is the parent of the Servicer (or any of its successors within the VW Group as parent of the Servicer, as applicable) no longer has a long-term rating for unsecured and unguaranteed debt of at least "Baa1" from Moody's.

VWFS, in its capacity as the Servicer, will be entitled to commingle funds representing Collections with its own funds during each Monthly Period in accordance with the following procedure:

- (a) if and as long as the Monthly Remittance Condition is satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each Monthly Period and will be required to make a single transfer of such Collections to the Distribution Account on the relevant Payment Date;
- (b) if and as long as the Monthly Remittance Condition is not satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each Monthly Period provided that, no later than fourteen (14) calendar days after the first day on which the Monthly Remittance Condition has not been satisfied (the "**Monthly Collateral Start Date**"), VWFS shall:
  - (i) advance an amount equal to sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 for the Monthly Period in which the Monthly Collateral Start Date falls plus, if the Monthly Collateral Start Date falls on a date prior to the Payment Date falling in such Monthly Period, an amount equal to sum of the

Monthly Collateral Part 1 and the Monthly Collateral Part 2 in respect of the preceding Monthly Period;

- (ii) for any subsequent Monthly Period in which the Monthly Remittance Condition continues to not be satisfied (save in respect of any Monthly Collateral posted under limb (b)(i) above):
  - (1) on the fifteenth (15th) calendar day of the month preceding the first day of such Monthly Period, determine the amount representing the Monthly Collateral Part 1 in respect of the Monthly Period relating to such Payment Date and advance an amount equal to the Monthly Collateral Part 1 to the Distribution Account to be retained until the Payment Date relating to such Monthly Period; and
  - (2) on the first (1st) calendar day of the Monthly Period relating to such Payment Date, determine the amount representing the Monthly Collateral Part 2 in respect of the Monthly Period relating to such Payment Date and advance an amount equal to the Monthly Collateral Part 2 to the Distribution Account to be retained until the Payment Date relating to such Monthly Period;
- (c) provided it complies with its posting obligations in paragraph (b) above and its obligation to transfer Collections to the Distribution Account on the relevant Payment Date in accordance with the Servicing Agreement, VWFS will be entitled to hold, use and invest at its own risk the Collections without segregating such funds from its other funds and VWFS will be required to make a single transfer of Collections and other amounts collected by it to the Distribution Account on the relevant Payment Date. Otherwise, Collections and other amounts collected by it will be required to be remitted by it to the Distribution Account on the third Business Day after receipt of such amounts;
- (d) on any Payment Date, VWFS' obligation to pay Collections for the relevant Monthly Period into the Distribution Account may be netted against its claim for repayment of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 for such Monthly Period and such Monthly Collateral Part 1 and Monthly Collateral Part 2 (after netting) will form part of the Available Distribution Amount on such Payment Date. If for such Monthly Period the Monthly Investor Report shows (a) that the sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 which has been transferred to the Distribution Account by VWFS for the relevant Monthly Period exceeds the Collections received by VWFS for such Monthly Period, such excess amount shall be released to VWFS outside the Order of Priority on the relevant Payment Date or (b) that the Collections received by VWFS for such Monthly Period exceed the sum of Monthly Collateral Part 1 and the Monthly Collateral Part 2 which has been transferred by VWFS for the relevant Monthly Period, an amount equal to such excess shall be paid into the Distribution Account by VWFS on the relevant Payment Date; and
- (e) if the Monthly Remittance Condition is satisfied again, any Monthly Collateral Part 1 and Monthly Collateral Part 2 standing to the credit of the Distribution Account shall be released to VWFS outside the Order of Priority on the next Payment Date following such satisfaction.

### **Subordinated Loan**

The Subordinated Lender granted the Subordinated Loan in a total initial nominal amount of GBP 108,100,751.89 to the Issuer on 25 June 2018 and the Subordinated Loan will have an outstanding balance of GBP 128,581,075.57 on the Closing Date. Subject to the terms of the Subordinated Loan Agreement, the Subordinated Lender may agree from time to time to grant additional advances up to a total amount of the

Subordinated Loan of GBP 180,000,000, provided that the Subordinated Lender shall be required to grant additional advances to the extent required to increase the loan amount to the Subordinated Loan Increase Amount. The Subordinated Loan serves as credit enhancement and ranks below the Notes with respect to payment of interest and principal.

**Swap Agreements**

The Issuer will enter into each Swap Agreement with the relevant Swap Counterparty. Each Swap Agreement will hedge in respect of a particular Series of Notes the interest rate risk deriving from fixed rate interest payments owed by the Obligors to the Issuer under the Receivables and floating rate interest payments owed by the Issuer under the relevant Series of Notes.

**Corporate Services Agreement**

The Issuer entered into the Corporate Services Agreement with Circumference FS (Luxembourg) S.A., as Corporate Services Provider, and the Security Trustee, pursuant to which the Corporate Services Provider shall perform certain services for the Issuer, particularly taking over the accounting for the Issuer and providing the directors of the Issuer in any company law matters and providing the registered office of the Issuer.

**Data Protection Trust Agreement**

VWFS appointed Wilmington Trust SP Services (Frankfurt) GmbH, as Data Protection Trustee under the provisions of the Data Protection Trust Agreement and made the Portfolio Decryption Key (which is for the identification of the names and addresses of the Obligors in respect of the Purchased Receivables) available to the Data Protection Trustee. The Data Protection Trustee will carefully safeguard the Portfolio Decryption Key and protect it against unauthorised access by any third party. Delivery of the Portfolio Decryption Key is permissible only to (i) (at the request of the Security Trustee) a replacement Servicer or (ii) to the Seller or, at the request of the Seller or the Security Trustee, to the replacement Data Protection Trustee subject to applicable data protection laws and banking secrecy provisions. The Data Protection Trustee has agreed to notify the Obligors of the assignment of the Purchased Receivables to the Issuer and instruct the Obligors to make all payments in respect of the Purchased Receivables to the Distribution Account of the Issuer upon the occurrence of a Notification Event.

**Risk Factors**

Prospective investors in the Notes should consider, among other things, certain risk factors in connection with the purchase of the Notes. Such risk factors as described in this Base Prospectus may influence the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes. The risks in connection with the investment in the Notes include, inter alia, risks relating to the assets and the Transaction Documents, risks relating to the Notes and risks relating to the Issuer. These risk factors represent the principal risks inherent in investing in the Notes only. See "**RISK FACTORS**".

## EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING

### Retention Statement

VWFS is the "**originator**" for the purposes of Article 2(3) of the UK Securitisation Regulation and the EU Securitisation Regulation. VWFS is legally bound to comply with the provisions of the UK Securitisation Regulation and contractually agrees to comply with the provisions of the EU Securitisation Regulation.

All Receivables included in the Portfolio have been originated by VWFS and are sold to the Issuer by VWFS in its capacity as Seller.

VWFS shall, whilst any of the Notes remain outstanding retain for the life of such Notes a material net economic interest of not less than 5 per cent. with respect to the Transaction in accordance with Article 6(3)(c) of the UK Securitisation Regulation and Article 6(3)(c) of the EU Securitisation Regulation.

VWFS undertakes that it will not reduce, hedge or otherwise mitigate its credit exposure to the material net economic interest for the purposes of Article 6(1) of the UK Securitisation Regulation and Article 6(1) of the EU Securitisation Regulation and:

- (a) with respect to the UK Securitisation Regulation, until such time as UK regulatory technical standards are published jointly by the FCA and PRA, Article 12 of the Commission Delegated Regulation specifying the risk retention requirements pursuant to the UK Securitisation Regulation (the "**Commission Delegated Regulation**") (BTS 625/2014 as amended by Annex R of The Technical Standards (Capital Requirements) (EU Exit) (No. 3) Instrument 2019) and, pursuant to Article 43(7) of the UK Securitisation Regulation, until regulatory technical standards are adopted jointly by the FCA and PRA, provided that the level of retention may reduce over time in compliance with Article 10 (2) of the Commission Delegated Regulation.
- (b) for the purposes of the EU Securitisation Regulation Article 12 of the Commission Delegated Regulation (EU) 625/2014, until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the EU Securitisation Regulation, provided that the level of retention may reduce over time in compliance with Article 10 (2) of the Commission Delegated Regulation (EU) 625/2014.

As at the Initial Issue Date and any Further Issue Date, such interest will be comprised of an interest in randomly selected exposures equivalent to no less than 5 per cent. of the nominal amount of the securitised exposures.

VWFS has prepared a table as set out in the section "**THE PURCHASED RECEIVABLES POOL**" of this Base Prospectus with a view to reflect that it complies with Article 6(3)(c) of the UK Securitisation Regulation and Article 6(3)(c) of the EU Securitisation Regulation. The pool of exposures (being Receivables) to be randomly selected and retained by the Seller will have the characteristics set out in the table titled "**Retention according to Article 6(3)(c) of the UK Securitisation Regulation and Article 6(3)(c) of the EU Securitisation Regulation**" in the section "**THE PURCHASED RECEIVABLES POOL**".

The Seller (as originator) confirms that the Purchased Receivables are originated in the ordinary course of the business of VWFS pursuant to underwriting standards which are no less stringent than those which also apply to Financing Contracts which will not be securitised. In particular, the Seller (as originator) represents and warrants that it has in place (i) effective systems to apply its standard criteria for granting the Purchased Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Purchased Receivables, in order to ensure that granting of the Purchased Receivables is based on a thorough assessment of each Obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Obligor meeting its obligations under the relevant agreement.

The Servicer, on behalf of the Issuer, has prepared and will continue to prepare Monthly Investor Reports wherein relevant information with regard to the Purchased Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller for the purposes of which the Seller will provide the Issuer with all information reasonably required in accordance with the Securitisation Regulation (EU) Disclosure Requirements and the Securitisation Regulation (UK) Disclosure Requirements.

The Manager and each Noteholder, to the extent the EU Securitisation Regulation or the UK Securitisation Regulation is applicable to it, is required to independently assess and determine the sufficiency of the information described in the preceding two paragraphs for the purposes of complying with Article 5 et seq. of the EU Securitisation Regulation or Article 5 et seq. of the UK Securitisation Regulation and neither the Issuer nor VWFS makes any representation that the information described above is sufficient in all circumstances for such purposes.

Each prospective investor is required to independently assess and determine the sufficiency of the information described in the preceding paragraphs of this section and in this Base Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation or Article 5 of the UK Securitisation Regulation and none of the Issuer, the Seller (in its capacity as the Seller and the Servicer), the Arranger, the Swap Counterparty, the Manager, nor the Transaction Parties makes any representation that the information described above or in this Base Prospectus generally is sufficient in all circumstances for such purposes. In addition, each prospective investor should ensure that it complies with the implementing provisions in respect of the EU Securitisation Regulation or the UK Securitisation Regulation as applicable in its relevant jurisdiction. Prospective investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator and/or independent legal advice on the issue.

#### **Reporting Entity – EU Disclosure Requirements**

VWFS, in its capacity as originator, has been designated as the entity responsible for fulfilling the information requirements under Article 7 of the EU Securitisation Regulation pursuant to Article 7(2) of the EU Securitisation Regulation. VWFS in its capacity as Servicer will perform all of VWFS' obligations under the Securitisation Regulation (EU) Disclosure Requirements. As to the information made available to prospective investors by the Servicer, reference is made to the information set out herein and forming part of this Base Prospectus and to the Servicer Reports that are prepared pursuant to the Servicing Agreement.

For further information in relation to the provision of information, see the section entitled "**General Information**".

#### **Reporting Entity – UK Disclosure Requirements**

VWFS, in its capacity as originator, has been designated as the entity responsible for fulfilling the information requirements under Article 7 of the UK Securitisation Regulation pursuant to Article 7(2) of the UK Securitisation Regulation. VWFS in its capacity as Servicer will perform all of VWFS' obligations under the Securitisation Regulation (UK) Disclosure Requirements. As to the information made available to prospective investors by the Servicer, reference is made to the information set out herein and forming part of this Base Prospectus and to the Servicer Reports that are prepared pursuant to the Servicing Agreement.

For further information in relation to the provision of information, see the section entitled "**General Information**".

#### **Securitisation Regulation – EU Disclosure Requirements**

Under the Servicing Agreement VWFS as Servicer undertakes to the Issuer that, pursuant to the EU Securitisation Regulation, it will make the information available to the Noteholders, to competent authorities, as referred to in Article 29 of the EU Securitisation Regulation and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (EU) Disclosure Requirements. The Servicer will make such information available via the EU Securitisation Repository.

#### **Securitisation Regulation – UK Disclosure Requirements**

Under the Servicing Agreement VWFS as Servicer undertakes to the Issuer that, pursuant to the UK Securitisation Regulation, it will make the information available to the Noteholders, to the FCA and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (UK) Disclosure Requirements. During the Standstill Period, such information will be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements. The Servicer will make such information available upon request. There is no requirement to report to a UK securitisation repository where the prospectus has not been approved by the FCA.

For further information in relation to the provision of information, see the section entitled "**General Information**".

#### **Article 7 of the Securitisation Regulation – EU Securitisation Regulation**

For the purposes of the Securitisation Regulation (EU) Disclosure Requirements the Servicer (on behalf of VWFS as the originator for the purposes of the EU Securitisation Regulation) confirms and (where applicable) will make available the following information via the EU Securitisation Repository:

- (a) For the purposes of Article 7(1)(a) and (e) of the EU Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation (EU) Disclosure Requirements.
- (b) Before pricing of the Notes, for the purposes of compliance with Article 7(1)(b) of the EU Securitisation Regulation, and within 15 days of the Closing Date the Servicer will make available certain Transaction Documents and the Base Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Base Prospectus and draft Receivables Purchase Agreement, Redelivery Repurchase Agreement, Servicing Agreement, Agency Agreement, Account Agreement, Subordinated Loan Agreement, Trust Agreement, Incorporated Terms Memorandum, Deed of Charge and Assignment and template Swap Agreements. Such Transaction Documents in final form will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.
- (c) For the purposes of Article 7(1)(f) of the EU Securitisation Regulation the Issuer will, without delay, publish any inside information relating to the Transaction. The Servicer is not required to comply with Article 7(1)(f) of the EU Securitisation Regulation.
- (d) For the purposes of Article 7(1)(g) of the EU Securitisation Regulation and pursuant to its obligation to comply with the Securitisation Regulation (EU) Disclosure Requirements, the Servicer will, without delay, publish information in respect of any significant event such as (i) a material breach of the obligations laid down in the Transaction Documents, (ii) a change in the structural features that can materially impact the performance of the securitisation, (iii) a change in the risk characteristics of the Transaction or the Purchased Receivables that can materially impact the performance of the securitisation, (iv) if competent authorities have taken remedial or administrative actions and (v) any material amendments to the Transaction Documents.

#### **Article 7 of the Securitisation Regulation – UK Securitisation Regulation**

For the purposes of the Securitisation Regulation (UK) Disclosure Requirements the Servicer (on behalf of VWFS as the originator for the purposes of the UK Securitisation Regulation) confirms and (where applicable) will make available the following information:

- (a) For the purposes of Article 7(1)(a) and (e) of the UK Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation (UK) Disclosure Requirements. During the Standstill Period such information will be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements.
- (b) Before pricing of the Notes, for the purposes of compliance with Article 7(1)(b) of the UK Securitisation Regulation, and within 15 days of the Closing Date the Servicer will make available certain Transaction Documents and the Base Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Base Prospectus and draft Receivables Purchase Agreement, Redelivery Repurchase Agreement, Servicing Agreement, Agency Agreement, Account Agreement, Subordinated Loan Agreement, Trust Agreement, Incorporated Terms Memorandum, Deed of Charge and Assignment and template Swap Agreements upon request. Such Transaction Documents in final form will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.

- (c) For the purposes of Article 7(1)(f) of the UK Securitisation Regulation the Issuer will, without delay, publish any inside information relating to the Transaction. The Servicer is not required to comply with Article 7(1)(f) of the UK Securitisation Regulation.
  
- (d) For the purposes of Article 7(1)(g) of the UK Securitisation Regulation and pursuant to its obligation to comply with the Securitisation Regulation (UK) Disclosure Requirements, the Servicer will, without delay, publish information in respect of any significant event such as (i) a material breach of the obligations laid down in the Transaction Documents, (ii) a change in the structural features that can materially impact the performance of the securitisation, (iii) a change in the risk characteristics of the Transaction or the Purchased Receivables that can materially impact the performance of the securitisation, (iv) if the FCA has taken remedial or administrative actions and (v) any material amendments to the Transaction Documents. During the Standstill Period such information will be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements.

### **USE OF PROCEEDS**

The aggregate gross proceeds from the issuance of the Initial Notes issued on 25 June 2018 and the borrowings under the Subordinated Loan were used on 25 June 2018 to (i) finance the purchase of the Initial Receivables, (ii) to pay costs related to the issue of the Notes and refinance the costs related to the receipt of the Subordinated Loan and (iii) to endow the Cash Collateral Account.

The aggregate gross proceeds from the issuance of any Further Notes and any further borrowings under the Subordinated Loan have been and will be used to finance the purchase by the Issuer of receivables arising against Obligors under financing agreements for the acquisition of vehicles granted to such Obligors by VWFS during the Revolving Period pursuant to the terms and under the conditions of the Receivables Purchase Agreement and for the redemption of existing series of Notes as agreed with the holders of each Series of Notes.



## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

- (a) The Issuer's 2020 Financial Statements (defined below); and
- (b) The Issuer's 2021 Financial Statements (defined below).

The following information, which has been published and filed with the Commission de Surveillance du Secteur Financier, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus and have been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>).

The information incorporated by reference above is available as follows:

<b>Section of Base Prospectus</b>	<b>Document incorporated by reference</b>
<i>The Issuer, Financial Statements</i>	The Issuer's audited annual financial statements for the year ended 30 June 2020 (the " <b>2020 Financial Statements</b> "), prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of annual accounts (Page numbers refer to the PDF page numbers and not the actual document):
	Page
	Directors' report 3 - 8
	Audit report 9 - 13
	Balance sheet as at 30 June 2020 14 - 18
	Profit and loss account for the year ended 30 June 2020 19 - 20
	Notes to the accounts 21 - 52
	<a href="https://documentcloud.adobe.com/link/track?uri=urn:aaid:scds:US:deef9e9a-47b1-4d04-b278-95b362ac2edb">https://documentcloud.adobe.com/link/track?uri=urn:aaid:scds:US:deef9e9a-47b1-4d04-b278-95b362ac2edb</a>
<i>The Issuer, Financial Statements</i>	The Issuer, Financial Statements The Issuer's audited annual financial statements for the year ended 30 June 2021 (the " <b>2021 Financial Statements</b> "), prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of annual accounts (Page numbers refer to the PDF page numbers and not the actual document):
	Page
	Management report 3 - 7
	Audit report 8 - 12
	Balance sheet as at 30 June 2021 13 - 17
	Profit and loss account for the year ended 30 June 2021 18 - 19
	Notes to the accounts 20 - 30
	<a href="https://documentcloud.adobe.com/link/review?uri=urn:aaid:scds:US:21535834-d972-47bc-915c-d8de4ea598c8">https://documentcloud.adobe.com/link/review?uri=urn:aaid:scds:US:21535834-d972-47bc-915c-d8de4ea598c8</a>

The non-incorporated parts of the documents incorporated by reference which for the avoidance of doubt are not mentioned in the cross-reference lists above are either not relevant for an investor or covered in another part of this Base Prospectus.

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

### General Abstract of the Conditions of the Notes

The Notes do not represent obligations of VWFS or any other party other than the Issuer acting for and on behalf of its Compartment 4.

#### Denomination

The issue in the aggregate Nominal Amount of up to GBP 2,000,000,000 consists of transferable Notes with a Nominal Amount of at least GBP 100,000 or an amount in GBP equivalent to EUR 100,000 each, ranking equally among themselves. The Notes rank senior to the Subordinated Loan.

#### Registered Global Notes

Each Series of Notes will be represented by a global registered note signed by two duly authorised directors of the Issuer (each a "**Global Note**") without coupons as described in further detail in Condition 1(b) of the terms and conditions applicable to such Series.

Each Global Note for any Series of Class A Notes shall be deposited with a Common Safekeeper for Clearstream, Luxembourg and Euroclear and be held in book-entry form only. Each Global Note for any Series of Class B Notes shall be deposited with a Common Depository for Clearstream, Luxembourg and Euroclear and be held in book-entry form only. The interests in the Notes are transferable according to applicable rules and regulations of Clearstream, Luxembourg and Euroclear. None of the Global Notes will be exchangeable for definitive Notes.

The aggregate principal amount of Notes of a Series of Class A Notes or a Series of Class B Notes represented by the relevant Global Note issued with respect to such Series shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Notes and, for these purposes, a statement issued by an ICSD stating the aggregate principal amount of the Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Notes the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Notes shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Notes shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

#### Payments of Principal and Interest

Payments of principal and interest, if any, on the Notes shall be made by the Principal Paying Agent on behalf of the Issuer for further payment to Clearstream, Luxembourg and Euroclear or to its order for credit to the relevant account holders of Euroclear and Clearstream, Luxembourg. All payments in respect of any Note made by, or on behalf of, the Issuer to, or to the order of Euroclear or Clearstream, Luxembourg shall discharge the liability of the Issuer under such Note to the extent of sums so paid.

The Issuer shall have the right to request, by notice to the holders of any Series of the Class A Notes or any Series of Class B Notes, as applicable, to be delivered in accordance with Condition 12 not later than one month prior to the then current revolving period expiration date applicable to such Series of Class A Notes or such Series of Class B Notes (each a "**Series Revolving Period Expiration Date**", where the first such date for each Series will be set out in the relevant Final Terms), the extension of such current Series Revolving Period Expiration Date together with an amendment to the Margin with respect to such extension period (if relevant) and the extension of the relevant Series Final Maturity Date for a period specified in the notice which shall equal to the period specified in such notice for the extension of the current Series Revolving Period Expiration Date. The extended relevant Series Revolving Period Expiration Date and the new Margin, if any, for the period for which such Series Revolving Period Expiration Date has been extended shall become effective only if (A) the Issuer received confirmation from the Rating Agencies that the rating of the relevant

Series of Class A Notes or Series of Class B Notes, as applicable and to the extent rated, will not be affected by such amendments, or the Rating Agencies have confirmed that the assignment of new ratings are not lower than for the then outstanding Notes before the Series Revolving Period Expiration Date was extended, or, as applicable, the Issuer has received a new rating confirmation stating the same rating for the relevant Series of Class A Notes or Series of Class B Notes, as applicable and to the extent rated, prior to the amendments and (B) by no later than the third Business Day prior to the then current Series Revolving Period Expiration Date, the Issuer acting for and on behalf of its Compartment 4 has confirmed by notice to the holders in the form prescribed in Condition 12 that it has received such reaffirmation and that it agrees to the requested amendments and (C) the Notes have the benefit of an interest rate swap with an Eligible Swap Counterparty under which the interest payments due under the relevant Series of Notes are hedged to the extended Final Maturity Date of the Notes.

Each Series of Notes is scheduled to be redeemed in full on the Payment Date specified to be the scheduled repayment date for such Series in the relevant Final Terms (each a "**Scheduled Repayment Date**"), provided that whenever with respect to a Series of Notes the relevant Series Revolving Period Expiration Date is extended, the relevant Scheduled Repayment Date shall be extended automatically for the same period as the relevant Series Revolving Period Expiration Date applicable to such Series of Notes.

Subject to the occurrence of an Enforcement Event all payments of interest on and principal of each Series of Notes will be due and payable at the latest in full on the respective Final Maturity Date of such Series of Notes as set out in the relevant Final Terms (each a "**Final Maturity Date**") provided that whenever the Series Revolving Period Expiration Date is extended in accordance with the Conditions, the relevant Final Maturity Date shall be extended automatically for the same period as the Series Revolving Period Expiration Date applicable to such Series of Notes.

On 25 June 2018 and thereafter until the final payment date, on the 25th day of each calendar month or, in the event such day is not a Business Day, on the next following Business Day, unless such day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day (each a "**Payment Date**"), the Issuer shall, subject to Condition 5(d), pay to each Noteholder interest on the nominal amount of Notes outstanding immediately prior to the respective Payment Date at the interest rate applicable to such Series of Class A Notes or Series of Class B Notes, as applicable (as specified in the relevant Final Terms), and shall make repayments of the principal amount of the relevant Notes by paying to the Noteholders of any Amortising Series of Class A Notes the relevant Class A Amortisation Amount or of any Amortising Series of Class B Notes the relevant Class B Amortisation Amount.

The Available Distribution Amount on each Payment Date shall equal the sum of the following amounts:

- (a) interest accrued on the Accumulation Account and the Distribution Account; plus
- (b) amounts received as Collections received or collected by the Servicer, inclusive, for avoidance of doubt, the Monthly Collateral Part 1 and Monthly Collateral Part 2 (after any relevant netting); plus
- (c) payments from the Cash Collateral Account in accordance with clauses 19.3 and 19.13 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement; plus
- (d) (i) Net Swap Receipts under the Swap Agreements, (ii) where the relevant Swap Agreement has been terminated and any Swap Termination Payments due by the Issuer to the departing Swap Counterparty have been paid (after returning any Excess Swap Collateral to the Swap Counterparty) and no replacement Swap Counterparty has been found, an amount equal to the lesser of (A) the balance standing to the credit of the Counterparty Downgrade Collateral Account and (B) the Net Swap Receipts that would have been due from the Swap Counterparty on such date assuming that there had been no termination of such Swap Agreement; plus
- (e) in case of the occurrence of an Early Amortisation Event or after the end of the Revolving Period, transfers from the Accumulation Account to the Distribution Account pursuant to the Trust Agreement; less
- (f) the Buffer Release Amount to be paid to VWFS, provided that no Insolvency Event occurred in respect of VWFS; plus

- (g) the amounts standing to the credit of the Accumulation Account after the preceding Payment Date; plus
- (h) any amounts provided for or converted into another currency which are not used and reconverted (if applicable) in accordance with clause 20.5 (*Order of Priority*) of the Trust Agreement; plus
- (i) the Interest Compensation Order of Priority Amount; less
- (j) the Interest Compensation Amount.

The Issuer is only obliged to make any payments to the Noteholders if it has first received such amounts to freely dispose of them. It is understood that interest and principal on the Notes will not be due on any Payment Date except to the extent there are sufficient funds in the respective Available Distribution Amount to pay such amounts in accordance with the Order of Priority. All payment obligations of the Issuer are limited recourse and constitute solely obligations of the Issuer to distribute amounts out of the respective Available Distribution Amount according to the Order of Priority.

### **Order of Priority**

On each Payment Date, to the extent of the respective Available Distribution Amount in accordance with the Order of Priority of distributions set forth below, the Issuer will pay to the holders of any Series of Class A Notes which are an Amortising Series of Class A Notes an aggregate amount in respect of principal equal to the Class A Amortisation Amount. The Class A Amortisation Amount comprises:

- (a) where on the relevant Payment Date some of the outstanding Series of Class A Notes but not all Series of Notes are Amortising Series, then for any Series of Class A Notes which on the relevant Payment Date qualifies as an Amortising Series for the first time (such Payment Date with respect to such Series referred to as the "**Class A Series Amortisation Date**"), the Class A Amortisation Amount applicable to such Series with respect to all Payment Dates following such qualification shall be determined as the lesser of (i) the principal amount outstanding of such Series and (ii) the product of (1) the positive difference between (A) the Class A Available Redemption Collections and (B) the sum of the Class A Amortisation Amounts in respect of the other Amortising Series of Class A Notes with an earlier Class A Series Amortisation Date and (2) the Amortisation Factor applicable to such Amortising Series; or
- (b) if on the relevant Payment Date all Series of Class A Notes are Amortising Series, the Class A Amortisation Amount for any Series of Class A Notes will be determined as the product of (i) the Class A Principal Payment Amount multiplied by (ii) the ratio of the principal amount outstanding of the relevant Amortising Series of Class A Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Class A Notes on such Payment Date as denominator.

On each Payment Date, to the extent of the respective Available Distribution Amount in accordance with the Order of Priority of distributions set forth below, the Issuer will pay to the holders of any Series of Class B Notes which are an Amortising Series of Class B Notes an aggregate amount in respect of principal equal to the Class B Amortisation Amount. The Class B Amortisation Amount comprises:

- (a) where on the relevant Payment Date some of the outstanding Series of Class B Notes but not all Series of Notes are Amortising Series, then for any Series of Class B Notes which on the relevant Payment Date qualifies as an Amortising Series for the first time (such Payment Date with respect to such Series referred to as the "**Class B Series Amortisation Date**"), the Class B Amortisation Amount applicable to such Series with respect to all Payment Dates following such qualification shall be determined as the lesser of (i) the principal amount outstanding of such Series and (ii) the product of (1) the positive difference between (A) the Class B Available Redemption Collections and (B) the sum of the Class B Amortisation Amounts in respect of the other Amortising Series of Class B Notes with an earlier Class B Series Amortisation Date and (2) the Amortisation Factor applicable to such Amortising Series; or
- (b) if on the relevant Payment Date all Series of Class B Notes are Amortising Series, the Class B Amortisation Amount for any Series of Class B Notes will be determined as the product of (i) the

Class B Principal Payment Amount multiplied by (ii) the ratio of the principal amount outstanding of the relevant Amortising Series of Class B Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Class B Notes on such Payment Date as denominator.

### Order of Priority of Distributions

In respect of the Notes, distributions will be made on each Payment Date from the Available Distribution Amount and, subject to clauses 19.3 and 19.13 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement, the Cash Collateral Account, according to the following Order of Priority, provided that any distributions arising from a Term Takeout shall not be distributed according to the following Order of Priority but shall be distributed in the following order: first to the then outstanding Class A Notes, until the Redeemable Amount of all then outstanding Class A Notes has been redeemed in full, second, to the then outstanding Class B Notes, until the Redeemable Amount of all then outstanding Class B Notes has been redeemed in full, third, to the Subordinated Loan and fourth to the Seller by way of a success fee,

on each Payment Date prior to the occurrence of an Enforcement Event:

- (a) first, amounts due and payable in respect of taxes (if any) by the Issuer (for the avoidance of doubt, corporate income taxes payable in respect of the Retained Profit Amount will be paid from the amounts standing to the credit of the Retained Profit Ledger);
- (b) second, amounts (excluding any payments under the Trustee Claim) due and payable by the Issuer (i) to the Security Trustee under the Trust Agreement or the Deed of Charge and Assignment and (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to clause 30 (*Termination by the Security Trustee for Good Cause*) or clause 31 (*Replacement of the Security Trustee*) of the Trust Agreement or under any agreement replacing the Trust Agreement;
- (c) third, to the Servicer, the Servicer Fee;
- (d) fourth, of equal rank amounts due and payable and allocated to the Issuer: (i) to the directors of the Issuer; (ii) to the Corporate Services Provider under the Corporate Services Agreement; (iii) to each Agent under the Agency Agreement; (iv) to the Account Bank and Cash Administrator under the Account Agreement; (v) to the Rating Agencies the fees for the monitoring of the Issue; (vi) to the Manager under the Note Purchase Agreement; (vii) to the Custodian under the Custody Agreement (if any); (viii) to the Data Protection Trustee under the Data Protection Trust Agreement; (ix) to the Issuer in respect of other administration costs and expenses of the Issuer, including, without limitation, any costs relating to the listing of the Notes on the official list of the Luxembourg Stock Exchange and the admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange, any auditors' fees, any tax filing fees and any annual return or exempt company status fees; and (x) to the Issuer the Retained Profit Amount to be credited to the Retained Profit Ledger;
- (e) fifth, *pari passu* and rateably as to each other of amounts due and payable by the Issuer to the Swap Counterparty in respect of any Net Swap Payments or any Swap Termination Payments under a Swap Agreement (if any and provided that a Swap Counterparty under the respective Swap Agreement is not a defaulting party (as defined in the respective Swap Agreement) and there has been no termination of the transaction under the Swap Agreement due to a termination event relating to the respective Swap Counterparty's downgrade);
- (f) sixth, *pari passu* and rateably to each other, amounts due and payable in respect of (a) interest accrued on the Class A Notes during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class A Notes;
- (g) seventh, *pari passu* and rateably as to each other, amounts due and payable in respect of (a) interest accrued on the Class B Notes during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class B Notes;

- (h) eighth, to the Cash Collateral Account, until the General Cash Collateral Amount is equal to the Specified General Cash Collateral Account Balance;
- (i) ninth, *pari passu* and rateably, (a) the Class A Amortisation Amount to each Amortising Series of Class A Notes and (b) an amount no less than zero equal to the Class A Accumulation Amount;
- (j) tenth, *pari passu* and rateably, (a) the Class B Amortisation Amount to each Amortising Series of Class B Notes and (b) an amount no less than zero equal to the Class B Accumulation Amount;
- (k) eleventh, *pari passu* and rateably as to each other in or towards payment, pro rata and *pari passu*, of amounts due and payable to a Swap Counterparty under any Swap Agreement other than payments made under item fifth above;
- (l) twelfth, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any), in each case, on the Subordinated Loan;
- (m) thirteenth, to the Subordinated Lender, to repay the outstanding principal amount of the Subordinated Loan; and
- (n) fourteenth, to pay all remaining excess to VWFS by way of a final success fee.

Distribution will be made from the Cash Collateral Account on any Payment Date prior to the occurrence of an Enforcement Event, if and to the extent the General Cash Collateral Amount exceeds the Specified General Cash Collateral Account Balance and no Credit Enhancement Increase Condition is in effect, according to the following Order of Priority, provided that for any Payment Date on which a Term Takeout occurs, the Specified General Cash Collateral Account Balance shall be calculated by using the aggregate outstanding principal amount of the Notes following the redemption of the Notes that occurs on such Payment Date as a result of such Term Takeout:

- (a) first, to the Subordinated Lender, amounts payable in respect of accrued and unpaid interest on the Subordinated Loan (including, without limitation, overdue interest);
- (b) second, to the Subordinated Lender an amount necessary to reduce the outstanding principal amount of the Subordinated Loan; and
- (c) third, to pay all remaining excess to VWFS by way of a final success fee.

Following the occurrence of an Enforcement Event, distributions will be made by the Security Trustee from the Available Distribution Amount and any proceeds of the enforcement of the Security, in accordance with the following Order of Priority:

- (a) first, amounts due and payable in respect of taxes (if any) by the Issuer (for the avoidance of doubt, corporate income taxes payable in respect of the Retained Profit Amount will be paid from the amounts standing to the credit of the Retained Profit Ledger);
- (b) second, amounts (excluding any payments under the Trustee Claim) due and payable by the Issuer (i) to the Security Trustee under the Trust Agreement or the Deed of Charge and Assignment, (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to clause 30 (*Termination by the Security Trustee for Good Cause*) or clause 31 (*Replacement of the Security Trustee*) of the Trust Agreement or under any agreement replacing the Trust Agreement, and (iii) any fees, costs, expenses, indemnities and other amounts due and payable to any receiver, manager, receiver and manager, administrator or administrative receiver appointed in respect of the Issuer in accordance with the Deed of Charge and Assignment;
- (c) third, to the Servicer, the Servicer Fee;
- (d) fourth, of equal rank amounts due and payable and allocated to the Issuer: (i) to the directors of the Issuer; (ii) to the Corporate Services Provider under the Corporate Services Agreement; (iii) to each Agent under the Agency Agreement; (iv) to the Account Bank and Cash Administrator under the Account Agreement; (v) to the Rating Agencies the fees for the monitoring of the Issue; (vi) to the Manager under the Note Purchase Agreement; (vii) to the Custodian under the Custody Agreement

(if any); (viii) to the Data Protection Trustee under the Data Protection Trust Agreement; (ix) to the Issuer in respect of other administration costs and expenses of the Issuer, including, without limitation, any costs relating to the listing of the Notes on the official list of the Luxembourg Stock Exchange and the admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange, any auditors' fees, any tax filing fees and any annual return or exempt company status fees; and (x) to the Issuer the Retained Profit Amount to be credited to the Retained Profit Ledger;

- (e) fifth, *pari passu* and rateably as to each other of amounts due and payable by the Issuer to the Swap Counterparty in respect of any Net Swap Payments or any Swap Termination Payments under a Swap Agreement (if any and provided that a Swap Counterparty under the respective Swap Agreement is not a defaulting party (as defined in the respective Swap Agreement) and there has been no termination of the transaction under the Swap Agreement due to a termination event relating to the respective Swap Counterparty's downgrade);
- (f) sixth, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued on the Class A Notes during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class A Notes;
- (g) seventh, *pari passu* and on a pro-rata basis, to each Series of Class A Notes the amount of principal due on such Series of Class A Notes until the Class A Notes have been redeemed in full;
- (h) eighth, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued on the Class B Notes during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class B Notes;
- (i) ninth, *pari passu* and on a pro-rata basis, to each Series of Class B Notes the amount of principal due on such Series of Class B Notes until the Class B Notes have been redeemed in full;
- (j) tenth, *pari passu* and rateably as to each other in or towards payment, pro rata and *pari passu*, of amounts due and payable to a Swap Counterparty under any Swap Agreement other than payments made under item fifth above;
- (k) eleventh, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any), in each case, on the Subordinated Loan;
- (l) twelfth, to the Subordinated Lender, to repay the outstanding principal amount of the Subordinated Loan; and
- (m) thirteenth, to pay all remaining excess to VWFS by way of a final success fee.

#### **Cash Collateral Account**

On the Initial Issue Date, the Issuer deposited GBP 6,000,000 in the Cash Collateral Account and on each Further Issue Date, such amount will be increased by an amount equal to 1.2 per cent. of the aggregate nominal amount of the Further Notes to be issued on such Further Issue Date. The Issuer has agreed to keep the Cash Collateral Account at all times with a bank that has Account Bank Required Ratings. In the event that the Cash Collateral Account Bank ceases to have the Account Bank Required Ratings, the Account Bank shall notify the Issuer and the Security Trustee thereof and within thirty calendar days, at its own cost (for the avoidance of doubt, this shall cover the legal fees as separately agreed in a side letter between, amongst others, the Issuer and the Account Bank in accordance with clause 15.1 (*Change of Account Bank and/or Cash Administrator*) of the Account Agreement), the Account Bank shall use all endeavours within its control for a period of thirty (30) calendar days to assist the Issuer to, and the Issuer shall: (i) transfer the Accounts held with it to an Eligible Collateral Bank or (ii) (in the case of a rating from S&P only) take any other action in order to maintain the rating of the Class A Notes or the Class B Notes, as applicable and to the extent rated, or to restore the rating of the Class A Notes or the Class B Notes, as applicable and to the extent rated, or such other rating or ratings of the Account Bank as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Class A Notes or the Class B Notes, as applicable and to the extent rated. If within this thirty day period none of the measures set out under clause 13 (Accounts) of the Trust Agreement is taken, the Issuer shall terminate the Account Agreement, provided

that such termination shall not take effect until the transition of the Issuer's banking arrangements has been completed.

On each Payment Date, amounts payable under item eighth of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) of the Trust Agreement shall be deposited in the Cash Collateral Account until the General Cash Collateral Amount is equal to the Specified General Cash Collateral Account Balance.

The funds credited to the Cash Collateral Account (other than the balance standing to the credit of the Interest Compensation Ledger, the Retained Profit Ledger and the Collateral RV Ledger) are referred to as the "**General Cash Collateral Amount**".

On each Payment Date, the General Cash Collateral Amount shall be used:

- (a) first, to cover any shortfalls in the amounts payable under items first through seventh of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) of the Trust Agreement;
- (b) second, to make payment of the amounts due and payable under clause 20.3(a) (*Order of Priority*) of the Trust Agreement; and
- (c) third, on the earlier of (i) the latest occurring Final Maturity Date of any Series of Notes or (ii) the date on which the Aggregate Discounted Receivables Balance has been reduced to zero, to make payment of the amounts due and payable under items ninth, tenth, twelfth, thirteenth and fourteenth of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) of the Trust Agreement.

On each Payment Date following the occurrence of an Enforcement Event, the General Cash Collateral Amount and the balance standing to the credit of the Interest Compensation Ledger, the Retained Profit Ledger and the Collateral RV Ledger shall be applied in accordance with clause 20.3(c) (*Order of Priority*) of the Trust Agreement.

In addition, the Servicer is entitled to utilise the General Cash Collateral Amount to the extent and in the amounts as agreed with its auditors for the purposes of the Clean-Up Call Option. In connection with the exercise of the Clean-Up Call Option, VWFS shall ensure that all amounts outstanding under the Notes and any obligations ranking *pari passu* with or senior to the Notes in the Order of Priority are discharged in full.

On each Payment Date, provided that amounts in (a) above are satisfied, any amount of the General Cash Collateral Amount in excess of the Specified General Cash Collateral Account Balance for that Payment Date, provided that no Credit Enhancement Increase Condition is in effect, will be released for payment to the Subordinated Lender of the Subordinated Loan (until all amounts payable in respect of accrued and unpaid interest have been made and the principal of the Subordinated Loan has been reduced to zero) and thereafter to the Seller as provided for under the terms of the Trust Agreement provided that for such purposes, on any Payment Date on which a Term Takeout takes place, the relevant Specified General Cash Collateral Account Balance will be calculated using the aggregate outstanding principal amount of the Notes following the redemption of the Notes that occurs on the respective Payment Date as a result of such Term Takeout.

VWFS has established the Collateral RV Ledger as a separate ledger on the Cash Collateral Account. Amounts standing to the credit of the Collateral RV Ledger shall not form part of the General Cash Collateral Amount. VWFS has: (i) on the Collateral RV Buffer Start Date in respect of the Monthly Period commencing on 1 June 2020 and (ii) on the Payment Date in respect of each Monthly Period thereafter, deposited an amount equal to the Collateral RV Buffer Amount in respect of each Purchased Receivable which has, during the relevant Monthly Period, become subject to a Payment Holiday With Term Extension or a Further Payment Holiday With Term Extension.

VWFS will only be entitled to request a withdrawal from the Issuer of a Collateral RV Buffer Amount posted with respect to a Purchased Receivable subject to a Payment Holiday With Term Extension or a Further Payment Holiday With Term Extension outside of the Order of Priority if the related Purchased Receivable is repurchased in accordance with the Receivables Purchase Agreement or the Redelivery Repurchase Agreement.

The balance standing to the credit of the Collateral RV Ledger shall be used on the first to occur of (i) the latest occurring Final Maturity Date of any Series of Notes or (ii) the date on which the Aggregate Discounted



Receivables Balance has been reduced to zero, to make payment of the amounts due and payable under items *ninth, tenth, twelfth, thirteenth* and *fourteenth* of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) of the Trust Agreement which represent payments of principal under the Class A Notes, Class B Notes and payments of principal and interest under the Subordinated Loan. Following the occurrence of an Enforcement Event, the General Cash Collateral Amount and the balance standing to the credit of the Collateral RV Ledger shall be applied in accordance with clause 20.3(c) (*Order of Priority*) of the Trust Agreement.

The Issuer will establish the Retained Profit Ledger on the Closing Date. On each Payment Date the Retained Profit Ledger will be credited with the Retained Profit Amount in accordance with the applicable Order of Priority. Amounts may be debited from the Retained Profit Ledger from time to time to pay corporate income taxes in respect of the Retained Profit Amount and for any dividend payments to the Issuer's shareholder.

### **Optional Redemption of the Notes / Clean-Up Call Option**

Under the Receivables Purchase Agreement, VWFS will have the right at its option but not the obligation, to require the Issuer to exercise the Clean-Up Call Option and to repurchase the Purchased Receivables from the Issuer at any time when the sum of the Discounted Receivables Balances of all VWFS Receivables as at the end of the most recent Monthly Period is less than 10 per cent. of the Maximum Discounted Receivables Balance, provided that all payment obligations under the Notes, and any obligations ranking *pari passu* with or senior to the Notes in the Order of Priority, will be met in full on the exercise of such option. VWFS shall give one month prior written notice of its intention to require the exercise of the Clean-Up Call Option. Such notice shall be published in accordance with Condition 12 of the Notes (the "**Clean-Up Call Option Notice**") and, in addition shall be published in the Monthly Investor Report.

### **The Clean-Up Call Option Settlement Amount shall be the lesser of:**

- (a) an amount equal to the outstanding Discounted Receivables Balance which would have become due if the Clean-Up Call Option had not been exercised, calculated on the last calendar day of the month in which the repurchase is to become effective; and
- (b) an amount equal to the theoretical present value of the Purchased Receivables remaining to be paid in the future, calculated using a discount rate equal to (i) the weighted average (based on the principal amount outstanding of all the Series of Notes and the Subordinated Loan outstanding principal amount as of the end of the relevant Monthly Period) of the fixed rates under the Swap Agreements and the Theoretical Subordinated Loan Swap Rate, plus (ii) the Servicer Fee at a rate of 1 per cent. per annum, and plus (iii) 0.03 per cent. for administrative costs and fees. It shall be calculated on the last calendar day of the month in which the repurchase is to become effective.

For the purposes of calculating the Clean-Up Call Option Settlement Amount, the risk of losses inherent to the relevant Purchased Receivables shall be taken into account on the basis of the risk status of such Purchased Receivables assessed by VWFS immediately prior to the buyback becoming effective. The Clean-Up Call Option Settlement Amount shall be due on the Payment Date following the Clean-Up Call Option Notice and, for the purposes of the definition of Collections shall be treated as a Settlement Amount.

### **Sale of Receivables to other Secured Vehicles**

The Issuer may on any Payment Date, for the purpose of a Term Takeout, offer to sell and assign to any member of Volkswagen Group or to a securitisation vehicle nominated by the Seller (in each case, the "**Transferee**") any or all Purchased Receivables (the "**Term Takeout Receivables**") provided that the Rating Agencies will have confirmed (by way of press release or otherwise) that the sale of the Term Takeout Receivables will not in and of itself result in a downgrade, withdrawal or qualification of the rating assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated, prior to the Term Takeout. If accepted by the Transferee, the purchase price to be paid by the Transferee acquiring the Term Takeout Receivables will be required to be:

- (a) no less than the outstanding Discounted Receivables Balance of the Term Takeout Receivables as at the respective Payment Date less an amount equal to the sum of (i) the amount of over-collateralisation applied to the Term Takeout in accordance with the capital structure of the applicable term transaction and (ii) the amount required as cash collateral for the applicable term transaction;

- (b) in any event no less than the Aggregate Redeemable Amount; and
- (c) paid to the Distribution Account, provided that the purchase price will not be distributed according to the applicable Order of Priority and it will be distributed, first, to the then outstanding Class A Notes, until the Redeemable Amount of all then outstanding Class A Notes has been redeemed in full, secondly, to the then outstanding Class B Notes, until the Redeemable Amount of all then outstanding Class B Notes has been redeemed in full, thirdly, to the Subordinated Loan and fourthly, to the Seller by way of a success fee.

The selection of Term Takeout Receivables will be made on a random basis and the proceeds from any Term Takeout will be paid into the Distribution Account but will not be applied according to the Order of Priority but instead be distributed as separately provided in clause 20.3 (*Order of Priority*) of the Trust Agreement. Any such randomly selected Term Takeout Receivable shall comply with the same warranties and guarantees as set out in clauses 8.1 and 8.2 (*Warranties and Representations*) of the Receivables Purchase Agreement at the time of the transfer to the Transferee. For the avoidance of doubt, in case of Non-Amortising Series of Notes any redemption payments will be made in a way to redeem a certain number of Notes in their principal amount of at least GBP 100,000.

### **Principal Paying Agent**

The Issuer will make payments to the Noteholders through the Principal Paying Agent. Payments shall be made from the accounts of the Issuer with Citibank N.A., London Branch as Account Bank without having to execute an affidavit or fulfil any formalities other than the compliance with tax, currency exchange or other regulations of the country where the distribution takes place. Citibank N.A., London Branch is an independent credit institution and is not Affiliate to VWFS or the Issuer and may be substituted as provided for in Condition 9 (Payment Obligations; Agents).

### **Security, Security Trustee and Enforcement**

For the benefit of the Transaction Creditors, the Issuer has appointed the Security Trustee pursuant to the Trust Agreement.

### **Trust Agreement**

Pursuant to the Trust Agreement, the Issuer has assigned or transferred (as applicable) all its claims and other rights arising from the German Transaction Documents (including the rights to unilaterally alter a legal relationship (*unselbständige Gestaltungsrechte*)) and from all present and future German law contracts the Issuer has entered or may enter into in connection with the Notes, the Subordinated Loan, the Swap Agreements, or the Receivables to the Security Trustee for security purposes.

After the occurrence of an Enforcement Event, the Security Trustee will at its reasonable discretion foreclose or enforce or cause the foreclosure or the enforcement of the Security.

The Issuer, acting for and on behalf of its Compartment 4 has entered into a Trust Agreement, a Deed of Charge and Assignment and an Assignment in Security.

Under the Trust Agreement, the Issuer has instructed and authorised the Security Trustee to act as trustee (Treuhänder) for the benefit of the Transaction Creditors pursuant to the terms of the Trust Agreement and the Deed of Charge and Assignment. In the Trust Agreement, the Issuer has undertaken to pay the Security Trustee, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to all the Transaction Creditors (including the holders of the Notes) pursuant to the Transaction Documents (the "**Trustee Claim**"). To provide collateral for the Trustee Claim, the Issuer assigns to the Security Trustee all its claims and other rights arising from the German Transaction Documents (with the exception of claims and other rights arising from the Trust Agreement) for the avoidance of doubt (including the rights to unilaterally alter a legal relationship (*unselbständige Gestaltungsrechte*)) and from all present and future German law contracts the Issuer has entered or may enter into from time to time in connection with the Transaction Documents.

In addition, the Issuer pledged to the Security Trustee all its present and future claims against the Security Trustee arising under the Trust Agreement.

## **Deed of Charge and Assignment and Assignment in Security**

In addition, the Notes are secured and share the same Security with the other Secured Obligations of the Issuer as set out in the Deed of Charge and Assignment and the Assignment in Security.

The Security granted by the Issuer pursuant to the Deed of Charge and Assignment includes:

- (a) an assignment by way of first fixed security, absolutely and with full title guarantee, of the Benefit of all of its present and future right, title and interest to, in and under the Purchased Receivables;
- (b) an assignment by way of first fixed security, absolutely and with full title guarantee, of the Benefit of all of its present and future right, title and interest to, in and under:
  - (i) the Charged Transaction Documents;
  - (ii) each other contract, agreement, deed and document, present and future, to which the Issuer is or becomes a party, including, without limitation, all rights to receive payment of any amounts which may become payable to the Issuer thereunder and all payments received by the Issuer thereunder from time to time, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof;
- (c) a first fixed charge over the Benefit of the Accounts of the Issuer, other than any such accounts situated outside England and Wales (and any replacement therefor), and all of its other book debts, present and future, the proceeds of the same and all other moneys due and payable to it and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any of the foregoing; and
- (d) a first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including the Issuer's uncalled capital (excluding any property or assets from time to time or for the time being effectively charged by way of fixed charge or assigned by way of security, but excepting from the foregoing exclusion the whole of the Issuer's undertaking, property assets and rights situated in Scotland or otherwise governed by Scottish law all of which are charged by the floating charge).

In addition, as continuing security for the payment or discharge of the Secured Obligations, the Issuer granted and will grant Assignations in Security in favour of the Trustee, for itself and on trust for the Transaction Creditors relative to the Scottish Declarations of Trust under which VWFS holds and will hold in trust for the Issuer all its present and future rights, title and interest in, to and under, inter alia, the Scottish Receivables.

## **Servicer**

Subject to revocation by the Issuer after a Servicer Replacement Event, the Issuer has appointed VWFS as the Servicer to provide the Services to the Issuer in relation to the Financing Contracts and the Receivables, and also to exercise certain of the Issuer's rights in respect of the Financing Contracts and the Receivables, all as further described below under "**Administration of the Purchased Receivables under the Servicing Agreement**".

## **Dismissal and Replacement of the Servicer**

After a Servicer Replacement Event, the Issuer is entitled to dismiss the Servicer as outlined in the Servicing Agreement.

## **Replacement of Issuer**

Subject to certain preconditions the Issuer acting for and on behalf of its Compartment 4 is entitled to appoint another company (the "**New Issuer**") in place of itself as debtor for all obligations arising from and in connection with the Notes.

## **Taxes**

Payments shall only be made after the deduction and withholding of current or future taxes, levies or government charges, regardless of their nature, which are imposed, raised or collected (hereinafter collectively referred to as "**taxes**") on the basis of the applicable laws of, or for the account of, an authority or government agency authorised to levy taxes or of any country which claims fiscal jurisdiction, to the extent that such a collection is prescribed by applicable law (or pursuant to FATCA). The Issuer shall render an account of the deducted or withheld taxes accruing to the competent government agencies and shall, upon a Noteholder's request, provide proof thereof. It is not obliged to pay any additional amounts as a result of the deduction or withholding.

#### **Limited Recourse and Non-Petition**

The Notes and the Subordinated Loan represent obligations of the Issuer only, and do not represent obligations of the Arranger, the Manager, the Security Trustee, VWFS or VW Bank or any of its Affiliates (together the "**Volkswagen Group**") or any Affiliate of the Issuer or any other third person or entity. Neither the Arranger, the Manager, nor the Security Trustee, nor VWFS, nor the Volkswagen Group, nor any Affiliate of the Issuer, nor any other third person or entity, assume any liability to the Noteholders if the Issuer fails to make a payment due under the Notes or the Subordinated Loan.

All payment obligations of the Issuer under the Notes and the Subordinated Loan constitute limited recourse obligations to pay only the Available Distribution Amount which includes, inter alia, amounts received by the Issuer under the Purchased Receivables and under the other Transaction Documents. The Available Distribution Amount may not be sufficient to pay amounts accrued under the Notes, which may result in an Interest Shortfall as defined in the Incorporated Terms Memorandum, however, an Interest Shortfall other than non-payment of interest on the most senior Class of Notes (subject to the expiry of the five (5) Business Day grace period) will not constitute a Foreclosure Event. The Notes shall not give rise to any payment obligation in addition to the foregoing. The enforcement of the payment obligations under the Notes and the Subordinated Loan shall only be effected by the Security Trustee in accordance with the Trust Agreement. A Foreclosure Event will, following the service of an Enforcement Notice by the Security Trustee, result in the enforcement of the collateral held by the Security Trustee. If the Security Trustee enforces the claims under the Notes and/or the Subordinated Loan, such enforcement will be limited to those assets which were transferred to the Security Trustee and to any other assets of the Issuer. To the extent that such assets, or the proceeds of the realisation thereof, prove ultimately insufficient to satisfy the claims of all Noteholders the Subordinated Lender or Swap Counterparty in full, then any shortfall arising shall be extinguished and neither any Noteholder, nor the Security Trustee shall have any further claims against the Issuer. Such assets and proceeds shall be deemed to be "**ultimately insufficient**" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter.

If any of the events which require the Security Trustee to take action should occur, the Security Trustee will have legal access to the Security (see the section "**Trust Agreement**" below) only. The Security Trustee itself is not a guarantor, nor have any guarantees been given by other parties, with respect to which the Security Trustee could assert claims on behalf of the Noteholders and/or the Subordinated Lender.

None of the Noteholders (nor any other Person acting on behalf of any of them) shall be entitled at any time until the expiry of at least two years and one day after the Final Maturity Date, to institute against the Issuer; or join in any institution against the Issuer of, any insolvency proceedings in connection with any obligations of the Issuer relating to the Notes, save for lodging a claim in the liquidation of the Issuer which is initiated by another Person who is not a Noteholder or a party to any Transaction Document.

## **Notices**

Notices to the Noteholders will be validly given if transmitted individually to the address set out in the Register for such Noteholder.

As long as a Global Note is registered in the name of the Registered Holder notices to each respective Noteholder may be validly given if transmitted to Euroclear and Clearstream Luxembourg for further communication to the persons shown as holders of the Notes in their records. Any notice so given shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream Luxembourg.

In addition, as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require, all notices to the Noteholders regarding the Notes shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice referred to above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Should an official listing be absent, then such notices shall be published in the German Federal Gazette (*Bundesanzeiger*).

## **Applicable Law, Place of Performance and Place of Jurisdiction**

The form and content of the Notes and all of the rights and obligations of the Noteholders, the Issuer, the Principal Paying Agent and the Servicer under the Notes shall be subject in all respects to the laws of Germany.

### **Place of performance and venue for legal proceedings is Frankfurt am Main, Germany**

For any litigation in connection with the Conditions of the Notes, which will be initiated against the Issuer in a court of Germany, the Issuer has appointed Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany, to accept service of process.

Claims arising from the Notes including claims for payment of interest and principal shall be prescribed in accordance with general prescription rules under German law, i.e. either (i) upon the expiry of three years after the end of the year in which the respective claim has come into existence and in which the creditor of such claim had knowledge of such claim (or did not have such knowledge due to its own gross negligence) or (ii) in any event upon the expiry of ten years.

## **Modifications**

Save in respect of a Benchmark Rate Modification undertaken in accordance with Condition 14(b) (*Amendments to the Conditions and Benchmark Rate Modification*) the Conditions of any Series of Notes may only be modified through contractual agreement to be concluded between the Issuer and all Noteholders of each Series of the relevant Class of Notes as provided for in Sec. 4 of the German Debenture Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz -SchVG)*) with a prior notification to the Rating Agencies (to the extent such Series of Notes is rated) or by a Noteholder's resolution adopted with unanimous consent of the Noteholders of such Series of the relevant Class of Notes pursuant to Sections 5 to 22 of the aforementioned act.

The Conditions and any Transaction Document may be amended for the purposes of effecting a Benchmark Rate Modification without the consent of the Noteholders (subject to and in accordance with the mechanism in Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*)). The Issuer is required to provide the Transaction Creditors (including the Swap Counterparties) with at least 30 days' notice of the proposed modifications to the Alternative Benchmark Rate which shall apply in respect of the Conditions and the Swap Agreements for the purposes of determining the floating amount payable by the floating rate payer in respect of the Swap Agreements without a requirement for the consent of the relevant Swap Counterparty to such change in the benchmark rate and to such other related or consequential amendments to the Transaction Documents (including, if applicable, the Swap Agreements) as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the Benchmark Rate Modification and, in the case of such other related or consequential amendments to the Transaction Documents, the Issuer has obtained the consent of any other Transaction Creditors which are not Noteholders in accordance with the provisions of the Incorporated Terms Memorandum.

The Issuer will also be entitled to amend any term or provision of the Conditions with the consent of the Security Trustee, but without the consent of any Noteholder, any Swap Counterparty, the Subordinated Lender, the Arranger, the Manager or any other Person if it is advised by a reputable international law firm that such amendments are required for the Programme to comply with the EU Securitisation Regulation or the UK Securitisation Regulation, as applicable, or any regulatory and/or implementing technical standards adopted under the EU Securitisation Regulation or any directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom under the UK Securitisation Regulation. Any such amendment shall only become valid, by giving ten (10) Business Days prior notice to the Noteholders and the Rating Agencies in writing, including by e-mail. Insofar as such amendments relate to the originator or Seller, any amendments in order to comply with the EU Securitisation Regulation shall not result in any non-compliance with the UK Securitisation Regulation and insofar as such amendments relate to the Issuer, any amendments in order to comply with the UK securitisation regulation shall not result in any non-compliance with the EU Securitisation Regulation.

## ABSTRACT OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS

### Trust Agreement

The Issuer has entered into the Trust Agreement with, amongst others, the Security Trustee and VWFS. Under the Trust Agreement the Issuer has instructed and authorised the Security Trustee to act as fiduciary agent for the Transaction Creditors. The Security Trustee is not affiliated with the Issuer or VWFS and maintains no relationships other than arm's length business relationships with the Issuer and VWFS.

The Trust Agreement creates the Trustee Claim of the Security Trustee against the Issuer pursuant to which the Security Trustee shall be entitled to demand that the Issuer makes all payments owed to the Transaction Creditors directly or, in the event of non-performance, to the Security Trustee for transfer of such amounts to the respective Transaction Creditors.

To provide collateral for the Trustee Claim, the Issuer assigns to the Security Trustee all its claims and other rights arising from the German Transaction Documents (with the exception of claims and other rights arising from the Trust Agreement) for the avoidance of doubt (including the rights to unilaterally alter a legal relationship (*unselbständige Gestaltungsrechte*)) and from all present and future German law contracts the Issuer has entered or may enter into from time to time in connection with the Transaction Documents.

The Security Trustee is not obliged to monitor the performance of the duties of the Issuer under the Notes, the Conditions of the Notes, the Subordinated Loan or any other Transaction Documents to which the Issuer is a party. All rights of the Noteholders shall remain at all times and under all circumstances vested in the Noteholders.

In addition, the Issuer pledges to the Security Trustee all its present and future claims against the Security Trustee arising under the Trust Agreement. The parties to the Trust Agreement have agreed that the Security Trustee, under the Trust Agreement, shall act exclusively for the benefit of the Transaction Creditors.

Except as expressly provided for otherwise in the Trust Agreement, the Security Trustee is not required to monitor the fulfilment of the Issuer's obligations under the Notes, the Conditions or any other Transaction Document.

Notwithstanding the provisions of the Trust Agreement, all rights of the Noteholders under the Notes shall remain at all times and under all circumstances vested in the Noteholders.

Subject to the occurrence of a Foreclosure Event, amounts generally will not be due and payable on any Note on any Payment Date prior to the Final Maturity Date of that Note except to the extent there are sufficient funds in the Available Distribution Amount and the General Cash Collateral Amount to pay such amounts in accordance with the Order of Priority of distributions.

Amounts received by the Issuer (or the Cash Administrator on its behalf) which constitute Excess Swap Collateral, Swap Tax Credits and Swap Replacement Proceeds (only to the extent such Swap Replacement Proceeds are applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Swap Counterparty) shall, to the extent due and payable under the terms of such Swap Agreement, be paid by the Cash Administrator on behalf of the Issuer directly to the Swap Counterparty without regard to the Order of Priority.

VWFS will be entitled to amend the Trust Agreement with the consent of the Issuer if such amendment is notified to the Security Trustee and the Rating Agencies and that such amendment will not, according to the Security Trustee, be materially prejudicial to the interests of any of the Transaction Creditors and it has received confirmation from the Rating Agencies that the ratings assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated, will not be adversely affected, unless the Transaction Creditors that are materially affected, or to the extent that any Transaction Creditors are materially affected by such amendment, all such Transaction Creditors have consented to it. If the amendment relates to the amount, the currency or the timing of the cash-flow received by the Issuer under the Purchased Receivables, the application of such cash-flow by the Issuer, or the ranking of a Swap Counterparty in the Order of Priority, then the consent of the Swap Counterparty will be required.

For the complete text of the Trust Agreement please see "**Trust Agreement**" of this Base Prospectus.

## Swap Agreements

The Issuer will enter into a Swap Agreement with respect to each Series of Notes with the swap counterparty for such Series of Notes (the swap counterparty so specified being the "**Swap Counterparty**"), as described in the section "**The Swap Counterparty**" below. Each Swap Agreement will hedge the floating interest rate risk in respect of the applicable Series of Notes.

If a Swap Counterparty suffers a ratings downgrade and ceases to be an Eligible Swap Counterparty, the Issuer may terminate the relevant Swap Agreement if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions could include the Swap Counterparty collateralising its obligations as a referenced amount calculated in accordance with a credit support annex to the 2002 ISDA Master Agreement, transferring its obligations to a replacement Swap Counterparty or procuring a guarantee.

Under each Swap Agreement relating to the Class A Notes the Issuer will undertake to pay to the respective Swap Counterparty on each Payment Date an amount equal to the amount of interest on the nominal amount of the Class A Notes outstanding on each Payment Date, calculated on the basis of a fixed rate of interest of 2.4700 per cent. *per annum* on the basis of Act/365. The respective Swap Counterparty will undertake to pay to the Issuer on each Payment Date an amount equal to the floating rate of interest on such outstanding nominal amount of the Class A Notes, calculated on the basis of Compounded Daily SONIA plus 0.57 per cent. *per annum*.

Under each Swap Agreement relating to Class B Notes the Issuer will undertake to pay to the respective Swap Counterparty on each Payment Date an amount equal to the amount of interest on the nominal amount of the Class B Notes outstanding on each Payment Date, calculated on the basis of a fixed rate of interest of 3.1000 per cent. *per annum* on the basis of Act/365. The respective Swap Counterparty will undertake to pay to the Issuer on each Payment Date an amount equal to the floating rate of interest on such outstanding nominal amount of the Class B Notes, calculated on the basis of Compounded Daily SONIA plus 1.20 per cent. *per annum*.

Payments under each Swap Agreement will be exchanged on a net basis on each Payment Date. Payments made by the Issuer under the Swap Agreements, comprising (i) Net Swap Payments (being the net amounts with respect to regularly scheduled payments owed by the Issuer to the Swap Counterparty (but excluding termination payments and other amounts payable to the Swap Counterparty under the Swap Agreement)) and (ii) swap termination payments (other than termination payments related to an event of default under the Swap Agreements where the Swap Counterparty is a defaulting party (as defined in the Swap Agreements), or a termination event due to the failure by the Swap Counterparty to take the required action after a downgrade of its credit rating) rank higher in priority than all payments on the Notes.

Payments by the Swap Counterparty to the Issuer under each Swap Agreement (except for payments by the Swap Counterparty into any Counterparty Downgrade Collateral Account relating to such Swap Counterparty) will be made into the Distribution Account and will, to the extent necessary, be increased to ensure that such payments are free and clear of all taxes.

The events of default applicable to the Issuer under the Swap Agreements are limited to if, among other things, the Issuer fails to make a payment under a Swap Agreement when due and such failure is not remedied within three (3) Business Days of notice of such failure being given or certain bankruptcy and insolvency events occurring with respect to the Issuer. Events of default under the Swap Agreements applicable to the Swap Counterparty include, the following:

- (a) failure to make a payment under the relevant Swap Agreement when due, if such failure is not remedied within three Business Days (as applicable) of notice of such failure being given; or
- (b) the occurrence of certain bankruptcy and insolvency events.

Termination events under each Swap Agreement include, among other things, the following:

- (a) illegality of the transactions contemplated by the Swap Agreements;



- (b) an Enforcement Event under the Trust Agreement occurs or prepayment in full, but not in part, of the Notes occurs; or
- (c) failure of the Swap Counterparty to maintain its credit rating at certain levels required by the Swap Agreement, which failure may not constitute a termination event if (in the time set forth in the applicable Swap Agreement) the Swap Counterparty:
  - (i) posts an amount of collateral (in the form of cash and/or securities) as calculated in accordance with the credit support annex to each Swap Agreement; or
  - (ii) obtains a guarantee from an institution with an acceptable rating; or
  - (iii) assigns its rights and obligations under the Swap Agreement to a successor Swap Counterparty with an acceptable rating; or
  - (iv) takes such other action in order to maintain the rating of the Notes, or to restore the rating of the Notes to the level it would have been at immediately prior to such downgrade.

A segregated Counterparty Downgrade Collateral Account in respect of the Swap Counterparty is established with the Account Bank and security created over such account in favour of the Security Trustee in accordance with provisions in the Account Agreement and the Trust Agreement. Any cash collateral or securities collateral posted to such Counterparty Downgrade Collateral Account as a result of a ratings downgrade (as referred to in paragraph "**Termination of the Swap Agreements**" above) shall be recorded on a specific collateral ledger and any cash collateral shall bear interest. Such collateral shall be segregated from the Distribution Account and from the general cash flow of the Issuer and shall not constitute Collections. Collateral posted to such Counterparty Downgrade Collateral Account is solely for the purposes of, and in connection with, collateralising the Swap Agreements.

Upon the occurrence of any event of default or termination event specified in a Swap Agreement, the non-defaulting party (in case of an event of default), or the party affected or burdened by a termination event pursuant to the provisions of the Swap Agreements may, after a period of time set forth in the Swap Agreement, elect to terminate such Swap Agreement. If a Swap Agreement is terminated due to an event of default or a termination event, a Swap Termination Payment may be due to the Swap Counterparty by the Issuer out of its available funds. The amount of any such Swap Termination Payment may be based on the actual cost or market quotations of the cost of entering into a similar swap transaction or such other calculations as may be required under the Swap Agreement, in each case in accordance with the procedures set forth in the Swap Agreement. Any such Swap Termination Payment could, if market rates or other conditions have changed materially, be substantial. The Swap Termination Payment required to be made by the Issuer to a Swap Counterparty will rank higher in priority than all payments under the relevant Series of Notes except as explained above in paragraph 'Termination payment priorities and subordination'. In such event, the Receivables and the General Cash Collateral Amount may be insufficient to satisfy the required payments under the relevant Series of Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments due in respect of such Series of Notes.

The Swap Counterparty may transfer its obligations under the Swap Agreement to a third party which is an Eligible Swap Counterparty.

### **Servicing Agreement**

Subject to revocation by the Issuer after a Servicer Replacement Event, VWFS is instructed pursuant to the terms of the Servicing Agreement to act as Servicer in order to provide certain management and administrative services to the Issuer and the Security Trustee in relation to the portfolio of assets composed of the Purchased Receivables, the Servicing Agreement, any applicable laws, regulations, judgments and other directions or orders to which it may be subject and its Customary Operating Practices, devoting or procuring that there is devoted to the performance of its obligations under the Servicing Agreement at least the same amount of time and attention and that there is exercised the same level of skill, care and diligence in the performance of those obligations, the exercise of its discretions under the Servicing Agreement and its exercise of the rights of the Issuer and the Security Trustee in respect of the Purchased Receivables, the Financing Contracts and the Vehicles as it would if it were administering motor vehicle hire purchase

agreements and personal contract purchases in respect of which it held the entire benefit (both legally and beneficially).

VWFS, as the Servicer, is entitled to commingle funds such as Collections from the Purchased Receivables with its own funds during each Monthly Period in accordance with the following procedure:

- (a) if and as long as the Monthly Remittance Condition is satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each Monthly Period and will be required to make a single deposit of such monthly Collections to the Distribution Account on each Payment Date; and
- (b) if and as long as the Monthly Remittance Condition is not satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each Monthly Period only in accordance with the procedure outlined in detail in "**Administration of the Purchased Receivables under the Servicing Agreement – Commingling**".

VWFS as Servicer undertakes to the Issuer that it will, for as long as the Class A Notes or (if possible in accordance with the Bank of England eligibility criteria in force from time to time) any other Class of Notes are intended to be held in a manner which will allow Bank of England eligibility, make loan level data in such a manner available as required to comply with the Bank of England eligibility criteria and transparency criteria for asset backed securities (as set out in detailed transparency requirements for asset backed securities and covered bonds - Market Notice dated 11 October 2019 as amended and applicable from time to time).

#### ***EU Securitisation Regulation – EU Disclosure Requirements***

Under the Servicing Agreement VWFS as Servicer undertakes to the Issuer that, pursuant to the EU Securitisation Regulation, it will make the information available to the Noteholders, to competent authorities, as referred to in Article 29 of the EU Securitisation Regulation and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (EU) Disclosure Requirements. The Servicer will make such information available via the EU Securitisation Repository. For the purposes of Article 7(2) of the EU Securitisation Regulation, the Seller and the Issuer have designated VWFS, in its capacity as originator, to fulfil the information requirements of Article 7(1) of the EU Securitisation Regulation.

#### ***UK Securitisation Regulation – UK Disclosure Requirements***

Under the Servicing Agreement VWFS as Servicer undertakes to the Issuer that, pursuant to the UK Securitisation Regulation, it will make the information available to the Noteholders, to the FCA and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (UK) Disclosure Requirements. During the Standstill Period, such information will be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements. The Servicer will make such information available upon request. There is no requirement to report to a UK securitisation repository where the prospectus has not been approved by the FCA. For the purposes of Article 7(2) of the UK Securitisation Regulation, the Seller and the Issuer designate VWFS, in its capacity as originator, to fulfil the information requirements of Article 7(1) of the UK Securitisation Regulation.

Information as to the present lending business procedures of VWFS are described in the sections entitled "**Business Procedures of VWFS**" and "**Administration of the Purchased Receivables under the Servicing Agreement**" below, however, VWFS will be permitted to change those business procedures from time to time in its own discretion.

The Servicer is permitted to delegate some or all of its duties to other entities, including its Affiliates and subsidiaries, although the Servicer will remain liable for the performance of any duties that it delegates to another entity.

The Servicer will be entitled to receive a fee on each Payment Date for the relevant Monthly Period in accordance with the Order of Priority. The Servicer will pay all expenses incurred by it in connection with its collection activities and will not be entitled to reimbursement of those expenses. The Servicer will have no responsibility, however, to pay or fund any credit losses with respect to the Purchased Receivables.

After a Servicer Replacement Event, the Issuer is entitled to dismiss the Servicer and is required to appoint a successor servicer in accordance with the provisions of the Servicing Agreement.

### **Data Protection Trust Agreement**

In accordance with the Data Protection Trust Agreement, VWFS will:

- (a) make an encrypted list (with only the names and addresses and contract numbers of the respective Obligor) available to the Issuer (the "**Data File**"); and
- (b) deposit or cause to be deposited with the Data Protection Trustee a sealed containment key (the "**Portfolio Decryption Key**") (which is for the decryption of the Data File of the names and addresses of the respective Obligor for each contract number relating to a Financing Contract which relates to all Purchased Receivables).

VWFS further undertakes, on or about each Payment Date, to update the encrypted list contained in the Data File, and to make such updated encrypted list available to the Issuer whilst at the same time ensuring that the Portfolio Decryption Key entrusted to the Data Protection Trustee remains valid and, if not, promptly make a new Portfolio Decryption Key available to the Data Protection Trustee.

The Data Protection Trustee will carefully safeguard the Portfolio Decryption Key and protect it against unauthorised access by any third party. Delivery of the Portfolio Decryption Key is permissible only to (i) (at the request of the Security Trustee) a replacement Servicer or (ii) to the Seller or, at the request of the Seller or the Security Trustee, to the replacement Data Protection Trustee subject to applicable data protection laws and banking secrecy provisions. The Data Protection Trustee has agreed to notify the Obligor of the assignment of the Purchased Receivables to the Issuer and instruct the Obligor to make all payments in respect of the Purchased Receivables to the Distribution Account of the Issuer upon the occurrence of a Notification Event or upon delivery of a Notification Event Notice.

### **Modifications**

Subject to clause 40 (*Amendments*) of the Trust Agreement, and save for any correction of a manifest or proven error or variation of a formal, minor or technical nature which may be made by the Security Trustee without the consent or sanction of any of the Noteholders, the Swap Counterparty, the Subordinated Lender, the Arranger, the Manager or any other Person, any amendment, restatement or variation of a Transaction Document, is valid only if made in accordance with clause 6 (*Amendments, Accession*) of the Incorporated Terms Memorandum.

In the case of modifications which do not materially and adversely affect the interests of the Noteholders or any other Transaction Creditor:

- (a) it is notified to the Security Trustee and the Rating Agencies in writing, including by e-mail; and
- (b) if the modification is required:
  - (i) for the purposes of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (1) VWFS on behalf of the Issuer certifies in writing, including by e-mail, to the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; (2) and in the case of a modification proposed by either the Account Bank or the Swap Counterparty, (A) either the Account Bank or the Swap Counterparty, as the case may be, certifies in writing, including by e-mail, to the Issuer and the Security Trustee that such modification is necessary for the purposes of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies (B) either the Account Bank or the Swap Counterparty obtains written confirmation from the Rating Agencies that such modification would not result in a downgrade of the ratings assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated, or the Account Bank or Swap Counterparty certifies that it has notified each of the Rating Agencies of the modification and such modification would not result in a downgrade of the Notes;

- (ii) for the purposes of ensuring that the terms of the Transaction Documents, and the parties' obligations thereunder, are in compliance with EMIR and/or the then subsisting technical standards under EMIR, or SFTR and/or the then subsisting technical standards under SFTR;

VWFS has certified to the Security Trustee in writing, including by e-mail, that such modification is required solely for such purpose and the Security Trustee has been provided with certain information to its satisfaction; and

- (c) the Issuer has provided at least 30 days' notice to the Noteholders of each Series and Class of the proposed modification in accordance with Condition 12 (Notices), and (2) Noteholders representing at least 10 per cent. of the aggregate outstanding principal amount of the most senior Class of Notes then outstanding have not contacted the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Security Trustee that such Noteholders do not consent to the modification; or
- (d) if Noteholders representing at least 10 per cent. of the aggregate outstanding principal amount of the most senior Class of Notes then outstanding have notified the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification will not be made unless a resolution adopted with unanimous consent of the Noteholders of the most senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 14(a) (*Amendments to the Conditions and Benchmark Rate Modification*).

If any of the amendments to any term of the Transaction Documents relate to the amount, the currency or the timing of the cashflow received by the Issuer under the Receivables, the application of such cashflow by the Issuer, or the ranking of the Swap Counterparties in the Order of Priority or following the posting of credit support by a Swap Counterparty to the Counterparty Downgrade Collateral Account, then the consent of the relevant Swap Counterparties will be required.

In case of amendments to any term of the Transaction Documents which materially and adversely affect the interests of the Issuer, the Security Trustee, the Noteholders, the Swap Counterparties or the Subordinated Lender then also the consent of such parties will be required.

The Conditions and any Transaction Document may be amended for the purposes of effecting a Benchmark Rate Modification without the consent of the Noteholders (subject to and in accordance with the mechanism in Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*)). The Issuer is required to provide the Transaction Creditors (including the Swap Counterparties) with at least 30 days' notice of the proposed modifications to the Alternative Benchmark Rate which shall apply in respect of the Conditions and the Swap Agreements for the purposes of determining the floating amount payable by the floating rate payer in respect of the Swap Agreements without a requirement for the consent of the relevant Swap Counterparty to such change in the benchmark rate and to such other related or consequential amendments to the Transaction Documents (including, if applicable, the Swap Agreements) as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the Benchmark Rate Modification and, in the case of such other related or consequential amendments to the Transaction Documents, the Issuer has obtained the consent of any other Transaction Creditors which are not Noteholders in accordance with the provisions of the Incorporated Terms Memorandum.

Any Transaction Document may be amended with the consent of VWFS and the Security Trustee, but without the consent of any Manager, any Swap Counterparty, the Subordinated Lender, the Arranger, the Lead Manager or any other Person if it is advised by a reputable international law firm that such amendments are required for the Programme to comply with the EU Securitisation Regulation or the UK Securitisation Regulation, as applicable, or any regulatory and/or implementing technical standards adopted under the EU Securitisation Regulation or any directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom under the UK Securitisation Regulation. Any such amendment shall only become valid, by giving ten (10) Business Days prior notice to the Noteholders and the Rating Agencies in writing, including by e-mail. Insofar as such amendments relate to the originator or Seller, any amendments in order to comply with the EU Securitisation Regulation shall not result in any non-compliance with the UK Securitisation Regulation

and insofar as such amendments relate to the Issuer, any amendments in order to comply with the UK securitisation regulation shall not result in any non-compliance with the EU Securitisation Regulation.

## TAXATION

The following information is of a general nature and is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective investor in the Notes. It should be read in conjunction with the section entitled "**Risk Factors**". Potential investors in the Notes should satisfy themselves as to the overall tax consequences of purchasing, holding and/or selling the Notes and, therefore, should consult their professional tax advisors.

The attention of prospective Noteholders is drawn to Condition 10 of the Notes (*Taxes*).

### **Taxation in Luxembourg**

The statements herein regarding certain tax considerations effective in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Base Prospectus and are subject to any changes in law.

The following information is of a general nature only, it is not intended to be, nor should it be construed to be, legal or tax advice, and does not purport to be a comprehensive description of all the Luxembourg tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Prospective investors in the Notes should therefore consult their own professional advisers as to particular circumstances, the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject as a result of the purchase, ownership and disposition of the Notes and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), net wealth tax (*impôt sur la fortune*) as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well. Investors may further be subject to other duties, levies or taxes.

### **Withholding Tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to Luxembourg resident individual holders of the Notes, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) or upon payment of principal in case of redemption or repurchase of the Notes.

Payments under the Notes will only be made after deduction or withholding of any mandatory withholding or deductions on account of tax. The Issuer will not be required to pay additional amounts in respect of any such withholding or other deduction for or on account of any present or future taxes, duties or charges of whatever nature. See "**TERMS AND CONDITIONS OF THE NOTES — Condition 10 (Taxes)**".

#### **(a) Non-resident Noteholders**

Under Luxembourg general tax law currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption, repurchase or exchange of the Notes held by non-resident Noteholders.

#### **(b) Resident Noteholders**

Subject to the Luxembourg law of 23 December 2005, as amended (the "**Relibi Law**"), there is under general tax laws currently in force no withholding tax on payments of principal, premium or interest made to resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption, repurchase or exchange of Notes held by Luxembourg resident Noteholders.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent.

The withholding tax applied in accordance with the Relibi Law will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law, as amended, would be subject to withholding tax of 20 per cent.

### ***Income Taxation***

#### **(a) Non-resident Noteholders**

Non-resident Noteholders, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income thereon are attributable, are not subject to income taxes on income accrued or received, redemption premiums or issue discounts, under the Notes nor on capital gains realised on the sale, exchange or disposal of the Notes. Non-resident corporate or individual holders acting in the course of the management of a professional or business undertaking, who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which or to whom such Notes are attributable, are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale, exchange or disposal of the Notes.

#### **(b) Resident Noteholders**

Luxembourg resident Noteholders will not be liable for any Luxembourg income tax on repayment of principal under the Notes.

##### **(i) Resident individual Noteholders**

Resident individual Noteholders, acting in the course of the management of his/her private wealth, are subject to Luxembourg income tax at progressive rates in respect of interest or similar income received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 20 per cent. tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg) or in a Member State of the European Economic Area (other than an EU Member State).

A gain realised by resident individual Noteholders, acting in the course of the management of his/her private wealth, upon the sale, exchange or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale, exchange or disposal took place more than six (6) months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

Resident Noteholders, acting in the course of the management of a professional or business undertaking must include interest or similar income received, redemption premiums or issue discounts, under the Notes, as well as any gain realised upon the sale, exchange or disposal, in any form whatsoever, of Notes, in their taxable basis, which will be subject to Luxembourg income tax at progressive rates. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

##### **(ii) Resident corporate Noteholders**

Resident corporate Noteholders must include any interest or similar income received, redemption premiums or issue discounts, under the Notes, as well as any gain realised upon

the sale, exchange or disposal, in any form whatsoever, of the Notes, in their taxable income for Luxembourg income tax assessment purposes.

Noteholders that are governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds not exclusively investing in risk capital are subject neither to income tax in respect of interest or similar income received, redemption premiums or issue discounts, under the Notes, nor any gain realised upon the sale, exchange or disposal, in any form whatsoever, of the Notes.

### ***Net wealth taxation***

Resident corporate Noteholders as well as non-resident corporate Noteholders which maintain a permanent establishment, fixed place of business or a permanent representative in Luxembourg to which the Notes or income thereon are attributable, are subject to wealth tax on such Notes, except if the Noteholders are a family estate management company governed by and compliant with the law of 11 May 2007, as amended, or an undertaking for collective investment governed by and compliant with the law of 17 December 2010, as amended, or a securitisation vehicle governed by and compliant with the law of 22 March 2004 on securitisation, as amended, or a company governed by and compliant with the law of 15 June 2004 on venture capital vehicles, as amended, or a specialised investment fund governed by the law of 13 February 2007 on specialised investment funds, as amended, or a pension-saving company or a pension-saving association governed by and compliant with the law of 13 July 2005, as amended, or a reserved alternative investment fund governed by the law of 23 July 2016, as amended.

Non-resident corporate Noteholders, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income thereon are attributable, as well as individual Noteholders, whether he/she is resident of Luxembourg or not, are not subject to wealth tax.

The net wealth tax charge for a given year can be avoided or reduced if a specific reserve, equal to five times the net wealth tax to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The net wealth tax reduction corresponds to one fifth of the reserve created, except that the maximum net wealth tax to be saved is limited to the corporate income tax amount due for the same tax year, including the employment fund surcharge, but before imputation of available tax credits.

Corporate resident Noteholders will further be subject to (a) a minimum net wealth tax of EUR 4,815, if they hold assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90 per cent. of their total balance sheet value and if the total balance sheet value of these assets exceeds EUR 350,000, or (b) a minimum net wealth tax between EUR 535 and EUR 32,100 based on the total amount of its assets. Items (e.g., real estate properties or assets allocated to a permanent establishment) located in a treaty country, where the latter has the exclusive taxation right, are not considered for the calculation of the 90 per cent. threshold. Notwithstanding the above mentioned exceptions regarding net wealth tax, the minimum net wealth tax also applies if the resident corporate Noteholders is a securitization company governed by and compliant with the law of 22 March 2004 on securitization, as amended, or an investment company in risk capital governed by and compliant with the law of 15 June 2004 on venture capital vehicles, as amended, or a pension-saving company or a pension-saving association governed by and compliant with the law of 13 July 2005, as amended, or a reserved alternative investment fund investing exclusively in risk capital governed by and compliant with the law of 23 July 2016.

### ***Other taxes***

Neither the issuance nor the transfer of Notes will give rise to any Luxembourg stamp duty, value-added tax, issuance tax, registration tax, transfer tax or similar taxes or duties, provided that the relevant issue or transfer agreement is not submitted to registration in Luxembourg which is not per se mandatory.

However, a registration duty may be due upon the registration of the Notes in Luxembourg on a voluntary basis.



Where a Noteholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a notary or recorded in Luxembourg.

***Residence***

A holder of the Notes will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Notes or the execution, performance, delivery and/or enforcement in respect thereof.

**THE FOREGOING INFORMATION IS NOT EXHAUSTIVE; IT DOES NOT, IN PARTICULAR, DEAL WITH ALL TYPES OF TAXES NOR WITH THE POSITION OF INDIVIDUAL INVESTORS. PROSPECTIVE INVESTORS SHOULD, THEREFORE, CONSULT THEIR PROFESSIONAL ADVISORS.**

## DESCRIPTION OF THE PORTFOLIO

### The Receivables Purchase Agreement

On 25 June 2018 and each Additional Purchase Date prior to the Closing Date, VWFS sold to the Issuer and the Issuer purchased from VWFS all right, title and interest of VWFS in the Initial VWFS Receivables and any Additional Receivables offered for sale on such Additional Purchase Dates. Such sales were made by way of absolute assignment and, accordingly, VWFS, with full title guarantee, and so far as relating to the Scottish Receivables (which are held in trust), with absolute warrandice, assigned to (or held on trust for) the Issuer all of its rights, title and interest in and to each Initial VWFS Receivable, including to the fullest extent possible under applicable law, all Ancillary Rights related to such Initial VWFS Receivables but excluding the Excluded Amounts. These are equitable assignments until they are perfected following the occurrence of a Notification Event.

On each Additional Purchase Date on or after the Closing Date, VWFS may sell to the Issuer and the Issuer may purchase from VWFS all rights, title and interest of VWFS to the Additional Receivables specified by VWFS in the relevant Notice of Sale. Each such sale is made by way of absolute assignment and, accordingly, VWFS, with full title guarantee, and so far as relating to the Scottish Receivables (which will be held in trust), with absolute warrandice, agree to assign and will assign to (or hold in trust for) the Issuer all of its rights, title and interest in and to each Additional Receivable, including to the fullest extent possible under applicable law, all Ancillary Rights related to such Additional Receivables but excluding the Excluded Amounts. These will be equitable assignments until they are perfected following the occurrence of a Notification Event.

VWFS is the "**originator**" for the purposes of Article 2(3) of the UK Securitisation Regulation and the EU Securitisation Regulation. VWFS is legally bound to comply with the provisions of the UK Securitisation Regulation and contractually agrees to comply with the provisions of the EU Securitisation Regulation. All Receivables included in the Portfolio have been originated by VWFS and are sold to the Issuer by VWFS in its capacity as Seller.

### Clean-Up Call Option

Under the Receivables Purchase Agreement, VWFS will have the right at its option but not the obligation, to require the Issuer to exercise the Clean-Up Call Option and to repurchase the Purchased Receivables from the Issuer at any time when the sum of the Discounted Receivables Balances of all VWFS Receivables as at the end of the most recent Monthly Period is less than 10 per cent. of the Maximum Discounted Receivables Balance, provided that all payment obligations under the Notes, and any obligations ranking *pari passu* with or senior to the Notes in the Order of Priority, will be met in full on the exercise of such option. VWFS shall give one month prior written notice of its intention to require the exercise of the Clean-Up Call Option. Such notice shall be published in accordance with Condition 12 of the Notes (the "**Clean-Up Call Option Notice**") and, in addition shall be published in the Monthly Investor Report.

### The Receivables

The Initial Receivables purchased by the Issuer from the Seller on 25 June 2018 and the Additional Receivables which may be purchased from VWFS on each Additional Purchase Date (together the "**Purchased Receivables**") comprise claims against Obligors in respect of payments due under Financing Contracts (excluding Excluded Amounts) for the provision of credit for the purchase of motor vehicles. Although the borrower ("**Obligor**") is the registered keeper of the vehicle, VWFS retains title to the vehicles. The Financing Contracts contain provisions entitling, but not obliging, the Obligor to purchase the vehicle at the end of the hire period, normally on payment of a specified purchase fee.

The Financing Contracts are governed by English or Scottish law and take the form of hire purchase agreements ("**HP Agreements**" or "**HP No Balloon**") and personal contract purchase agreements ("**PCP Agreements**" or "**PCP**") between VWFS and Obligors.

### HP Agreements

Mainly directed at retail Obligors, HP Agreements are available for both new and used vehicles. HP Agreements contain standard rental terms where an initial payment is made and then the balance is typically

amortised in equal monthly instalments. At the end of the term of the HP Agreement, after an additional "option to purchase" fee is paid, the Obligor owns the Vehicle.

### **PCP Agreements**

PCP Agreements are used for the financing of new and used vehicles in the retail market. PCP Agreements are similar to HP Agreements but with an additional larger "balloon" final rental payment at the end of the term of the PCP Agreement, where the Obligor can either settle the contract by paying the balloon payment (and thereby purchase the vehicle) or, subject to the vehicle being in a condition acceptable to VWFS and within agreed mileage, return the Vehicle to VWFS in full and final settlement of the PCP Agreement.

Where the Obligor chooses not to return the Vehicle, title in the vehicle passes to the Obligor when the Obligor pays the additional "option to purchase" fee to VWFS (which fee does not form part of the Receivables). Where the Obligor chooses to return the Vehicle, VWFS then acts as the Obligor's agent in selling the vehicle and the sale proceeds of the vehicle are applied to settle the Final Rental Amount. Any surplus on sale in excess of the Final Rental Amount is retained by VWFS as a fee for acting as the Obligor's agent and is not passed back to the Obligor. The sale proceeds of the vehicle, including any surplus on sale in excess of the Final Rental Amount, are transferred to the Issuer as PCP Recoveries and Enforcement Proceeds. Any shortfall between the sale proceeds and the Final Rental Amount is not recovered from the Obligor.

During the first six months of 2021, in respect of maturing PCP Agreements, 3.40 per cent of the Obligors returned the vehicle for sale to VWFS.

### **The Initial Receivables Purchase Price**

The Initial Receivables Purchase Price was paid by the Issuer to VWFS as total consideration with respect to the Initial VWFS Receivables, discounted by the Discount Rate (together with the related Ancillary Rights) on 25 June 2018.

### **Additional Receivables Purchase Price**

The Additional Receivables Purchase Price is the purchase price in respect of the Additional Receivables calculated as follows:

The Additional Receivables Purchase Price must not exceed the sum of the funds available from (without double counting):

- (A) the issuance of the Further Notes in accordance with clause 3.2 of the Note Purchase Agreement at the Additional Purchase Date;
- (B) the amount of funds available from the Order of Priority for the purchase of Additional Receivables at the Additional Purchase Date; and
- (C) the amount, if any, available on any Purchase Date under the Subordinated Loan.

The Additional Receivables Purchase Price shall equal the sum of:

- (A) (A) the sum of the relevant Class A Notes Increase Amount and the relevant Class B Notes Increase Amount, plus (B) any Subordinated Loan Increase Amount less (C) where applicable, amounts required for the endowment of the Cash Collateral Account with the respective General Cash Collateral Amount to equal the Specified General Cash Collateral Account Balance and less (D) certain costs related to the issue of such Further Notes, plus
- (B)
  - a. the Replenished Additional Discounted Receivables Balance, multiplied by
  - b. one (1) minus the Replenished Receivables Overcollateralisation Percentage.

The Additional Receivables Purchase Price is to be paid by the Purchaser. The Additional Receivables Purchase Price shall be free of VAT and shall be debited at the Additional Purchase Date from the Accumulation Account (if not already netted) and/or funded from the issuance of Further Notes.

Under the Receivables Purchase Agreement, the Issuer and VWFS agreed that any amounts due as Additional Receivables Purchase Price on any Further Issue Date shall be netted against any amounts due as Subordinated Loan Increase Amount on such Further Issue Date. Any excess after such netting shall be payable to the Issuer or VWFS, as the case may be.

## **Representations and Warranties in relation to the Sale of the Purchased Receivables**

### **A. Corporate Representations and Warranties of the Seller**

Pursuant to clause 8.2 (*Warranties and Representations*) of the Receivables Purchase Agreement, VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of itself (i) on 25 June 2018 by reference to the Initial Cut-Off Date in relation to the Initial VWFS Receivables and (ii) on each Additional Purchase Date by reference to the immediately preceding Additional Cut-Off in relation to the relevant Additional Receivables acquired on any Additional Purchase Date, that:

- (a) VWFS is a company duly incorporated under the laws of England with full corporate power, authority and legal right to own its assets and conduct its business as such assets are presently owned and its business is presently conducted and with power to enter into the Receivables Purchase Agreement and the other Transaction Documents to which VWFS is a party and to exercise its rights and perform its obligations thereunder.
- (b) all corporate actions required to be done, fulfilled and performed in order (i) to enable VWFS lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in each Transaction Document to which VWFS is a party or under any assignment or trust, made by it in respect of any VWFS Receivable assigned or held on trust or scheduled to be assigned or held on trust pursuant to the Receivables Purchase Agreement and (ii) to ensure that the obligations expressed to be assumed by it in each Transaction Document to which VWFS is a party or under any such assignment or trust are legal, valid and binding on it, have been done, fulfilled and performed or shall be done, fulfilled or performed prior to the execution of such Transaction Document or assignment or the creation of such trust (as the case may be).
- (c) the execution by VWFS of each Transaction Document to which VWFS is a party and the making of each assignment or trust made by it in respect of any VWFS Receivables assigned or held on trust or scheduled to be assigned or held on trust pursuant to the Receivables Purchase Agreement and the exercise of its rights and the performance of its obligations in any such assignment or holding on trust does not and will not conflict with or violate:
  - (i) its Memorandum or Articles of Association; or
  - (ii) (to an extent or in a manner which has or is likely to have a Material Adverse Effect) any law to which it is subject.
- (d) all approvals, authorisations, consents, orders or other actions of any person or of any governmental or regulatory body or official required in connection with the execution and delivery of each Transaction Document to which VWFS is a party and/or the making of each assignment or holding on trust of VWFS Receivables in the manner contemplated herein or therein, the performance of the transactions contemplated by each Transaction Document to which VWFS is a party and the fulfilment of the terms thereof have been obtained.
- (e) so far as it is aware, there are no proceedings or investigations pending against it before any court, regulatory body, arbitral tribunal or public or administrative body or agency or ruling that would in its opinion if adversely determined have a material and adverse effect on the collectability of the VWFS Receivables, or result in any material impairment of the right or ability of VWFS to carry on its business substantially as now conducted, or result in any material liability on the part of VWFS, or which would render invalid the Transaction Documents to which VWFS is a party or the VWFS Receivables or the obligations of VWFS contemplated in those documents, or which would materially impair the ability of VWFS to perform its obligations under the terms of any Transaction Document to which VWFS is a party.
- (f) the execution of any Transaction Document to which VWFS is a party or the assignment, assignation or transfer of any VWFS Receivables in the manner therein contemplated and the exercise by VWFS of its rights and the performance of its obligations thereunder with regard to such VWFS Receivables does not and will not conflict with, or constitute a material default under, any agreement, contract, mortgage, deed of charge or other instrument to which it is a party or by which it or any of its assets is otherwise bound.

- (g) all information furnished by or on behalf of VWFS in writing to any Noteholder for the purposes of or in connection with the Transaction Documents or any transaction contemplated under the Transaction Documents is true and accurate in all material respects on and as at the date such information was furnished (except to the extent that such furnished information relates solely to an earlier date, in which case such information is true and accurate in all material respects on and as at such earlier date).
- (h) VWFS has not taken any corporate action nor have any other steps been taken or legal proceedings been started or (to the best of its knowledge and belief) threatened against it for its winding-up, dissolution, administration or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or any or all of its assets.
- (i) VWFS is resident for tax purposes in the United Kingdom and will not cease to be treated as being resident for tax purposes in the United Kingdom by virtue of the application of section 18 of the Corporation Tax Act 2009. It belongs in the United Kingdom for the purposes of United Kingdom VAT.
- (j) VWFS centre of main interests (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated in the United Kingdom and it does not have an establishment, branch, business establishment or other fixed establishment other than in the United Kingdom. The terms "centre of main interest" and "establishment" have the meanings given to them: in Article 3(1) and Article 2(10) respectively (i) of the EU Insolvency Regulation and (ii) in the EU Insolvency Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA and as amended by the Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) and Insolvency (Amendment) (EU Exit) Regulations 2020 (SI 2020/647).
- (k) the Purchased Receivables are originated in the ordinary course of the business of VWFS pursuant to underwriting standards which are no less stringent than those which also apply to Financing Contracts which will not be securitised. In particular, VWFS represents and warrants that it has in place (i) effective systems to apply its standard criteria for granting the Purchased Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Purchased Receivables, in order to ensure that granting of the Purchased Receivables is based on a thorough assessment of each Obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Obligor meeting its obligations under the relevant agreement.

## **B. Eligibility Criteria**

Pursuant to clause 8.1 (*Warranties and Representations*) of the Receivables Purchase Agreement, VWFS warrants to the Issuer and to the Security Trustee (i) on 25 June 2018 by reference to the Initial Cut-Off Date in respect of the Initial VWFS Receivables and (ii) otherwise on each Additional Purchase Date by reference to the immediately preceding Additional Cut-Off Date in relation to the Additional Receivables to be acquired on such Additional Purchase Date, that each relevant VWFS Receivable meets each of the following conditions (the "**Eligibility Criteria**") (for the avoidance of doubt, when applying the Eligibility Criteria the Receivables have been selected randomly and not with the intention to prejudice the Noteholders):

- (a) that the purchase of the relevant Receivables will not have the result that the Aggregate Discounted Receivables Balance of all Purchased Receivables exceeds the following concentration limits with respect to the percentage of the Discounted Receivables Balance generated under Financing Contracts for used vehicles (concentration limit: 50 per cent.), and under Financing Contracts for non-VW group brand vehicles (concentration limit: 10 per cent.);
- (b) that none of the Obligors is an Affiliate of VWFS;
- (c) that the related Financing Contracts have been entered into exclusively with Obligors which, if they are corporate entities have their registered office in England, Scotland or Wales or, if they are individuals have their place of residence in England, Scotland or Wales;
- (d) that (according to the Seller's records) no pending bankruptcy or insolvency proceedings are initiated against any of the Obligors;

- (e) that such Purchased Receivable is denominated and payable in Sterling;
- (f) that no Purchased Receivable is overdue;
- (g) that the related Financing Contracts shall be governed by the laws of England and Wales or Scotland (depending on where the Obligor is resident or incorporated);
- (h) that the relevant Financing Contracts constitute legal, valid, binding and enforceable agreements with full recourse to the Obligor;
- (i) that the status and enforceability of the Purchased Receivables is not impaired due to warranty claims or any other rights of the Obligor (even if the Issuer knew or could have known on the Cut-Off Date of the existence of such defences or rights);
- (j) that the status and enforceability of the Purchased Receivables is not impaired by set-off rights and that no Obligor maintains deposits on accounts with VWFS;
- (k) that those related Financing Contracts which are regulated by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 comply in all material respects with the requirements of the Consumer Credit Act 1974, as amended, (the "CCA"), associated secondary legislation on consumer financing and the rules in the Consumer Credit Sourcebook within the FCA Handbook and, in particular contain legally accurate instructions in respect of the right of revocation of the Obligors and that none of the Obligors has used its right of revocation within the term of revocation;
- (l) that such Purchased Receivable arises under a Financing Contract that (a) contains an obligation to pay a specified sum of money and is subject to no contingencies (other than an obligation to pay interest on overdue amounts), (b) does not require the Obligor under such Financing Contract to consent to the transfer, sale or assignment of the rights and duties of the Seller under such Financing Contract or to the sale to a third party of the Vehicle the subject thereof, and (c) does not contain a confidentiality provision that purports to restrict the Purchaser's or the Security Trustee's exercise of rights under the Receivables Purchase Agreement, including, without limitation, the right to review such Financing Contract;
- (m) that it can dispose of the Purchased Receivables free from rights of third parties and, to the best of the Seller's knowledge, the Purchased Receivables are not in a condition that can be foreseen to adversely affect the enforceability of the assignment;
- (n) that the Seller is the legal and beneficial owner, free from any Security Interest, of the Purchased Receivables;
- (o) that such Purchased Receivable was generated in the ordinary course of the Seller's business from the sale of goods or provision of credit or other services to the relevant Obligor and the related Financing Contract was entered into in accordance with the Customary Operating Practices;
- (p) that other than the right to make partial early repayments as provided for in the CCA, there are no provisions in the Financing Contract related to such Purchased Receivable whereby the Obligor may reduce the amount of such Purchased Receivable payable by the Obligor below the level of the stated payments as at the date of commencement of such Financing Contract (excluding any change as a result of any change in the rate of Value Added Tax or the corporation tax or capital allowances regimes). However, at the discretion of the Servicer and in accordance with its Customary Operating Practices, the Obligor may be given an option to reschedule repayments in a manner that increases or decreases the term of such Financing Contract and the consequential finance income; provided, that the total capital repayment shall not be impacted by any such measure;
- (q) that the Seller had at the time of origination of the Financing Contract under which such Purchased Receivable arises the necessary licences pursuant to the CCA, the necessary interim permissions pursuant to the Financial Services and Markets Act 2000 and as at the date of the Receivables Purchase Agreement has the necessary permissions pursuant to the Financial Services and Markets Act 2000, and each Financing Contract that is regulated by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 complies with the CCA, any statutory instrument or regulation

made thereunder and the rules in the Consumer Credit Sourcebook within the FCA Handbook, and the Seller has not done anything that would cause such Purchased Receivable to be unenforceable under the CCA;

- (r) that on the relevant Cut-Off Date at least one instalment has been paid in respect of each of the Purchased Receivables and that the Purchased Receivables require substantially equal monthly payments to be made within seventy-two (72) months of the date of origination of the Financing Contract and may also provide for a final balloon payment;
- (s) that the Seller has complied with all material laws and regulations under the Data Protection Laws with respect to such Purchased Receivable;
- (t) that the terms of the Financing Contract related to such Purchased Receivable require the Obligor to pay all insurance, repair/maintenance and taxes with respect to the related Vehicle;
- (u) that the Vehicle related to such Purchased Receivables is not recorded in the records of the Servicer at such Purchase Date as having been (a) a total loss for insurance purposes or (b) stolen;
- (v) that the purchase of the relevant Receivables will not have the result that the total outstanding amount (for the avoidance of doubt, this refers to the Aggregate Discounted Receivables Balance) of Purchased Receivables resulting from Financing Contracts with one and the same Obligor exceeds 0.5% of the Aggregate Discounted Receivables Balance;
- (w) that each of the Purchased Receivables will mature no earlier than six (6) months and no later than seventy-one (71) months after the Cut-Off Date;
- (x) that in the case of any PCP Receivable, the Vehicle relating to such PCP Receivable is not a Porsche; and
- (y) that applicable details of the Vehicle relating to such Purchased Receivable and the relevant motor finance contract have been submitted by VWFS for registration with HP Information Ltd.

#### **Changes to underwriting standards**

VWFS as Seller agrees that if it makes any material changes to its underwriting standards, during the Revolving Period, it will promptly provide the Issuer and the Security Trustee with details of such changes together with an explanation of the purpose of such changes. The Issuer will notify such changes to investors in accordance with Condition 12 (*Notices*) without undue delay.

#### **Notification of Assignment to Obligors**

At any time after the occurrence of a Notification Event, each of the Issuer and the Security Trustee may:

- (a) give notice in its own name (and/or on behalf of the Servicer pursuant to the VWFS Power of Attorney) to all or any of the Obligors of the sale, assignment and assignation of all or any of the Purchased Receivables by delivering a Notification Event Notice; and/or
- (b) direct (and/or require the Servicer to direct) all or any of the Obligors to pay amounts outstanding in respect of Purchased Receivables directly to the Issuer, the Distribution Account or any other account which is specified by the Issuer or the Security Trustee; and/or
- (c) give instructions (and/or require the Servicer to give instructions) to immediately transfer to the Distribution Account the amounts received in respect of Collections which have not already been paid to the Issuer as Collections; and/or
- (d) take such other action and enter into such documents as it reasonably considers to be necessary, appropriate or desirable in order to recover any amount outstanding in respect of Purchased Receivables or to perfect, improve, protect, preserve or enforce their rights against the Obligors in respect of Purchased Receivables (including, without limitation, entering into supplemental transfer documents).



The Purchased Receivables acquired and transferred by assignment or held in trust under the Receivables Purchase Agreement have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes.

However, VWFS does not warrant the solvency (credit standing) of the relevant Obligor.

#### **Written-Off Purchased Receivables**

If during any Monthly Period, the Seller classifies any Purchased Receivable under a Financing Contract as a Written-Off Purchased Receivable, it may repurchase from the Issuer the benefit of all such Written-Off Purchased Receivables on the following Payment Date (or on any Payment Date thereafter) and on the Payment Date on which such Written-Off Purchased Receivable is repurchased pay consideration of £1 per Purchased Receivable repurchased, paid into the Distribution Account in arrear on such Payment Date.

#### **Redelivery Repurchase Agreement**

The Issuer entered into a Redelivery Repurchase Agreement with VWFS on 25 June 2020. Subject to an Insolvency Event not having occurred in respect of VWFS if, on any day during a Monthly Period, a Financing Contract related to a Purchased Receivable becomes a Redelivery Financing Contract (such Purchased Receivable being a "**Redelivery Purchased Receivable**"), then on the Payment Date falling after the end of such Monthly Period (or, at the option of VWFS, on the second Payment Date falling after the end of such Monthly Period) (such date being the "**Redelivery Repurchase Date**") VWFS shall repurchase the Redelivery Purchased Receivable from the Issuer for a price equal to the Redelivery Repurchase Price. The Redelivery Repurchase Price is an amount equal to (i) the outstanding principal balance of a Redelivery Purchased Receivable as at the first day of the Monthly Period in which such Purchased Receivable becomes a Redelivery Purchased Receivable together with any arrears outstanding on such date but excluding any future interest payments (calculated on the basis of the Obligor internal rate of return) multiplied by (ii) one (1) minus the Replenished Receivables Overcollateralisation Percentage. On the Closing Date, VWFS will repurchase any Redelivery Purchased Receivables existing as at the Closing Date.

The Seller is not obliged to repurchase any Redelivery Purchased Receivable if, on the Redelivery Repurchase Date, such Purchased Receivable is a Delinquent Receivable or a Defaulted Receivable or (for the avoidance of doubt) as a result of the Early Settlement of any Purchased Receivable during the relevant Monthly Period.

### THE PURCHASED RECEIVABLES POOL

The characteristics set forth in this section are based on the portfolio of Purchased Receivables as at the Additional Cut-Off Date falling in January 2022. The statistical distribution of the characteristics of the portfolio of Purchased Receivables as at the Additional Cut-Off Date falling in January 2022 is illustrated in the tables below.

As at the Additional Cut-Off Date falling in January 2022, the Purchased Receivables:

- had an original term of maturity of 11 to 64 months and a remaining term to maturity between 0 and 60 months;
- had a contract rate of up to 14.93 per cent. and a weighted average contract rate of 5.97 per cent.;
- were not past due; and
- satisfied the other criteria set forth in the transaction documents, including the criteria set forth under "**DESCRIPTION OF THE PORTFOLIO**" in this Base Prospectus.

The Monthly Investor Report will contain the information outlined in the paragraph entitled "**ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT - Reporting Duties of the Servicer**" of this Base Prospectus. As part of the Monthly Investor Report prepared by the Servicer in connection with the Notes, the Servicer will compute a Notes Factor.

The composition, distribution by remaining term, distribution by contract rate and geographic distribution, in each case of the Purchased Receivables as at the Additional Cut-Off Date falling in January 2022, are set forth in the tables below.

Composition of the Purchased Loan Receivables Pool as at the Additional Cut-Off Date falling in January 2022

Outstanding Aggregate Discounted Receivables Balance	GBP 960,449,772.62
Number of Financing Contracts	63,646
Average Outstanding Discounted Receivables Balance	GBP 15,090.50
Range of Outstanding Discounted Receivables Balance	Up to GBP 204,315,54
Weighted average contract rate	5.97 per cent
Range of contract rates	Up to 14.93 per cent
Weighted average remaining term	28.30 months
Range of remaining terms	0 to 60 months
Weighted average original term	48.01 months
Range of original terms	11 to 64 months

### Run Out Schedule

This amortisation scenario is based on the assumptions (i) that no losses, prepayments or delinquencies occur and (ii) that the final pool cut produces similar cash flows as the preliminary pool cut. It should be noted that the actual amortisation of the Purchased Receivables may differ substantially from the amortisation scenario indicated below.

Month	Amortisation	Balance			
			09.2024	23,340,272.26	261,049,534.72
02.2022	21,259,507.58	939,190,265.04	10.2024	30,571,551.75	230,477,982.97
03.2022	27,451,632.92	911,738,632.12	11.2024	21,055,959.78	209,422,023.19
04.2022	41,955,487.86	869,783,144.26	12.2024	16,443,572.75	192,978,450.44
05.2022	40,047,546.46	829,735,597.80	01.2025	14,179,900.08	178,798,550.36
06.2022	26,116,476.89	803,619,120.91	02.2025	12,997,760.92	165,800,789.44
07.2022	28,883,481.80	774,735,639.11	03.2025	14,124,996.55	151,675,792.89
08.2022	28,655,324.17	746,080,314.94	04.2025	20,605,349.60	131,070,443.29
09.2022	17,115,821.71	728,964,493.23	05.2025	19,934,627.65	111,135,815.64
10.2022	17,220,477.56	711,744,015.67	06.2025	20,412,245.58	90,723,570.06
11.2022	17,451,268.69	694,292,746.98	07.2025	20,038,580.81	70,684,989.25
12.2022	16,705,253.26	677,587,493.72	08.2025	15,910,903.52	54,774,085.73
01.2023	15,899,725.17	661,687,768.55	09.2025	14,021,617.38	40,752,468.35
02.2023	17,300,195.50	644,387,573.05	10.2025	16,611,375.31	24,141,093.04
03.2023	20,015,089.01	624,372,484.04	11.2025	10,992,927.84	13,148,165.20
04.2023	21,323,035.15	603,049,448.89	12.2025	7,440,537.87	5,707,627.33
05.2023	19,998,433.69	583,051,015.20	01.2026	3,666,588.68	2,041,038.65
06.2023	20,544,280.49	562,506,734.71	02.2026	379,489.61	1,661,549.04
07.2023	19,895,767.61	542,610,967.10	03.2026	329,140.29	1,332,408.75
08.2023	18,480,231.92	524,130,735.18	04.2026	275,157.38	1,057,251.37
09.2023	19,084,138.13	505,046,597.05	05.2026	236,270.12	820,981.25
10.2023	23,116,193.35	481,930,403.70	06.2026	251,316.96	569,664.29
11.2023	20,737,647.59	461,192,756.11	07.2026	178,332.08	391,332.21
12.2023	19,492,418.33	441,700,337.78	08.2026	133,904.21	257,428.00
01.2024	19,082,642.96	422,617,694.82	09.2026	77,542.72	179,885.28
02.2024	18,609,863.41	404,007,831.41	10.2026	101,233.33	78,651.95
03.2024	20,757,514.71	383,250,316.70	11.2026	74,301.01	4,350.94
04.2024	25,292,689.55	357,957,627.15	12.2026	4,136.33	214.61
05.2024	11,763,660.06	346,193,967.09	01.2027	214.61	-
06.2024	13,272,276.88	332,921,690.21			
07.2024	22,520,553.36	310,401,136.85			
08.2024	26,011,329.87	284,389,806.98			
			<hr/>		
			<b>960,449,772.62</b>		

1. Brand and Type of Vehicle

					Type of Contract				Type of Obligor			
					Hire Purchase		PCP		Retail		Corporate	
New/Used	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New Vehicles	12,479	19.61%	273,456,633.65	28.47%	27	416,141.03	12,452	273,040,492.62	12,298	268,261,653.83	181	5,194,979.82
Used Vehicles	10,460	16.43%	175,233,027.21	18.24%	1,650	15,114,484.91	8,810	160,118,542.30	10,329	172,212,579.82	131	3,020,447.39
<b>Total</b>	<b>22,939</b>	<b>36.04%</b>	<b>448,689,660.86</b>	<b>46.72%</b>	<b>1,677</b>	<b>15,530,625.94</b>	<b>21,262</b>	<b>433,159,034.92</b>	<b>22,627</b>	<b>440,474,233.65</b>	<b>312</b>	<b>8,215,427.21</b>

					Type of Contract				Type of Obligor			
					Hire Purchase		PCP		Retail		Corporate	
New/Used	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New Vehicles	3,474	5.46%	41,546,504.92	4.33%	40	261,012.75	3,434	41,285,492.17	3,466	41,449,691.32	8	96,813.60
Used Vehicles	2,550	4.01%	24,792,725.14	2.58%	714	3,923,969.96	1,836	20,868,755.18	2,538	24,652,641.75	12	140,083.39
<b>Total</b>	<b>6,024</b>	<b>9.46%</b>	<b>66,339,230.06</b>	<b>6.91%</b>	<b>754</b>	<b>4,184,982.71</b>	<b>5,270</b>	<b>62,154,247.35</b>	<b>6,004</b>	<b>66,102,333.07</b>	<b>20</b>	<b>236,896.99</b>

					Type of Contract				Type of Obligor			
					Hire Purchase		PCP		Retail		Corporate	
New/Used	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New Vehicles	4,629	7.27%	63,287,003.46	6.59%	11	98,144.84	4,618	63,188,858.62	4,604	62,909,230.89	25	377,772.57
Used Vehicles	3,694	5.80%	34,275,908.90	3.57%	1,410	7,502,009.05	2,284	26,773,899.85	3,658	33,935,611.86	36	340,297.04
<b>Total</b>	<b>8,323</b>	<b>13.08%</b>	<b>97,562,912.36</b>	<b>10.16%</b>	<b>1,421</b>	<b>7,600,153.89</b>	<b>6,902</b>	<b>89,962,758.47</b>	<b>8,262</b>	<b>96,844,842.75</b>	<b>61</b>	<b>718,069.61</b>

					Type of Contract				Type of Obligor			
					Hire Purchase		PCP		Retail		Corporate	
New/Used	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New Vehicles	13,929	21.89%	196,975,150.51	20.51%	491	4,966,279.43	13,438	192,008,871.08	13,379	190,030,950.88	550	6,944,199.63
Used Vehicles	11,527	18.11%	123,071,712.14	12.81%	3,495	24,965,769.64	8,032	98,105,942.50	10,901	116,328,794.29	626	6,742,917.85
<b>Total</b>	<b>25,456</b>	<b>40.00%</b>	<b>320,046,862.65</b>	<b>33.32%</b>	<b>3,986</b>	<b>29,932,049.07</b>	<b>21,470</b>	<b>290,114,813.58</b>	<b>24,280</b>	<b>306,359,745.17</b>	<b>1,176</b>	<b>13,687,117.48</b>

					Type of Contract				Type of Obligor			
					Hire Purchase		PCP		Retail		Corporate	
New/Used	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New Vehicles	188	0.30%	10,253,645.75	1.07%	125	2,380,796.96	63	7,872,848.79	102	8,472,068.98	86	1,781,576.77
Used Vehicles	716	1.12%	17,557,460.94	1.83%	597	6,729,546.84	119	10,827,914.10	655	15,720,364.17	61	1,837,096.77
<b>Total</b>	<b>904</b>	<b>1.42%</b>	<b>27,811,106.69</b>	<b>2.90%</b>	<b>722</b>	<b>9,110,343.80</b>	<b>182</b>	<b>18,700,762.89</b>	<b>757</b>	<b>24,192,433.15</b>	<b>147</b>	<b>3,618,673.54</b>

## 2. Downpayment

Down Payment	Total Portfolio						Type of Contract						Type of Obligor						Type of Vehicle					
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Down Payment / Purchase Price in %		Hire Purchase			PCP			Retail			Corporate			New Vehicle			Used Vehicle		
							Number of Contracts	Outstanding Discounted Balance	Down Payment / Purchase Price in %	Number of Contracts	Outstanding Discounted Balance	Down Payment / Purchase Price in %	Number of Contracts	Outstanding Discounted Balance	Down Payment / Purchase Price in %	Number of Contracts	Outstanding Discounted Balance	Down Payment / Purchase Price in %	Number of Contracts	Outstanding Discounted Balance	Down Payment / Purchase Price in %	Number of Contracts	Outstanding Discounted Balance	Down Payment / Purchase Price in %
No Down Payment	3,259	5.12%	33,420,719.34	3.48%	-	1,471	10,094,530.90	-	1,788	23,326,188.44	-	3,181	32,238,213.92	-	78	1,182,505.42	-	168	2,528,884.57	-	3,091	30,891,834.77	-	
<= 1,000	11,033	17.33%	140,233,121.75	14.60%	2.81%	1,167	8,043,342.60	4.59%	9,866	132,189,779.15	2.68%	10,928	138,637,049.71	2.82%	105	1,596,072.04	2.48%	3,530	51,917,453.88	2.46%	7,503	88,315,667.87	3.04%	
1,001 - 2,000	9,587	15.06%	127,296,024.18	13.25%	7.91%	748	5,696,756.41	12.12%	8,839	121,599,264.77	7.67%	9,492	125,856,398.84	7.92%	95	1,439,625.34	7.09%	4,925	69,302,468.78	7.15%	4,662	57,993,555.40	8.88%	
2,001 - 3,000	8,975	14.10%	125,019,673.78	13.02%	11.80%	668	4,763,536.54	18.40%	8,307	120,256,137.24	11.46%	8,890	123,842,992.90	11.82%	95	1,376,680.88	10.12%	5,561	80,475,672.45	11.01%	3,414	44,544,001.33	13.33%	
3,001 - 4,000	7,439	11.69%	111,483,335.79	11.61%	14.94%	565	4,323,293.00	22.81%	6,874	107,160,042.79	14.52%	7,283	109,421,412.03	14.95%	156	2,061,923.76	14.51%	4,960	77,174,864.95	14.11%	2,479	34,308,470.84	16.91%	
4,001 - 5,000	6,046	9.50%	95,666,910.26	9.96%	17.78%	624	5,210,926.78	26.16%	5,422	90,455,983.48	17.13%	5,883	93,346,245.20	17.79%	163	2,320,665.06	17.23%	3,988	65,971,089.56	16.74%	2,058	29,695,820.70	20.15%	
5,001 - 6,000	4,341	6.82%	71,621,772.09	7.46%	20.10%	440	3,463,495.02	30.72%	3,901	68,158,277.07	19.33%	4,228	69,886,172.00	20.13%	113	1,735,600.09	19.06%	3,034	52,443,881.13	19.06%	1,307	19,177,890.96	22.95%	
6,001 - 7,000	3,155	4.96%	54,558,292.59	5.68%	21.96%	333	2,478,910.53	33.46%	2,822	52,079,382.06	21.09%	3,053	53,149,280.38	21.96%	102	1,409,012.21	21.97%	2,300	42,346,554.17	20.59%	855	12,211,738.42	26.69%	
7,001 - 8,000	2,303	3.62%	40,538,127.55	4.22%	24.30%	317	2,401,568.97	36.81%	1,986	38,136,558.58	23.04%	2,198	38,954,759.93	24.38%	105	1,583,367.62	22.80%	1,639	31,327,068.34	22.59%	664	9,211,059.21	29.85%	
8,001 - 9,000	1,566	2.46%	30,460,698.57	3.17%	24.89%	204	1,735,494.87	38.86%	1,362	28,725,203.70	23.62%	1,485	29,016,460.38	24.99%	81	1,444,238.19	23.19%	1,144	23,520,692.86	23.47%	422	6,940,005.71	29.75%	
9,001 - 10,000	1,325	2.08%	25,726,764.83	2.68%	27.11%	310	2,687,350.85	41.35%	1,015	23,039,413.98	24.49%	1,245	24,329,922.51	27.11%	80	1,396,842.32	27.13%	803	17,287,988.34	24.51%	522	8,438,776.49	32.30%	
10,001 - 11,000	894	1.40%	17,891,289.91	1.86%	28.61%	200	1,647,007.04	44.41%	694	16,244,282.87	25.94%	824	16,777,028.28	28.58%	70	1,114,261.63	28.94%	603	13,722,612.00	25.78%	291	4,188,677.91	37.03%	
11,001 - 12,000	605	0.95%	12,237,944.54	1.27%	30.08%	168	1,307,922.23	46.31%	437	10,930,022.31	26.48%	547	11,321,608.11	30.02%	58	916,336.43	30.64%	392	9,558,861.23	26.36%	213	2,679,083.31	40.52%	
12,001 - 13,000	475	0.75%	9,661,198.44	1.01%	32.06%	139	1,014,725.86	51.06%	336	8,646,472.58	27.76%	428	8,714,684.85	32.18%	47	946,513.59	30.96%	277	6,908,931.72	27.61%	198	2,752,266.72	41.33%	
13,001 - 14,000	365	0.57%	7,548,560.03	0.79%	33.40%	138	1,298,708.84	48.02%	227	6,249,851.19	28.16%	313	6,711,684.56	33.04%	52	836,956.47	35.67%	200	5,034,510.06	28.87%	165	2,514,049.97	41.23%	
14,001 - 15,000	329	0.52%	6,451,314.25	0.67%	36.06%	147	1,270,629.93	50.75%	182	5,180,684.32	29.20%	284	5,824,066.34	35.76%	45	627,247.91	38.03%	149	3,528,655.75	31.06%	180	2,922,658.50	41.55%	
> 15,000	1,949	3.06%	50,634,024.72	5.27%	42.81%	921	8,919,952.04	62.22%	1,028	41,714,072.68	32.90%	1,678	46,145,688.85	42.09%	271	4,488,335.87	48.34%	1,026	32,468,748.50	38.07%	923	18,165,276.22	50.00%	
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>930,445,772.62</b>	<b>100.00%</b>	<b>17.00%</b>	<b>6,560</b>	<b>66,356,155.41</b>	<b>33.52%</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>15.11%</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>16.64%</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>26.59%</b>	<b>34,699</b>	<b>585,516,938.29</b>	<b>16.98%</b>	<b>28,947</b>	<b>374,930,634.33</b>	<b>17.04%</b>	
<b>Statistics</b>																								
Minimum Down Payment																					0.01			
Maximum Down Payment																					151,319.00			
Average Down Payment (Obligors who made a Down Payment)																					4,391.99			
Average Down Payment (Total)																					4,167.10			

### 3. Obligor Type

Obligor Type	Total Portfolio			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance
Retail	61,930	97.30%	933,973,587.79	97.24%
Corporate	1,716	2.70%	26,476,184.83	2.76%
Total	63,646	100.00%	960,449,772.62	100.00%

4. Payment Type

Payment Type	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
Direct Debit	63,523	99.81%	958,584,044.02	99.81%	8,544	66,242,523.90	54,979	892,341,520.12	61,812	932,153,732.44	1,711	26,430,311.58	34,625	584,183,287.94	28,898	374,400,756.08
Others	123	0.19%	1,865,728.60	0.19%	16	115,631.51	107	1,750,097.09	118	1,819,855.35	5	45,873.25	74	1,335,650.35	49	530,078.25
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

5. Obligor Concentration

Contracts	Total Portfolio						Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Obligors	Percentage of Customers	Number of Loans	Percentage of Loans	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
							Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
1	63,363	99.81%	63,363	99.56%	956,190,737.10	99.56%	8,437	65,046,970.36	54,926	891,143,766.74	61,765	931,031,115.78	1,598	25,159,621.32	34,501	582,592,706.42	28,862	373,598,030.68
2	114	0.18%	228	0.36%	3,664,190.51	0.38%	68	716,340.04	160	2,947,850.47	162	2,931,650.04	66	732,540.47	150	2,378,392.90	78	1,285,797.61
3	2	0.00%	6	0.01%	67,394.50	0.01%	6	67,394.50	-	-	3	10,821.97	3	56,572.53	3	56,572.53	3	10,821.97
4	2	0.00%	8	0.01%	66,018.43	0.01%	8	66,018.43	-	-	-	-	8	66,018.43	7	55,733.36	1	10,285.07
5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
>10	1	0.00%	41	0.06%	461,432.08	0.05%	41	461,432.08	-	-	-	-	41	461,432.08	38	435,533.08	3	25,899.00
<b>Total</b>	<b>63,482</b>	<b>100.00%</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>



6. Top 20 Obligors

Number	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
1	41	0.06%	461,432.08	0.05%	41	461,432.08	-	-	-	-	41	461,432.08	38	435,533.08	3	25,899.00
2	1	0.00%	204,315.54	0.02%	-	-	1	204,315.54	1	204,315.54	-	-	-	-	1	204,315.54
3	1	0.00%	196,213.85	0.02%	-	-	1	196,213.85	1	196,213.85	-	-	1	196,213.85	-	-
4	1	0.00%	187,217.38	0.02%	-	-	1	187,217.38	1	187,217.38	-	-	1	187,217.38	-	-
5	2	0.00%	185,901.78	0.02%	-	-	2	185,901.78	2	185,901.78	-	-	-	-	2	185,901.78
6	1	0.00%	183,768.14	0.02%	-	-	1	183,768.14	1	183,768.14	-	-	-	-	1	183,768.14
7	1	0.00%	180,521.88	0.02%	-	-	1	180,521.88	1	180,521.88	-	-	1	180,521.88	-	-
8	1	0.00%	179,237.49	0.02%	-	-	1	179,237.49	1	179,237.49	-	-	1	179,237.49	-	-
9	1	0.00%	177,481.68	0.02%	-	-	1	177,481.68	1	177,481.68	-	-	1	177,481.68	-	-
10	1	0.00%	174,249.22	0.02%	-	-	1	174,249.22	1	174,249.22	-	-	1	174,249.22	-	-
11	1	0.00%	166,617.94	0.02%	-	-	1	166,617.94	1	166,617.94	-	-	-	-	1	166,617.94
12	1	0.00%	166,615.91	0.02%	-	-	1	166,615.91	1	166,615.91	-	-	-	-	1	166,615.91
13	1	0.00%	165,238.20	0.02%	-	-	1	165,238.20	1	165,238.20	-	-	-	-	1	165,238.20
14	1	0.00%	162,466.54	0.02%	-	-	1	162,466.54	1	162,466.54	-	-	1	162,466.54	-	-
15	1	0.00%	161,065.12	0.02%	-	-	1	161,065.12	1	161,065.12	-	-	1	161,065.12	-	-
16	1	0.00%	160,838.47	0.02%	-	-	1	160,838.47	1	160,838.47	-	-	1	160,838.47	-	-
17	1	0.00%	158,975.68	0.02%	-	-	1	158,975.68	1	158,975.68	-	-	-	-	1	158,975.68
18	1	0.00%	157,347.05	0.02%	-	-	1	157,347.05	1	157,347.05	-	-	1	157,347.05	-	-
19	1	0.00%	155,939.72	0.02%	-	-	1	155,939.72	-	-	1	155,939.72	-	-	1	155,939.72
20	1	0.00%	155,659.46	0.02%	-	-	1	155,659.46	1	155,659.46	-	-	-	-	1	155,659.46
<b>Total 1 - 20</b>	<b>61</b>	<b>0.10%</b>	<b>3,741,103.13</b>	<b>0.39%</b>	<b>41</b>	<b>461,432.08</b>	<b>20</b>	<b>3,279,671.05</b>	<b>19</b>	<b>3,123,731.33</b>	<b>42</b>	<b>617,371.80</b>	<b>48</b>	<b>2,172,171.76</b>	<b>13</b>	<b>1,568,931.37</b>

7. Outstanding Discounted Balance

Outstanding Discounted Balance	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0 - 5,000.00	5,664	8.90%	15,521,333.26	1.62%	3,596	9,447,441.86	2,068	6,073,891.40	5,309	14,671,891.07	355	849,442.19	1,154	2,760,073.14	4,510	12,761,260.12
5,000.01 - 10,000.00	13,149	20.66%	101,007,402.99	10.52%	2,671	19,345,968.21	10,478	81,661,434.78	12,814	98,526,416.44	335	2,480,986.55	5,458	42,944,858.34	7,691	58,062,544.65
10,000.01 - 15,000.00	17,700	27.81%	222,066,341.15	23.12%	1,324	16,084,134.01	16,376	205,982,207.14	17,359	217,816,385.37	341	4,249,955.78	10,525	132,876,960.97	7,175	89,189,380.18
15,000.01 - 20,000.00	13,450	21.13%	232,438,637.52	24.20%	551	9,473,946.01	12,899	222,964,691.51	13,181	227,766,163.58	269	4,672,473.94	8,279	143,325,616.83	5,171	89,113,020.69
20,000.01 - 25,000.00	7,281	11.44%	161,582,599.94	16.82%	226	4,988,264.18	7,055	156,594,335.76	7,103	157,639,008.74	178	3,943,591.20	4,796	106,551,822.30	2,485	55,030,777.64
25,000.01 - 30,000.00	3,090	4.85%	83,891,151.73	8.73%	87	2,372,237.67	3,003	81,518,914.06	3,007	81,617,689.91	83	2,273,461.82	2,126	57,718,058.36	964	26,173,093.37
> 30,000.00	3,312	5.20%	143,942,306.03	14.99%	105	4,646,163.47	3,207	139,296,142.56	3,157	135,936,032.68	155	8,006,273.35	2,361	99,341,548.35	951	44,600,757.68
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

Statistics	
Minimum Outstanding Discounted Balance	0.00
Maximum Outstanding Discounted Balance	204,315.54
Average Outstanding Discounted Balance	15,090.50

**8. Outstanding Discounted Balance Sub-Portfolios**

Sub-PF: Hire Purchase/New Vehicles	Total Portfolio				Type of Obligor				
	Outstanding Discounted Balance	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Retail		Corporate	
						Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0.01 - 5,000.00	203	0.32%	349,500.69	0.04%	63	82,549.46	140	266,951.23	
5,000.01 - 10,000.00	153	0.24%	1,170,830.19	0.12%	60	472,108.92	93	698,721.27	
10,000.01 - 15,000.00	129	0.20%	1,622,645.51	0.17%	29	367,771.65	100	1,254,873.86	
15,000.01 - 20,000.00	109	0.17%	1,867,386.81	0.19%	24	403,779.63	85	1,463,607.18	
20,000.01 - 25,000.00	51	0.08%	1,127,701.14	0.12%	10	216,384.35	41	911,316.79	
25,000.01 - 30,000.00	15	0.02%	401,611.30	0.04%	7	187,650.69	8	213,960.61	
> 30,000.00	34	0.05%	1,582,699.37	0.16%	17	842,966.32	17	739,733.05	
<b>Total</b>	<b>694</b>	<b>1.09%</b>	<b>8,122,375.01</b>	<b>0.85%</b>	<b>210</b>	<b>2,573,211.02</b>	<b>484</b>	<b>5,549,163.99</b>	

Sub-PF: Hire Purchase/Used Vehicles	Total Portfolio				Type of Obligor				
	Outstanding Discounted Balance	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Retail		Corporate	
						Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0.01 - 5,000.00	3,393	5.33%	9,097,941.17	0.95%	3,195	8,550,783.91	198	547,157.26	
5,000.01 - 10,000.00	2,518	3.96%	18,175,138.02	1.89%	2,332	16,831,780.96	186	1,343,357.06	
10,000.01 - 15,000.00	1,195	1.88%	14,461,488.50	1.51%	1,055	12,764,377.19	140	1,697,111.31	
15,000.01 - 20,000.00	442	0.69%	7,606,559.20	0.79%	369	6,344,356.89	73	1,262,202.31	
20,000.01 - 25,000.00	175	0.27%	3,860,563.04	0.40%	136	3,022,261.65	39	838,301.39	
25,000.01 - 30,000.00	72	0.11%	1,970,626.37	0.21%	55	1,505,423.25	17	465,203.12	
> 30,000.00	71	0.11%	3,063,464.10	0.32%	59	2,474,974.09	12	588,490.01	
<b>Total</b>	<b>7,866</b>	<b>12.36%</b>	<b>58,235,780.40</b>	<b>6.06%</b>	<b>7,201</b>	<b>51,493,957.94</b>	<b>665</b>	<b>6,741,822.46</b>	

Sub-PF: PCP/New Vehicles	Total Portfolio				Type of Obligor				
	Outstanding Discounted Balance	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Retail		Corporate	
						Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0.01 - 5,000.00	951	1.49%	2,410,572.45	0.25%	940	2,387,549.49	11	23,022.96	
5,000.01 - 10,000.00	5,305	8.34%	41,774,028.15	4.35%	5,270	41,509,996.23	35	264,031.92	
10,000.01 - 15,000.00	10,396	16.33%	131,254,315.46	13.67%	10,332	130,427,769.18	64	826,546.28	
15,000.01 - 20,000.00	8,170	12.84%	141,458,230.02	14.73%	8,097	140,172,151.30	73	1,286,078.72	
20,000.01 - 25,000.00	4,745	7.46%	105,424,121.16	10.98%	4,682	104,007,018.02	63	1,417,103.14	
25,000.01 - 30,000.00	2,111	3.32%	57,316,447.06	5.97%	2,070	56,197,749.56	41	1,118,697.50	
> 30,000.00	2,327	3.66%	97,758,848.98	10.18%	2,248	93,848,151.10	79	3,910,697.88	
<b>Total</b>	<b>34,005</b>	<b>53.43%</b>	<b>577,396,563.28</b>	<b>60.12%</b>	<b>33,639</b>	<b>568,550,384.88</b>	<b>366</b>	<b>8,846,178.40</b>	

Sub-PF: PCP/Used Vehicles	Total Portfolio				Type of Obligor			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Retail		Corporate	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0.01 - 5,000.00	1,117	1.76%	3,663,318.95	0.38%	1,111	3,651,008.21	6	12,310.74
5,000.01 - 10,000.00	5,173	8.13%	39,887,406.63	4.15%	5,152	39,712,530.33	21	174,876.30
10,000.01 - 15,000.00	5,980	9.40%	74,727,891.68	7.78%	5,943	74,256,467.35	37	471,424.33
15,000.01 - 20,000.00	4,729	7.43%	81,506,461.49	8.49%	4,691	80,845,875.76	38	660,585.73
20,000.01 - 25,000.00	2,310	3.63%	51,170,214.60	5.33%	2,275	50,393,344.72	35	776,869.88
25,000.01 - 30,000.00	892	1.40%	24,202,467.00	2.52%	875	23,726,866.41	17	475,600.59
> 30,000.00	880	1.38%	41,537,293.58	4.32%	833	38,769,941.17	47	2,767,352.41
<b>Total</b>	<b>21,081</b>	<b>33.12%</b>	<b>316,695,053.93</b>	<b>32.97%</b>	<b>20,880</b>	<b>311,356,033.95</b>	<b>201</b>	<b>5,339,019.98</b>

Overall Total	Total Portfolio				Type of Obligor			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Retail		Corporate	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0.01 - 5,000.00	5,664	8.90%	15,521,333.26	1.62%	5,309	14,671,891.07	355	849,442.19
5,000.01 - 10,000.00	13,149	20.66%	101,007,402.99	10.52%	12,814	98,526,416.44	335	2,480,986.55
10,000.01 - 15,000.00	17,700	27.81%	222,066,341.15	23.12%	17,359	217,816,385.37	341	4,249,955.78
15,000.01 - 20,000.00	13,450	21.13%	232,438,637.52	24.20%	13,181	227,766,163.58	269	4,672,473.94
20,000.01 - 25,000.00	7,281	11.44%	161,582,599.94	16.82%	7,103	157,639,008.74	178	3,943,591.20
25,000.01 - 30,000.00	3,090	4.85%	83,891,151.73	8.73%	3,007	81,617,689.91	83	2,273,461.82
> 30,000.00	3,312	5.20%	143,942,306.03	14.99%	3,157	135,936,032.68	155	8,006,273.35
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>

9. Original Principal Balance

Original Balance	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0.01 - 5,000.00	1,129	1.77%	2,593,668.17	0.27%	1,099	2,495,496.46	30	98,171.71	1,109	2,552,667.49	20	41,000.68	14	26,956.18	1,115	2,566,711.99
5,000.01 - 10,000.00	6,153	9.67%	31,709,125.10	3.30%	2,982	13,629,691.07	3,171	18,079,434.03	6,018	31,195,878.28	135	513,246.82	735	3,148,465.68	5,418	28,560,659.42
10,000.01 - 15,000.00	12,972	20.38%	117,740,982.00	12.26%	2,172	17,007,696.99	10,800	100,733,285.01	12,717	115,956,097.33	255	1,784,884.67	5,226	46,226,417.02	7,746	71,514,564.98
15,000.01 - 20,000.00	15,967	25.09%	208,092,014.54	21.67%	1,155	12,834,053.03	14,812	195,257,961.51	15,584	204,155,629.30	383	3,936,385.24	9,219	115,583,008.45	6,748	92,509,006.09
20,000.01 - 25,000.00	12,669	19.91%	211,479,224.16	22.02%	587	7,875,385.26	12,082	203,603,838.90	12,334	207,196,141.89	335	4,283,082.27	8,417	136,467,775.95	4,252	75,011,448.21
25,000.01 - 30,000.00	7,015	11.02%	142,385,847.90	14.82%	294	4,945,526.63	6,721	137,440,321.27	6,766	138,183,563.15	249	4,202,284.75	5,095	101,006,526.88	1,920	41,379,321.02
> 30,000.00	7,741	12.16%	246,448,910.75	25.66%	271	7,570,305.97	7,470	238,878,604.78	7,402	234,733,610.35	339	11,715,300.40	5,993	183,059,788.13	1,748	63,389,122.62
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>
<b>Statistics</b>																
<b>Minimum Original Balance</b>					<b>1,090.89</b>											
<b>Maximum Original Balance</b>					<b>288,001.00</b>											
<b>Average Original Balance</b>					<b>20,343.39</b>											

10. Effective Interest Rate

Effective Interest Rate Paid by Obligor	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
< 0.10%	2,161	3.40%	30,489,838.99	3.17%	225	1,622,419.30	1,936	28,867,419.69	2,105	29,889,681.78	56	600,157.21	1,957	28,505,310.52	204	1,984,528.47
>= 0.10% - < 0.60%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
>= 0.60% - < 1.10%	4	0.01%	82,379.94	0.01%	-	-	4	82,379.94	4	82,379.94	-	-	4	82,379.94	-	-
>= 1.10% - < 1.60%	7	0.01%	213,167.48	0.02%	-	-	7	213,167.48	7	213,167.48	-	-	7	213,167.48	-	-
>= 1.60% - < 2.10%	3	0.00%	112,830.16	0.01%	-	-	3	112,830.16	2	92,864.77	1	19,965.39	3	112,830.16	-	-
>= 2.10% - < 2.60%	69	0.11%	1,225,897.58	0.13%	-	-	69	1,225,897.58	67	1,198,399.85	2	27,497.73	69	1,225,897.58	-	-
>= 2.60% - < 3.10%	1,136	1.78%	23,798,840.36	2.48%	136	2,177,688.88	1,000	21,621,151.48	1,002	21,382,882.73	134	2,415,957.63	1,136	23,798,840.36	-	-
>= 3.10% - < 3.60%	1,667	2.62%	27,167,564.81	2.83%	2	17,696.99	1,665	27,149,867.82	1,648	26,706,711.76	19	460,853.05	1,660	27,082,791.44	7	84,773.37
>= 3.60% - < 4.10%	1,741	2.74%	31,243,349.11	3.25%	35	682,114.89	1,706	30,561,234.22	1,691	30,204,117.05	50	1,039,232.06	1,711	30,875,940.46	30	367,408.65
>= 4.10% - < 4.60%	2,879	4.52%	54,835,298.48	5.71%	23	327,008.63	2,856	54,508,289.85	2,840	54,022,936.24	39	812,362.24	2,874	54,750,608.10	5	84,690.38
>= 4.60% - < 5.10%	10,776	16.93%	179,750,586.67	18.72%	163	1,454,487.15	10,613	178,296,099.52	10,517	175,978,739.57	259	3,771,847.10	10,757	179,461,233.65	19	289,353.02
>= 5.10% - < 5.60%	3,046	4.79%	45,257,454.32	4.71%	38	481,815.57	3,008	44,775,638.75	3,008	44,484,079.19	38	773,375.13	2,934	43,356,368.56	112	1,901,085.76
>= 5.60% - < 6.10%	8,039	12.63%	130,403,238.47	13.58%	123	1,266,789.28	7,916	129,136,449.19	7,875	127,254,364.13	164	3,148,874.34	7,287	118,114,059.86	752	12,289,178.61
>= 6.10% - < 6.60%	6,191	9.73%	100,541,720.64	10.47%	1,205	10,982,177.96	4,986	89,559,542.68	5,996	97,143,393.25	195	3,398,327.39	3,901	70,069,971.92	2,290	30,471,748.72
>= 6.60% - < 7.10%	7,473	11.74%	110,887,895.31	11.55%	963	9,283,552.12	6,510	101,604,343.19	7,087	105,439,113.22	386	5,448,782.09	293	6,317,220.23	7,180	104,570,675.08
>= 7.10% - < 7.60%	2,902	4.56%	32,312,821.56	3.36%	1,063	6,249,920.00	1,839	26,062,901.56	2,763	30,856,143.66	139	1,456,677.90	23	619,423.77	2,879	31,693,397.79
>= 7.60% - < 8.10%	2,219	3.49%	28,722,554.90	2.99%	490	3,422,113.89	1,729	25,300,441.01	2,178	28,329,538.00	41	393,016.90	17	337,742.83	2,202	28,384,812.07
>= 8.10% - < 8.60%	5,915	9.29%	76,517,750.37	7.97%	1,952	14,725,050.88	3,963	61,792,699.49	5,827	75,242,511.85	88	1,275,238.52	24	144,714.76	5,891	76,373,035.61
>= 8.60% - < 9.10%	651	1.02%	6,960,971.20	0.72%	247	1,320,677.67	404	5,640,293.53	642	6,837,536.77	9	123,434.43	4	77,703.84	647	6,883,267.36
>= 9.10% - < 9.60%	3,024	4.75%	39,152,940.73	4.08%	927	6,952,864.40	2,097	32,200,076.33	2,993	38,703,084.07	31	449,856.66	8	77,621.73	3,016	39,075,319.00
>= 9.60% - < 10.00%	403	0.63%	4,831,329.75	0.50%	98	676,620.87	305	4,154,708.88	393	4,630,879.42	10	200,450.33	6	101,768.99	397	4,729,560.76
>= 10.00%	3,340	5.25%	35,941,341.79	3.74%	870	4,715,156.93	2,470	31,226,184.86	3,285	35,281,063.06	55	660,278.73	24	193,342.11	3,316	35,747,999.68
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>
<b>Statistics</b>																
<b>Minimum</b> Effective Interest Rate Paid by Obligor																<b>0.00%</b>
<b>Maximum</b> Effective Interest Rate Paid by Obligor																<b>14.93%</b>
<b>Weighted Average</b> Effective Interest Rate Paid by Obligor																<b>5.97%</b>

11. Original Term

Length of Original Term (months)	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
					Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
01 - 12	197	0.31%	643,175.77	0.07%	166	312,467.47	31	330,708.30	189	587,881.44	8	55,294.33	6	34,507.49	191	608,668.28
13 - 24	938	1.47%	7,290,704.90	0.76%	687	2,503,523.65	251	4,787,181.25	894	6,772,009.94	44	518,694.96	86	2,146,610.86	852	5,144,094.04
25 - 36	3,891	6.11%	46,964,204.69	4.89%	1,566	9,887,949.31	2,325	37,076,255.38	3,580	42,583,793.62	311	4,380,411.07	1,442	24,105,272.65	2,449	22,858,932.04
37 - 48	12,710	19.97%	174,701,795.69	18.19%	2,410	18,093,019.70	10,300	156,608,775.99	12,035	165,998,434.28	675	8,703,361.41	6,385	98,175,626.39	6,325	76,526,169.30
49 - 60	45,554	71.57%	727,846,011.64	75.78%	3,376	32,600,784.83	42,178	695,245,226.81	44,884	715,146,513.81	670	12,699,497.83	26,769	460,888,163.88	18,785	266,957,847.76
61 - 72	356	0.56%	3,003,879.93	0.31%	355	2,960,410.45	1	43,469.48	348	2,884,954.70	8	118,925.23	11	168,757.02	345	2,835,122.91
>72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

Statistics	
Minimum Original Term	11
Maximum Original Term	64
Weighted Average Original Term	48.01

12. Remaining Term

Length of Remaining Term (Months)	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
0 - 12	16,308	25.62%	165,447,596.20	17.23%	1,564	2,905,438.26	14,744	162,542,157.94	15,848	161,953,467.48	460	3,494,128.72	9,861	113,046,356.53	6,447	52,401,239.67
13 - 24	13,287	20.88%	177,390,708.76	18.47%	2,273	11,687,368.56	11,014	165,703,340.20	12,855	171,693,207.47	432	5,697,501.29	6,697	104,960,506.40	6,590	72,430,202.36
25 - 36	17,600	27.65%	293,717,752.03	30.58%	2,084	17,627,544.61	15,516	276,090,207.42	17,161	285,654,775.45	439	8,062,976.58	9,685	183,330,115.33	7,915	110,387,636.70
37 - 48	15,409	24.21%	307,805,797.61	32.05%	1,609	18,564,315.91	13,800	289,241,481.70	15,103	300,360,037.52	306	7,445,760.09	8,413	182,948,719.76	6,996	124,857,077.85
49 - 60	1,042	1.64%	16,087,918.02	1.68%	1,030	15,573,488.07	12	514,429.95	963	14,312,099.87	79	1,775,818.15	43	1,233,240.27	999	14,854,677.75
61 - 72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
> 72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

Statistics	
Minimum Remaining Term	0
Maximum Remaining Term	60
Weighted Average Remaining Term	28.30



### 13. Seasoning

Seasoning (months)	Total Portfolio				Type of Contract				Type of Customer				Type of Vehicle			
					Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
01 - 12	18,870	29.65%	356,016,208.78	37.07%	3,405	35,705,740.90	15,465	320,310,467.88	18,357	344,314,500.61	513	11,701,708.17	9,255	200,732,466.04	9,615	155,283,742.74
13 - 24	18,201	28.60%	297,890,336.85	31.02%	2,480	19,684,780.34	15,721	278,205,556.51	17,733	289,598,476.65	468	8,291,860.20	9,813	185,451,507.09	8,388	112,438,829.76
25 - 36	11,869	18.65%	160,236,917.59	16.68%	1,165	6,374,844.68	10,704	153,862,072.91	11,563	156,684,868.19	306	3,552,049.40	6,595	98,226,465.75	5,274	62,010,451.84
37 - 48	14,504	22.79%	145,124,492.07	15.11%	1,413	4,401,197.58	13,091	140,723,294.49	14,089	142,272,102.32	415	2,852,389.75	8,956	100,323,942.48	5,548	44,800,549.59
49 - 60	200	0.31%	1,181,428.70	0.12%	95	191,203.28	105	990,225.42	186	1,103,251.39	14	78,177.31	80	784,556.93	120	396,871.77
61 - 72	2	0.00%	388.63	0.00%	2	388.63	-	-	2	388.63	-	-	-	-	2	388.63
>72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

Statistics	
Minimum seasoning (months)	1
Maximum seasoning (months)	65
Weighted Average Seasoning (months)	19.77

14. Type of Credit

Type of Credit	Total Portfolio				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
Hire Purchase	8,560	13.45%	66,358,155.41	6.91%	7,411	54,067,168.96	1,149	12,290,986.45	694	8,122,375.01	7,866	58,235,780.40
PCP	55,086	86.55%	894,091,617.21	93.09%	54,519	879,906,418.83	567	14,185,198.38	34,005	577,396,563.28	21,081	316,695,053.93
Total	63,646	100.00%	960,449,772.62	100.00%	61,930	933,973,587.79	1,716	26,476,184.83	34,699	585,518,938.29	28,947	374,930,834.33



Length of Remaining Term (months)	Total Portfolio					Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Balloon Contracts	Percentage of Balloon Contracts	Discounted Principal Balloon Balance	Outstanding Discounted Balance	Remaining Balloon as % of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
						Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
50	1	0.00%	26,935.55	1,327,223.66	2.03%	88	1,269,846.03	1.00	57,377.63	79	1,128,780.68	10	198,442.98	3	124,227.98	86	1,202,995.68
51	-	-	-	1,785,519.59	-	126	1,785,519.59	-	-	116	1,573,331.48	10	212,188.11	5	92,703.60	121	1,692,815.99
52	-	-	-	2,049,558.14	-	149	2,049,558.14	-	-	142	1,909,012.30	7	140,545.84	7	208,832.17	142	1,840,725.97
53	2	0.00%	60,136.52	2,098,935.14	2.87%	138	1,988,183.60	2.00	110,751.54	131	1,946,771.15	9	152,163.99	5	147,468.25	135	1,951,466.89
54	1	0.00%	29,383.75	1,960,769.52	1.50%	128	1,918,274.57	1.00	42,494.95	122	1,830,718.82	7	130,050.70	6	116,622.29	123	1,844,147.23
55	1	0.00%	25,372.13	1,530,057.06	1.66%	91	1,492,042.17	1.00	38,014.89	82	1,311,508.01	10	218,549.05	2	48,485.71	90	1,481,571.35
56	-	-	-	1,575,359.44	-	95	1,575,359.44	-	-	88	1,414,361.98	7	160,997.46	2	45,859.33	93	1,529,500.11
57	2	0.00%	56,319.30	1,262,992.01	4.46%	65	1,181,965.70	2.00	81,026.31	63	1,133,372.15	4	129,619.86	4	193,881.94	63	1,069,110.07
58	2	0.00%	53,846.82	916,666.23	5.87%	43	832,396.12	2.00	84,270.11	40	730,923.09	5	185,743.14	4	151,679.53	41	764,986.70
59	-	-	-	199,296.71	-	13	199,296.71	-	-	13	199,296.71	-	-	-	-	13	199,296.71
60	-	-	-	10,847.95	-	1	10,847.95	-	-	1	10,847.95	-	-	-	-	1	10,847.95
61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
>=72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>55,086</b>	<b>100.00%</b>	<b>589,112,467.28</b>	<b>960,449,772.62</b>	<b>61.34%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086.00</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

16. Type of Vehicle

Type of Vehicle	Total Portfolio				Type of Obligor			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Retail		Corporate	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New	34,699	54.52%	585,518,938.29	60.96%	33,849	571,123,595.90	850	14,395,342.39
Used	28,947	45.48%	374,930,834.33	39.04%	28,081	362,849,991.89	866	12,080,842.44
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>

Type of Vehicle: Only Hire Purchase

Type of Vehicle	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Type of Obligor			
					Retail		Corporate	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New	694	1.09%	8,122,375.01	0.85%	210	2,573,211.02	484	5,549,163.99
Used	7,866	12.36%	58,235,780.40	6.06%	7,201	51,493,957.94	665	6,741,822.46
<b>Total</b>	<b>8,560</b>	<b>13.45%</b>	<b>66,358,155.41</b>	<b>6.91%</b>	<b>7,411</b>	<b>54,067,168.96</b>	<b>1,149</b>	<b>12,290,986.45</b>

Type of Vehicle: Only PCP

Type of Vehicle	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Type of Obligor			
					Retail		Corporate	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
New	34,005	53.43%	577,396,563.28	60.12%	33,639	568,550,384.88	366	8,846,178.40
Used	21,081	33.12%	316,695,053.93	32.97%	20,880	311,356,033.95	201	5,339,019.98
<b>Total</b>	<b>55,086</b>	<b>86.55%</b>	<b>894,091,617.21</b>	<b>93.09%</b>	<b>54,519</b>	<b>879,906,418.83</b>	<b>567</b>	<b>14,185,198.38</b>



Brand	Model	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
		Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
						Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
	Superb	473	0.74%	5,918,562.09	0.62%	123	878,575.62	350	5,039,986.47	469	5,874,371.64	4	44,190.45	154	2,305,365.68	319	3,613,196.41
	Yeti	208	0.33%	1,273,600.40	0.13%	112	488,508.81	96	785,091.59	205	1,265,281.30	3	8,319.10	2	1,406.92	206	1,272,193.48
	Enyaq	15	0.02%	438,911.40	0.05%	-	-	15	438,911.40	13	369,745.56	2	69,165.84	15	438,911.40	-	-
	Sub-Total Skoda	8,323	13.08%	97,562,912.36	10.16%	1,421	7,600,153.89	6,902	89,962,758.47	8,262	96,844,842.75	61	718,069.61	4,629	63,287,003.46	3,694	34,275,908.90
Volkswagen	Arteon	188	0.30%	3,762,377.61	0.39%	15	179,114.49	173	3,583,263.12	185	3,691,009.35	3	71,368.26	77	1,685,230.08	111	2,077,147.53
	Golf	5,911	9.29%	74,340,151.00	7.74%	822	5,321,461.54	5,089	69,018,689.46	5,868	73,697,421.19	43	642,729.81	2,587	37,454,563.33	3,324	36,885,587.67
	VW Commercial	1,911	3.00%	25,541,269.66	2.66%	1,317	13,122,392.60	594	12,418,877.06	889	14,483,626.74	1,022	11,057,642.92	874	13,542,913.69	1,037	11,998,355.97
	Beetle	111	0.17%	730,051.54	0.08%	34	162,325.17	77	567,726.37	109	712,393.27	2	17,658.27	24	190,088.71	87	539,962.83
	Passat	559	0.88%	6,182,982.74	0.64%	148	946,986.29	411	5,235,996.45	552	6,090,863.68	7	92,119.06	128	1,828,459.50	431	4,354,523.24
	California	86	0.14%	2,666,902.90	0.28%	24	370,808.63	62	2,296,094.27	79	2,386,985.27	7	279,917.63	59	1,888,253.88	27	778,649.02
	Jetta	14	0.02%	72,934.25	0.01%	7	26,563.97	7	46,370.28	14	72,934.25	-	-	-	-	14	72,934.25
	Phaeton	1	0.00%	535.30	0.00%	1	535.30	-	-	1	535.30	-	-	-	-	1	535.30
	Polo	7,647	12.01%	72,203,842.27	7.52%	810	3,808,899.48	6,837	68,394,942.79	7,623	71,949,338.92	24	254,503.35	4,557	49,196,838.82	3,090	23,007,003.45
	Scirocco	282	0.44%	2,547,774.25	0.27%	80	551,691.25	202	1,996,083.00	280	2,529,010.58	2	18,763.67	12	110,121.68	270	2,437,652.57
	Sharan	181	0.28%	2,284,067.77	0.24%	50	395,337.36	131	1,888,730.41	179	2,260,656.78	2	23,410.99	30	515,095.68	151	1,768,972.09
	T-Roc	2,362	3.71%	38,438,651.40	4.00%	73	689,664.06	2,289	37,748,987.34	2,354	38,290,206.45	8	148,444.95	1,895	31,082,174.78	467	7,356,476.62
	T-Cross	824	1.29%	12,094,824.90	1.26%	24	160,683.33	800	11,934,141.57	821	12,040,091.96	3	54,732.94	703	10,407,412.40	121	1,687,412.50
	Tiguan	3,483	5.47%	58,363,614.65	6.08%	315	2,677,750.11	3,168	55,705,864.54	3,461	57,976,248.25	22	407,366.40	2,027	37,386,525.72	1,456	20,997,088.93
	Touareg	339	0.53%	8,471,775.65	0.88%	49	623,983.52	290	7,847,792.13	331	8,284,965.89	8	186,809.76	120	3,977,741.80	219	4,494,033.85
	Touran	285	0.45%	3,463,309.15	0.36%	47	322,487.41	238	3,140,821.74	284	3,445,754.66	1	17,554.49	106	1,468,950.97	179	1,994,358.18
	VWUP	1,190	1.87%	6,764,075.01	0.70%	167	498,073.61	1,023	6,276,001.40	1,181	6,714,811.13	9	49,263.88	651	4,236,174.73	539	2,527,900.28
	ID 3	60	0.09%	1,409,892.18	0.15%	2	29,855.77	58	1,380,036.41	52	1,223,681.92	8	186,210.26	58	1,352,043.59	2	57,848.59
	ID 4	22	0.03%	687,830.42	0.07%	1	43,435.18	21	644,395.24	17	509,209.58	5	178,620.84	21	652,561.15	1	35,269.27
	Sub-Total Volkswagen	25,456	40.00%	320,046,862.65	33.32%	3,986	29,932,049.07	21,470	290,114,813.58	24,280	306,359,745.17	1176	13,687,117.48	13,929	196,975,150.51	11,527	123,071,712.14
	Other Brands	529	0.83%	4,240,719.40	0.44%	529	4,240,719.40	-	-	413	2,829,518.55	116	1,411,200.85	79	1,095,498.49	450	3,145,220.91
	Total	63,646	100.00%	960,449,772.62	100.00%	8,560	66,358,155.41	55,086	894,091,617.21	61,930	933,973,587.79	1716	26,476,184.83	34,699	585,518,938.29	28,947	374,930,834.33

18. Geographic Region

Region	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
Channel Islands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
East of England	5,749	9.03%	90,805,901.68	9.45%	674	5,398,325.12	5,075	85,407,576.56	5,564	87,877,185.61	185	2,928,716.07	3,061	53,736,607.14	2,688	37,069,294.54
East Midlands	3,431	5.39%	51,711,157.38	5.38%	471	3,700,355.82	2,960	48,010,801.56	3,352	50,476,156.91	79	1,235,000.47	1,820	31,181,910.20	1,611	20,529,247.18
Isle of Man	1	0.00%	14,623.62	0.00%	-	-	1	14,623.62	1	14,623.62	-	-	1	14,623.62	-	-
London	2,717	4.27%	46,392,541.35	4.83%	354	3,060,085.32	2,363	43,332,456.03	2,628	44,254,470.43	89	2,138,070.92	1,428	27,326,935.34	1,289	19,065,606.01
North East England	3,371	5.30%	46,920,477.27	4.89%	545	3,797,920.45	2,826	43,122,556.82	3,316	46,132,890.34	55	787,586.93	1,770	28,156,102.69	1,601	18,764,374.58
North West England	7,761	12.19%	115,246,111.04	12.00%	972	7,168,206.19	6,789	108,077,904.85	7,602	112,474,920.58	159	2,771,190.46	4,280	71,807,114.21	3,481	43,438,996.83
Northern Ireland	10	0.02%	129,125.88	0.01%	1	5,246.54	9	123,879.34	10	129,125.88	-	-	2	29,643.06	8	99,482.82
Scotland	7,179	11.28%	105,874,193.00	11.02%	1,042	8,336,835.28	6,137	97,537,357.72	6,972	102,872,548.36	207	3,001,644.64	3,743	62,622,087.53	3,436	43,252,105.47
South East England	13,685	21.50%	210,645,139.08	21.93%	1,696	13,349,294.35	11,989	197,295,844.73	13,280	204,548,544.60	405	6,096,594.48	7,493	128,130,624.92	6,192	82,514,514.16
South West England	5,370	8.44%	78,911,044.89	8.22%	711	5,560,755.05	4,659	73,350,289.84	5,209	76,664,780.05	161	2,246,264.84	3,009	49,215,542.86	2,361	29,695,502.03
Wales	2,868	4.51%	41,512,523.56	4.32%	482	3,680,436.47	2,386	37,832,087.09	2,807	40,797,955.66	61	714,567.90	1,533	25,007,589.63	1,335	16,504,933.93
West Midlands	6,058	9.52%	92,869,399.00	9.67%	784	6,190,040.38	5,274	86,679,358.62	5,898	90,192,375.56	160	2,677,023.44	3,512	58,861,569.13	2,546	34,007,829.87
Yorkshire & Humberside	5,445	8.56%	79,404,030.55	8.27%	828	6,110,654.44	4,617	73,293,376.11	5,290	77,524,505.87	155	1,879,524.68	3,046	49,415,083.64	2,399	29,988,946.91
Not Available	1	0.00%	13,504.32	0.00%	-	-	1	13,504.32	1	13,504.32	-	-	1	13,504.32	-	-
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>



19. Loan to Value

Loan to Value	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Loans	Percentage of Loans	Outstanding Discounted Balance	Percentage of Outstanding Discounted Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance	Number of Contracts	Outstanding Discounted Balance
<= 50%	1,838	2.89%	11,377,068.42	1.18%	1,734	9,258,062.97	104	2,119,005.45	1,616	9,796,916.83	222	1,580,151.59	258	3,348,454.69	1,580	8,028,613.73
50% <= 60%	1,357	2.13%	16,937,529.05	1.76%	736	5,171,690.37	621	11,765,838.68	1,242	15,699,728.94	115	1,237,800.11	459	8,269,645.55	898	8,667,883.50
60% <= 70%	2,739	4.30%	39,840,662.39	4.15%	919	7,973,935.19	1,820	31,866,727.20	2,505	36,645,816.46	234	3,194,845.93	1,332	23,429,457.96	1,407	16,411,204.43
70% <= 80%	12,760	20.05%	189,639,953.16	19.74%	1,175	10,201,012.00	11,585	179,438,941.16	12,390	184,165,498.05	370	5,474,455.11	8,555	134,544,109.80	4,205	55,095,843.36
80% <= 90%	21,195	33.30%	343,562,282.13	35.77%	1,284	12,654,970.25	19,911	330,907,311.88	20,740	335,603,765.05	455	7,958,517.08	14,067	239,013,293.07	7,128	104,548,989.06
90% <= 100%	23,757	37.33%	359,092,277.47	37.39%	2,712	21,098,484.63	21,045	337,993,792.84	23,437	352,061,862.46	320	7,030,415.01	10,028	176,913,977.22	13,729	182,178,300.25
> 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

**20. Retention according to Article 6(3)(c) of the UK Securitisation Regulation and Article 6(3)(c) of the EU Securitisation Regulation**

Type of Asset	Number of Contracts	Percentage of Contracts	Outstanding Nominal Balance	Percentage of Outstanding Nominal Balance
Portfolio sold to SPV	63,646	94.96%	970,231,755.02	95.00%
Retention of VWFS UK	3,381	5.04%	51,017,460.38	5.00%
<b>Total</b>	<b>67,027</b>	<b>100.00%</b>	<b>1,021,249,215.40</b>	<b>100.00%</b>

Retention Amounts	Outstanding Nominal Balance	Percentage of Outstanding Nominal Balance
Minimum retention	48,511,587.75	5.00%
Actual retention	51,017,460.38	5.26%

21. Fuel Type

Fuel Type	Total Portfolio				Type of Contract				Type of Obligor				Type of Vehicle			
	Number of Contracts	Percentage of Contracts	Outstanding Balance	Percentage of Outstanding Balance	Hire Purchase		PCP		Retail		Corporate		New Vehicle		Used Vehicle	
					Number of Contracts	Outstanding Balance	Number of Contracts	Outstanding Balance	Number of Contracts	Outstanding Balance	Number of Contracts	Outstanding Balance	Number of Contracts	Outstanding Balance	Number of Contracts	Outstanding Balance
Petrol	46,426	72.94%	668,927,462.51	69.65%	4,376	30,279,403.54	42,050	638,648,058.97	46,102	661,157,199.91	324	7,770,262.60	28,516	446,333,889.55	17,910	222,593,572.96
Diesel	16,960	26.65%	284,185,275.78	29.59%	4,173	35,795,232.55	12,787	248,390,043.23	15,603	266,805,645.22	1,357	17,379,630.56	5,982	133,381,179.94	10,978	150,804,095.84
Battery Electric	173	0.27%	5,032,554.15	0.52%	5	151,339.78	168	4,881,214.37	141	3,773,921.61	32	1,258,632.54	153	4,286,319.42	20	746,234.73
Hybrid	87	0.14%	2,304,480.18	0.24%	6	132,179.54	81	2,172,300.64	84	2,236,821.05	3	67,659.13	48	1,517,549.38	39	786,930.80
<b>Total</b>	<b>63,646</b>	<b>100.00%</b>	<b>960,449,772.62</b>	<b>100.00%</b>	<b>8,560</b>	<b>66,358,155.41</b>	<b>55,086</b>	<b>894,091,617.21</b>	<b>61,930</b>	<b>933,973,587.79</b>	<b>1,716</b>	<b>26,476,184.83</b>	<b>34,699</b>	<b>585,518,938.29</b>	<b>28,947</b>	<b>374,930,834.33</b>

The Purchased Receivables have not been selected by the Seller with the aim of rendering losses on the Purchased Receivables to the Issuer, measured over the life of the Transaction, higher than the losses over the same period on comparable Purchased Receivables held on the balance sheet of the Seller.

## **DELINQUENCIES**

The following data indicates, for the PCP and HP portfolio of VWFS and for a given month the outstanding balance of the receivables which are current, one up to thirty (1-30) days, thirty-one up to sixty (31-60) days, sixty-one up to ninety (61-90) days or more than ninety (90) days in arrears, expressed as a percentage of the total outstanding balance of the PCP and HP portfolio at the beginning of such period.

The report records the oldest unpaid instalment as the starting point for the calculation of days in arrears. A payment of subsequent instalments does not affect the reference date for this calculation, which was the case in the old delinquency report.

Arrear status credit portfolio VWFS in per cent. of receivables volume (rounded off to two decimal places).



## HISTORICAL PERFORMANCE DATA

### Historical Performance Data

VWFS has extracted data on the historical performance of the entire managed portfolio for the HP & PCP auto loan portfolio. The tables below show historical data on net losses, for the period from Q3/2002 to Q3/2021 from contracts originated since 2002 and defaulted before Q3/2021. Such data was extracted from VWFS' internal data warehouse which is sourced from its contract management and accounting systems.

### Total Portfolio

The net losses data displayed below are in static format and show the cumulative net losses realised after the specified number of months since origination, for each portfolio of loans originated in a particular month, expressed as a percentage of the original principal balance of that portfolio. Net losses are calculated by deducting the vehicle sales proceeds as well as any other recoveries from the outstanding balances of the respective loans up to the final write-off of the loan (net losses are shown in the month where the write-off of the contract has been carried out by the Seller). The data includes standard and balloon loans to corporate and private debtors to finance new and used vehicles. The exposures to which such data relates are substantially similar to those being securitised as they have been originated in accordance with consistent origination procedures, on the basis of similar contractual terms and exposures securitised are selected based on strict eligibility criteria and thus generally perform better than VWFS' managed portfolio as a whole.

The terms used in the following tables have the following meanings:

"**New Cars**" means cars which are first time sold to Obligors.

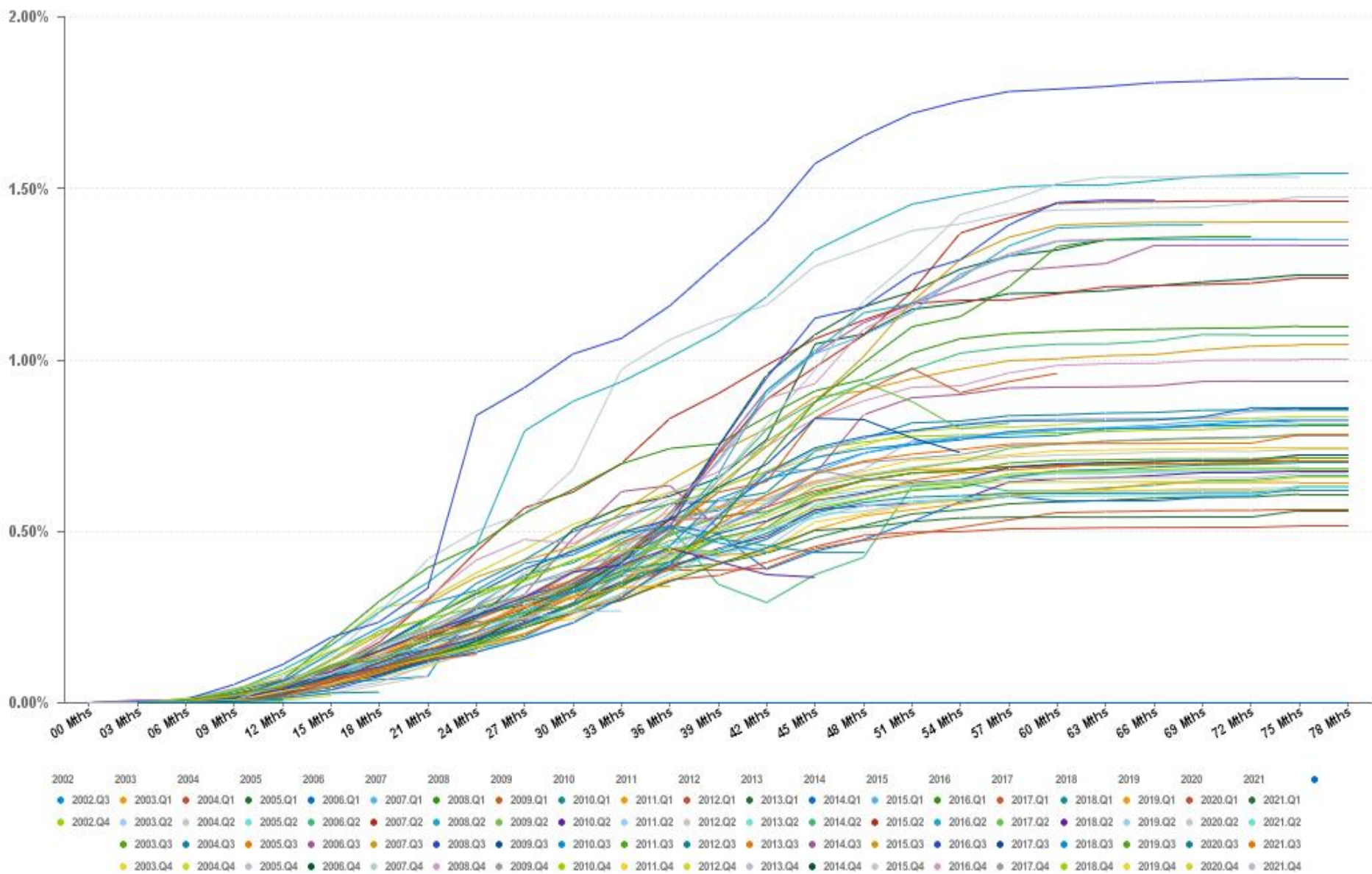
"**Used Cars**" means cars which are previously owned by other Obligors.

"**Vintage Loss Curve**" means the cumulative net loss ratio in relation to the contact age expressed as a curve for the whole portfolio and each sub portfolio.



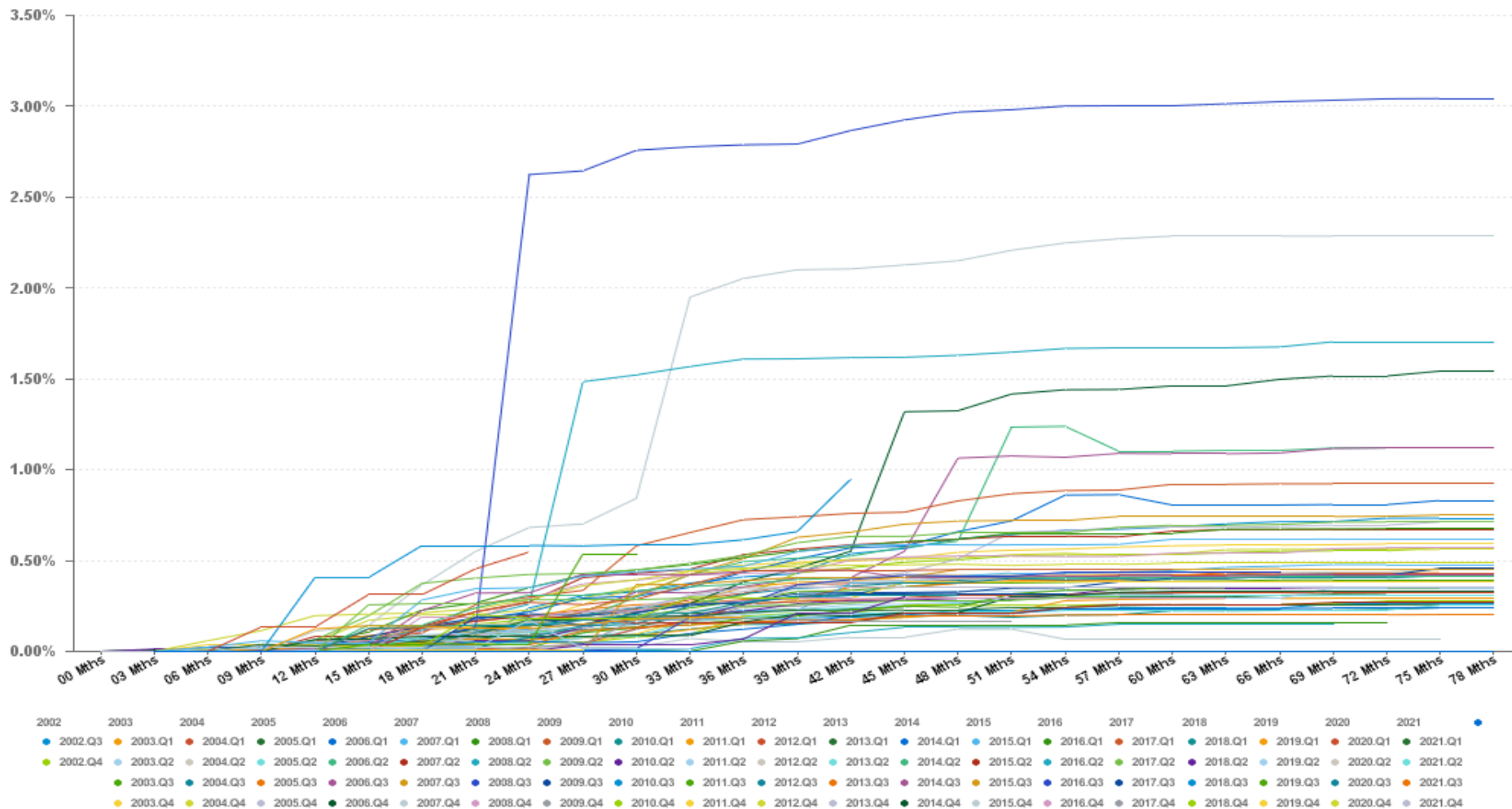






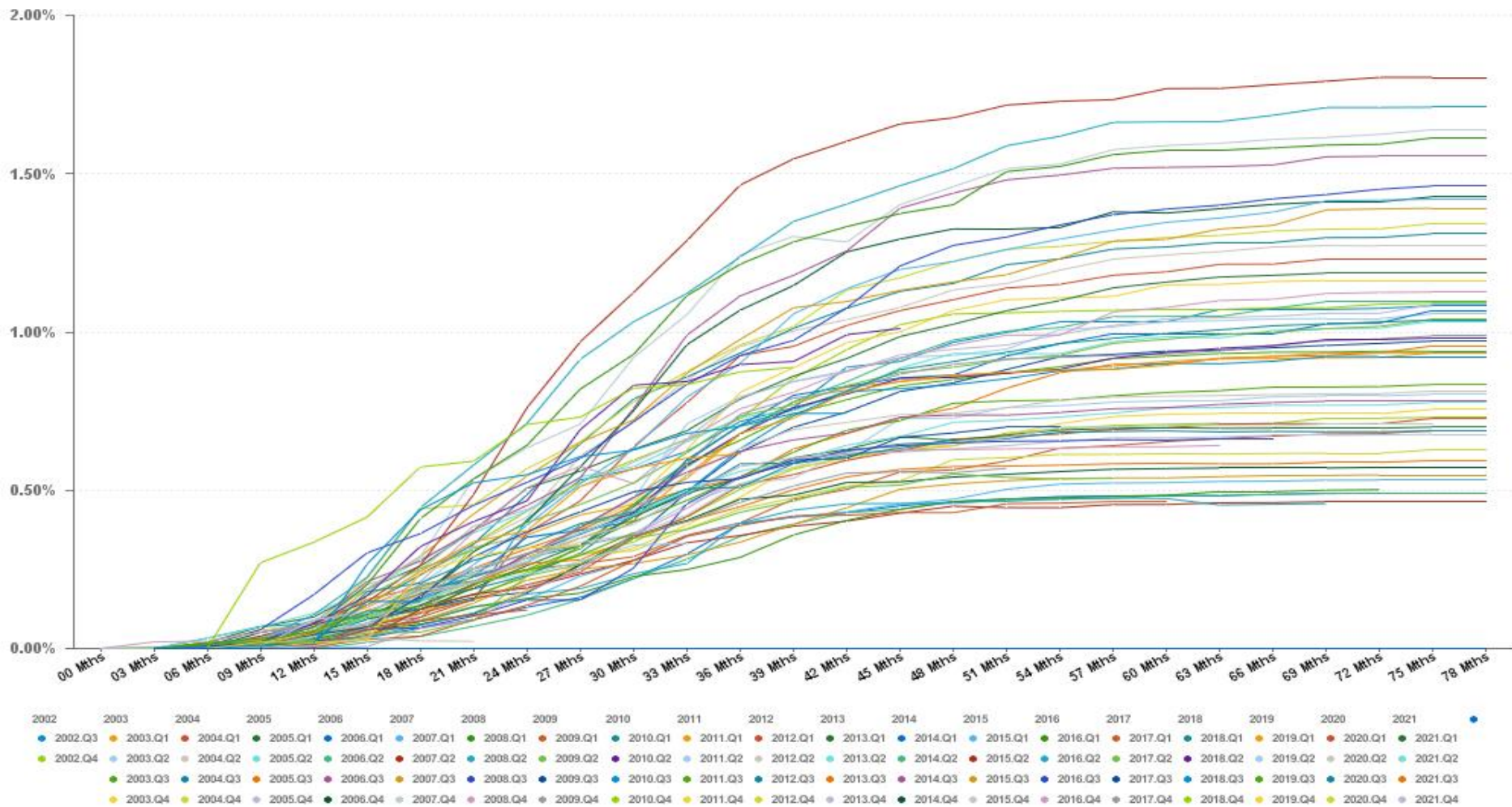








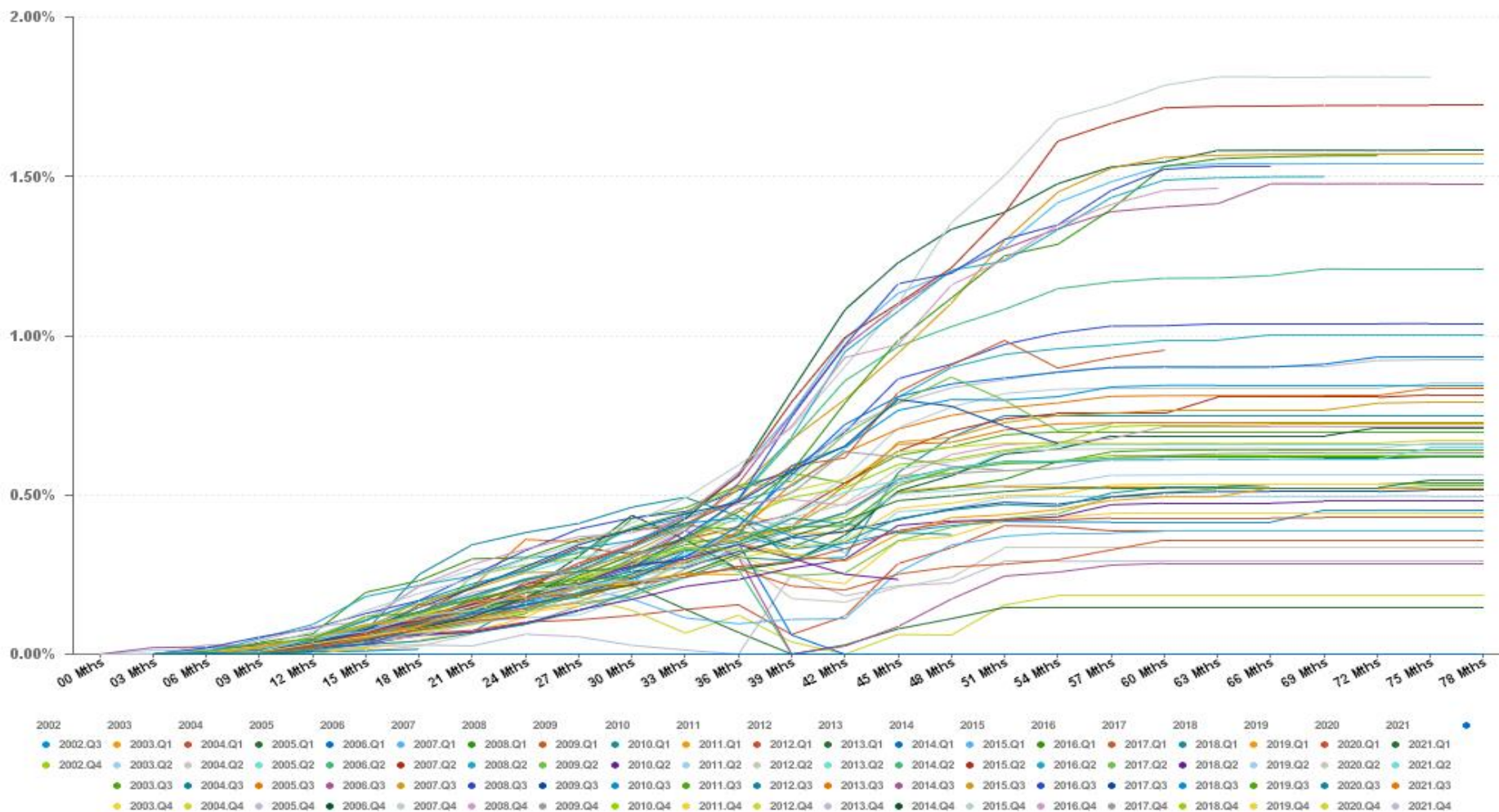






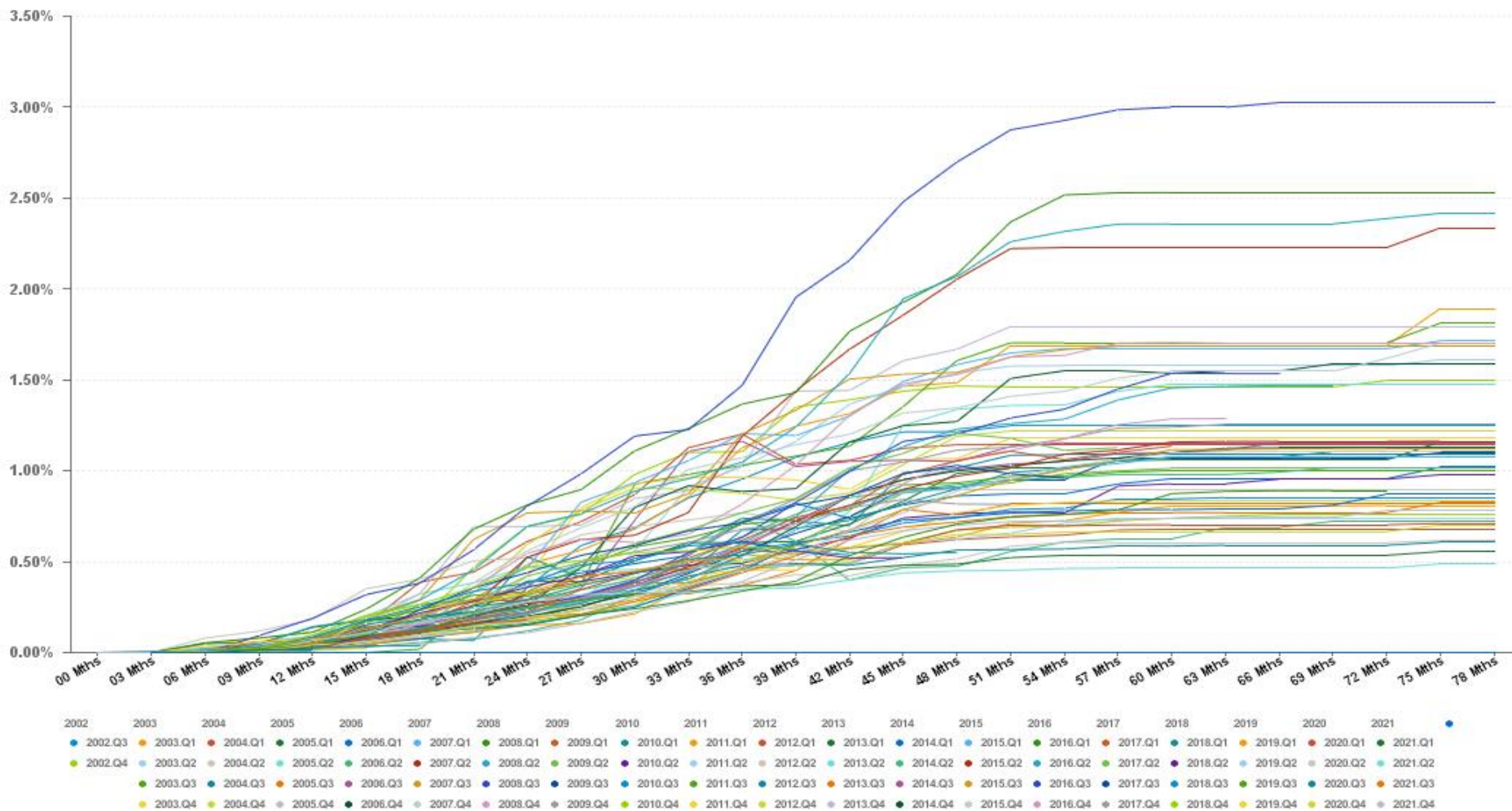












## WEIGHTED AVERAGE LIFE OF THE NOTES

### Weighted Average Life of the Notes

Weighted average lives of the Notes refers to the average amount of time that will elapse (assuming a year consisting of 12 months of 30 days each) from the date of issuance of a Note to the date of distribution of amounts to the investor distributed in reduction of principal of such Note (assuming no losses) to zero. The weighted average life of the Notes will be influenced by, amongst other things, the rate at which the Purchased Receivables are paid, which may be in the form of scheduled amortisation, prepayments or liquidations.

### Purchased Receivables

The following table is prepared on the basis of certain assumptions, as described below, regarding the weighted average characteristics of the Purchased Receivables and the performance thereof.

The table assumes, among other things, that the Issuer holds a pool of purchased receivables with the following characteristics:

- (a) the Portfolio is subject to a constant annual rate of prepayment as set out under "CPR";
- (b) no purchased receivables are repurchased by the Seller;
- (c) each series of Notes is expected to have the characteristics on Closing Date as set out in the following table:

<i>Series</i>	<i>Outstanding Balance</i>	<i>Fixed Rate Under the Swap</i>	<i>Amortisation Status</i>
Class A Series 2018-1	GBP 684,800,000	2.4700%	Revolving
Class B Series 2018-1	GBP 65,200,000	3.1000%	Revolving

- (d) the Payment Date is assumed to be the 25<sup>th</sup> day of each month;
- (e) the Clean-Up Call will be exercised at the earliest Payment Date possible;
- (f) the Purchased Receivables are fully performing (no losses or delinquencies occur for whatever reason, including, for the avoidance of doubt, those occurring as a direct or indirect result of COVID-19);
- (g) a Discount Rate of 6.3718 per cent. per annum; and the Monthly Payments are discounted back to the assumed Initial Cut-Off Date;
- (h) the weighted average fixed rate of the fixed rates under the Swap Agreement and of Theoretical Subordinated Loan Swap Rate is assumed to be 2.82308 per cent.;
- (i) third party expenses and servicer fees together are assumed to be 1.03 per cent. per annum of the Aggregate Discounted Receivables Balance;
- (j) no Early Amortisation Event has occurred;
- (k) no tap issuance has been made;
- (l) no extension of the Revolving Period will occur;
- (m) each Series of Notes amortises at the end of the Revolving Period;
- (n) no swap event of default or termination event occurs and no swap payments are due to the Swap Counterparty other than the Net Swap Payments due under item fifth of the pre-enforcement Order of Priority, and
- (o) the Subordinated Loan balance is GBP 128,581,075.57.

The approximate weighted average lives of the Notes, at various assumed rates of prepayment of the purchased receivables, would be as follows, whereby "CPR" means the annual constant prepayment rate:

Class A			
CPR	Average Life in Years	First Principal Payment	Expected Maturity
0%	2.42	March 25, 2023	November 25, 2025
10%	2.29	March 25, 2023	October 25, 2025
20%	2.16	March 25, 2023	August 25, 2025
30%	2.04	March 25, 2023	July 25, 2025

Class B			
CPR	Average Life in Years	First Principal Payment	Expected Maturity
0%	2.54	June 25, 2023	November 25, 2025
10%	2.41	May 25, 2023	October 25, 2025
20%	2.26	May 25, 2023	August 25, 2025
30%	2.14	April 25, 2023	July 25, 2025

The exact weighted average lives of the Notes cannot be predicted as the actual rate at which the purchased receivables will be repaid and a number of other relevant factors are unknown.

The weighted average lives of the Notes are subject to factors largely outside the control of the Issuer, acting for and on behalf of its Compartment 4, and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

The information set out in this section entitled "**WEIGHTED AVERAGE LIFE OF THE NOTES**" has been provided by the Manager for use in this Base Prospectus and the Manager is solely responsible for the accuracy of the information set out in this section entitled "**WEIGHTED AVERAGE LIFE OF THE NOTES**", except to the extent that any inaccuracy results from information provided by VWFS to the Manager for the purpose of preparing this section of the Base Prospectus in which case VWFS is solely responsible for the accuracy of the information set out in this section entitled "**WEIGHTED AVERAGE LIFE OF THE NOTES**" to the extent of the inaccuracy.

To the best knowledge and belief of the Issuer, the above information has been accurately reproduced. The Issuer is able to ascertain from the above information published by the Manager that no facts have been omitted which would render the reproduced information inaccurate or misleading.

**Assumed Amortisation of the Notes**

Please find tables showing the amortisation of the Notes below. This amortisation scenario is based on the assumptions listed under "**Weighted Average Lives of the Notes**" above and on a CPR of 20 per cent.

Period	Date	A Balance	B Balance	Sub Loan Balance
0	25.02.2022	684,800,000.00	65,200,000.00	128,581,075.57
1	25.03.2022	684,800,000.00	65,200,000.00	128,581,075.57
2	25.04.2022	684,800,000.00	65,200,000.00	128,581,075.57
3	25.05.2022	684,800,000.00	65,200,000.00	128,581,075.57
4	25.06.2022	684,800,000.00	65,200,000.00	128,581,075.57
5	25.07.2022	684,800,000.00	65,200,000.00	128,581,075.57
6	25.08.2022	684,800,000.00	65,200,000.00	128,581,075.57
7	25.09.2022	684,800,000.00	65,200,000.00	128,581,075.57
8	25.10.2022	684,800,000.00	65,200,000.00	128,581,075.57
9	25.11.2022	684,800,000.00	65,200,000.00	128,581,075.57
10	25.12.2022	684,800,000.00	65,200,000.00	128,581,075.57
11	25.01.2023	684,800,000.00	65,200,000.00	128,581,075.57
12	25.02.2023	684,800,000.00	65,200,000.00	128,581,075.57
13	25.03.2023	639,593,918.05	65,200,000.00	128,308,879.30
14	25.04.2023	593,962,033.80	65,200,000.00	128,059,898.17
15	25.05.2023	558,135,614.30	57,880,730.37	126,064,172.90
16	25.06.2023	530,430,038.42	55,007,559.54	114,866,469.65
17	25.07.2023	503,801,096.29	52,246,039.62	104,054,946.24
18	25.08.2023	478,418,175.45	49,613,736.71	93,793,738.70
19	25.09.2023	454,704,451.34	47,154,535.69	84,198,636.61
20	25.10.2023	431,667,621.40	44,765,531.11	74,885,277.55
21	25.11.2023	407,423,888.70	42,251,366.24	65,429,132.20
22	25.12.2023	384,888,956.03	39,914,410.25	56,595,957.88
23	25.01.2024	363,522,093.92	37,698,587.52	48,252,832.72
24	25.02.2024	342,885,711.44	35,558,518.22	40,197,938.62
25	25.03.2024	323,001,464.24	33,496,448.14	32,380,788.73
26	25.04.2024	302,824,001.51	31,403,970.53	24,523,241.57
27	25.05.2024	281,416,963.02	29,183,981.35	16,188,622.94
28	25.06.2024	266,062,440.21	27,591,660.47	10,179,176.84
29	25.07.2024	250,706,315.81	25,999,173.49	4,158,192.04
30	25.08.2024	232,358,124.12	24,096,398.06	0.00
31	25.09.2024	213,308,901.88	22,120,923.16	0.00
32	25.10.2024	195,809,638.43	20,306,184.73	0.00
33	25.11.2024	176,090,857.21	18,261,274.08	0.00
34	25.12.2024	160,294,112.42	16,623,093.14	
35	25.01.2025	146,640,847.06	15,207,198.95	
36	25.02.2025	134,186,922.18	13,915,680.82	
37	25.03.2025	122,586,244.12	12,712,647.54	
38	25.04.2025	111,143,053.66	11,525,946.31	
39	25.05.2025	98,111,126.94	10,174,487.24	
40	25.06.2025	85,863,351.69	8,904,347.58	
41	25.07.2025	73,782,668.67	7,651,536.01	
42	25.08.2025	0.00	0.00	
43	25.09.2025	0.00	0.00	

The amortisation of the Purchased Receivables is subject to factors largely outside the control of the Issuer acting for and on behalf of its Compartment 4 and consequently no assurance can be given that the



assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

## THE SELLER AND SERVICER

### BUSINESS AND ORGANISATION OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED

#### Auto Finance Business in the United Kingdom

In an unprecedented year as a result of the pandemic, VWFS continued to perform strongly in terms of new business written with 342,510 (2019: 400,561) vehicles being financed with the total value funded during the year of £7,473m (2019: £8,455m). New business decreased marginally from 2019 with £5,087m advanced in 2020 compared to £5,813m in 2018. This decline is 12.7% compared to a 29.4% decrease in the new car market in the year. According to industry commentators, this decline was due to impacts of COVID-19, in particular the closure of new business channels from late March until the end of May. As in 2019, diesel registrations were down in the year, however 2020 also saw a decline in petrol sales in excess of the overall decrease in the market and alternatively fuelled vehicles recorded increased sales and market share. When conditions allowed for sales, VWFS again performed well in the used car sector. Although financing on used vehicles decreased by a little over 9% on 2020 with £2,399m advanced in the year (2019: £2,642m) in the months when business reopened post May performance was strong and exceeded both budget and the equivalent period in prior years.

Volkswagen Group United Kingdom Limited increased market share in the year at 23.0% (2019: 21.7%) with new car registrations year on year decreased by 29.4% to 375,913 units (2019: 500,398 units). Penetration rate, a measure of the number of new cars funded by VWFS as a percentage of total VW Group registrations, increased in the year to 54.9% (2019: 52.4%) continuing to show strong commitment to our products.

The operating profit for the year was consistent with the prior year with a decrease of less than 5% from £330.0m to £315.4m. Interest income increased during the year as the book continued to grow with net finance lease receivables increasing by just over £0.2bn to £13.8bn while operating lease assets marginally decreased from £2.545bn to £2.510bn. While income and cost of sales were reasonably consistent with last year there were additional charges for expected future credit loss and losses on disposal of vehicles due to the actual and expected impacts of the COVID-19 pandemic on economic factors.

Interest rates increased in 2020 compared to 2019 as the costs of securing funding rose on a relatively stable book. Although there was some benefit earlier in the year from decrease of interest rates, with the Bank of England base rate reducing to 0.10% in March, interest costs in 2020 were higher than in 2019 due to costs of securing long term funding and increasing swap costs.

During 2020, there were four renewals and one new ABS transaction launched. The Driver UK Master S.A. acting as Driver UK Master Compartment two transaction was renewed in May 2020 at a size of £5.923bn, renewing again at the same value in November 2020. The Driver UK Master S.A. acting as Driver UK Master Compartment three transaction was renewed in November 2020 at a size of £604m. The Driver UK Master S.A. acting as Driver UK Master Compartment four transaction was renewed in June 2020 at a size of £958m. In April 2020, the Driver UK Multi-Compartment S.A. acting as Private Driver UK 2020-1 was successfully placed for £350m as a private revolving deal, with further tap up issuances of £150m in July 2020 and £200m in November 2020, taking the transaction to £706m in total.

In November 2020 VWFS repurchased the subordinated debt on two of the ABS transactions - Driver UK Master Compartment two and Driver UK Master Compartment three - for £877m. The repurchase will provide interest cost savings in future years and reduced the concentration of ABS funding.

#### Incorporation, Registered Office and Purpose

VWFS is a wholly owned subsidiary of Volkswagen Finance Overseas B.V. which has its headquarters in Amsterdam, The Netherlands. Volkswagen Finance Overseas B.V. is a wholly owned subsidiary of Volkswagen Financial Services AG which has its headquarters in Braunschweig, Germany. VWFS was incorporated on 11 November 1993 and commenced trading on 1 April 1994. It is currently the second largest (in terms of retail financing) finance subsidiary within the VW Group after the German parent company operation.

Prior to 1994, financial services within the UK were operated under a joint venture agreement, between V.A.G (UK) Limited and Lloyds-Bowmaker (now LUDT) and marketed under the trading name of V.A.G Finance. In

1994 VWFS began to trade within the UK. Core finance case administrative functions were sub-contracted to Lloyds-Bowmaker.

In June 1999, following the development of core operating systems, staffing and processes, VWFS began the origination of finance contracts in order to create its own business portfolio. Existing contracts continued to be administered by Lloyds-Bowmaker.

VWFS provides financial services to support all of the automotive brands within the VW Group. These include Volkswagen (including Volkswagen commercial vehicles), Audi, Bentley, SEAT and Skoda.

Since July 2010, VWFS has also provided financial services to Porsche Cars Great Britain. At the end of November 2016 VWFS acquired the shares of MAN Financial Services P.L.C. (MFS) from its parent company Volkswagen Bank GmbH (VW Bank).

VWFS' administrative headquarters are within a purpose built complex located at Milton Keynes, Buckinghamshire, England. At the end of 2018 the company employed 936 staff. Milton Keynes is also the base for the headquarters of Volkswagen Group (UK) Ltd which is the UK importer for Volkswagen (including Volkswagen commercial vehicles), Audi, Skoda and SEAT.

VWFS co-operates closely with approximately 800 dealerships of the VW Group. A dealer can thus offer the Obligor a complete, competent, personal one-stop service from a single source, including the financing. The co-operation between VWFS, the importer and the dealer-partner is established by dealer agreements. Under these agreements, the dealer-partner is given the responsibility for marketing the products and services of the VW Group and VWFS and to service the trade-marked products of the VW Group and VWFS. Dealers receive valuable support in the form of diverse training measures and extensive marketing support.

VWFS is incorporated under the laws of the England as a company with limited liability having its corporate seat at Milton Keynes, United Kingdom and its registered offices at Brunswick Court, Yeomans Drive, Blakelands, Milton Keynes with registered number 02835230.

### **Origination and Securitisation Expertise**

As already set out under the section "Incorporation, Registered Office and Purpose" one of the main purposes of VWFS for almost 3 decades has been the origination, underwriting and servicing of finance contracts of a similar nature to those securitised under this Transaction. The members of its management body and the senior staff of VWFS have adequate knowledge and skills in originating, underwriting and servicing automotive finance receivables, similar to the automotive finance receivables included in the Portfolio, gained through years of practice and continuing education. The members of the management body and VWFS senior staff have been appropriately involved within the governance structure of the functions of originating and underwriting of the Portfolio. Additionally, VWFS has been securitising finance contracts actively since 2002 through private as well as public securitisation transactions, similar to this Transaction. The members of its management body and the senior staff responsible for the securitisation transactions of VWFS have also professional experience in the securitisation of automotive finance receivables of many years, gained through years of practice and continuing education. Other subsidiaries of Volkswagen AG have also been securitising lease receivables and loan receivables all across Europe, Australia, Brazil, Canada, Japan, China, Turkey and USA.

## **BUSINESS PROCEDURES OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED**

Under the Servicing Agreement, the Receivables are to be administered together with all other receivables of VWFS according to VWFS' normal business procedures as they exist from time to time. The Obligors will not be notified of the fact that the receivables from their Financing Contracts have been assigned to the Issuer, except upon the occurrence of a Notification Event. The normal business procedures of VWFS currently include the following:

### **Negotiation of the Financing Contract and Appraisal of the Creditworthiness of the Prospective Obligor**

Before an application is accepted, VWFS checks the credit standing of the Obligor. Retail applications (consumer and commercial) are assessed against a scoring model and internal policy rules; if the results of the scoring are above a prescribed level and all rules are satisfied the application will approve automatically. For this purpose information from credit reference agencies and data of Obligor profile are brought together into the connect online system.

The scoring system is data driven, takes into account different criteria and factors, and has been developed using advanced analytical techniques. Consumer applications are assessed against a scorecard which has been developed using the logistic regression methodology. Depending on the respective information which applies to each criterion, the financing application receives a certain amount of points per criterion based on statistical methods and historical experience. The sum of scores gives VWFS an assessment of the risk of granting finance to the respective applicant and every application is awarded a Risk Band (A-D, Z). Commercial applications are processed through a scoring model which has been developed using a machine learning algorithm trained on an extensive historical dataset. The machine learning adopted by VWFS is "supervised"; the algorithm iteratively predicts on the training data and is corrected when those predictions are not correct. Every application is awarded a score which is mapped to the VWFS Risk Bands (A-D, Z) and represents the risk of granting finance to the respective applicant.

Consumer applications not automatically accepted by the scoring system are processed through an additional machine learning model which outputs a probability that the application will be accepted. This model is based on historical underwriter behaviour and decisions. If the probability of accept is below the threshold set by VWFS the application will be returned to an underwriter in the new business department and the application will be manually declined. Applications above the cut off will either approve automatically or be referred to an employee of the new business department for further review if required and for a final decision.

All commercial applications not automatically accepted by the scoring system will be returned to new business for further review. The employees of the new business department have a high level of experience in underwriting (generally with at least two years or more experience underwriting and a wider experience within VWFS). Each employee is personally assigned a credit limit up to which she/he may underwrite a loan referred to them.

The scoring process (in particular the weight or the value of the individual scoring criteria and the scoring result) is treated as strictly confidential by VWFS. The performance of the scoring system is monitored regularly by VWFS. Changes to the scoring system are based on the results of regular VWFS statistical analysis through an annual validation/recalibration cycle (or sooner if movements are spotted before). The performance of the machine learning models is also monitored closely using a bespoke monitoring tool. The models implemented are "constrained" meaning that the model does not continually re-fit and recalibrate itself and the output remains static. This ensures that the models are transparent and VWFS are able to explain the model and its results/decision.

The Obligor pays a contractually specified monthly instalment at a stipulated payment date, with the number of payments corresponding with the number of months covered by the financing period. In the case of personal contract purchase agreements a larger final instalment is due at the end of the Financing Contract term. Under personal contract purchase agreements the Obligor has the right to return the vehicle at the contract maturity without payment of the balloon payment, provided that if the vehicle has completed greater than the specified number of miles, excess mileage charges are due from the Obligor.

VWFS requests each Obligor to accept a procedure by which the monthly instalments shall be debited directly from the Obligor's bank account. So far over 99 per cent of all Obligors voluntarily chose to make use of this procedure.

The information provided below further describes the VWFS lending process.

### ***The Lending Approval Process***

VWFS operates a linear multi-stage lending approval process. Systemically, only once each particular stage in question has been successfully processed will consideration of the next stage begin. This policy sets out the key questions, tests and standards at each stage of the approval process. Following the system processing for each credit application, it is possible for a customer to achieve an automatic approval which would be automatically communicated to the retailer. Whilst VWFS has 'knock-out criteria', no automated decline process exists and all cases not automatically approved are reviewed by an appropriately skilled individual. This means that none of the rules set in the 8 stage process described below have been breached on origination of any Receivable.

The rules are generated using information obtained from credit reference agencies, application data and information from internal VWFS systems. VWFS will assess the creditworthiness of every customer before entering into a regulated/unregulated credit or regulated/unregulated hire agreement.

In addition to performing a creditworthiness assessment on a proposed customer, VWFS will also carry out a creditworthiness assessment on any guarantor to a regulated credit agreement or regulated hire agreement, where such a guarantor is proposed.

### ***Creditworthiness and Affordability Assessments***

VWFS fulfil the creditworthiness and affordability criteria via the Connect Online point of sale system. Credit rules are housed in a system called Decision Strategy and the maintenance and management of those core requirements is managed by the VWFS UK Risk Team. The process flow below shows the key components of the process flow and possible outcomes and rationale to assess customer's creditworthiness and affordability in order to fulfil the FCA's lending expectation. If a credit rule is not passed, i.e. credit referral reasons, it results in a plain English referral reason that is communicated to the underwriter by the private notes section in Connect Online. This referral reason is reviewed by the underwriter and should the creditworthiness and affordability criteria not be met, further work will be undertaken before a decline is communicated to the customer.

### ***Process Flow for Risk and Business Rules***

The below details the process flows for the risk and business rules at application / acceptance:

1. **Absolute Rules** - The absolute rules ensure that VWFS product policy is adhered to, including but not limited to the agreement term and deposit percentage. These are usually linked to product policy. These rules ensure that VWFS does not transact business outside of its product policy.
2. **Responsible Lending** - Responsible lending rules are based on data returned from the credit reference agencies and ensure that VWFS adheres to responsible lending rules (for example CIFAS, and customer tracing type rules). These rules also flag potential application fraud and ensure enhanced due diligence processes are adhered to by flagging high-risk individuals, including beneficial owners of companies, who are on the PEPS and Sanctions lists.
3. **Z-Band** - The Z-Band rule is based on the score returned from the credit scoring process. It is expected that manual underwriting decline the application if the score returned is below the predetermined cut-off. These rules ensure that VWFS do not transact with a non-creditworthy borrower.
4. **Proposal Rules** - The proposal rules are based on specific proposal related indicators such as current commitment and loan to value. These are similar to absolute rules but where VWFS operate with tolerance based on underwriter assessment. This rule ensures that the product is fit for the customer.

5. **Borrower Unit** - All applications are assessed to establish whether the applicant belongs to a Borrower Unit. If any of the Borrower Unit rules are flagged a manual review will be conducted to assess whether the customer belongs to an existing Borrower Unit or to enable the creation of a new entity-level Borrower Unit. This rule is looking for connected parties to the customer and trying to establish the customer's true exposure.
6. **Risk Rules Consumer** - The consumer risk rules are based on a combination of the score returned from the credit scoring process and whether the applicant has adverse Closed User Group data returned from the credit reference agencies. This allows VWFS to call out high-risk customer profiles.
7. **Affordability Rules Consumer** - The affordability rules ensure that VWFS conduct a manual assessment of applicants who fail the affordability checks. The application will be referred to the manual underwriting team who will carry out additional checks to assess whether the customer is able to repay the loan in a sustainable manner.
8. **Risk Rules Commercial** - The commercial risk rules are based on a combination of external credit reference agency data and application data, including balance sheet information and adverse data returned from the bureau.

### ***Know Your Customer***

VWFS verifies the identity of applicants for credit electronically using credit reference agency data or with driving licences and/or other proofs. VWFS will also follow fraud prevention processes as per its established operating practices.

As part of our contract activation process only, we engage with outsourced partners to support the workload demand curve we see every month end, to ensure we meet the customer demand. These outsourced partners go through a stringent training programme and are continually supported and monitored by tenured VWFS colleagues.

### **Collections and Recoveries**

VWFS Arrears Management policy is designed to ensure that those customers in arrears or those who have indicated to VWFS that they are struggling to make payments are treated fairly, reasonably and responsibly. It also aims to ensure that customers are clearly informed and that matters are dealt with in a timely manner.

VWFS' collections policy pays specific regard to the Financial Conduct Authority (FCA) guidance and rules, including Principle 6 and Section 7 of the Consumer Credit Sourcebook (CONC). The below reflects VWFS Arrears Management Policy Approach - VWFS ensures that:

1. There are clear standards governing the management of arrears;
2. VWFS acts as a responsible lender and the customer is always treated fairly throughout the lifetime of the relationship;
3. Regulatory and industry principles are adhered to;
4. VWFS communicates with customers in a fair, timely, clear and courteous manner and does not put undue pressure on the customer being consistent with the principles of TCF;
5. Customer information is not disclosed to unknown third parties without expressed consent of the customer and that their information is protected in line with the UK General Data Protection Regulation;
6. Losses are minimised by effectively handling past due accounts, using the most cost effective methods available without compromising customer interest;
7. Customers are not subject to harassment, threatening behaviour or act in any way that may embarrass the customer in public;
8. VWFS will also review policies and procedures in an effort to deliver the best results based on customer needs, business needs and within the regulatory guidelines; and

9. All communications with customers including letters will be reviewed on an annual basis or earlier if necessary.

### **Overview of the Collections Function**

VWFS aims to treat customers with respect, in a calm and professional manner, and demonstrating an empathetic and flexible approach. All customers are individuals, with potentially unique circumstances, which will be taken into consideration when determining the appropriate action taken which ensures fair customer outcomes via justified forbearance and avoids over-forbearance which is particularly important with a depreciating asset. The function of the department is to work with customers who are experiencing, or indicate to VWFS that they are about to or likely to experience financial difficulty, which is, or will adversely affect their ability to make their contractual vehicle finance payments or shortfall balance. At the point of the payment not being made on the agreed date the agreement will fall into arrears and be subject to the collections processes.

In summary VWFS receives regular direct debit payments from Obligor on the due date specified in the Financing Contract. If a payment is not received by VWFS it is usual for VWFS to automatically re-present the direct debit application request. If payment fails for a second time, VWFS will contact the Obligor by multiple contact channels such as telephone, letter, SMS and e-mail. All Financing Contracts in arrears are managed by a bespoke Experian automated collections system, Tallyman which is risk based.

The aim is to identify, wherever possible, workable arrangements and to allow the customer reasonable time and opportunity to repay amounts where required. These solutions are designed around the customer's personal and financial circumstances, to enable them to retain their vehicle where feasible (feasible is defined as the customer can meet the requirements of the arrangement and this is within established guidelines). Where appropriate, VWFS will signpost the availability of impartial not for profit debt advice services. An FCA fact sheet is also available to VWFS' customers. The customer is provided with a regular statement whilst in arrears and a range of options are considered when agreeing an arrangement to clear the arrears.

Collections and Recoveries advisors have the authority to enable them to work effectively with the customer and have access to a higher authority referral process for accounts that fall outside of their mandate. The team are focused on achieving a good outcome with the customer so where forbearance is being considered the mandate is not applicable. VWFS's advisors are flexible to allow for alternative, affordable payment amounts with the customer. VWFS will always look to understand the customer's financial circumstances, why the customer is experiencing financial difficulties and work with the customer to tailor a payment plan according to their financial circumstances, taking into account whether or not the customer is still in possession of VWFS' vehicle. VWFS will only proceed to debt collection, litigation or repossession action after attempting to agree an acceptable payment plan with the customer.

VWFS has a panel of specialist debt recovery firms who advise on the appropriate actions to take both before and leading to/during legal proceedings. Procedures differ dependent upon the geographic location of the agreement holder i.e. whether the customer is situated within the legal jurisdictions of England and Wales, Scotland or Northern Ireland.

VWFS ensures that its Collections employees are trained to an appropriate standard both in induction and during the course of their employment. Training will include: induction, role specific, I-Learns, ongoing competency, coaching and performance management.

### **Forbearance**

In the context of COVID-19 and in respect of Obligor in financial difficulty during the term of their Financing Contract, VWFS has expanded the scope of its customary forbearance activities by changing its Customary Operating Practices to include the following which may be offered depending upon the circumstances of the Obligor:

- (a) *Arrangements to Pay*: VWFS may offer arrangements to pay plans depending upon the customer's circumstances. The customer may potentially be allowed to break the Arrangement to Pay up to a maximum of three times (previously 2 times);
- (b) *Token Payments*: VWFS may accept a one-off payment from the customer in an attempt to prevent the Financing Contract falling into arrears;
- (c) *Breathing Space*: VWFS may agree to a period in which it will not actively pursue arrears of up to 60 days (previously 30 days); and

VWFS may also update its business procedures as a result of significant events beyond its control, including further updates in respect of those related to the Corona Pandemic, in order to reflect market or industry practice or as may be required by applicable laws, regulations, judgments and other directions or orders to which it or any Purchased Receivable may be subject (for example in allowing payment holidays and agreeing not to pursue arrears for a certain period of time) (as to which see "RISK FACTOR – Risks related to the Purchased Receivables – The Corona Pandemic may have a material negative impact on the performance of the Issuer under the Notes"), so the precise impact on the business of the Issuer and the Transaction Parties is difficult to determine.

### ***Collections standards***

VWFS Collections Department promotes a professional service at all times and must meet the following conduct standards. VWFS will also provide adequate and appropriate training to colleagues to meet the conduct requirements as detailed below:

1. VWFS will not act in any way that could adversely impact on the customer's confidence that VWFS is a business where the fair treatment of customers is central to its culture;
2. VWFS will take reasonable steps to demonstrate that all members of VWFS and its outsourced partners comply with the requirements of the FCA Handbook, specifically those requirements contained in CONC and tailored support guidance;
3. When providing information to customers, VWFS will aim to display the information clearly and in a manner the customer will understand;
4. VWFS will not subject customers to aggressive or oppressive behaviour. This includes acting in a threatening manner towards the customer;
5. VWFS will not unfairly coerce or try to pressure customers;
6. VWFS will not take advantage of a customer's lack of knowledge or understanding of debt and debt collection activities;
7. VWFS will negotiate with customers to reach a sustainable, realistic arrangement to clear arrears;
8. VWFS will never misrepresent VWFS legal position, or the legal position of the customer's liability;
9. VWFS will not contact the customer at unreasonable times;
10. VWFS will not instruct any third parties to visit the customer at an inappropriate location, such as a hospital or their place of work, unless this has previously been agreed with the customer or the contract is with a company and the visit is to the company premises;
11. As appropriate, VWFS will explain to the customer that free and independent debt advice is available;
12. If the customer indicates that they dispute the debt, VWFS will cease debt recovery activities until the complaint has been fully investigated;
13. VWFS will not apply to the court for an order for sale or submit a bankruptcy petition without having fully explored all other options. This is a rare action for VWFS to undertake and will only ever be taken with the approval of the Head of Collections Operations;
14. VWFS will not threaten to commence court action, including an application for a charging order or order for sale, in order to pressurise a customer in default or arrears difficulties to pay more than they can reasonably afford but will instead provide factual information relating to consequences of non-payments;
15. VWFS will provide information of any arrears and balance owing to the customer or person acting on behalf of the customer where the customer offers a payment lower than the total amount owing;
16. VWFS will provide to the customer, upon request, information on the status of their account where VWFS has decided to stop pursuing the debt;
17. VWFS contracts with customers work within UK laws in terms of contracting, however where the vehicle has moved jurisdictions the team will deal within any other geographical jurisdiction.



18. VWFS will take reasonable steps with all of its outsourced partners to ensure they act within all regulatory guidelines with VWFS' customers in relation to debt collection visits;
19. VWFS will not misrepresent its authority or status when dealing with customers; and
20. VWFS will ensure that all customer information is dealt with in accordance with its Data Protection Policy and Outsourcing Policy.

### ***Payment Plans & Proposals***

If a Customer advises they are developing a repayment plan, VWFS will make it clear that it is willing to listen to their proposals. If a Customer advises they are developing a repayment plan – including if the Customer advises that a DMC is assisting in the formulation of the plan – VWFS will take details from the Customer as to when they believe the plan will be finalised. VWFS will ensure these details are noted in the VWFS system and provide 'breathing space' for the customer where relevant. However the customer will continue to receive VWFS' regulatory arrears letters in order that the customer is kept up to date with their agreement. VWFS does not support the use of continuous payment authority for itself or via its external third parties.

### ***Forbearance***

When a customer falls into an arrears position VWFS will treat the customer with empathy and, where appropriate, with justified forbearance. VWFS will enable the customer to make the payments up to the original term of the agreement and will only consider extending collection past the end of the contract in cases where a higher authority referral process has been used or the contract has been terminated by VWFS.

To ensure repayments are sustainable and affordable for the customer, where applicable VWFS will utilise the Income and Expenditure form when agreeing arrears repayment plans with customers where relevant and will never pressurise customers to pay more than they can afford.

VWFS do not charge additional interest on live arrears contracts. VWFS will charge statutory interest after a judgment has been obtained by its panel of law firms. These partners have the authority to suspend application or collection of this statutory interest as part of the forbearance tools. VWFS does not in principal support the long term use of payment holidays or small token payments whilst the contract is live and the vehicle remains with the customer. This is due to the value of the vehicle depreciating every month, which would in turn increase the customer indebtedness and lead to a detrimental outcome for the customer. Where the vehicle has been recovered and a shortfall debt remains, forbearance tools will be used appropriately.

### ***Performing Accounts and Pre Arrears Accounts***

Customers are encouraged to contact VWFS if they foresee difficulty in maintaining their current payments. The customers' circumstances will be discussed and VWFS will try to establish the reasons behind potential future non-payment and signpost the customers' options.

### ***Vulnerable Customers:***

Under the FCA's definition a vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to detriment. VWFS recognises that vulnerability can impact its customers at any time whether temporary or permanent. The situations and circumstances of vulnerable individuals are diverse, complex and dynamic: the experience of vulnerability is unpredictable, and it can change over time. Therefore VWFS should be flexible in its approach when identifying and dealing with vulnerable customers. Should a customer find themselves in an arrears position, the VWFS Collections and Recoveries Advisor will establish the reasons for missed payments and whether the issues are short or long term, utilising the approved collections and recoveries tools set out in the procedures manuals.

How VWFS recognize vulnerability - Initial notification of vulnerability may come from the customer themselves or a third party, through various channels of communication e.g. telephone, email or letters. Vulnerability is a sensitive matter. By using techniques / tools available to advisors, it will help break down those barriers and outline what support VWFS can offer to help its customers. When a customer contacts VWFS it may be initially difficult to identify if they have vulnerability - it could help to consider some of the language, words, phrases and behaviours they may display.

Procedures are in place to cover all acceptable repayment options that will be extended to customers. This includes authorities of agents and management to agree to such payment options. The use of tools such as an Income and Expenditure Form is useful in understanding the customers' arrears and difficulties in meeting

their contractual monthly instalments. Supporting documentation may be requested, this will be detailed in VWFS operational procedures.

### **Termination Procedure**

Where it is not possible to rectify the arrears that have arisen under a Financing Contract, VWFS' collections department follows a thorough collections process. Once all appropriate reminder notices have been issued (e.g. a default notice is served in respect of a Regulated Financing Contract) and expired, a termination notice is issued. Once the Financing Contract has been terminated, VWFS secures the legal return of the Vehicles as quickly as possible using the most appropriate methods through repossession agents or if the Obligor has paid one-third or more of the total amount payable under the relevant Regulated Financing Contract, VWFS will first attempt to obtain a voluntary surrender of the asset and if this is not possible a return of goods action via VWFS' panel of law firms.

Upon termination of a Financing Contract, the Obligor is required to pay the full balance or the Financing Contract is transferred to one of VWFS' contracted repossession agencies to make contact with the Obligor. Under CCA guidelines, the Obligor is advised of this by letter when the Financing Contract is allocated to the agent.

The respective agency will either secure the return of the Vehicle, by arranging for it to be delivered to a nominated auction site, or will collect payment of the balance outstanding under the Financing Contract.

When a vehicle arrives at the nominated auction site, it is scanned upon entry and is entered into the auction stock management system. Vehicles are then sold in a series of auctions. Some auctions are specific to vehicles owned by VWFS.

If any liability remains outstanding under the Financing Contract following the sale of the vehicle, the Obligor will be advised of the outstanding amount by letter. If the Obligor is unable to clear this remaining liability in full then VWFS' collections department would consider agreeing a payment plan with the Obligor. Where an Obligor is unable to pay its liabilities in full, in exceptional circumstances, in accordance with the Servicer's Customary Operating Practices VWFS may consider a reduced settlement, where the renounced amount will be written off. This will be permissible under the Servicer's Customary Operating Practices when there is no realistic prospect for an improvement of the Obligor's economic circumstances.

VWFS will only proceed to litigation or repossession as a last resort and only after attempting and exhausting all other options to agree an acceptable payment plan with the Obligor. The advice of the appointed legal firm is obtained before taking any action in relation to a Financing Contract where litigation and legal proceedings are being actively pursued.

### **Charged-Off Receivables**

"**Charged-Off Receivable**" means a Terminated Receivable upon the occurrence of the earlier of the following events (i) the Vehicle associated to a Terminated Receivable is being sold or written-off (as having a value of zero) or (ii) the value of the associated Terminated Receivable (excluding the Vehicle) is written off in accordance with the Servicer's Customary Operating Practices.

### **Referral to 3rd Party Suppliers**

As discussed above VWFS appoints outsourced partners and other third partner suppliers that have been appointed to support the work of the department. Contracts are required between both parties to ensure that their approach is in line with VWFS' policies and the requirements of the regulator.

These outsourced partners will be managed in line with the Arrears Management Policy and in relation to CONC 1.2.2.R. This ensures that VWFS partners are aligned to the VWFS culture and controls and can evidence that it is embedded in all processes and practises. This includes, but is not limited to the requirement to comply with its business and regulatory framework including CONC 7. The litigation and vehicle recovery processes cover the specific steps VWFS takes to demonstrate oversight of these outsourced activities.

Referral to third Party Suppliers for the purposes of debt collection, litigation or repossession of a vehicle is initiated by the VWFS Collections Operations department.

Third party suppliers can action the below activities on behalf of VWFS:

1. Telephony white label services

- (a) Inbound customer contact
  - (b) Email customer contact
  - (c) Outbound customer contact
2. Repossession Agents
- (a) Collect customer vehicles
  - (b) Transport vehicles to nominated vehicle auction house(s)
  - (c) Field investigations when requested by VWFS
3. Litigation, Probate Specialists and Debt Collection Agencies
- (a) Collect arrears
  - (b) Negotiate settlements within approved mandates
  - (c) Issue legal proceedings
  - (d) Management of Bankruptcy and Insolvency cases
  - (e) Return of goods applications

**Audits**

The internal audit department of Volkswagen Financial Services AG audits VWFS. Its controlling procedures include audits of Obligor receivables with respect to their amounts and their punctual payment. Under English law the annual financial statements of a company must be audited by an independent audit company.

**Auditors**

Ernst & Young LLP were appointed the new Statutory Auditor during the year and have audited the financial statements of VWFS for the year ended on 31 December 2020. The directors intend to pass a resolution to reappoint Ernst & Young LLP in 2022.

**Volkswagen Financial Services UK Ltd**

**Retail Financing Business**

Selected figures for the years 2012-2020:

	2020	2019	2018	2017	2016	2015	2014	2013	2012
New contracts (number)	341,146	400,124	395,610	405,459	396,094	337,189	299,965	262,485	219,367
- thereof new cars	208,149	253,249	260,629	284,259	286,086	232,957	202,632	173,786	142,877
- thereof used cars	132,997	146,875	134,984	121,200	110,008	104,232	97,333	88,699	76,490
Contracts outstanding (number)	982,416	1,005,718	987,644	939,673	850,311	726,712	623,882	536,173	458,605
- thereof new cars	636,787	684,515	707,053	693,717	626,831	516,652	431,042	356,690	291,809
- thereof used cars	345,629	321,203	280,591	245,956	223,480	210,060	192,840	179,483	166,796

#### ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT

VWFS has agreed to act as Servicer under the Servicing Agreement. In this capacity, VWFS has agreed to perform the following tasks according to its usual business practices as they exist from time to time:

- (a) service and collect the Receivables in accordance with the Servicing Agreement;
- (b) as long as the Monthly Remittance Condition is satisfied, transfer by the Payment Date of each month to the Distribution Account the Collections relating to the relevant Monthly Period (and if the Monthly Remittance Condition is no longer satisfied, take the action set out in "**Commingling**" below);
- (c) repossess and sell Vehicles upon any default by any Obligor or sell the Vehicles upon termination of the Financing Contract where the Vehicle is returned to the Servicer (save to the extent the Receivable relating to such Financing Contract is a Redelivery Purchased Receivable and has been repurchased by VWFS under the Redelivery Repurchase Agreement on the Redelivery Repurchase Date); and
- (d) perform other tasks incidental to the above.

#### Commingling

VWFS, in its capacity as the Servicer, will be entitled to commingle funds representing Collections with its own funds during each Monthly Period in accordance with the following procedure:

- (a) if and as long as the Monthly Remittance Condition is satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each Monthly Period and will be required to make a single transfer of such Collections to the Distribution Account on the relevant Payment Date;
- (b) if and as long as the Monthly Remittance Condition is not satisfied, VWFS will be entitled to commingle funds representing Collections with its own funds during each Monthly Period provided that, no later than fourteen (14) calendar days after the first day on which the Monthly Remittance Condition has not been satisfied (the "**Monthly Collateral Start Date**"), VWFS shall:
  - (i) advance an amount equal to sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 for the Monthly Period in which the Monthly Collateral Start Date falls, plus, if the Monthly Collateral Start Date falls on a date prior to the Payment Date falling in such Monthly Period, an amount equal to sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 in respect of the preceding Monthly Period;
  - (ii) for any subsequent Monthly Period in which the Monthly Remittance Condition continues to not be satisfied (save in respect of any Monthly Collateral posted under limb (b)(i) above):
    - (1) on the fifteenth (15th) calendar day of the month preceding the first day of such Monthly Period, determine the amount representing the Monthly Collateral Part 1 in respect of the Monthly Period relating to such Payment Date and advance an amount equal to the Monthly Collateral Part 1 to the Distribution Account to be retained until the Payment Date relating to such Monthly Period; and
    - (2) on the first (1st) calendar day of the Monthly Period relating to such Payment Date, determine the amount representing the Monthly Collateral Part 2 in respect of the Monthly Period relating to such Payment Date and advance an amount equal to the Monthly Collateral Part 2 to the Distribution Account to be retained until the Payment Date relating to such Monthly Period;
- (c) provided it complies with its posting obligations in paragraph (b) above and its obligation to transfer Collections to the Distribution Account on the relevant Payment Date in accordance with the Servicing Agreement, VWFS will be entitled to hold, use and invest at its own risk the Collections without segregating such funds from its other funds and VWFS will be required to make a single transfer of Collections and other amounts collected by it to the Distribution Account on the relevant Payment Date. Otherwise, Collections and other amounts collected by it will be required to be remitted by it to the Distribution Account on the third Business Day after receipt of such amounts;

- (d) on any Payment Date, VWFS' obligation to pay Collections for the relevant Monthly Period into the Distribution Account may be netted against its claim for repayment of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 for such Monthly Period and such Monthly Collateral Part 1 and Monthly Collateral Part 2 (after netting) will form part of the Available Distribution Amount on such Payment Date. If for such Monthly Period the Monthly Investor Report shows (a) that the sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 which has been transferred to the Distribution Account by VWFS for the relevant Monthly Period exceeds the Collections received by VWFS for such Monthly Period, such excess amount shall be released to VWFS outside the Order of Priority on the relevant Payment Date or (b) that the Collections received by VWFS for such Monthly Period exceed the sum of Monthly Collateral Part 1 and the Monthly Collateral Part 2 which has been transferred by VWFS for the relevant Monthly Period, an amount equal to such excess shall be paid into the Distribution Account by VWFS on the relevant Payment Date; and
- (e) if the Monthly Remittance Condition is satisfied again, any Monthly Collateral Part 1 and Monthly Collateral Part 2 standing to the credit of the Distribution Account shall be released to VWFS outside the Order of Priority on the next Payment Date following such satisfaction.

#### **Administration of Collections and Costs of Administration**

The Servicer shall use all reasonable endeavours to:

- (a) collect all Purchased Receivables, and ensure payment of all sums, due under or in connection with the relevant Purchased Receivables;
- (b) ensure payment of Collections into the Distribution Account in accordance with the Servicing Agreement;
- (c) recover amounts from Obligors that are not paid when due;
- (d) enforce all obligations of Obligors under the Financing Contracts; and
- (e) assist in the sale or disposal of each Vehicle following termination of its related Financing Contract where the Vehicle is returned to the Servicer and use its reasonable commercial endeavours to achieve a fair market price for such Vehicle sold or disposed of (save to the extent the Receivable relating to such Financing Contract is a Redelivery Purchased Receivable and has been repurchased by VWFS under the Redelivery Repurchase Agreement on the Redelivery Repurchase Date),

in each case on behalf of the Issuer and the Security Trustee in an efficient and timely fashion in accordance with the provisions of the Financing Contracts and its Customary Operating Practices.

In case an action needs to be taken in relation to an Obligor, the Servicer may, in accordance with its Customary Operating Practices:

- (a) take such action as may be necessary or desirable or as the Servicer determines (including, if necessary, court proceedings and the employment by the Servicer as disclosed agent for the Issuer of solicitors to carry out any necessary court or other proceedings) against any Obligor in relation to a defaulted Purchased Receivable; and
- (b) on request keep the Issuer or the Security Trustee informed (respectively) of all material actions and decisions taken in each case following its Customary Operating Practices.

VWFS will apply remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, losses, charge offs, recoveries, payment holidays and other asset performance remedies (if applicable) in accordance with its Customary Operating Practices.

In the Servicing Agreement, VWFS agrees with the Issuer and the Security Trustee that it shall, in performing the Services, comply with its Customary Operating Practices and, in particular but not limited to:

- (a) shall not agree to any material amendment to or variation of any Financing Contract except in accordance with its Customary Operating Practices; and

- (b) in relation to any default by an Obligor under or in connection with a Financing Contract, may exercise discretion in applying its Customary Operating Practices in accordance with the Servicing Agreement.

Subject to and in accordance with the applicable Order of Priority and the Servicing Agreement, as consideration for the provision by it of the Services, the Servicer will be entitled to receive the Servicer Fee on each Payment Date in arrear.

#### **Administration of Insurance Benefits and Realisation of Vehicles**

The Servicer is authorised, until revocation by the Issuer and/or the Security Trustee, and obliged to assert, in accordance with the Servicer's Customary Operating Practices in effect from time to time in relation to the respective insurance companies, the Insurance Claims assigned to the Issuer pursuant to the Receivables Purchase Agreement. The Servicer is not required to monitor the compliance by the Obligors with the insurance provisions and the Servicer shall not be liable for any failure by an Obligor to comply with such provisions.

Upon the termination of a Financing Contract, the Servicer is obliged in accordance with its customary practices as they are applied from time to time to repossess and realise the respective Vehicle. After deducting any fees incurred in the sale of such Vehicle, the Servicer shall treat the remaining proceeds (except to the extent that the same relate to any Written-Off Purchased Receivables) as Collections and credit such amounts to the Distribution Account in accordance with the Servicing Agreement.

VWFS has deposited Collateral RV Buffer Amounts onto the Collateral RV Ledger with respect to Payment Holiday With Term Extension or Further Payment Holiday With Term Extension. VWFS will only be entitled to request a withdrawal of a Collateral RV Buffer Amount posted with respect to a Purchased Receivable subject to a Payment Holiday With Term Extension or a Further Payment Holiday With Term Extension outside of the Order of Priority if the related Purchased Receivable is repurchased in accordance with the Receivables Purchase Agreement or the Redelivery Repurchase Agreement.

#### **Reporting Duties of the Servicer**

Under the Servicing Agreement the Servicer undertakes to report, amongst others, the following facts to the Issuer, the Security Trustee, the Principal Paying Agent, the Cash Administrator, the Rating Agencies, the Noteholders, the Registrar, the Subordinated Lender and the Swap Counterparty on each Investor Report Performance Date:

- (a) the Available Distribution Amount and the aggregate amount to be distributed in relation to each Note and the Subordinated Loan on the immediately following Payment Date;
- (b) the repayment of the nominal amount attributed to each Note and to the Subordinated Loan as advanced together with the interest payment;
- (c) the nominal amount still outstanding on each Note and the Subordinated Loan as at each respective Payment Date and the nominal amount of any Further Notes to be issued on such Payment Date;
- (d) the General Cash Collateral Amount remaining available on the immediately following Payment Date;
- (e) the sums corresponding to the administration fees and servicing fees;
- (f) the 12-Months Average Dynamic Net Loss Ratio;
- (g) the Class A Actual Overcollateralisation Percentage and the Class B Actual Overcollateralisation Percentage;
- (h) the Dynamic Net Loss Ratio;
- (i) the applicable Class A Targeted Overcollateralisation Percentage and the applicable Class B Targeted Overcollateralisation Percentage;

- (j) delinquency information for delinquency periods of up to 30 days, 30 to 60 days, 60 to 90 days, 90 to 120 days, 120 to 150 days, 150 to 180 days and greater than 180 days with respect to the number of delinquent Financing Contracts, the amount of delinquent Purchased Receivables and the total outstanding Discounted Receivables Balance of delinquent Financing Contracts;
- (k) in the event of the final Payment Date, the fact that such date is the final Payment Date;
- (l) stratification tables;
- (m) the Late Delinquency Ratio;
- (n) the Buffer Release Amount;
- (o) the Amortisation Factors with respect to any Series of Notes that qualify as an Amortising Series;
- (p) information on the occurrence of an Early Amortisation Event;
- (q) the amortisation profile of the outstanding pool;
- (r) the Class A Aggregate Discounted Receivables Balance Increase Amount and the Class B Aggregate Discounted Receivables Balance Increase Amount;
- (s) the Maximum Issuance Amount for each Series of Notes;
- (t) the sum of the credit balances (deposits) on the previous Payment Date of the Obligors of the Purchased Receivables at bank accounts maintained with VWFS; and
- (u) details of Purchased Receivables which are subject to:
  - a. COVID-19 Extensions; and
  - b. arrangements to pay agreed in the context of the Corona Pandemic.

The Servicer shall, furthermore, provide the Rating Agencies with the reports and information which the latter reasonably need to maintain the rating assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated.

In addition, under the Servicing Agreement, subject to the provisions of the Data Protection Laws and any successor legislation thereto, the Servicer may, for as long as the Class A Notes or (if possible in accordance with the Bank of England eligibility criteria in force from time to time) any other Class of Notes are intended to be held in a manner which will allow Bank of England eligibility, make loan level data in such a manner available as required to comply with the Bank of England eligibility criteria and transparency criteria for asset backed securities (as set out in the detailed transparency requirements for asset backed securities and covered bonds - Market Notice dated 11 October 2019 as amended and applicable from time to time).

#### ***EU Securitisation Regulation – EU Disclosure Requirements***

Under the Servicing Agreement VWFS as Servicer has undertaken to the Issuer that, pursuant to the EU Securitisation Regulation, it will make the information available to the Noteholders, to competent authorities, as referred to in Article 29 of the EU Securitisation Regulation and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (EU) Disclosure Requirements. The Servicer will make such information available via the EU Securitisation Repository. For the purposes of Article 7(2) of the EU Securitisation Regulation, the Seller and the Issuer have designated VWFS, in its capacity as originator, to fulfil the information requirements of Article 7(1) of the EU Securitisation Regulation.

#### ***UK Securitisation Regulation – UK Disclosure Requirements***

Under the Servicing Agreement VWFS as Servicer has undertaken to the Issuer that, pursuant to the UK Securitisation Regulation, it will make the information available to the Noteholders, to the FCA and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (UK) Disclosure Requirements. During the Standstill Period, such information will



be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements. The Servicer will make such information available upon request. There is no requirement to report to a UK securitisation repository where the prospectus has not been approved by the FCA. For the purposes of Article 7(2) of the UK Securitisation Regulation, the Seller and the Issuer designate VWFS, in its capacity as originator, to fulfil the information requirements of Article 7(1) of the UK Securitisation Regulation.

### **EMIR reporting**

Under the Servicing Agreement, the Servicer has undertaken to the Issuer that no less than once per annum (and as required in accordance with EMIR commencing on the date of the Swap Agreements, it shall perform with the Swap Counterparty and on behalf of the Issuer, a reconciliation of all outstanding transactions under the Swap Agreements for the purposes of ensuring agreement as to the key terms of such transactions (including, without limitation, the effective date, position of the swap counterparty, currency of the transaction, the underlying instrument, the business day convention, notional amounts, payment dates, termination dates, fixed amounts and/ or floating amounts) and the then mark-to-market value of each such outstanding transaction under the Swap Agreements.

Under the Servicing Agreement, the Servicer has further undertaken to the Issuer that by no later than the Business Day following the entry, modification or termination of any transaction between the Issuer and the Swap Counterparty under the Swap Agreements, it will (on behalf of the Issuer):

- (a) prepare and submit any counterparty reports to the relevant trade repository (or, the European Securities and Markets Authority as the case may be) that the Issuer is required to submit pursuant to Article 9 of the EMIR; and
- (b) prepare and submit any transaction reports to the relevant trade repository (or, the European Securities and Markets Authority as the case may be) that the Issuer and Swap Counterparty are required to submit pursuant to Article 9 of the EMIR. To the extent agreed with the relevant Swap Counterparty, for the purposes of complying with its obligations under this paragraph of the Servicing Agreement, the Servicer agrees to correspond and liaise with the Swap Counterparty for the purposes of jointly preparing, agreeing on and submitting a single transaction report to the relevant trade repository (or, the European Securities and Markets Authority as the case may be).

In connection with the reporting duties mentioned above, the Servicer has undertaken that it will, on behalf of the Issuer, keep records of the entry into, or modification of, each transaction entered into by the Issuer under the Swap Agreements for a period of at least 5 years following the termination of such transaction.

Under the Servicing Agreement, the Servicer further undertakes to the Issuer that it will keep record on behalf of the Issuer of any notification provided to it by the Issuer and/or the relevant Swap Counterparty pursuant to Part 6(c) of the ISDA Schedule to the Swap Agreements.

### **Distribution Procedure**

Each 25<sup>th</sup> day of each month or, if such day is not a Business Day, then the next following Business Day (unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day) shall be a Payment Date.

The Servicer will transfer by the Payment Date of each month to the Distribution Account the Collections relating to the relevant Monthly Period.

### **Dismissal and Replacement of the Servicer**

If any of the following events (each a "**Servicer Replacement Event**") shall occur:

- (a) the Servicer fails to make any payment or deposit to be made by it to the Distribution Account and such failure to pay has not been remedied within five (5) Business Days after the earliest of (i) receipt by the Servicer of a written notice from the Issuer or any Noteholder or (ii) the Servicer becoming aware of such failure to pay;
- (b) the Servicer fails to perform or observe in any material respect any material term, covenant or agreement hereunder applicable to it (other than as referred to in paragraphs (a) above) and such

failure shall remain unremedied for sixty (60) days (or if such failure is not capable of remedy, in the Servicer's sole discretion, five Business Days) after receipt by the Servicer of written notice from the Issuer or any Noteholder requiring the failure to be remedied, (which Servicer Replacement Event shall be deemed to occur only upon the last day of the relevant period);

- (c) any material written representation or warranty made by the Servicer in its capacity as such in the Servicing Agreement or any of the Transaction Documents proves to have been incorrect, in any material respect, when made or deemed to be made by reference to the facts and circumstances then subsisting (provided, that repurchase or exchange of a Receivable by VWFS in accordance with the Receivables Purchase Agreement shall be deemed to remedy such circumstances with respect to such Receivable), and such incorrect representation or warranty shall remain unremedied for sixty (60) days (or, if such failure is not capable of remedy, in the Servicer's sole discretion, five Business Days) after receipt by the Servicer of written notice from the Issuer or any Noteholder requiring the circumstances causing or responsible for such misrepresentation to be remedied (which Servicer Replacement Event shall be deemed to occur only upon the last day of the relevant period);
- (d) the Servicer becomes subject to an Insolvency Event; or
- (e) the Servicer fails to renew, or suffers the revocation of, the necessary permissions pursuant to the Financial Services and Markets Act 2000 or licences to conduct its business under the Data Protection Laws, and such authorisations or licences are not replaced or reinstated within sixty days,

provided, *however*, that if a Servicer Replacement Event referred to under paragraph (a) to (c) above has occurred and was caused by an event beyond the reasonable control of the Servicer and if the respective delay or failure of performance is cured within a period of 150 days from the date on which the original failure to make payment, breach of term, covenant or agreement or breach of representation or warranty referred to under paragraph (a) to (c) occurred, a Servicer Replacement Event will be deemed not to have occurred.

Upon and after such termination:

- (a) all authority and power of the Servicer will terminate and be of no further effect;
- (b) the retiring Servicer shall no longer hold itself out in any way as the agent of any party to the Agreement pursuant to any Transaction Document or the Servicing Agreement;
- (c) the rights and obligations of the retiring Servicer and any obligations of the Issuer, each of the Seller and the Security Trustee to the retiring Servicer shall cease to exist but the relevant termination shall be without prejudice to:
  - (i) any liabilities or obligations of the retiring Servicer to the Issuer, each of the Seller or the Security Trustee or any successor servicer incurred or arising up to the Servicer Termination Date;
  - (ii) any liabilities or obligations of the Issuer, each of the Seller or the Security Trustee to the retiring Servicer incurred or arising up to the Servicer Termination Date; and
  - (iii) the retiring Servicer's obligation to deliver documents and materials in accordance with the Servicing Agreement or any other Transaction Document.

On the Servicer Termination Date, the retiring Servicer shall (save as prohibited or required otherwise by any applicable laws, regulations, judgments and other directions or orders to which it may be subject) immediately deliver or make available to (and in the meantime shall hold to the order of) (i) if a successor servicer has then been appointed, such successor servicer; or (ii) failing such appointment, the Issuer; the Purchased Receivable Records, the Servicer Records and the Transaction Documents (provided that the retiring Servicer shall have the right to make and retain such copies of any such records as it desires at its own cost) and any monies then held by the retiring Servicer on behalf of the Issuer and any other assets of the Issuer then held by it; and take such further action as the Issuer, the Security Trustee or the successor servicer appointed to replace the retiring Servicer may reasonably direct in order to effectively transfer its rights and obligations under the Servicing Agreement to a successor servicer.

The successor servicer shall be appointed by the Issuer and the Security Trustee with effect from the Servicer Termination Date by the entry of the successor servicer, the Issuer and the Security Trustee into a replacement servicing agreement. The replacement servicing agreement may be executed and an entity may be appointed as successor servicer only if:

- (a) it has experience of administering assets reasonably similar to the Purchased Receivables being administered by the Servicer or is able to demonstrate that it has the capability to administer assets reasonably similar to the Purchased Receivables being administered by the Servicer;
- (b) it has the permissions pursuant to the Financial Services and Markets Act 2000 necessary to administer the Purchased Receivables on behalf of the Issuer;
- (c) it has a net worth of not less than £25,000,000;
- (d) it is willing to enter into an agreement with the parties to the Servicing Agreement (other than VWFS except in its capacity as Seller) which provides for the successor servicer to be remunerated at such a rate as is agreed by the Issuer but which does not exceed the rate then commonly charged by providers of services of the kind described in the Servicing Agreement and required by the Servicing Agreement to be provided by the Servicer and is otherwise on substantially the same terms as those of the Servicing Agreement; and
- (e) the Noteholders have consented to its appointment.

## SECURITY TRUSTEE

Wilmington Trust SP Services (Frankfurt) GmbH has been appointed as Security Trustee.

Wilmington Trust SP Services (Frankfurt) GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of the Federal Republic of Germany, registered in the commercial register of the local court of Frankfurt am Main, under registration number HRB 76380 and having its registered office at Steinweg 3-5, 60313 Frankfurt am Main, Germany, acting through its authorised representatives, will provide the security trustee services to the Noteholders.

Wilmington Trust SP Services (Frankfurt) GmbH is ultimately held by M&T Bank Corp., Buffalo/New York, USA, a NYSE listed bank (trading symbol: "**MTB**") in United States.

The Wilmington Trust group is a division of M&T Bank Corporation and exists since more than 100 years being a major player in the trust business. Wilmington Trust is mandated in over 3,000 mortgage and asset-backed securitisations representing nearly 200 issuers and a wide variety of asset classes. Wilmington Trust is the independent and neutral partner with no lending or securities underwriting conflicts.

This description of the Security Trustee does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Transaction Documents.

The delivery of this Base Prospectus does not imply that there has been no change in the affairs of the Trustee since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

To the best knowledge and belief of the Issuer, the above information has been accurately reproduced. The Issuer is able to ascertain from the above information published by the Security Trustee that no facts have been omitted which would render the reproduced information inaccurate or misleading.

For the complete text of the Trust Agreement, see "**Trust Agreement**".

**PRINCIPAL PAYING AGENT, INTEREST DETERMINATION AGENT, CASH ADMINISTRATOR,  
ACCOUNT BANK AND CUSTODIAN**

This description of the Account Bank, the Principal Paying Agent, the Cash Administrator and the Interest Determination Agent does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the other Transaction Documents.

Citibank N.A., London Branch, in its capacity as the bank at which the Transaction Accounts are held in accordance with the terms of the Accounts Agreement acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. Citibank N.A., London Branch is a national association formed through its articles of association, obtained its charter, 1461, July 17, 1865, and governed by the laws of the United States, and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB with company number FC001835 and branch number BR001018.

The information in the preceding paragraph has been provided by Citibank N.A., London Branch, for use in this Base Prospectus and Citibank N.A., London Branch, is solely responsible for the accuracy of the preceding paragraph.

## SWAP COUNTERPARTY

This description of the relevant Swap Counterparty does not purport to be an abstract of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Swap Agreements and the other Transaction Documents.

Skandinaviska Enskilda Banken AB (publ) and its subsidiaries (the "**Group**" or "**SEB**") are a leading Nordic financial services group. As a relationship bank strongly committed to delivering customer value, SEB offers financial advice and a wide range of financial services to corporate customers, financial institutions and private individuals in Sweden and the Baltic countries. In Denmark, Finland, Norway and Germany, SEB's operations focus on delivering a full-service offering to corporate and institutional clients and building long-term customer relationships.

As of the date of this Base Prospectus, SEB serves more than four million private customers. As of 31st December, 2020, SEB had total assets of SEK 3.040 billion and total equity of SEK 172 billion. For the twelve months ended 31st December, 2020, SEB's net profit was SEK 15.7 billion and for the year ended 31st December, 2019, SEB's net profit was SEK 20.2 billion.

The delivery of this Base Prospectus does not imply that there has been no change in the affairs of Skandinaviska Enskilda Banken AB (publ) since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date. The information in the preceding paragraphs has been provided by Skandinaviska Enskilda Banken AB (publ) for use in this Base Prospectus and Skandinaviska Enskilda Banken AB (publ) is solely responsible for the accuracy of the preceding paragraphs. Except for the preceding paragraphs, Skandinaviska Enskilda Banken AB (publ) in its capacity as Swap Counterparty, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Base Prospectus.

## RATINGS

As at the date of this Base Prospectus the Class A Notes are rated Aaa(sf) by Moody's and AAA (sf) by S&P.

With respect to the Class A Notes, the rating of Aaa(sf) is the highest rating that Moody's assigns to long term structured finance debts and AAA (sf) is the highest rating that S&P assigns to long-term structured finance debts.

The rating of the Class A Notes addresses the ultimate payment of principal and timely payment of interest according to the Conditions. The rating takes into consideration the characteristics of the Receivables and the structural, legal, tax and Issuer-related aspects associated with the Notes.

The ratings assigned to the Class A Notes should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the Rating Agencies at any time. In the event that the ratings initially assigned to any Class of Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to such Class of Notes.

The Issuer has not requested a rating of the Class A Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate the Class A Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned to the Class A Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

References to ratings of Moody's and S&P in this Base Prospectus shall refer to [www.moody.com](http://www.moody.com) and [www.standardandpoors.com](http://www.standardandpoors.com), respectively.

### Meaning of Ratings

<b><i>Rating</i></b>	<b><i>Rating Agency</i></b>	<b><i>Meaning</i></b>
Aaa(sf)	Moody's	Highest quality, subject to the lowest level of credit risk.
AAA(sf)	S&P Global	An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

## THE ISSUER

### 1. General

The Issuer, a public company with limited liability (société anonyme), was incorporated for the purpose of issuing asset backed securities under the laws of Luxembourg on 29 July 2011 for an unlimited period and has its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg (telephone: (+352) 2602 491) acting for and on behalf of its specific Compartment 4 duly created by resolutions of its Board of Directors on 30 April 2018. The Company is registered with the Luxembourg Commercial Register of Commerce and Companies under registration number B 162.723.

The Issuer has expressly elected in its Articles of Incorporation to be governed by the Luxembourg Securitisation Law and is hereby subject to the Luxembourg Securitisation Law.

The Company currently does not intend to issue securities on a continuous basis to the public and if at a later point it did, it will first apply and become approved as a regulation securitisation company pursuant to, and in accordance with the provisions of the Luxembourg Securitisation Law.

The Legal Entity Identifier (LEI) of the Issuer is: 529900MRO80NKJYUH055.

### 2. Corporate purpose of the Issuer

The Issuer has as its business purpose as stated in its Articles the securitisation (within the meaning of the Luxembourg Securitisation Law which has been expressly adopted by the Issuer in its articles of incorporation) of risks associated to receivables and related assets. The Issuer may issue securities of any nature and in any currency and, to the largest extent permitted by the Luxembourg Securitisation Law, pledge, mortgage or charge or otherwise create security interests in and over its assets, property and rights to secure its obligations. The Issuer may enter into any agreement and perform any action necessary or useful for the purposes of carrying out transactions permitted by the Luxembourg Securitisation Law, including, without limitation, disposing of its assets in accordance with the relevant agreements. The Issuer may only carry out the above activities if and to the extent that they are compatible with the Luxembourg Securitisation Law.

### 3. Compartment

The board of directors of the Company may, in accordance with the terms of the Luxembourg Securitisation Law, and in particular its article 5, create one or more Compartments within the Issuer. Each Compartment shall correspond to a distinct part of the assets and liabilities in respect of the corresponding funding. The resolution of the board of directors creating one or more Compartments within the Issuer, as well as any subsequent amendments thereto, shall be binding as of the date of such resolutions against any third party.

As between investors, each Compartment of the Company shall be treated as a separate entity. Rights of creditors and investors of the Issuer that (i) relate to a Compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a Compartment are strictly limited to the assets of that Compartment which shall be exclusively available to satisfy such creditors and investors. Creditors and investors of the Issuer whose rights are not related to a specific Compartment of the Issuer shall have no rights to the assets of such Compartment.

Unless otherwise provided for in the resolution of the board of directors of the Issuer creating such Compartment, no resolution of the board of directors of the Issuer may amend the resolution creating such Compartment or to directly affect the rights of the creditors and investors whose rights relate to such Compartment without the prior approval of the creditors and investors whose rights relate to such Compartment. Any decision of the board of directors taken in breach of this provision shall be void.

Without prejudice to what is stated in the precedent paragraph, each Compartment of the Issuer may be separately liquidated without such liquidation resulting in the liquidation of another Compartment of the Issuer or of the Issuer itself.



Fees, costs, expenses and other liabilities incurred on behalf of the Company but which do not relate specifically to any Compartment shall be general liabilities of the Company and shall not be payable out of the assets of any Compartment. The board of directors of the Issuer shall ensure that creditors of such liabilities waive recourse to the assets of any Compartment. If such creditors do not waive recourse and such general liabilities cannot be otherwise funded, they shall be apportioned pro rata among the Compartments of the Company upon a decision of the board of directors.

With board resolution dated 30. April 2018 the Issuer created Compartment 4. With board resolutions dated 18 June 2018, 19 September 2018, 14 May 2020, 16 February 2021 and 4 February 2022 the Issuer authorised the transaction and the issuance of the Notes.

#### 4. Business Activity

In respect of the Transaction, the principal activities of the Issuer, acting for and on behalf of its Compartment 4, will be the issue of the Notes, in connection with the Transaction, the granting of the Security, the entering into the Subordinated Loan Agreement, respectively, the entering into the Swap Agreements and the entering into all other Transaction Documents to which it is a party and the opening of the Distribution Account, the Accumulation Account, each Counterparty Downgrade Collateral Account and the Cash Collateral Account and the exercise of related rights and powers and other activities reasonably incidental thereto.

#### 5. Corporate Administration and Management

The following directors of the Company have been appointed:

<b><i>Director</i></b>	<b><i>Business address</i></b>	<b><i>Principal activities outside the issuer</i></b>
Zamyra Heleen Cammans	22-24 Boulevard Royal L-2449 Luxembourg	Professional in the domiciliation business
Meenakshi Mussai-Ramassur	22-24 Boulevard Royal L-2449 Luxembourg	Professional in the domiciliation business
Helene Grine - Siciliano	22-24 Boulevard Royal L-2449 Luxembourg	Professional in the domiciliation business

The Company confirms that there is no conflict of interest between the duties of a director of the Company and the principal and/or other activities outside Driver UK Master S.A.

#### 6. Capital, Shares and Shareholders

The subscribed capital of the Company is set at GBP 29,000 divided into 2,900 fully paid up, registered shares with a par value of GBP 10 each.

The sole shareholder of the Company is Stichting CarLux. Stichting CarLux is a foundation duly incorporated and validly existing under the laws of The Netherlands with its registered office at Barbara Strozziilaan 101, 1083 HN Amsterdam, The Netherlands is registered with the trade register of the Chamber of Commerce in Amsterdam under number 34283304.

#### 7. Capitalisation

The share capital of the Company as at the date of this Base Prospectus is as follows: Share Capital

Authorised, subscribed, issued and fully paid up: GBP 29,000, consisting of 2,900 shares of 10 GBP each. The shares rank *pari passu* to each other.

**8. Indebtedness**

The Issuer has no material indebtedness, contingent liabilities and/or guarantees as at the date of the Base Prospectus, other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated in the Base Prospectus.

**9. Holding Structure**

Stichting CarLux, prenamed 2,900 shares

Total 2,900 shares

**10. Subsidiaries**

The Issuer has no subsidiaries or affiliates.

**11. Name of the Issuer's Financial Auditors**

For the audit of the financial year ended 30 June 2020, the Issuer's financial auditor had been:

PricewaterhouseCoopers société coopérative  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

PricewaterhouseCoopers, société coopérative is a member of the Institut des *Réviseurs d' Entreprises agréés*.

As of the audit of the financial year starting 01 July 2020, the Issuer's financial auditor has changed to:

Ernst & Young Luxembourg S.A.  
35E, Avenue John F. Kennedy  
L-1855 Luxembourg

Ernst & Young Luxembourg S.A. is a member of the Institut des *Réviseurs d' Entreprises agréés*.

**12. Main Process for Director's Meetings and Decisions**

The Issuer is managed by a board of directors comprising at least three (3) members, whether shareholders or not, who are appointed for a period not exceeding six years by the general meeting of shareholders which may at any time remove them.

The number of directors, their term and their remuneration are fixed by the general meeting of the shareholders.

The board of directors shall elect from among its members a chairman.

The board of directors convenes upon call by the chairman, as often as the interest of the Issuer so requires. It must be convened each time two directors so request.

Directors may participate in a meeting of the board of directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other, and such participation in a meeting will constitute presence in person at the meeting, provided that all actions approved by the directors at any such meeting will be reproduced in writing in the form of resolutions.

Resolutions signed by all members of the board of directors will be as valid and effective as if passed at a meeting duly convened and held. Such signatures may appear on a single document or multiple copies of an identical resolution and may be evidenced by letter, fax, email or similar communication.

The board of directors is vested with the powers to perform all acts of administration and disposition in compliance with the corporate objects of the Issuer.

### 13. Financial Statements

Audited financial statements will be published by the Issuer on an annual basis.

The business year of the Issuer extends from 1 July to 30 June of each year. The first business year began on 29 July 2011 (date of incorporation) and ended on 30 June 2012 so that the first annual general meeting of the shareholder was held in 2013.

The Financial statements of the Issuer for the fiscal years ended on 30 June 2020 and 30 June 2021 are incorporated by reference into this Base Prospectus. See "**DOCUMENTS INCORPORATED BY REFERENCE**".

### 14. Auditors and Auditors' Reports

PricewaterhouseCoopers, *société coopérative*, as the auditor of Driver UK Master S.A. audited the annual accounts of Driver UK Master S.A. displayed hereunder for the period from 1 July 2019 to 30 June 2020.

In the opinion of PricewaterhouseCoopers, *société coopérative*, the Issuer's annual accounts gave, in conformity with Luxembourg legal and regulatory requirements, a true and fair report of the financial position of Driver UK Master S.A. as at 30 June 2020 and of the result of its operations from 1 July 2019 to 30 June 2020.

Ernst & Young Luxembourg S.A., as the auditor of Driver UK Master S.A. audited the annual accounts of Driver UK Master S.A. displayed hereunder for the period from 1 July 2020 to 30 June 2021.

In the opinion of Ernst & Young Luxembourg S.A., the Issuer's annual accounts gave, in conformity with Luxembourg legal and regulatory requirements, a true and fair report of the financial position of Driver UK Master S.A. as at 30 June 2021 and of the result of its operations from 1 July 2020 to 30 June 2021.

### 15. Inspection of Documents

The following documents (or copies thereof) will remain publicly available for at least ten years:

- (a) the Articles of Incorporation of the Issuer;
- (b) minutes of the meeting of the board of directors of the Issuer approving the issue of the Notes, the issue of the Base Prospectus and the Programme as a whole;
- (c) the Base Prospectus, the Master Definitions Schedule and all the Transaction Documents referred in this Base Prospectus; and
- (d) the historical financial information of the Issuer for the years ending in June 2020 and June 2021 of the Issuer.

may be inspected at the Issuer's registered office at 22-24 boulevard Royal, L-2449 Luxembourg.

Furthermore, a copy of this Base Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>). The Articles of Incorporation of Driver UK Master S.A. and all historical financial reports of Driver UK Master S.A. (interim financial reports will not be prepared) will be published on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>).

*The Notes will be obligations of the Issuer only and will not be guaranteed by, or be the responsibility of Volkswagen Financial Services (UK) Limited or any other person or entity. It should be noted, in particular, that the Notes will not be obligations of, and will not be guaranteed by the Seller, the Servicer (if different), the Interest Determination Agent, the Security Trustee, the Manager, the Arranger or any of their respective Affiliates, the Subordinated Lender, the Account Bank, the*

*Principal Paying Agent, the Swap Counterparties, the Registrar, the Data Protection Trustee or the Corporate Services Provider or any other party described under this Base Prospectus.*

## CORPORATE ADMINISTRATION AND ACCOUNTS

### Corporate Administration

Pursuant to the Corporate Services Agreement, the Issuer has appointed Circumference FS (Luxembourg) S.A., 22-24 Boulevard Royal, L-2449 Luxembourg as Corporate Services Provider to provide management, secretarial and administrative services to the Issuer including the provision of directors of the Issuer. The Corporate Services Provider is a public limited liability company (société anonyme) incorporated in Luxembourg. It is not in any manner associated with the Issuer or with the Volkswagen Group. The Corporate Services Provider will inter alia provide the following services to the Issuer:

- (a) provide three directors and secretarial, clerical, administrative services;
- (b) convene meetings of shareholders;
- (c) maintain accounting records; and
- (d) procure that the annual accounts of the Issuer are prepared, audited and filed.

The Corporate Services Provider will, furthermore, fulfil or cause to be fulfilled all the obligations of the Issuer under the contracts to which the Issuer is a party and which are mentioned in this Base Prospectus, which are as follows:

- (a) Receivables Purchase Agreement;
- (b) Servicing Agreement;
- (c) Corporate Services Agreement;
- (d) Trust Agreement;
- (e) Deed of Charge and Assignment;
- (f) Swap Agreements;
- (g) Agency Agreement;
- (h) Subordinated Loan Agreement;
- (i) Data Protection Trust Agreement;
- (j) Redelivery Repurchase Agreement;
- (k) Account Agreement; and
- (l) Note Purchase Agreement.

As consideration for the performance of its services and functions under the Corporate Services Agreement, the Issuer will pay the Corporate Services Provider a fee as separately agreed. Recourse of the Corporate Services Provider against the Issuer is limited accordingly. See "**Terms and Conditions of the Class A Notes**" and "**Terms and Conditions of the Class B Notes**".

## TERMS AND CONDITIONS OF THE CLASS A NOTES

The terms and conditions of the Class A Notes (the "**Conditions**") are set out below. Annex A to the Conditions sets out the "**Trust Agreement**", Annex B to the Conditions sets out the "**Incorporated Terms Memorandum**". In case of any overlap or inconsistency in the definition of a term or expression in the Conditions and elsewhere in this Base Prospectus, the definition contained in the Conditions will prevail. For Annex A referred to under the Conditions of the Class A Notes see "**Trust Agreement**". For Annex B referred to under the Conditions of the Class A Notes see "**Incorporated Terms Memorandum**".

### 1. Form and Nominal Amount of the Notes

- (a) The issue by Driver UK Master S.A., acting for and on behalf of its Compartment 4 (the "**Issuer**") in an aggregate nominal amount of up to GBP 2,000,000,000 (the "**Nominal Amount**") is divided into certain Class A Notes payable to the registered holder (the "**Class A Notes**"), each having a nominal amount of at least GBP 100,000 and certain Class B Notes.
- (b) The Class A Notes are issued in registered form and represented by a global registered note without coupons attached (the "**Global Note**"). The Global Note representing the Class A Notes shall be deposited with a Common Safekeeper for Clearstream Luxembourg and Euroclear and thereafter, the Global Note will be held in book-entry form only. The Global Note representing the Class A Notes will bear the personal signatures of two duly authorised directors of Driver UK Master S.A., acting for and on behalf of its Compartment 4 and will be authenticated by one or more employees or attorneys of the Principal Paying Agent and will be effectuated by the Common Safekeeper.
- (c) The Issuer will cause to be kept at the specified office of the Registrar a register (the "**Register**") on which will be entered the names and addresses of the Noteholders (as defined below) and the particulars of such Class A Notes held by them and all transfers and payments (of interest and principal) of such Class A Notes. The rights of the Noteholders (as defined below) evidenced by the Global Note and title to the Class A Notes itself pass by assignment and registration in the Register. The Global Note representing the Class A Notes will be issued in the name of a nominee of the Common Safekeeper (the "**Registered Holder**"). The Registered Holder will be registered as Noteholder in the Register.
- (d) Notwithstanding paragraph (c) of this Condition 1, each person (other than Euroclear or Clearstream Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream Luxembourg, as the holder of a particular nominal amount of such Class A Notes (in which regard any certificate or other document issued by Euroclear or Clearstream Luxembourg, as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any paying agent as the holder of such nominal amount of the Class A Notes for all purposes (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly).
- (e) Notwithstanding paragraph (c) of this Condition 1, the interests in the Class A Notes represented by the Global Note are transferable only according to applicable rules and regulations of Clearstream Luxembourg, and Euroclear, as the case may be. The Global Note will not be exchangeable for definitive Class A Notes.
- (f) Simultaneously with the Class A Notes the Issuer has issued Class B Notes (the "**Class B Notes**" and together with the Class A Notes, the "**Notes**"), which rank junior to the Class A Notes with respect to payment of interest and principal as described in the Order of Priority. The Issuer may issue (i) further Class A Notes in the lesser of the Class A Notes Increase Amount and the amount of Class A Notes notified by the Issuer; and (ii) further Class B Notes in the lesser of the Class B Notes Increase Amount and the amount of Class B Notes notified by the Issuer in each case of (i) and (ii) on any Further Issue Date. The Issuer borrowed from the Subordinated Lender the Subordinated Loan on 25 June 2018 and further may borrow Subordinated Loan Increase Amounts on each Additional Borrowing Date. The Subordinated Loan ranks junior to the Notes with respect to payment of interest and principal as described in the Order of Priority.

- (g) The Notes are subject to the provisions of the Trust Agreement between, inter alia, the Issuer, the Security Trustee and Volkswagen Financial Services (UK) Limited. The provisions of the Trust Agreement are set out in Annex A. Annex A constitutes part of these Conditions.

## 2. Series

- (a) Series of Class A Notes:

On a given Issue Date falling within the Revolving Period, all Class A Notes issued on that date will constitute one or several Series of Class A Notes, which shall be identified by means of:

- (i) a four digit number representing the year on which the Series was issued, in the following format: Series "20xx", followed by:
- (ii) the number of such Series in respect of the relevant year, in the following format "y",
- (iii) in the following format: Series 20xx-y.

- (b) General principles relating to the Series of Class A Notes:

The Class A Notes of different Series shall not be fungible among themselves. All Class A Notes issued within the same Series shall be fungible among themselves in accordance with and subject to the following provisions:

- (i) the Series 20xx-y Class A Notes of the same Series shall all bear the same interest rate in accordance with the provisions of Condition 8;
- (ii) the interest rate payable under the Series 20xx-y Class A Notes of a given Series shall be paid on the same Payment Dates; and
- (iii) the Series 20xx-y Class A Notes in respect of a given Series shall have the same Scheduled Repayment Date and the same Series 20xx-y Final Maturity Date as set out in Condition 9.

## 3. Status and Ranking

- (a) The Class A Notes of any Series constitute direct, secured, unconditional and unsubordinated obligations of the Issuer. The Class A Notes rank *pari passu* among themselves. The Class A Notes rank senior to the Class B Notes and the Subordinated Loan.
- (b) The claims of the holders of the Class A Notes under the Class A Notes are ranked against the claims of all other creditors of the Issuer in accordance with the Order of Priority, unless mandatory provisions of law provide otherwise.

## 4. The Issuer

The Issuer whose Articles of Incorporation are subject to the Luxembourg Securitisation Law is a company incorporated with limited liability under the laws of Luxembourg and which has been founded solely for the purpose of acquiring the Receivables and issuing the Notes and raising the Subordinated Loan and concluding and executing various agreements in connection therewith.

## 5. Assets of the Issuer for the Purpose of Payments on the Notes and on the Subordinated Loan, Provision of Security, Limited Payment Obligation

- (a) The Issuer will use the proceeds of the Issue of the Notes and of the Subordinated Loan to finance the acquisition of the Receivables from the Seller and to acquire Additional Receivables from VWFS during the Revolving Period. The servicing and collection of the Receivables shall initially be carried out on the basis of the Servicing Agreement by VWFS (in this capacity, the "Servicer"). In addition, subject to revocation by the Security Trustee, the Issuer is authorised to collect, to have collected, to realise and to have realised in the ordinary course of its business or otherwise to use the rights and assets assigned for security purposes as necessary. Furthermore, the Issuer has entered into additional agreements in

connection with the acquisition of the Receivables and the issue of the Notes and the raising of the Subordinated Loan, in particular, the Subordinated Loan Agreement with VWFS, a Corporate Services Agreement with the Corporate Services Provider, the Data Protection Trust Agreement with Wilmington Trust SP Services (Frankfurt) GmbH and the Security Trustee, the Swap Agreements with the Swap Counterparty, the Trust Agreement with the Security Trustee, the Agency Agreement with VWFS and the Principal Paying Agent, the Account Agreement with the Account Bank and the Redelivery Repurchase Agreement with VWFS. The Receivables Purchase Agreement, the Servicing Agreement, the Corporate Services Agreement, the Subordinated Loan Agreement, the Agency Agreement, the Account Agreement and the Redelivery Repurchase Agreement, are (amongst others) collectively referred to as the "**Transaction Documents**" and the creditors of the Issuer under these Transaction Documents are referred to as "**Transaction Creditors**".

- (b) In accordance with the Deed of Charge and Assignment, the Issuer with full title guarantee, has assigned in favour of the Security Trustee by first fixed security, all of its present and future right, title and interest to, in and under the English Purchased Receivables. The Issuer also executed and delivered to the Security Trustee Assignations in Security in respect of the Scottish Receivables held in trust under a Scottish Declaration of Trust.
- (c) The Issuer also assigned in favour of the Security Trustee by way of first fixed security the benefit of all its present and future rights, title and interest in and under the Charged Transaction Documents and the other charged contracts and charged by way of first fixed security its interest in each of the Accounts. Further, the Issuer assigned and pledged its rights under the German Transaction Documents to the Security Trustee under the Trust Agreement.
- (d) All payment obligations of the Issuer under the Notes and the Subordinated Loan Agreement constitute solely obligations to distribute amounts out of the Available Distribution Amount as generated, inter alia, by payments to the Issuer by the obligors and by the Swap Counterparty under the Swap Agreements, as available on the respective Payment Dates according to the Order of Priority of distribution. None of the Notes of any Series shall give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly. The Issuer shall hold all moneys paid to it pursuant to clause 19 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement in the Distribution Account. Further, the Issuer has on or around the Initial Issue Date established and thereafter maintains the Cash Collateral Account pursuant to clause 19 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement to provide limited coverage for payments of interest and principal on the Notes and certain other amounts. Furthermore, the Issuer shall exercise all of its rights under the Transaction Documents with the due care of a prudent businessman such that obligations under the Notes may, subject always to the provisions of these Conditions of the Notes as to the Order of Priority, be performed to the fullest extent possible. To the extent that upon the exercise of such rights the funds of the Issuer, including in the Distribution Account and the Cash Collateral Account, any other assets of the Issuer and the proceeds of the enforcement of the Security are insufficient to satisfy in full the claims of all holders of Notes any claims of holders of Notes of the respective Series remaining unpaid shall be extinguished at the Final Maturity Date applicable to the respective Series of Notes and the Issuer shall have no further obligations thereto and, for the avoidance of doubt, neither the holders of the Notes of the respective Series nor the Security Trustee shall have any further claims against the Issuer in respect of such claims remaining unpaid.
- (e) The enforcement of the payment obligations under the Notes, the Subordinated Loan Agreement and the Swap Agreements pursuant to paragraph (c) shall only be effected by the Security Trustee for the benefit of all Noteholders, the Swap Counterparty and the Subordinated Lender. The Security Trustee is required to foreclose on the Receivables and the other collateral it holds following the occurrence of a Foreclosure Event, on the conditions and in accordance with the terms set forth in the Trust Agreement.



- (f) The other parties to the Transaction Documents shall not be liable for the obligations of the Issuer.
- (g) No shareholder, officer, director, employee or manager of the Issuer or of VWFS or its affiliates shall incur any personal liability as a result of the performance or non-performance by the Issuer of its obligations under the Transaction Documents. Any recourse against such a person is excluded accordingly.
- (h) The recourse of the Transaction Creditors is limited to the assets allocated to Compartment 4 of Driver UK Master S.A.

#### **6. Further Covenants of the Issuer**

- (a) As long as any of the Notes and/or the Subordinated Loan remains outstanding, the Issuer is not entitled, without the prior consent of the Security Trustee, to perform any activities described in clause 37 (*Actions of the Issuer Requiring Consent*) of the Trust Agreement.
- (b) The counterparties of the Transaction Documents are not liable for covenants of the Issuer.

#### **7. Payment Date, Payment Related Information**

The Issuer shall inform the holders of the Class A Notes, not later than on the Investor Report Performance Date by means of the publication provided for under Condition 12 with reference to the Payment Date (as described below) of such month, as follows:

- (a) the repayment of the nominal amount payable on each Series of the Class A Notes (if any) and the amount of interest calculated and payable on each Series of Class A Notes on the immediately succeeding Payment Date;
- (b) the nominal amount remaining outstanding on each Series of Class A Notes on each respective Payment Date and the amount of interest remaining unpaid, if any, on the Class A Notes of each Series as from such Payment Date;
- (c) the Notes Factor for each Series of Class A Notes;
- (d) the remaining General Cash Collateral Amount;
- (e) in the event of the final Payment Date with respect to a Series of Class A Notes, the fact that this is the last Payment Date; and
- (f) the Issuer shall make available for inspection by the holders of the Class A Notes, in its offices at 22-24 Boulevard Royal, L-2449 Luxembourg or at such other address as the Issuer may notify to the Noteholders from time to time pursuant to Condition 12 and during normal business hours, the documents from which the figures reported to the holders of the Class A Notes are calculated; and
- (g) for the avoidance of doubt, the record date shall be the Business Day, by the close of business, prior to the relevant Payment Date.

#### **8. Payments of Interest**

- (a) Subject to the limitations set forth in Condition 5(d), each outstanding principal amount in respect of the Class A Notes shall bear interest from (and including) 25 February 2022 (the "**Closing Date**") until (and including) the day preceding the day on which the principal amount has been reduced to zero.
- (b) Interest shall be paid in arrear on each Payment Date. The amount of interest payable in respect of each Class A Note on any Payment Date shall be calculated by applying the Class A Notes Interest Rate for the relevant Interest Accrual Period to the principal amount outstanding immediately prior to the relevant Payment Date and multiplying the result by the actual number of days in the relevant Interest Accrual Period divided by 365 and rounding

the result to the nearest full penny, all as determined by Citibank N.A., London Branch (the "**Interest Determination Agent**").

- (c) The interest rate to be used for calculating the amount of interest payable pursuant to Condition 8(b) shall be the sum (subject to a floor of zero) of Compounded Daily SONIA plus the relevant margin as set out in the relevant Final Terms (the "**Margin**") per annum, provided that if Compounded Daily SONIA plus the Margin for the Class A Notes is less than zero, the Class A Notes interest rate will be deemed to be zero (the "**Class A Notes Interest Rate**").

The Interest Determination Agent will as soon as practicable on each Interest Determination Date determine Compounded Daily SONIA for the related Interest Period.

- (d) If, in respect of any London Banking Day in the relevant Observation Period, the Interest Determination Agent determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.
- (e) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how SONIA is to be determined or (ii) any rate that is to replace SONIA, the Servicer in conjunction with the Issuer (and in consultation with the Class A and B Noteholders) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA, for so long as SONIA is not available or has not been published by the authorised distributors.
- (f) In the event that Compounded Daily SONIA cannot be determined in accordance with the foregoing provisions by the Interest Determination Agent, Compounded Daily SONIA shall be (i) that determined as at the last preceding Interest Determination Date or (ii) if there is no such preceding Interest Determination Date, the initial Compounded Daily SONIA which would have been applicable to the Class A Notes for the first Interest Period had the Class A Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the first Payment Date.
- (g) On the occurrence of the events described in Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*) (the "**Relevant Time**"), the Issuer (acting on the advice of the Servicer) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Benchmark Rate in accordance with Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*) (the "**Relevant Condition**"). For the avoidance of doubt, if an Alternative Benchmark Rate proposed by or on behalf of the Issuer (including any Alternative Benchmark Rate which was proposed prior to the Relevant Time pursuant to the Relevant Condition) has failed to be implemented in accordance with the Relevant Condition as a result of Noteholder objections to the modification, the Issuer shall not be obliged to propose an Alternative Benchmark Rate under this Condition 8.
- (h) In these Conditions (except where otherwise defined), the expression:

"**London Banking Day**" means any day upon which banks are open for general banking business in London (excluding for the avoidance of doubt any bank holidays or a Saturday or a Sunday).

"**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Interest Determination Agent as at the

Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>0</sub>**" is the number of London Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

"**LBD**" means a London Banking Day;

"**n<sub>i</sub>**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following London Banking Day; and

"**p**" means, for any Interest Period, 5 London Banking Days; and

"**SONIA<sub>i-pLBD</sub>**" means, in respect of any London Banking Day falling in the relevant Interest Period, SONIA for the London Banking Day falling "p" London Banking Days prior to that London Banking Day "**i**".

- (i) Accrued Interest not paid on a Class A Note on the Payment Date related to the Interest Accrual Period in which it accrued, will be an "**Interest Shortfall**" with respect to such Class A Note and will constitute a Foreclosure Event, if not paid for a period of five Business Days from the relevant Payment Date.

## 9. Payment Obligations, Agents

- (a) On each Payment Date, the Issuer shall, subject to Condition 5(d), pay to each holder of a Class A Note interest at the Class A Notes Interest Rate on the Series Nominal Amount outstanding immediately prior to the relevant Payment Date, and on each Payment Date the Class A Note qualifies as an Amortising Series of Class A Notes, the Class A Amortisation Amount applicable to such Series of Class A Notes in accordance with the Order of Priority.
- (b) Sums which are to be paid to holders of a Class A Note shall be rounded down to the next lowest cent amount for each of the Class A Notes. The amount of such rounding down to the next pence amount shall be used in the next following Payment Date and the surplus carried over to the following Payment Date. The Servicer shall be entitled to retain any amount less than GBP 500 remaining on the Final Maturity Date (as defined below).
- (c) Payments of principal and interest, if any, on the Class A Notes shall be made by the Principal Paying Agent on the Issuer's behalf for further payment to Clearstream, Luxembourg and Euroclear or to their order for credit to the relevant account holders of Euroclear and Clearstream, Luxembourg. All payments in respect of any Class A Note made by, or on behalf of, the Issuer to, or to their order of Euroclear or Clearstream, Luxembourg shall discharge the liability of the Issuer under such Class A Note to the extent of sums so paid.
- (d) The first Payment Date for the Class A Notes shall be specified in the relevant Final Terms. The date as at which the final payment of the then outstanding principal amount plus interest thereon is expected to take place shall also be specified in the relevant Final Terms (as so specified, the "**Scheduled Repayment Date**").

- (e) Subject to the occurrence of an Enforcement Event, all payments of interest on and principal of the Class A Notes will be due and payable at the latest in full on the Final Maturity Date of the relevant Series of Class A Notes as set out in the relevant Final Terms (each a "**Final Maturity Date**").
- (f) Provided that the Noteholders have received a notice from the Issuer in accordance with Condition 12 substantially in the form set out in Schedule 1 to these Conditions no later than one month prior to the then current revolving period expiration date applicable to the Series of Notes held by such Noteholder (as specified in the relevant Final Terms or as previously extended, the "**Series Revolving Period Expiration Date**"), all of the holders of the relevant Series of Class A Notes, acting together shall have the right (but not the obligation) exercisable by written notice to the Principal Paying Agent, the Security Trustee, the Registrar and the Issuer (in the form of Schedule 2) to these Conditions to be received not later than on the tenth Business Day immediately preceding the then current Series Revolving Period Expiration Date to request:
  - (i) the extension of the Series Revolving Period Expiration Date for a period specified in the relevant notice;
  - (ii) an amendment to the Margin; and
  - (iii) the extension of the Final Maturity Date for a period to be specified in the relevant notice.
- (g) Any amendments so requested shall become effective only if (A) (i) the Issuer has received confirmation from the Rating Agencies that the rating of the Class A Notes will not be affected by such amendments, or (ii) the Rating Agencies have confirmed that the assignment of new ratings are not lower than the rating for the then outstanding Class A Notes before the Series Revolving Period Expiration Date was extended, or, as applicable, the Issuer has received a new rating confirmation stating the same rating as the Class A Notes prior to the amendments and (B) by no later than the third Business Day prior to the then current Series Revolving Period Expiration Date, the Issuer has confirmed by notice to the holders of the Class A Notes in the form prescribed by Condition 12 that it has received such confirmation and that it agrees to the requested amendments; and (C) that the Issuer had arranged sufficient interest hedging for the amended Series Revolving Period Expiration Date.
- (h) The Issuer shall procure that the amendments that have become effective in accordance with these provisions will be notified to the Principal Paying Agent for further communication to the Common Safekeeper for Euroclear and Clearstream, Luxembourg immediately after the notice of the Issuer to the holders of the relevant Series of Class A Notes specified in (B) of the preceding Condition 9(g) has been given.
- (i) Payments of interest and principal shall be made by the Issuer to the Principal Paying Agent for on-payment to Clearstream Luxembourg and/or Euroclear or to their order for credit to the accounts of the relevant account holders of Clearstream Luxembourg or, as applicable Euroclear. Payment by the Issuer to the Principal Paying Agent may also include payment to a substitute or alternative paying agent duly appointed pursuant to Condition 9(j) without having to execute an affidavit or fulfil any formalities other than the compliance with tax, currency exchange or other regulations of the country where the payment takes place. The Issuer is entitled to transfer paid-in amounts to the Account Bank prior to the Payment Date and leave with the Account Bank any amounts not claimed by the Noteholders upon maturity.
- (j) In their capacity as such, the Principal Paying Agent and the Interest Determination Agent, respectively, shall act solely as agents of the Issuer and shall not maintain an agency or trust relationship with the holders of the Class A Notes. The Issuer may appoint a new principal paying agent and/or an interest determination agent, or if there are grounds to do so, appoint an alternative principal paying agent and/or an alternative interest determination agent and revoke the appointment of the Principal Paying Agent and/or the Interest

Determination Agent. Appointments and revocations thereof shall be notified to the holders of the Class A Notes pursuant to Condition 12. The Issuer will ensure that during the term of the Class A Notes and as long as the Class A Notes are listed on the Luxembourg Stock Exchange a paying agent and an interest determination agent will be appointed at all times.

#### 10. Taxes

Payments shall only be made after the deduction and withholding of current or future taxes, levies or government charges, regardless of their nature, which are imposed, raised or collected ("**taxes**") on the basis of the applicable laws of, or for the account of, an authority or government agency authorised to levy taxes or of any country which claims fiscal jurisdiction, to the extent that such a collection is prescribed by applicable law (or pursuant to FATCA). The Issuer shall render an account of the deducted or withheld taxes accruing to the competent government agencies and shall, upon a Noteholder's request, provide proof thereof. It is not obliged to pay any additional amounts as a result of the deduction or withholding.

#### 11. Replacement of Issuer

- (a) The Issuer is at any time entitled to appoint another company (the "**New Issuer**") in place of the Issuer as debtor for all obligations arising from and in connection with the Class A Notes insofar as (i) the New Issuer assumes all rights and duties of the Issuer under or pursuant to the Notes, the Subordinated Loan, the Receivables Purchase Agreement, the Scottish Declaration of Trust, the Trust Agreement, the Account Agreement, the Deed of Charge and Assignment, any Assignment in Security, the Servicing Agreement, the Corporate Services Agreement, the Data Protection Trust Agreement, the Swap Agreements and the Agency Agreement and any other Transaction Document by means of an agreement with the Issuer; provided (ii) the Security is, upon the Issuer's replacement, to be held by the Security Trustee for the purpose of securing the obligations of the New Issuer vis-à-vis the Transaction Creditors, (iii) the holders of the Notes and the Subordinated Lender of the Subordinated Loan confirm that no further expenses or legal disadvantages of any kind arise for any of them from such an assumption of debt and this fact has been established in legal opinions which can be examined at the premises of the Principal Paying Agent, (iv) the New Issuer provides proof that it has obtained all of the necessary governmental approvals, licenses and consents in the country in which it has its corporate seat and that it may fulfil all of the duties arising out of or in connection with the Trust Agreement without discrimination against the holders of the Notes or the Subordinated Lender as a whole, (v) the Issuer and the New Issuer conclude such agreements and execute such documents which the Security Trustee considers necessary for the effectiveness of the replacement. The Issuer will notify the Rating Agencies on the replacement of the Issuer. The replacement shall only become effective if the Issuer has received confirmation from the Rating Agencies that the rating of the Class A Notes will not be affected by such amendments, or the Rating Agencies have confirmed that the assignment of new ratings are not lower than the rating for the then outstanding Class A Notes before the replacement, or, as applicable, the Issuer has received a new rating confirmation stating the same rating for the Class A Notes as applicable prior to the replacement. Upon fulfilment of the aforementioned conditions the New Issuer shall in every respect replace the Issuer, and the Issuer shall be released from all obligations relating to the function of an issuer vis-à-vis the holders of the Class A Notes under or in connection with the Class A Notes and the Subordinated Lender under or in connection with the Subordinated Loan Agreement.
- (b) Such replacement of the Issuer must be published in accordance with Condition 12.
- (c) In the event of such replacement of the Issuer, each reference to the Issuer in these Conditions of the Notes shall be deemed to be a reference to the New Issuer.

#### 12. Notices

Notices to the Noteholders will be validly given if transmitted individually to the address set out in the Register for such Noteholder.

As long as the Global Note is registered in the Name of the Registered Holder notices to Noteholders may be validly given if transmitted to Euroclear and Clearstream Luxembourg for further communication to the persons shown as holders of the Notes in their records. Any notice so given shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream Luxembourg.

In addition, as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require, all notices to the Noteholders regarding the Notes shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice referred to above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Should an official listing be absent, then such notices shall be published in the German Federal Gazette (Bundesanzeiger).

Additionally, investor reports with the information set forth in Condition 6 will be made available to the Noteholders via the website of Volkswagen Financial Services AG (<https://www.vwfs.com/investor-relations/volkswagen-financial-services-ag/refinancing.html#>). The Base Prospectus relating to the Conditions will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### **13. Miscellaneous**

- (a) The form and content of the Class A Notes and all of the rights and obligations of the holders of the Class A Notes, the Issuer, the Principal Paying Agent and the Servicer under these Class A Notes shall be subject in all respects to the laws of Germany.
- (b) Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force.
- (c) The place of performance and venue is Frankfurt am Main. The German courts have jurisdiction for the annulment of the Global Note in the event of loss or destruction.
- (d) For any legal proceedings brought in connection with these Conditions of the Class A Notes which have been initiated against the Issuer in a court of Germany, the Issuer grants Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Federal Republic of Germany the authority to accept service of process. The Issuer is entitled to revoke such authority concurrently with or following the appointment of an alternative Person with a business address in the Federal Republic of Germany as agent of the Issuer to accept service of process and notice thereof to the Noteholders in accordance with Condition 12 (Notices). The Issuer undertakes to maintain an agent for accepting such service in the Federal Republic of Germany as long as any of the Notes are outstanding.

### **14. Amendments to the Conditions and Benchmark Rate Modification**

- (a) Save for purposes of complying with the EU Securitisation Regulation and the UK Securitisation Regulation in accordance with Condition 14(b) or in respect of a Benchmark Rate Modification undertaken in accordance with Condition 14(c) below, the Conditions of any Series of Class A Notes may only be modified through contractual agreement to be concluded between the Issuer and all Noteholders of each Series of Class A Notes as provided for in Sec. 4 of the German Debenture Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz - SchVG)*) with a prior notification to the Rating Agencies (to the extent such Series of Class A Notes is rated) or by a Noteholder's resolution adopted with unanimous consent of the Noteholders of such Series of Class A Notes pursuant to Sections 5 to 22 of the aforementioned act.
- (b) Subject to giving ten (10) Business Days prior notice to the Noteholders and the Rating Agencies (to the extent such Series of Class A Notes is rated), by publishing such notice with the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), the Issuer will be entitled to amend any term or provision of the Conditions with the consent of the Security Trustee, but without the consent of any Noteholder, any Swap Counterparty, the Subordinated Lender, the Arranger, the Manager or any other Person if it is advised by a reputable international law

firm that such amendments are required for the Programme to comply with the EU Securitisation Regulation or the UK Securitisation Regulation, as applicable, or any regulatory and/or implementing technical standards adopted under the EU Securitisation Regulation or any directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom under the UK Securitisation Regulation. Insofar as such amendments relate to the originator or Seller, any amendments in order to comply with the EU Securitisation Regulation shall not result in any non-compliance with the UK Securitisation Regulation and insofar as such amendments relate to the Issuer, any amendments in order to comply with the UK securitisation regulation shall not result in any non-compliance with the EU Securitisation Regulation.

- (c) The Servicer, on behalf of the Issuer, has the right to amend these Conditions and any Transaction Document for the purpose of changing the benchmark rate in respect of the Notes from Compounded Daily SONIA to an alternative benchmark rate (any such rate, an "**Alternative Benchmark Rate**") (which rate shall apply for the purposes of determining the floating amount payable by the floating rate payer in respect of the Swap Agreements without a requirement for the consent of the relevant Swap Counterparty to such change in the benchmark rate) and making such other related or consequential amendments to the Transaction Documents as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the changes envisaged pursuant to this Condition 14 (a "**Benchmark Rate Modification**"), provided that in relation to any amendment under this Condition 14 the Servicer, on behalf of the Issuer, certifies to the Security Trustee in writing, including by e-mail, (such certificate, a "**Benchmark Rate Modification Certificate**") that:
- (i) the Issuer has provided at least 30 days' notice to the Noteholders of each Series of Class A Notes of the proposed modification in accordance with Condition 12 (Notices), and the Noteholders representing at least 10 per cent. of the aggregate outstanding principal amount of the Class A Notes then outstanding have not contacted the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Security Trustee that such Noteholders do not consent to the modification;
  - (ii) the Issuer has provided the Transaction Creditors (including the Swap Counterparties) with at least 30 days' notice of the proposed modifications:
    - (1) to the Alternative Benchmark Rate which shall apply in respect of the Conditions and the Swap Agreements for the purposes of determining the floating amount payable by the floating rate payer in respect of the Swap Agreements without a requirement for the consent of the relevant Swap Counterparty to such change in the benchmark rate; and
    - (2) to such other related or consequential amendments to the Transaction Documents (including, if applicable, the Swap Agreements) as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the Benchmark Rate Modification and the Issuer has obtained the consent of any other Transaction Creditors which are not Noteholders in accordance with the provisions of the Incorporated Terms Memorandum;
  - (iii) the Seller pays all fees, costs and expenses incurred by the Issuer and the Security Trustee in connection with such Benchmark Rate Modification;
  - (iv) such Benchmark Rate Modification is being undertaken by the Servicer, on behalf of the Issuer, due to:
    - (1) a material disruption to SONIA, a material adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published or the administrator of SONIA having used a fallback

methodology for calculating SONIA for a period of at least 30 calendar days;

- (2) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
  - (3) a public statement or the publication of information by or on behalf of the SONIA administrator announcing that it has ceased or will cease to provide SONIA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide SONIA with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
  - (4) a public statement or publication of information by the regulatory supervisor of the SONIA Administrator, the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority, an insolvency official with jurisdiction over the SONIA Administrator, or a court or entity with similar insolvency or resolution authority over the Administrator for SONIA, which states that the SONIA Administrator has ceased or will cease to provide SONIA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide SONIA with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
  - (5) a public statement or publication of information by the regulatory supervisor of the SONIA Administrator, the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority that means SONIA may no longer be used or that its use is or will be subject to restrictions or adverse consequences from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
  - (6) a change in generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a benchmark rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Rates, despite the continued existence of SONIA;
  - (7) it becomes unlawful for the Paying Agent, the Issuer or the Interest Determination Agent to calculate any payments to be made to any Noteholder using SONIA;
  - (8) the reasonable expectation of the Servicer that any of the events specified in sub-paragraphs (1), (2) or (7) above will occur or exist within six months of the proposed effective date of such Benchmark Rate Modification;
  - (9) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest in the publicly listed asset backed floating rate notes market;
  - (10) a Benchmark Rate Modification is being proposed pursuant to Condition 14(h), and
- (v) such Alternative Benchmark Rate is:
- (1) a benchmark rate published, endorsed, approved or recognised by the Bank of England, the Financial Conduct Authority or Prudential Regulation Authority or any relevant committee or other body established, sponsored



- or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates (which, for the avoidance of doubt, may be an alternative benchmark rate together with a specified adjustment factor which may increase or decrease the relevant Alternative Benchmark Rate);
- (2) a benchmark rate utilised in a material number of publicly-listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Benchmark Rate Modification;
  - (3) a benchmark rate utilised in a publicly-listed new issue of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is an Affiliate of VWFS; or
  - (4) such other benchmark rate as the Servicer reasonably determines provided that this option may only be used if the Servicer certifies to the Security Trustee that, in the reasonable opinion of the Servicer, conditions (b)(v)(1) to (3) are not applicable and/or practicable in the context of the Transaction, and sets out the rationale in the Benchmark Rate Modification Certificate for choosing the Alternative Benchmark Rate;
- (d) The Servicer on the Issuer's behalf, shall (i) provide the Security Trustee with an initial draft of the Benchmark Rate Modification Certificate at least 30 calendar days prior to the date on which it is proposed that the Benchmark Rate Modification would take effect and (ii) provide the Security Trustee with a signed copy of the final Benchmark Rate Modification Certificate on the date on which the Benchmark Rate Modification shall take effect (the "**Benchmark Rate Modification Effective Date**").
- (e) The Servicer, on behalf of the Issuer, shall provide at least 30 days' notice to the Noteholders of each Series of Class A Notes of the proposed modification in accordance with Condition 12 (Notices) (the "**Benchmark Rate Modification Noteholder Notice**"). The Benchmark Rate Modification Noteholder Notice shall include the following:
- (i) details of how the Noteholders representing at least 10 per cent. of the Note Principal Amount Outstanding of the Class A Notes then outstanding may object to the proposed Benchmark Rate Modification;
  - (ii) confirmation of the sub-paragraph(s) of Condition 14(b)(iv) under which the Benchmark Rate Modification is being proposed;
  - (iii) confirmation of the Alternative Benchmark Rate and where Condition 14(b)(v)(4) is being applied, the rationale for choosing the proposed Alternative Benchmark Rate;
  - (iv) details of any consequential modifications that the Issuer has agreed will be made to the Swap Agreements to which it is a party (if any) for the purpose of aligning the Swap Agreements with the proposed Benchmark Rate Modification, if the proposed Benchmark Rate Modification takes effect;
  - (v) confirmation that either:
    - (1) the Servicer, on behalf of the Issuer, has obtained from each of the Rating Agencies written confirmation (or certifies in the Benchmark Rate Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that the proposed Benchmark Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by any Rating Agency and (y) would not result in any Rating Agency placing any Class A Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Security Trustee with the Benchmark Rate Modification Certificate; or

- (2) the Servicer on behalf of the Issuer certifies to the Security Trustee in the Benchmark Rate Modification Certificate that the Rating Agencies have been informed of the proposed modification and neither of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent).
- (f) If the Noteholders representing at least 10 per cent. of the Note Principal Amount Outstanding of the Class A Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within the notification period referred to above that such Noteholders do not consent to the Benchmark Rate Modification, then such Benchmark Rate Modification will not be made in respect of each Series of Class A Notes unless Noteholders of such Series of Class A Notes unanimously consent in favour of the Benchmark Rate Modification, in accordance with Part B of the German Debenture Act.
- (g) Other than where specifically provided in this Condition 14 or any Transaction Document, when implementing any modification pursuant to this Condition 14, the Security Trustee shall not consider the interests of the Noteholders, any other Transaction Creditors or any other person and shall act and rely solely and without further investigation, on any Benchmark Rate Modification Certificate or evidence provided to it by the Servicer on behalf of the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 14 and shall not be liable to the Noteholders of the Class A Notes, any other Transaction Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.
- (h) Any Benchmark Rate Modification shall be binding on all the Noteholders and shall be notified by the Servicer, on behalf of the Issuer, at least 10 Business Days prior to the Benchmark Rate Modification Effective Date to:
  - (i) so long as any of the Class A Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
  - (ii) the Transaction Creditors (including, for the avoidance of doubt, the Swap Counterparties); and
  - (iii) the Noteholders of the Class A Notes in accordance with Condition 12 (Notices).
- (i) Following the making of a Benchmark Rate Modification, if it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from the Alternative Benchmark Rate which had already been adopted by the Issuer in respect of the Class A Notes pursuant to a Benchmark Rate Modification, the Issuer is entitled to propose a further Benchmark Rate Modification pursuant to this Condition 14.

**SCHEDULE 1**

**FORM OF NOTICE TO BE DELIVERED BY THE ISSUER TO THE HOLDERS OF THE CLASS A NOTES  
IN ACCORDANCE WITH CONDITION 9(F)**

**Notice to the registered holders of the Class A Notes, issued by Driver UK Master S.A. acting for and  
on behalf of its Compartment 4**

**(the "Class A Notes")**

**to be given one month prior to the Series Revolving Period Expiration Date**

Terms not defined herein shall have the meaning given to them in the Conditions of the Class A Notes.

Notice is hereby given to the holders of the Class A Notes that they shall have the right exercisable by written notice sent to each of the Principal Paying Agent, the Registrar, the Security Trustee and the Issuer to be received not later than on the tenth Business Day immediately preceding the current Series Revolving Period Expiration Date, to request:

- (i) an extension of the Series Revolving Period Expiration Date for a period to be specified in the relevant notice;
- (ii) an amendment to the Margin; and
- (iii) an extension of the Final Maturity Date for a period to be specified in the relevant notice.

Luxembourg, [date]

Signed by: \_\_\_\_\_

**Driver UK Master S.A. acting for and on behalf of its Compartment 4**

**SCHEDULE 2**

**FORM OF NOTICE TO BE DELIVERED BY THE HOLDERS OF EACH SERIES OF CLASS A NOTES TO THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE SECURITY TRUSTEE AND THE ISSUER IN ACCORDANCE WITH CONDITION 9(F)**

From:

[Name, address, phone number and fax number of relevant Noteholder]

To:

[Issuer]

[Principal Paying Agent] [Registrar] [Security Trustee] [Rating Agencies]

**GBP Class A Series [●] Notes,  
issued by Driver UK Master S.A. acting for and on behalf of its Compartment 4**

(the "Notes")

Dear Sirs,

Terms not defined in herein shall have the meaning given to them in the Conditions of the Class A Notes.

Reference is made to Condition 9(f) of the terms and conditions of the above mentioned Class A Notes and the notice published on [date].

We hereby request:

- (i) an extension of the Series Revolving Period Expiration Date for a period of [12 (twelve) months] so that the extended Series Revolving Period Expiration Date shall be [to be inserted];
- (ii) [to be inserted] as amended Margin with effect from (and including) the Payment Date falling in [to be inserted]; and
- (iii) an extension of the Final Maturity Date for a period equal to the period specified under (i) above so that the extended Final Maturity Date shall be [to be inserted].

We hereby represent and warrant that:

- (i) as of the date of this notice, we hold [to be inserted] per cent of the Notes outstanding on the date of this notice; and
- (ii) after the date of this notice, we will not sell or transfer or otherwise dispose of any of the Class A Notes prior to the 25th Business Day after the date of this notice.

We hereby acknowledge that the amendments requested above shall become effective only if: (A) the Issuer has received confirmation from the Rating Agencies that the rating of the Class A Notes will not be affected by such amendments, (B) by no later than the third Business Day prior to the then current Series Revolving Period Expiration Date, the Issuer has confirmed by notice to us (as holders of the Class A Notes) in the form prescribed in Condition 12 that it has received such reaffirmation and that it agrees to the requested amendments and (C) the Notes have the benefit of an interest rate swap with an Eligible Swap Counterparty under which interest payments due under the relevant Series of Notes are hedged to the extended Final Maturity Date of the Notes.

Kind regards,

Signed by: \_\_\_\_\_

[name and signatures of Class A Series [●] Noteholder]

## TERMS AND CONDITIONS OF THE CLASS B NOTES

The terms and conditions of the Class B Notes (the "**Conditions**") are set out below. Annex A to the Conditions sets out the "**TRUST AGREEMENT**", Annex B to the Conditions sets out the "**INCORPORATED TERMS MEMORANDUM**". In case of any overlap or inconsistency in the definition of a term or expression in the Conditions and elsewhere in this Base Prospectus, the definition contained in the Conditions will prevail. For Annex A referred to under the Conditions of the Class B Notes see "**TRUST AGREEMENT**". For Annex B referred to under the Conditions of the Class B Notes see "**INCORPORATED TERMS MEMORANDUM**".

### 1. Form and Nominal Amount of the Notes

- (a) The issue by Driver UK Master S.A., acting for and on behalf of its Compartment 4 (the "**Issuer**") in an aggregate nominal amount of up to GBP 2,000,000,000 (the "**Nominal Amount**") is divided into certain Class B Notes payable to the registered holder (the "**Class B Notes**"), each having a nominal amount of at least GBP 100,000 and certain Class A Notes.
- (b) The Class B Notes are issued in registered form and represented by a global registered note without coupons attached (the "**Global Note**"). The Global Note representing the Class B Notes shall be deposited with a Common Depository for Clearstream Luxembourg and Euroclear and thereafter, the Global Note will be held in book-entry form only. The Global Note representing the Class B Notes will bear the personal signatures of two duly authorised directors of Driver UK Master S.A., acting for and on behalf of its Compartment 4 and will be authenticated by one or more employees or attorneys of the Principal Paying Agent.
- (c) The Issuer will cause to be kept at the specified office of the Registrar a register (the "**Register**") on which will be entered the names and addresses of the Noteholders (as defined below) and the particulars of such Class B Notes held by them and all transfers and payments (of interest and principal) of such Class B Notes. The rights of the Noteholders (as defined below) evidenced by the Global Note and title to the Class B Notes itself pass by assignment and registration in the Register. The Global Note representing the Class B Notes will be issued in the name of a nominee of the Common Depository for Clearstream Luxembourg and Euroclear (the "**Registered Holder**"). The Registered Holder will be registered as Noteholder in the Register.
- (d) Notwithstanding paragraph (c) of this Condition 1, each person (other than Euroclear or Clearstream Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream Luxembourg, as the holder of a particular nominal amount of such Class B Notes (in which regard any certificate or other document issued by Euroclear or Clearstream Luxembourg, as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any paying agent as the holder of such nominal amount of the Class B Notes for all purposes (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly).
- (e) Notwithstanding paragraph (c) of this Condition 1, the interests in the Class B Notes represented by the Global Note are transferable only according to applicable rules and regulations of Clearstream Luxembourg, and Euroclear, as the case may be. The Global Note will not be exchangeable for definitive Class B Notes.
- (f) Simultaneously with the Class B Notes the Issuer has issued Class A Notes (the "**Class A Notes**" and together with the Class B Notes, the "**Notes**"). The Class A Notes rank senior to the Class B Notes with respect to payment of interest and principal as described in the Order of Priority. The Issuer borrowed from the Subordinated Lender the Subordinated Loan on 25 June 2018 and further may borrow Subordinated Loan Increase Amounts on each Additional Borrowing Date. The Subordinated Loan ranks junior to the Notes with respect to payment of interest and principal as described in the Order of Priority.
- (g) The Notes are subject to the provisions of the Trust Agreement between, inter alia, the Issuer, the Security Trustee and Volkswagen Financial Services (UK) Limited. The

provisions of the Trust Agreement are set out in Annex A. Annex A constitutes part of these Conditions.

## 2. Series

### (a) Series of Class B Notes:

On a given Issue Date falling within the Revolving Period, all Class B Notes issued on that date will constitute one or several Series of Class B Notes, which shall be identified by means of:

- (i) a four digit number representing the year on which the Series was issued, in the following format: Series "20xx", followed by:
- (ii) the number of such Series in respect of the relevant year, in the following format "y",
- (iii) in the following format: Series 20xx-y.

### (b) General principles relating to the Series of Class B Notes:

The Class B Notes of different Series shall not be fungible among themselves. All Class B Notes issued within the same Series shall be fungible among themselves in accordance with and subject to the following provisions:

- (i) the Series 20xx-y Class B Notes of the same Series shall all bear the same interest rate in accordance with the provisions of Condition 8;
- (ii) the interest rate payable under the Series 20xx-y Class B Notes of a given Series shall be paid on the same Payment Dates; and
- (iii) the Series 20xx-y Class B Notes in respect of a given Series shall have the same Scheduled Repayment Date and the same Series 20xx-y Final Maturity Date as set out in Condition 9.

## 3. Status and Ranking

- (a) The Class B Notes of any Series constitute direct, secured, unconditional and unsubordinated obligations of the Issuer. The Class B Notes rank *pari passu* among themselves, but rank junior to the Class A Notes. The Class B Notes rank senior to the Subordinated Loan.
- (b) The claims of the holders of the Class B Notes under the Class B Notes are ranked against the claims of all other creditors of the Issuer in accordance with the Order of Priority, unless mandatory provisions of law provide otherwise.

## 4. The Issuer

The Issuer whose Articles of Incorporation are subject to the Luxembourg Securitisation Law is a company incorporated with limited liability under the laws of Luxembourg and which has been founded solely for the purpose of acquiring the Receivables and issuing the Notes and raising the Subordinated Loan and concluding and executing various agreements in connection therewith.

## 5. Assets of the Issuer for the Purpose of Payments on the Notes and on the Subordinated Loan, Provision of Security, Limited Payment Obligation

- (a) The Issuer will use the proceeds of the Issue of the Notes and of the Subordinated Loan to finance the acquisition of the Receivables from the Seller and to acquire Additional Receivables from VWFS during the Revolving Period. The servicing and collection of the Receivables shall initially be carried out on the basis of the Servicing Agreement by VWFS (in this capacity, the "Servicer"). In addition, subject to revocation by the Security Trustee,

the Issuer is authorised to collect, to have collected, to realise and to have realised in the ordinary course of its business or otherwise to use the rights and assets assigned for security purposes as necessary. Furthermore, the Issuer has entered into additional agreements in connection with the acquisition of the Receivables and the issue of the Notes and the raising of the Subordinated Loan, in particular, the Subordinated Loan Agreement with VWFS, a Corporate Services Agreement with the Corporate Services Provider, the Data Protection Trust Agreement with Wilmington Trust SP Services (Frankfurt) GmbH and the Security Trustee, the Swap Agreements with the Swap Counterparty, the Trust Agreement with the Security Trustee, the Agency Agreement with VWFS and the Principal Paying Agent, the Account Agreement with the Account Bank and the Redelivery Repurchase Agreement with VWFS. The Receivables Purchase Agreement, the Servicing Agreement, the Corporate Services Agreement, the Subordinated Loan Agreement, the Agency Agreement, the Account Agreement and the Redelivery Repurchase Agreement, are (amongst others) collectively referred to as the "**Transaction Documents**" and the creditors of the Issuer under these Transaction Documents are referred to as "**Transaction Creditors**".

- (b) In accordance with the Deed of Charge and Assignment, the Issuer with full title guarantee, has assigned in favour of the Security Trustee by first fixed security, all of its present and future right, title and interest to, in and under the English Purchased Receivables. The Issuer also executed and delivered to the Security Trustee Assignations in Security in respect of the Scottish Receivables held in trust under a Scottish Declaration of Trust.
- (c) The Issuer also assigned in favour of the Security Trustee by way of first fixed security the benefit of all its present and future rights, title and interest in and under the Charged Transaction Documents and the other charged contracts and charged by way of first fixed security its interest in each of the Accounts. Further, the Issuer assigned and pledged its rights under the German Transaction Documents to the Security Trustee under the Trust Agreement.
- (d) All payment obligations of the Issuer under the Notes and the Subordinated Loan Agreement constitute solely obligations to distribute amounts out of the Available Distribution Amount as generated, inter alia, by payments to the Issuer by the obligors and by the Swap Counterparty under the Swap Agreements, as available on the respective Payment Dates according to the Order of Priority of distribution. None of the Notes of any Series shall give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly. The Issuer shall hold all moneys paid to it pursuant to clause 19 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement in the Distribution Account. Further, the Issuer has on or around the Initial Issue Date established and thereafter maintains the Cash Collateral Account pursuant to clause 19 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement to provide limited coverage for payments of interest and principal on the Notes and certain other amounts. Furthermore, the Issuer shall exercise all of its rights under the Transaction Documents with the due care of a prudent businessman such that obligations under the Notes may, subject always to the provisions of these Conditions of the Notes as to the Order of Priority, be performed to the fullest extent possible. To the extent that upon the exercise of such rights the funds of the Issuer, including in the Distribution Account and the Cash Collateral Account, any other assets of the Issuer and the proceeds of the enforcement of the Security are insufficient to satisfy in full the claims of all holders of Notes any claims of holders of Notes of the respective Series remaining unpaid shall be extinguished at the Final Maturity Date applicable to the respective Series of Notes and the Issuer shall have no further obligations thereto and, for the avoidance of doubt, neither the holders of the Notes of the respective Series nor the Security Trustee shall have any further claims against the Issuer in respect of such claims remaining unpaid.
- (e) The enforcement of the payment obligations under the Notes, the Subordinated Loan Agreement and the Swap Agreements pursuant to paragraph (c) shall only be effected by the Security Trustee for the benefit of all Noteholders, the Swap Counterparty and the Subordinated Lender. The Security Trustee is required to foreclose on the Receivables and

the other collateral it holds following the occurrence of a Foreclosure Event, on the conditions and in accordance with the terms set forth in the Trust Agreement.

- (f) The other parties to the Transaction Documents shall not be liable for the obligations of the Issuer.
- (g) No shareholder, officer, director, employee or manager of the Issuer or of VWFS or its affiliates shall incur any personal liability as a result of the performance or non-performance by the Issuer of its obligations under the Transaction Documents. Any recourse against such a person is excluded accordingly.
- (h) The recourse of the Transaction Creditors is limited to the assets allocated to Compartment 4 of Driver UK Master S.A.

#### **6. Further Covenants of the Issuer**

- (a) As long as any of the Notes and/or the Subordinated Loan remains outstanding, the Issuer is not entitled, without the prior consent of the Security Trustee, to perform any activities described in clause 37 (*Actions of the Issuer Requiring Consent*) of the Trust Agreement.
- (b) The counterparties of the Transaction Documents are not liable for covenants of the Issuer.

#### **7. Payment Date, Payment Related Information**

The Issuer shall inform the holders of the Class B Notes, not later than on the Investor Report Performance Date by means of the publication provided for under Condition 12 with reference to the Payment Date (as described below) of such month, as follows:

- (a) the repayment of the nominal amount payable on each Series of the Class B Notes (if any) and the amount of interest calculated and payable on each Series of Class B Notes on the immediately succeeding Payment Date;
- (b) the nominal amount remaining outstanding on each Series of Class B Notes on each respective Payment Date and the amount of interest remaining unpaid, if any, on the Class B Notes of each Series as from such Payment Date;
- (c) the Notes Factor for each Series of Class B Notes;
- (d) the remaining General Cash Collateral Amount;
- (e) in the event of the final Payment Date with respect to a Series of Class B Notes, the fact that this is the last Payment Date;
- (f) The Issuer shall make available for inspection by the holders of the Class B Notes, in its offices at 22-24 Boulevard Royal, L-2449 Luxembourg or at such other address as the Issuer may notify to the Noteholders from time to time pursuant to Condition 12 and during normal business hours, the documents from which the figures reported to the holders of the Class B Notes are calculated; and
- (g) For the avoidance of doubt, the record date shall be the Business Day, by the close of business, prior to the relevant Payment Date.

#### **8. Payments of Interest**

- (a) Subject to the limitations set forth in Condition 5(d), each outstanding principal amount in respect of the Class B Notes shall bear interest from (and including) 25 February 2022 (the "**Closing Date**") until (and including) the day preceding the day on which the principal amount has been reduced to zero.
- (b) Interest shall be paid in arrear on each Payment Date. The amount of interest payable in respect of each Class B Note on any Payment Date shall be calculated by applying the Class B Notes Interest Rate for the relevant Interest Accrual Period to the principal amount



outstanding immediately prior to the relevant Payment Date and multiplying the result by the actual number of days in the relevant Interest Accrual Period divided by 365 and rounding the result to the nearest full penny, all as determined by Citibank N.A., London Branch (the "**Interest Determination Agent**").

- (c) The interest rate to be used for calculating the amount of interest payable pursuant to paragraph (b) shall be the sum (subject to a floor of zero) of Compounded Daily SONIA plus the relevant margin as set out in the relevant Final Terms (the "**Margin**") per annum provided that if Compounded Daily SONIA plus the Margin for the Class B Notes is less than zero, the Class B Notes Interest Rate will be deemed to be zero (the "**Class B Notes Interest Rate**").

The Interest Determination Agent will as soon as practicable on each Interest Determination Date determine Compounded Daily SONIA for the related Interest Period.:

- (d) If, in respect of any Business Day in the relevant Observation Period, the Interest Determination Agent determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.
- (e) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how SONIA is to be determined or (ii) any rate that is to replace SONIA, the Servicer in conjunction with the Issuer (and in consultation with the Class A and B Noteholders) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA, for so long as SONIA is not available or has not been published by the authorised distributors.
- (f) In the event that Compounded Daily SONIA cannot be determined in accordance with the foregoing provisions by the Interest Determination Agent, Compounded Daily SONIA shall be (i) that determined as at the last preceding Interest Determination Date or (ii) if there is no such preceding Interest Determination Date, the initial Compounded Daily SONIA which would have been applicable to the Class B Notes for the first Interest Period had the Class B Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the first Payment Date.
- (g) On the occurrence of the events described in Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*) (the "**Relevant Time**"), the Issuer (acting on the advice of the Servicer) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Benchmark Rate in accordance with Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*) (the "**Relevant Condition**"). For the avoidance of doubt, if an Alternative Benchmark Rate proposed by or on behalf of the Issuer (including any Alternative Benchmark Rate which was proposed prior to the Relevant Time pursuant to the Relevant Condition) has failed to be implemented in accordance with the Relevant Condition as a result of Noteholder objections to the modification, the Issuer shall not be obliged to propose an Alternative Benchmark Rate under this Condition 8.
- (h) In these Conditions (except where otherwise defined), the expression:

"**London Banking Day**" means any day upon which banks are open for general banking business in London (excluding for the avoidance of doubt any bank holidays or a Saturday or a Sunday).

"**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Interest Determination Agent as at the

Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"d" is the number of calendar days in the relevant Interest Period;

"d<sub>0</sub>" is the number of London Banking Days in the relevant Interest Period;

"i" is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

"LBD" means a London Banking Day;

"n<sub>i</sub>", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day; and

"p" means, for any Interest Period, 5 London Banking Days; and

"SONIA<sub>i-pLBD</sub>" means, in respect of any London Banking Day falling in the relevant Interest Period, SONIA for the London Banking Day falling "p" London Banking Days prior to that London Banking Day "i".

- (i) Accrued Interest not paid on the Class B Notes on the Payment Date related to the Interest Period in which it accrued, will be an **"Interest Shortfall"** with respect to the Class B Notes will be carried over to the next Payment Date.

## 9. Payment Obligations, Agents

- (a) On each Payment Date, the Issuer shall, subject to Condition 5(d), pay to each holder of a Class B Note interest at the Class B Notes Interest Rate on the Series Nominal Amount outstanding immediately prior to the relevant Payment Date, and on each Payment Date the Class B Note qualifies as an Amortising Series of Class B Notes, the Class B Amortisation Amount applicable to such Series of Class B Notes in accordance with the Order of Priority.
- (b) Sums which are to be paid to holders of a Class B Note shall be rounded down to the next lowest cent amount for each of the Class B Notes. The amount of such rounding down to the next pence amount shall be used in the next following Payment Date and the surplus carried over to the following Payment Date. The Servicer shall be entitled to retain any amount less than GBP 500 remaining on the Final Maturity Date (as defined below).
- (c) Payments of principal and interest, if any, on the Class B Notes shall be made by the Principal Paying Agent on the Issuer's behalf for further payment to Clearstream, Luxembourg and Euroclear or to their order for credit to the relevant account holders of Euroclear and Clearstream, Luxembourg. All payments in respect of any Class B Note made by, or on behalf of, the Issuer to, or to their order of Euroclear or Clearstream, Luxembourg shall discharge the liability of the Issuer under such Class B Note to the extent of sums so paid.
- (d) The first Payment Date for the Class B Notes shall be specified in the relevant Final Terms. The date as at which the final payment of the then outstanding principal amount plus interest thereon is expected to take place shall also be specified in the relevant Final Terms (as so specified, the **"Scheduled Repayment Date"**).

- (e) Subject to the occurrence of an Enforcement Event, all payments of interest on and principal of the Class B Notes will be due and payable at the latest in full on the Final Maturity Date of the relevant Series of Class B Notes as set out in the relevant Final Terms (each a "**Final Maturity Date**").
- (f) Provided that the Noteholders have received a notice from the Issuer in accordance with Condition 12 substantially in the form set out in Schedule 1 to these Conditions no later than one month prior to the then current revolving period expiration date applicable to the relevant Series of Notes held by such Noteholder (as specified in the relevant Final Terms or as previously extended, the "**Series Revolving Period Expiration Date**"), all of the holders of the relevant Series of Class B Notes, acting together, shall have the right (but not the obligation) exercisable by written notice to the Principal Paying Agent, the Registrar, the Security Trustee and the Issuer (in the form of Schedule 2) to these Conditions to be received not later than on the tenth Business Day immediately preceding the then current Series Revolving Period Expiration Date to request:
  - (i) the extension of the Series Revolving Period Expiration Date for a period specified in the relevant notice;
  - (ii) an amendment to the Margin; and
  - (iii) the extension of the Final Maturity Date for a period to be specified in the relevant notice.
- (g) Any amendments so requested shall become effective only if (A) (i) the Issuer has received confirmation from the Rating Agencies that the rating of the Class B Notes, to the extent rated, will not be affected by such amendments, or (ii) the Rating Agencies have confirmed that the assignment of new ratings are not lower than the rating for the then outstanding Class B Notes, to the extent rated, before the Series Revolving Period Expiration Date was extended, or, as applicable, the Issuer has received a new rating confirmation stating the same rating as the Class B Notes, to the extent rated, prior to the amendments; and (B) by no later than the third Business Day prior to the then current Series Revolving Period Expiration Date, the Issuer has confirmed by notice to the holders of the Class B Notes, to the extent rated, in the form prescribed by Condition 12 that it has received such confirmation and that it agrees to the requested amendments; and (C) that the Issuer had arranged sufficient interest hedging for the amended Series Revolving Period Expiration Date.
- (h) The Issuer shall procure that the amendments that have become effective in accordance with these provisions will be notified to the Principal Paying Agent for further communication to the Common Depositary for Euroclear and Clearstream, Luxembourg immediately after the notice of the Issuer to the holders of the relevant Series of Class B Notes specified in (B) of the preceding Condition 9(g) has been given.
- (i) Payments of interest and principal shall be made by the Issuer to the Principal Paying Agent for on-payment to Clearstream Luxembourg and/or Euroclear or to their order for credit to the accounts of the relevant account holders of Clearstream Luxembourg or, as applicable Euroclear. Payment by the Issuer to the Principal Paying Agent may also include payment to a substitute or alternative paying agent duly appointed pursuant to Condition 9(j) without having to execute an affidavit or fulfil any formalities other than the compliance with tax, currency exchange or other regulations of the country where the payment takes place. The Issuer is entitled to transfer paid-in amounts to the Account Bank prior to the Payment Date and leave with the Account Bank any amounts not claimed by the Noteholders upon maturity.
- (j) In their capacity as such, the Principal Paying Agent and the Interest Determination Agent, respectively, shall act solely as agents of the Issuer and shall not maintain an agency or trust relationship with the holders of the Class B Notes. The Issuer may appoint a new principal paying agent and/or an interest determination agent, or if there are grounds to do so, appoint an alternative principal paying agent and/or an alternative interest determination agent and revoke the appointment of the Principal Paying Agent and/or the Interest

Determination Agent. Appointments and revocations thereof shall be notified to the holders of the Class B Notes pursuant to Condition 12. The Issuer will ensure that during the term of the Class B Notes and as long as the Class B Notes are listed on the Luxembourg Stock Exchange a paying agent and an interest determination agent will be appointed at all times.

#### 10. Taxes

Payments shall only be made after the deduction and withholding of current or future taxes, levies or government charges, regardless of their nature, which are imposed, raised or collected ("**taxes**") on the basis of the applicable laws of, or for the account of, an authority or government agency authorised to levy taxes or of any country which claims fiscal jurisdiction, to the extent that such a collection is prescribed by applicable law (or pursuant to FATCA). The Issuer shall render an account of the deducted or withheld taxes accruing to the competent government agencies and shall, upon a Noteholder's request, provide proof thereof. It is not obliged to pay any additional amounts as a result of the deduction or withholding.

#### 11. Replacement of Issuer

- (a) The Issuer is at any time entitled to appoint another company (the "**New Issuer**") in place of the Issuer as debtor for all obligations arising from and in connection with the Class B Notes insofar as (i) the New Issuer assumes all rights and duties of the Issuer under or pursuant to the Notes, the Subordinated Loan, the Receivables Purchase Agreement, the Scottish Declaration of Trust, the Trust Agreement, the Account Agreement, the Deed of Charge and Assignment, any Assignment in Security, the Servicing Agreement, the Corporate Services Agreement, the Data Protection Trust Agreement, the Swap Agreements and the Agency Agreement and any other Transaction Document by means of an agreement with the Issuer; provided (ii) the Security is, upon the Issuer's replacement, to be held by the Security Trustee for the purpose of securing the obligations of the New Issuer vis-à-vis the Transaction Creditors, (iii) the holders of the Notes and the Subordinated Lender of the Subordinated Loan confirm that no further expenses or legal disadvantages of any kind arise for any of them from such an assumption of debt and this fact has been established in legal opinions which can be examined at the premises of the Principal Paying Agent, (iv) the New Issuer provides proof that it has obtained all of the necessary governmental approvals, licenses and consents in the country in which it has its corporate seat and that it may fulfil all of the duties arising out of or in connection with the Trust Agreement without discrimination against the holders of the Notes or the Subordinated Lender as a whole, (v) the Issuer and the New Issuer conclude such agreements and execute such documents which the Security Trustee considers necessary for the effectiveness of the replacement. The Issuer will notify the Rating Agencies on the replacement of the Issuer. The replacement shall only become effective if the Issuer has received confirmation from the Rating Agencies that the rating of the Class B Notes, to the extent rated, will not be affected by such amendments, or the Rating Agencies have confirmed that the assignment of new ratings are not lower than the rating for the then outstanding Class B Notes, to the extent rated, before the replacement, or, as applicable, the Issuer has received a new rating confirmation stating the same rating for the Class B Notes, to the extent rated, prior to the replacement. Upon fulfilment of the aforementioned conditions the New Issuer shall in every respect replace the Issuer, and the Issuer shall be released from all obligations relating to the function of an issuer vis-à-vis the holders of the Class B Notes under or in connection with the Class B Notes and the Subordinated Lender under or in connection with the Subordinated Loan.
- (b) Such replacement of the Issuer must be published in accordance with Condition 12.
- (c) In the event of such replacement of the Issuer, each reference to the Issuer in these Conditions of the Notes shall be deemed to be a reference to the New Issuer.

#### 12. Notices

Notices to the Noteholders will be validly given if transmitted individually to the address set out in the Register for such Noteholder.

As long as the Global Note is registered in the Name of the Registered Holder notices to Noteholders may be validly given if transmitted to Euroclear and Clearstream Luxembourg for further communication to the persons shown as holders of the Notes in their records. Any notice so given shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream Luxembourg.

In addition, as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require, all notices to the Noteholders regarding the Notes shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice referred to above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Should an official listing be absent, then such notices shall be published in the German Federal Gazette (Bundesanzeiger).

Additionally, investor reports with the information set forth in Condition 6 will be made available to the Noteholders via the website of Volkswagen Financial Services AG (<https://www.vwfs.com/investor-relations/volkswagen-financial-services-ag/refinancing.html#>). The Base Prospectus relating to the Conditions will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### **13. Miscellaneous**

- (a) The form and content of the Class B Notes and all of the rights and obligations of the holders of the Class B Notes, the Issuer, the Principal Paying Agent and the Servicer under these Class B Notes shall be subject in all respects to the laws of Germany.
- (b) Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force.
- (c) The place of performance and venue is Frankfurt am Main. The German courts have jurisdiction for the annulment of the Global Note in the event of loss or destruction.
- (d) For any legal proceedings brought in connection with these Conditions of the Class B Notes which have been initiated against the Issuer in a court of Germany, the Issuer grants Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Federal Republic of Germany the authority to accept service of process. The Issuer is entitled to revoke such authority concurrently with or following the appointment of an alternative Person with a business address in the Federal Republic of Germany as agent of the Issuer to accept service of process and notice thereof to the Noteholders in accordance with Condition 12. The Issuer undertakes to maintain an agent for accepting such service in the Federal Republic of Germany as long as any of the Notes are outstanding.

#### 14. Amendments to the Conditions and Benchmark Rate Modification

- (a) Save for purposes of complying with the EU Securitisation Regulation and the UK Securitisation Regulation in accordance with Condition 14(b) or in respect of a Benchmark Rate Modification undertaken in accordance with Condition 14(c) below, the Conditions of any Series of Class B Notes may only be modified through contractual agreement to be concluded between the Issuer and all Noteholders of each Series of Class B Notes as provided for in Sec. 4 of the German Debenture Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz - SchVG)*) with a prior notification to the Rating Agencies (to the extent such Series of Class B Notes is rated) or by a Noteholder's resolution adopted with unanimous consent of the Noteholders of such Series of Class B Notes pursuant to Sections 5 to 22 of the aforementioned act.
- (b) Subject to giving ten (10) Business Days prior notice to the Noteholders and the Rating Agencies (to the extent such Series of Class B Notes is rated), by publishing such notice with the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), the Issuer will be entitled to amend any term or provision of the Conditions with the consent of the Security Trustee, but without the consent of any Noteholder, any Swap Counterparty, the Subordinated Lender, the Arranger, the Manager or any other Person if it is advised by a reputable international law firm that such amendments are required for the Programme to comply with the EU Securitisation Regulation or the UK Securitisation Regulation, as applicable, or any regulatory and/or implementing technical standards adopted under the EU Securitisation Regulation or any directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom under the UK Securitisation Regulation. Insofar as such amendments relate to the originator or Seller, any amendments in order to comply with the EU Securitisation Regulation shall not result in any non-compliance with the UK Securitisation Regulation and insofar as such amendments relate to the Issuer, any amendments in order to comply with the UK securitisation regulation shall not result in any non-compliance with the EU Securitisation Regulation.
- (c) The Servicer, on behalf of the Issuer, has the right to amend these Conditions and any Transaction Document for the purpose of changing the benchmark rate in respect of the Notes from Compounded Daily SONIA to an alternative benchmark rate (any such rate, an "**Alternative Benchmark Rate**") (which rate shall apply for the purposes of determining the floating amount payable by the floating rate payer in respect of the Swap Agreements without a requirement for the consent of the relevant Swap Counterparty to such change in the benchmark rate) and making such other related or consequential amendments to the Transaction Documents as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the changes envisaged pursuant to this Condition 14 (a "**Benchmark Rate Modification**"), provided that in relation to any amendment under this Condition 14 the Servicer, on behalf of the Issuer, certifies to the Security Trustee in writing, including by e-mail, (such certificate, a "**Benchmark Rate Modification Certificate**") that:
  - (i) the Issuer has provided at least 30 days' notice to the Noteholders of each Series of Class B Notes of the proposed modification in accordance with Condition 12 (Notices), and the Noteholders representing at least 10 per cent. of the aggregate outstanding principal amount of the Class B Notes then outstanding have not contacted the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Security Trustee that such Noteholders do not consent to the modification;
  - (ii) the Issuer has provided the Transaction Creditors (including the Swap Counterparties) with at least 30 days' notice of the proposed modifications:
    - (1) to the Alternative Benchmark Rate which shall apply in respect of the Conditions and the Swap Agreements for the purposes of determining the floating amount payable by the floating rate payer in respect of the Swap

Agreements without a requirement for the consent of the relevant Swap Counterparty to such change in the benchmark rate; and

- (2) to such other related or consequential amendments to the Transaction Documents (including, if applicable, the Swap Agreements) as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the Benchmark Rate Modification and the Issuer has obtained the consent of any other Transaction Creditors which are not Noteholders in accordance with the provisions of the Incorporated Terms Memorandum;
- (iii) the Seller pays all fees, costs and expenses incurred by the Issuer and the Security Trustee in connection with such Benchmark Rate Modification;
- (iv) such Benchmark Rate Modification is being undertaken by the Servicer, on behalf of the Issuer, due to:
  - (1) a material disruption to SONIA, a material adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published or the administrator of SONIA having used a fallback methodology for calculating SONIA for a period of at least 30 calendar days;
  - (2) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
  - (3) a public statement or the publication of information by or on behalf of the SONIA administrator announcing that it has ceased or will cease to provide SONIA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide SONIA with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
  - (4) a public statement or publication of information by the regulatory supervisor of the SONIA Administrator, the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority, an insolvency official with jurisdiction over the SONIA Administrator, or a court or entity with similar insolvency or resolution authority over the Administrator for SONIA, which states that the SONIA Administrator has ceased or will cease to provide SONIA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide SONIA with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
  - (5) a public statement or publication of information by the regulatory supervisor of the SONIA Administrator, the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority that means SONIA may no longer be used or that its use is or will be subject to restrictions or adverse consequences from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
  - (6) a change in generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a benchmark rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Rates, despite the continued existence of SONIA;

- (7) it becomes unlawful for the Paying Agent, the Issuer or the Interest Determination Agent to calculate any payments to be made to any Noteholder using SONIA;
  - (8) the reasonable expectation of the Servicer that any of the events specified in sub-paragraphs (1), (2) or (7) above will occur or exist within six months of the proposed effective date of such Benchmark Rate Modification;
  - (9) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest in the publicly listed asset backed floating rate notes market;
  - (10) a Benchmark Rate Modification is being proposed pursuant to Condition 14(h), and
- (v) such Alternative Benchmark Rate is:
- (1) a benchmark rate published, endorsed, approved or recognised by the Bank of England, the Financial Conduct Authority or Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates (which, for the avoidance of doubt, may be an alternative benchmark rate together with a specified adjustment factor which may increase or decrease the relevant Alternative Benchmark Rate);
  - (2) a benchmark rate utilised in a material number of publicly-listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Benchmark Rate Modification;
  - (3) a benchmark rate utilised in a publicly-listed new issue of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is an Affiliate of VWFS; or
  - (4) such other benchmark rate as the Servicer reasonably determines provided that this option may only be used if the Servicer certifies to the Security Trustee that, in the reasonable opinion of the Servicer, conditions (b)(v)(1) to (3) are not applicable and/or practicable in the context of the Transaction, and sets out the rationale in the Benchmark Rate Modification Certificate for choosing the Alternative Benchmark Rate;
- (d) The Servicer on the Issuer's behalf, shall (i) provide the Security Trustee with an initial draft of the Benchmark Rate Modification Certificate at least 30 calendar days prior to the date on which it is proposed that the Benchmark Rate Modification would take effect and (ii) provide the Security Trustee with a signed copy of the final Benchmark Rate Modification Certificate on the date on which the Benchmark Rate Modification shall take effect (the "**Benchmark Rate Modification Effective Date**").
- (e) The Servicer, on behalf of the Issuer, shall provide at least 30 days' notice to the Noteholders of each Series of Class B Notes of the proposed modification in accordance with Condition 12 (Notices) (the "**Benchmark Rate Modification Noteholder Notice**"). The Benchmark Rate Modification Noteholder Notice shall include the following:
- (i) details of how the Noteholders representing at least 10 per cent. of the Note Principal Amount Outstanding of the Class B Notes then outstanding may object to the proposed Benchmark Rate Modification;
  - (ii) confirmation of the sub-paragraph(s) of Condition 14(b)(iv) under which the Benchmark Rate Modification is being proposed;



- (iii) confirmation of the Alternative Benchmark Rate and where Condition 14(b)(v)(4) is being applied, the rationale for choosing the proposed Alternative Benchmark Rate;
- (iv) details of any consequential modifications that the Issuer has agreed will be made to the Swap Agreements to which it is a party (if any) for the purpose of aligning the Swap Agreements with the proposed Benchmark Rate Modification, if the proposed Benchmark Rate Modification takes effect;
- (v) confirmation that either:
  - (1) the Servicer, on behalf of the Issuer, has obtained from each of the Rating Agencies written confirmation (or certifies in the Benchmark Rate Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that the proposed Benchmark Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class B Notes, to the extent rated, by any Rating Agency and (y) would not result in any Rating Agency placing any Class B Notes, to the extent rated, on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Security Trustee with the Benchmark Rate Modification Certificate; or
  - (2) the Servicer on behalf of the Issuer certifies to the Security Trustee in the Benchmark Rate Modification Certificate that the Rating Agencies have been informed of the proposed modification and neither of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class B Notes, to the extent rated, by such Rating Agency or (y) such Rating Agency placing any Class B Notes, to the extent rated, on rating watch negative (or equivalent).
- (f) If the Noteholders representing at least 10 per cent. of the Note Principal Amount Outstanding of the Class B Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within the notification period referred to above that such Noteholders do not consent to the Benchmark Rate Modification, then such Benchmark Rate Modification will not be made in respect of each Series of Class B Notes unless Noteholders of such Series of Class B Notes unanimously consent in favour of the Benchmark Rate Modification, in accordance with Part B of the German Debenture Act.
- (g) Other than where specifically provided in this Condition 14 or any Transaction Document, when implementing any modification pursuant to this Condition 14, the Security Trustee shall not consider the interests of the Noteholders, any other Transaction Creditors or any other person and shall act and rely solely and without further investigation, on any Benchmark Rate Modification Certificate or evidence provided to it by the Servicer on behalf of the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 14 and shall not be liable to the Noteholders of the Class B Notes, any other Transaction Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.
- (h) Any Benchmark Rate Modification shall be binding on all the Noteholders of the Class B Notes and shall be notified by the Servicer, on behalf of the Issuer, at least 10 Business Days prior to the Benchmark Rate Modification Effective Date to:
  - (i) so long as any of the Class B Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
  - (ii) the Transaction Creditors (including, for the avoidance of doubt, the Swap Counterparties); and

- (iii) the Noteholders of the Class B Notes in accordance with Condition 12 (Notices).
- (i) Following the making of a Benchmark Rate Modification, if it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from the Alternative Benchmark Rate which had already been adopted by the Issuer in respect of the Class B Notes pursuant to a Benchmark Rate Modification, the Issuer is entitled to propose a further Benchmark Rate Modification pursuant to this Condition 14.

**SCHEDULE 1**

**FORM OF NOTICE TO BE DELIVERED BY THE ISSUER TO THE HOLDERS OF THE CLASS B NOTES  
IN ACCORDANCE WITH CONDITION 9(F)**

**Notice to the registered holders of the Class B Notes, issued by Driver UK Master S.A. acting for and  
on behalf of its Compartment 4**

**(the "Class B Notes")**

to be given one month prior to the Series Revolving Period Expiration Date

Terms not defined herein shall have the meaning given to them in the Conditions of the Class B Notes.

Notice is hereby given to the holders of the Class B Notes that they shall have the right exercisable by written notice sent to each of the Principal Paying Agent, the Security Trustee, the Registrar and the Issuer to be received not later than on the tenth Business Day immediately preceding the current Series Revolving Period Expiration Date, to request:

- (i) an extension of the Series Revolving Period Expiration Date for a period to be specified in the relevant notice;
- (ii) an amendment to the Margin; and
- (iii) an extension of the Final Maturity Date for a period to be specified in the relevant notice.

Luxembourg, [date]

Signed by: \_\_\_\_\_

**Driver UK Master S.A. acting for and on behalf of its Compartment 4**

**SCHEDULE 2**

**FORM OF NOTICE TO BE DELIVERED BY THE HOLDERS OF EACH SERIES OF CLASS B NOTES TO THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE SECURITY TRUSTEE AND THE ISSUER IN ACCORDANCE WITH CONDITION 9(F)**

From:

*[Name, address, phone number and fax number of relevant Noteholder]*

To:

*[Issuer]*

*[Principal Paying Agent] [Registrar] [Security Trustee] [Rating Agencies]*

**GBP Class B Series [●] Notes, issued by Driver UK Master S.A.,  
acting for and on behalf of its Compartment 4**

(the "Notes")

Dear Sirs,

Terms not defined in herein shall have the meaning given to them in the Conditions of the Class B Notes.

Reference is made to Condition 9(f) of the terms and conditions of the above mentioned Class B Notes and the notice published on [date].

We hereby request:

- (i) an extension of the Series Revolving Period Expiration Date for a period of [12 (twelve) months] so that the extended Series Revolving Period Expiration Date shall be *[to be inserted]*;
- (ii) *[to be inserted]* as amended Margin with effect from (and including) the Payment Date falling in *[to be inserted]*; and
- (iii) an extension of the Final Maturity Date for a period equal to the period specified under (i) above so that the extended Final Maturity Date shall be *[to be inserted]*.

We hereby represent and warrant that:

- (i) as of the date of this notice, we hold *[to be inserted]* per cent of the Notes outstanding on the date of this notice; and
- (ii) after the date of this notice, we will not sell or transfer or otherwise dispose of any of the Class B Notes prior to the 25th Business Day after the date of this notice.

We hereby acknowledge that the amendments requested above shall become effective only if: (A) the Issuer has received confirmation from the Rating Agencies that the rating of the Class B Notes, to the extent rated, will not be affected by such amendments, (B) by no later than the third Business Day prior to the then current Series Revolving Period Expiration Date, the Issuer has confirmed by notice to us (as holders of the Class B Notes) in the form prescribed in Condition 12 that it has received such reaffirmation and that it agrees to the requested amendments and (C) the Notes have the benefit of an interest rate swap with an Eligible Swap Counterparty under which interest payments due under the relevant Series of Notes are hedged to the extended Final Maturity Date of the Notes.

Kind regards,

Signed by: \_\_\_\_\_

*[name and signatures of Class B Series [●] Noteholder]*

## FORM OF FINAL TERMS

### Final Terms

[Date]

#### DRIVER UK MASTER S.A.

acting for and on behalf of its Compartment 4

(incorporated with limited liability in Luxembourg with R. C.S. registration number B 162723)  
as Issuer

for the issuance of the

#### GBP [●] [Class A/Class B] Series [●] Notes

[(to be consolidated and form a single Series with the GBP [●] [Class A/Class B] Series [●] Notes already outstanding)]

issued pursuant to the GBP 2,000,000,000 Programme for the Issuance of Notes

These Final Terms are issued to give details of an issue of Notes by Driver UK Master S.A. acting for and on behalf of its Compartment 4 under the GBP 2,000,000,000 Programme for the Issuance of Notes (the "**Programme**"). The Base Prospectus dated 22 February 2022 [and any supplement dated [●] hereto] and the Final Terms have been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Base Prospectus is published on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>).

The Final Terms of the [Class A / Class B] Series [●] Notes have been prepared for the purpose of Article 8 of Regulation (EU) 2017/1129 and must be read in conjunction with the Base Prospectus [and any supplement dated [●] hereto]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Capitalised terms not otherwise defined herein shall have the meaning specified in the Conditions of the [Class A / Class B] Notes. All references in these Final Terms to numbered Conditions are to be read as reference to the respective Conditions of the [Class A / Class B] Notes.

1.	Issue Price:	[●] per cent
2.	[Further] Issue Date (Condition 8(a)):	[●]
3.	[Class A/Class B] Series Number:	[●]
	Tranche Number:	[●]
4.	[Further][Class A/Class B] Series Nominal Amount:	GBP [●]
	[Aggregate nominal amount of [Class A/Class B] Series [●] Notes (including the Notes subject of these Final Terms):]	GBP [●]
5.	[Class A/Class B] Series [●] Notes Interest Rate (Condition 8(c)):	[●]
	Amount on which interest is to be paid on the first Payment Date (Condition 9(a)):	GBP [●]
6.	Margin (Condition 8(c)):	[●] per cent. per annum
	First occurring Payment Date with respect to the [Class A/Class B] Series [●] Notes:	[●]

	Series Revolving Period Expiration Date:	Payment Date falling in [●] (or as extended in accordance with the Condition 9(f))
7.	Scheduled Repayment Date (Condition 9(d)):	Payment Date falling in [●] (or as extended in accordance with the Condition 9(f) as a consequence of the extension of the Series Revolving Period Expiration Date)
8.	Final Maturity Date (Condition 9(e)):	[●] (or as extended in accordance with the Condition 9(f) as a consequence of the extension of the Series Revolving Period Expiration Date)
9.	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes/No]
		[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs registered in the name of a nominee of one of the ICSDs acting as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
10.	Clearing Codes:	
	• ISIN Code	[●]
	• Common Code	[●]
11.	Admission to trading:	Application has been made for the [Class A/Class B] Series [●] Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●]. The total expenses related to the admission to trading will amount to EUR [●].
12.	Net amount of proceeds	[GBP [●] less the total expenses for admission to trading in an amount equal to EUR [●] (as converted into GBP at the contractual exchange rate determined by the Account Bank at the time of payment of such expenses)] [Not Applicable]
13.	Ratings	[●] [Not Applicable]

Driver UK Master S.A., acting for and on behalf of its Compartment 4

[Name & Title of Signatories]

## TRUST AGREEMENT

The following is the text of the material terms of the Trust Agreement between the Issuer acting for and on behalf of its Compartment 4, the Seller, the Servicer, the Note Purchasers, the Security Trustee, the Subordinated Lender, the Corporate Services Provider, the Swap Counterparty, the Principal Paying Agent, the Interest Determination Agent, the Account Bank, the Cash Administrator, the Data Protection Trustee, the Registrar, the Manager and the Arranger. The text is attached to the Conditions as Annex A and constitutes an integral part of the Conditions. In case of any overlap or inconsistency in the definition of a term or expression in the Trust Agreement and elsewhere in this Base Prospectus, the definition contained in the Trust Agreement will prevail.

### 1. DEFINITIONS, INTERPRETATION AND COMMON TERMS

#### 1.1 Definitions

- (a) Unless otherwise defined herein, capitalised terms shall have the respective meanings set forth in clause 1 (*Definitions*) of the incorporated terms memorandum dated 25 June 2018, as amended and restated from time to time and signed by, *inter alios*, the parties hereto (the "**Incorporated Terms Memorandum**"). The terms of the Incorporated Terms Memorandum are hereby expressly incorporated into this Agreement by reference.
- (b) If there is any conflict between the Incorporated Terms Memorandum and this Agreement, this Agreement shall prevail.

#### 1.2 Interpretation

Terms in this Agreement, except where otherwise stated or the context otherwise requires, shall be interpreted in the same way as set forth in clause 2 (*Interpretation*) of the Incorporated Terms Memorandum.

#### 1.3 Incorporation of Common Terms

Except as provided below, the Common Terms apply to this Agreement and shall be binding on the Transaction Parties to this Agreement as if set out in full in this Agreement.

#### 1.4 Common Terms

In the event of any conflict between the provisions of the Common Terms and the provisions of this Agreement, the provisions of this Agreement shall prevail, subject always to compliance with clause 3 (*Limited Recourse, No Lien Or Set-Off, No Petition*) of the Common Terms.

#### 1.5 Governing Law and Jurisdiction

This Agreement and all matters (including non-contractual duties and claims) arising from or connected with it are governed by German law in accordance with clause 7 (*Applicable Law, Place Of Performance, Jurisdiction*) of the Common Terms, which applies to this Agreement as if set out in full in this Agreement.

### 2. DUTIES OF THE SECURITY TRUSTEE

2.1 This Agreement establishes the rights and obligations of the Security Trustee to carry out the tasks assigned to it in this Agreement. Unless otherwise explicitly set forth in this Agreement or in the Deed of Charge and Assignment or in any other Security Document, the Security Trustee shall not be obliged to supervise the discharge of the payment and other obligations of the Issuer arising from the Funding and the Transaction Documents or to carry out duties which are the responsibility of the management of Driver UK Master S.A.

2.2 The Issuer agrees and authorises that the Security Trustee acts as trustee (*Treuhänder*) for the benefit of the Transaction Creditors pursuant to the terms of this Agreement and the Deed of Charge and Assignment or in any other Security Document. The Security Trustee agrees to act accordingly.

**3. POSITION OF THE SECURITY TRUSTEE IN RELATION TO THE TRANSACTION CREDITORS**

- 3.1 The Security Trustee carries out the duties specified in this Agreement as a security trustee for the benefit of the Transaction Creditors. The Security Trustee shall exercise its respective duties hereunder with particular regard to the interests of the Transaction Creditors, giving priority to the interests of each Transaction Creditor in accordance with the Order of Priority, especially to the interests of the Noteholders. If there is a conflict between the interest of the Class A Noteholders and any other Transaction Creditor, the interests of the Class A Noteholders shall prevail.
- 3.2 This Agreement grants all Transaction Creditors the right to demand that the Security Trustee performs its duties under clause 2 (Duties of the Security Trustee) and all its other duties hereunder in accordance with this Agreement, and therefore this Agreement constitutes, in favour of the Transaction Creditors that are not directly parties to this Agreement a contract for the benefit of a third party (*echter Vertrag zugunsten Dritter*) pursuant to section 328 of the German Civil Code (*Bürgerliches Gesetzbuch*). The rights of the Issuer pursuant to clause 4.2 (Position of the Security Trustee in Relation to the Issuer) shall not be affected. For the avoidance of doubt, in case trust arrangements are not regarded as valid in a jurisdiction other than Germany, the relation between the Security Trustee and the Transaction Creditors created hereunder shall be regarded as an agency (*Auftrag*).

**4. POSITION OF THE SECURITY TRUSTEE IN RELATION TO THE ISSUER**

- 4.1 The Issuer hereby grants to the Security Trustee a separate and independent claim (the "Trustee Claim") pursuant to which the Issuer owes the Security Trustee amounts equal to the amounts due at present or at any time hereafter by the Issuer to any of the Transaction Creditors under any of the Transaction Documents as and when the same fall due for payment.
- 4.2 The obligation of the Issuer to make payments to the respective Noteholder and/or Transaction Creditor shall remain unaffected. Any discharge of the Secured Obligations other than the Trustee Claim to the Security Trustee or any other relevant Transaction Creditor shall, to the same extent, discharge the corresponding obligations pursuant to the Trustee Claim and vice versa, provided that any discharge of the Trustee Claim by virtue of any set-off, counterclaim or similar defence invoked against the Security Trustee shall not discharge the Secured Obligations to any other relevant Transaction Creditor. The Trustee Claim in whole or in part may be enforced separately from the relevant Transaction Creditor's claim related thereto.
- 4.3 The obligations of the Security Trustee under this Agreement are owed exclusively to the Transaction Creditors, except for the obligations and declarations of the Security Trustee to the Issuer pursuant to clauses 4.1, 10 (Representations of the Security Trustee) and clauses 37 (Actions of the Issuer Requiring Consent) through 42 (*Condition Precedent*).

**5. ASSIGNMENT FOR SECURITY PURPOSES**

- 5.1 The Issuer hereby assigns to the Security Trustee for security purposes (*Sicherungsabtretung*) all its claims and other rights arising from or in connection with the German Transaction Documents (with the exception of claims and other rights arising from this Agreement, but including the rights to unilaterally alter a legal relationship (*unselbständige Gestaltungsrechte*)) and from all present and future German law contracts the Issuer has entered or may enter into in connection with the Notes, the Subordinated Loan, the Swap Agreements, or the Receivables.

The Security Trustee hereby accepts such assignments.

- 5.2 If an express or implied current account relationship (*Kontokorrent*) exists or is later established between the Issuer and a third party as a matter of German law, the Issuer hereby assigns to the Security Trustee – without prejudice to the generality of the provisions in clause 5.1 - the right to receive a periodic account statement (*Saldenziehung*) and the right to payment of present or future balances (including a final net balance determined upon the institution of any insolvency proceedings according to the Applicable Insolvency Law regarding the estate of the Issuer), as well as the right to terminate the current account relationship and to the determination and payment of the closing net balance upon termination.



6. **PLEDGE**

The Issuer hereby pledges to the Security Trustee all its present and future claims against the Security Trustee arising under this Agreement. The Security Trustee hereby accepts such pledges. The Issuer hereby gives notice to the Security Trustee of such pledge in accordance with Section 1280 of the German Civil Code (*Bürgerliches Gesetzbuch*) and the Security Trustee hereby confirms the receipt of such notice.

7. **SECURITY PURPOSE**

The assignment for security purposes pursuant to clause 5.1 (*Assignment for Security Purposes*) and the pledge pursuant to clause 6 (*Pledge*) serve to secure the Trustee Claim of the Security Trustee. In addition, the assignment pursuant to clause 5.1 (*Assignment for Security Purposes*) is made for the purpose of securing the rights of the Transaction Creditors against the Issuer arising under the Funding and the Transaction Documents.

8. **AUTHORITY TO COLLECT; ASSUMPTION OF OBLIGATIONS**

8.1 The Issuer is authorised to collect, to have collected, to realise and to have realised in the ordinary course of its business or otherwise to use the rights and assets assigned for security purposes pursuant to clause 5.1 (*Assignment for Security Purposes*) and the rights pledged pursuant to clause 6 (*Pledge*) and, pursuant to (i) the terms of the Deed of Charge and Assignment, the Charged Property (as defined in the Deed of Charge and Assignment) and (ii) the terms of any Assignment in Security, the Scottish Trust Property (as defined in such Assignment in Security).

8.2 The authority provided in clause 8.1 is granted only to the extent that all obligations of the Issuer are fulfilled in accordance with the Order of Priority prior to an Enforcement Event. The authority may be revoked by the Security Trustee at any time if this is necessary in the opinion of the Security Trustee to avoid endangering the Security or its value. The authority shall automatically terminate upon the occurrence of an Enforcement Event pursuant to clause 16 (*Foreclosure on the Security; Foreclosure Event; Enforcement Event*).

9. **REPRESENTATION OF THE ISSUER**

9.1 The Issuer represents and warrants to the Security Trustee that:

- (a) the Security has not already been assigned or pledged to a third party; and
- (b) the Issuer has not established any third-party rights on or in connection with the Security.

9.2 The Issuer shall pay damages pursuant to sections 280(1) and 280(3) of the German Civil Code (*Bürgerliches Gesetzbuch*) (*Schadensersatz statt der Leistung*) if the legal existence of the Security transferred for security purposes in accordance with this Agreement and/or the Deed of Charge and Assignment is invalid as a consequence of any action or omission by the Issuer contrary to clause 9.1.

10. **REPRESENTATION OF THE SECURITY TRUSTEE**

The Security Trustee represents and warrants to the Issuer:

- (a) that it is legally competent and in a position to perform the duties assigned to it in this Agreement in accordance with the provisions of this Agreement; and
- (b) it has and will continue to have its centre of main interests (as that term is used in Article 3(1) of the EU Insolvency Regulation) in Germany and has not and will not have an establishment (being a place of operations where a company carries out non-transitory economic activity within human means and goods) as referred to in the EU Insolvency Regulation outside of Germany.

11. **RELEASE OF SECURITY**

11.1 Subject to clause 11.2 below and subject to clause 18.5 (*Release of Security*) of the Deed of Charge and Assignment, as soon as the Issuer has fully performed and discharged all its obligations secured by this Agreement, the Security Trustee shall promptly retransfer or release, as applicable, any Security transferred to it under this Agreement and that it still holds at such time to or to the order of the Issuer.

11.2 Clause 18 (*Release of Security*) of the Deed of Charge and Assignment shall remain unaffected.

12. **ACCEPTANCE, SAFEKEEPING AND REVIEW OF DOCUMENTS; NOTIFICATION OF THE ISSUER**

12.1 The Security Trustee may demand from the Issuer the on-transfer of the documents delivered to the Issuer in connection with the reporting of VWFS pursuant to the Receivables Purchase Agreement and the Servicing Agreement (including any Notice of Sale and lists of Purchased Receivables), and the Security Trustee shall keep such documents for one year after the termination of this Agreement and, at the discretion of the Issuer, thereafter either destroy such documents or deliver the same to the Issuer or to the Seller, in each case subject to mandatory law applicable to the Security Trustee.

12.2 The Security Trustee shall to a reasonable extent check the conformity of the documents provided to it in accordance with the Servicing Agreement without being obliged to recalculate the figures. If this does not reveal any indication of a breach of duties or any risk for the Security, the Security Trustee is not obliged to examine such documents any further. If, on the basis of such checks, the Security Trustee comes to the conclusion that a Transaction Creditor is not properly fulfilling its obligations under a Transaction Document, the Security Trustee shall promptly inform the directors of the Issuer thereof. The right of the Security Trustee to obtain additional information from the Seller shall not be affected hereby.

13. **ACCOUNTS**

13.1 The terms of the Accounts are set out in the Account Agreement. Should any Account Bank cease to have the Account Bank Required Ratings, the Account Bank shall notify the Issuer and the Security Trustee thereof and within thirty calendar days, at its own cost (for the avoidance of doubt, this shall cover the legal fees as separately agreed in a side letter between, amongst others, the Issuer and the Account Bank in accordance with clause 15.2 of the Account Agreement), the Account Bank shall use all endeavours within its control for a period of thirty (30) calendar days to assist the Issuer to, and the Issuer shall: (i) transfer the Accounts held with it to an Eligible Collateral Bank or (ii) (in the case of a rating from S&P only) take any other action in order to maintain the rating of the Class A Notes or the Class B Notes, as applicable and to the extent rated, or to restore the rating of the Class A Notes or the Class B Notes, as applicable and to the extent rated, or such other rating or ratings of the Account Bank as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Class A Notes or the Class B Notes, as applicable and to the extent rated. If within this thirty day period none of the measures set out under clause 13 (*Accounts*) of the Trust Agreement is taken, the Issuer shall terminate the Account Agreement, provided that such termination shall not take effect until the transition of the Issuer's banking arrangements has been completed. The outgoing Account Bank shall, in case of a termination, reimburse (on a pro rata basis) to the Issuer any up-front fees paid by the Issuer for periods after the date on which the substitution of the Account Bank is taking effect. In case of a termination as a result of the short-term or long-term ratings of the Account Bank fall below the Account Bank Required Rating, the outgoing Account Bank shall reimburse the Issuer for the costs (including legal costs and administration costs) or pay any costs incurred for the purpose of appointing a Successor Bank up to an amount of GBP 20,000 (the "**Account Bank Replacement Cost**"). For the avoidance of doubt, such Account Bank Replacement Cost shall cover any and all replacement costs incurred in respect of a replacement of Citibank N.A., London Branch as Account Bank and Cash Administrator.

13.2 Should any Account be terminated either by the Account Bank, or by the Issuer, the Issuer shall promptly inform the Security Trustee of such termination. The Issuer shall, together with the Security Trustee, open an account, on conditions as close as possible to those previously received, with the Successor Bank specified by the Security Trustee, which has at least the Account Bank Required Ratings. The Issuer shall conclude a new Account Agreement with the Successor Bank as

counterparty and with the consent of the Security Trustee. The new Account Agreement shall include a provision, in which the Successor Bank undertakes to promptly notify the other contract parties of any downgrade in its rating.

- 13.3 For the avoidance of doubt, in case any Account is at any time held with a Successor Bank, and the Issuer or the Security Trustee receives a notice pursuant to clause 13.1 with regard to the Successor Bank, then the procedure laid out in clauses 13.1 and 13.2 shall also apply for such Successor Bank.

#### 14. **BREACH OF OBLIGATIONS BY THE ISSUER**

- 14.1 If the Security Trustee in the course of its activities becomes aware that the existence or the value of the Security, in its sole professional judgment, is at risk due to any failure of the Issuer to properly comply with its obligations under this Agreement, the Deed of Charge and Assignment or any Assignment in Security, the Security Trustee shall, subject to the provisions in clause 14.2, deliver a notice to the Issuer in reasonable detail of such failure (with a copy to the Servicer) and, if the Issuer does not remedy such failure within ninety (90) days after the delivery of such notice, the Security Trustee shall at its sole discretion, unless otherwise instructed by all Noteholders (but excluding any Noteholder, which is VW Bank or any of its Affiliates), take or induce all actions which in the opinion of the Security Trustee are necessary or beneficial to avoid such threat. To the extent that the Issuer does not comply with its obligations pursuant to clause 35 (*Undertakings of the Issuer in Respect of the Security*) in respect of the Security and does not remedy such failure within the ninety day period after the notice set forth above, the Security Trustee is in particular authorised and shall exercise all rights arising under the Transaction Documents on behalf of the Issuer.

- 14.2 The Security Trustee shall only intervene in accordance with clause 14.1 if and to the extent that it is assured that it will be indemnified to its satisfaction, at its discretion either by reimbursement of costs or in any other way it deems appropriate, against all costs and expenses resulting from its activities (including fees for retaining counsel, banks, auditors, or other experts as well as the expenses for retaining third parties to perform certain duties) and against all liability, any other obligations and legal proceedings. Clause 33 (*Standard of Care*) shall not be affected hereby.

#### 15. **POWER OF ATTORNEY**

The Issuer hereby grants by way of security power of attorney to the Security Trustee, waiving, to the extent legally possible, the restrictions set forth in section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*), and with the right to grant substitute power of attorney, to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents (except for the rights vis-à-vis the Security Trustee). Such power of attorney is irrevocable. The Security Trustee shall only act under this power of attorney in the context of its rights and obligations pursuant to this Agreement.

#### 16. **FORECLOSURE ON THE SECURITY; FORECLOSURE EVENT; ENFORCEMENT EVENT**

- 16.1 The Security shall be subject to enforcement and/or foreclosure upon the occurrence of an Enforcement Event, provided that the pledge granted under clause 6 (*Pledge*) shall only be subject to enforcement if the requirements set forth in sections 1273 para 2, 1204 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*) with regard to the enforcement of a pledge is met (*Pfandreife*) and further provided that (i) the Security granted under the Deed of Charge and Assignment shall be subject to enforcement in accordance with the provisions set out therein; and (ii) the Security granted under any Assignment in Security shall be subject to enforcement in accordance with Scottish law.
- 16.2 The Security Trustee shall without undue delay upon becoming aware of the occurrence of a Foreclosure Event give notice thereof to the Noteholders, the Rating Agencies and the Subordinated Lender and serve an Enforcement Notice upon the Issuer. The Security Trustee will act upon instruction of the Noteholders in the majority required as set out in the definition "**Enforcement Event**" in order to determine whether such Foreclosure Event shall constitute an Enforcement Event.
- 16.3 After the occurrence of a Foreclosure Event and after the Enforcement Notice has been given, the Security Trustee will, at its reasonable discretion, unless instructed otherwise by (a) all Noteholders or (b) the Noteholders representing 66 2/3 per cent. of all outstanding Notes (whereby Notes owned by VW Bank or its Affiliates will not be taken into account for the determination of the required majority

of 66 2/3 per cent. of the aggregate principal amount then outstanding under the Notes), foreclose or enforce or cause the foreclosure or the enforcement of the Security in accordance with this Agreement and, as relevant, the Deed of Charge and Assignment unless otherwise instructed by (a) all Noteholders, or (b) the Noteholders representing 66 2/3 per cent. of all outstanding Notes (whereby Notes owned by VW Bank or its Affiliates will not be taken into account for the determination of the required majority of 66 2/3 per cent. of the aggregate principal amount then outstanding under the Notes). Unless compelling grounds to the contrary exist, the foreclosure and enforcement shall be performed by collecting payments made into the Distribution Account from the Security. The provisions of the Corporate Services Agreement shall be unaffected by the foreclosure of the Security.

- 16.4 Within fifteen days after the occurrence of an Enforcement Event, the Security Trustee shall give notice to the Noteholders, the Subordinated Lender and the Swap Counterparty, specifying the manner in which it intends to foreclose and enforce on the Security, in particular, whether it intends to sell the assets subject to the Security, and apply the proceeds from such foreclosure and/or enforcement to satisfy the obligations of the Issuer, subject to the relevant Order of Priority in clause 20 (*Order of Priority*). If, within sixty days after such notice has been given, the Security Trustee receives written notice from a Noteholder or Noteholders representing 100 per cent. of the outstanding principal amount of the Notes (whereby the votes of a Noteholder VW Bank and its Affiliates will not be taken into account), objecting to the action proposed in the Security Trustee's notice or directing the Security Trustee to take another measure to enforce the Security, the Security Trustee shall not undertake or shall cease undertaking such action (other than the collection of payments on the Accounts from the Security) or, as applicable, shall take such enforcement measure as directed in such notice. Furthermore, the Security Trustee is obliged to provide the Rating Agencies upon their request, with all relevant information pertaining to the Enforcement Event to the extent that such information is available to and may be disclosed by the Security Trustee. For the avoidance of doubt, the Security Trustee shall not be under any obligation to obtain information in order to be able to comply with a request made by a Rating Agency. For the avoidance of doubt, upon the occurrence of an Enforcement Event, the Security Trustee is not automatically required to liquidate the Purchased Receivables at market value.

#### 17. PAYMENTS UPON OCCURRENCE OF AN ENFORCEMENT EVENT

- 17.1 Upon the occurrence of an Enforcement Event, the Security may be claimed exclusively by the Security Trustee. All payments from such Security hereafter shall only be made to the Security Trustee. The Security Trustee shall invest the payments which it receives in this manner, as provided for in clause 20 (*Order of Priority*), until they are paid to the Transaction Creditors of the Issuer in accordance with the Order of Priority pursuant to clause 20.3(c) (*Order of Priority*).
- 17.2 After the occurrence of an Enforcement Event, payments on the obligations of the Issuer may not be made as long as, in the opinion of the Security Trustee, such payment will jeopardise the fulfilment of any later maturing obligation of the Issuer with higher rank in accordance with the Order of Priority.
- 17.3 In the case of payments on the Notes or the Subordinated Loan, the Security Trustee shall provide the Noteholders and the Subordinated Lender with advance notice of the Payment Date pursuant to the Conditions of the Class A Notes, or the Conditions of the Class B Notes, as applicable, or the Subordinated Loan Agreement. In the case of such payment, the Security Trustee is only responsible for making the relevant amount available to the Principal Paying Agent. In order to do so, the Security Trustee shall rely on the records that each of the Relevant Clearing Systems holds for its customers which reflect the amount of such customer's interest in the Notes.
- 17.4 After all obligations under the Transaction Documents have been finally discharged and paid in full, the Security Trustee shall pay out any remaining amounts to the Issuer.

#### 18. CONTINUING DUTIES

Clauses 12 (*Acceptance, Safekeeping and Review of Documents; Notification of the Issuer*) through 14 (*Breach of Obligations by the Issuer*) shall continue to apply after the Foreclosure Event has occurred.

19. **DISTRIBUTION ACCOUNT; CASH COLLATERAL ACCOUNT; COUNTERPARTY DOWNGRADE COLLATERAL ACCOUNT; SWAP PROVISIONS**

19.1 The Distribution Account shall be used for the fulfilment of the payment obligations of the Issuer.

19.2 The Issuer has established at the Account Bank the Cash Collateral Account to be used for the cash collateral in the initial amount of GBP 6,000,000. The amount of GBP 6,000,000 (1.2% per cent. of the aggregate nominal amount of the Notes as at 25 June 2018) serves as the initial Cash Collateral Amount. On each Further Issue Date, such amount will be increased by an amount equal to 1.2 per cent. of the aggregate nominal amount of the Further Notes to be issued on such Further Issue Date and such amount is to be credited by the Issuer to the Cash Collateral Account outside of the Order of Priority. All funds in the Cash Collateral Account in accordance with clause 19.3 below (other than the balance standing to the credit of the Interest Compensation Ledger, the Retained Profit Ledger and the Collateral RV Ledger) are referred to as the "**General Cash Collateral Amount**".

19.3 On each Payment Date, prior to an Enforcement Event the General Cash Collateral Amount shall be used:

- (a) first, to cover any shortfalls in the amounts payable under items first through seventh of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) below;
- (b) second, to make payment of the amounts due and payable under clause 20.3(b) (*Order of Priority*); and
- (c) third, on the earlier of (i) the latest occurring Final Maturity Date of any Series of Notes or (ii) the date on which the Aggregate Discounted Receivables Balance has been reduced to zero, to make payment of the amounts due and payable under items ninth, tenth, twelfth, thirteenth and fourteenth of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) below.

In addition, the Servicer is entitled to utilise the General Cash Collateral Amount to the extent and in the amounts as agreed with its auditors for the purposes of the Clean-Up Call Option. In connection with the exercise of the Clean-Up Call Option, VWFS shall ensure that all amounts outstanding under the Notes and any obligations ranking *pari passu* with or senior to the Notes in the Order of Priority are discharged in full.

On each Payment Date following the occurrence of an Enforcement Event, the General Cash Collateral Amount and the balance standing to the credit of the Interest Compensation Ledger, the Retained Profit Ledger and the Collateral RV Ledger shall be applied in accordance with clause 20.3(c) (*Order of Priority*) of this Agreement.

Upon the earliest to occur of (i) the Final Maturity Date; (ii) all then outstanding Notes and the Subordinated Loan being fully redeemed and repaid respectively; or (iii) an exercise of the Clean-Up Call Option, the Cash Collateral Account shall be closed and VWFS shall be entitled to the sums remaining in the Cash Collateral Account together with the interests accrued thereof (except for any Retained Profit Amounts remaining in the Cash Collateral Account, to which the Issuer is entitled).

19.4 The Issuer shall ensure that all payments made to it shall be made by way of a bank transfer to or deposit or in any other way into the Distribution Account (other than any payments of amounts transferred as collateral under any Swap Agreement which shall be deposited in accordance with clause 19.5 below).

19.5 On the date hereof, the Issuer has entered into Swap Agreements to hedge the floating rate interest exposure on the respective Series of Notes. The Issuer may in the following situations and shall under the following conditions enter into new swap transactions:

- (a) The Issuer shall, as soon as practicable following the termination of a Swap Agreement, enter into replacement Swap Agreements with replacement Swap Counterparty in the event that a Swap Agreement is terminated prior to its scheduled expiration pursuant to an "**event of default**" (where the Swap Counterparty is the "**defaulting party**") or "**termination event**" under the respective Swap Agreement. The respective replacement Swap Agreement will have an initial notional amount equal to the applicable notional amount of the terminated

Swap Agreement as at termination. The notional amount of the respective replacement Swap Agreement will decrease by the amount of any principal repayments on the relevant Series of Notes or increase by the amount of any principal increase on the relevant Series of Notes from time to time.

- (b) The Issuer will use reasonable efforts to enter into new interest rate Swap Agreements upon the issuance of further Series of Notes, provided that:
    - (i) such new interest rate Swap Agreements are basically on the same terms and conditions as the existing Swap Agreements; and
    - (ii) it is ensured that the notional amount under the new Swap Agreement will at all times be equal to the lower of (x) the maximum notional amount under the new swap Agreement and (y) the outstanding principal balance of the corresponding new issued Series of Notes.
- 19.6 In the event that a Swap Counterparty is required to collateralise its obligations pursuant to the terms of the applicable Swap Agreement, such amounts will be held in the Counterparty Downgrade Collateral Account for such Swap Agreement and any securities deposited therein will be held by the Security Trustee on trust for the relevant Swap Counterparty and the Security Trustee will invest any cash amounts in accordance with the provisions of the respective Swap Agreement. Each Counterparty Downgrade Collateral Account shall be separate from the Distribution Account and from the general cash flow of the Issuer. Collateral deposited in such Counterparty Downgrade Collateral Account shall not constitute Available Distribution Amounts. Amounts standing to the credit of each Counterparty Downgrade Collateral Account (or securities deposited therein) shall secure solely the payment obligations of the Swap Counterparty to the Issuer under the applicable Swap Agreement. The amounts in each Counterparty Downgrade Collateral Account will be applied in or towards satisfaction of the Swap Counterparty's obligations to the Issuer upon termination of the respective Swap Agreement. Any Excess Swap Collateral owing to the relevant Swap Counterparty pursuant to the relevant Swap Agreement shall not be available to Transaction Creditors and shall be returned to such Swap Counterparty outside of the Order of Priority. Any Swap Tax Credits will be applied to the Swap Counterparty outside of the Order of Priority. Following the establishment of the Counterparty Downgrade Collateral Account for a Swap Agreement, the relevant Swap Counterparty shall bear any costs and expenses in connection with the Counterparty Downgrade Collateral Account. If the Issuer incurs any liabilities, or commercially reasonable costs or expenses in connection with the Counterparty Downgrade Collateral Account, the Swap Counterparty shall reimburse the Issuer immediately upon request from the Issuer.
- 19.7 The Servicer shall calculate and provide, by delivery of the Monthly Investor Report, written notification to the relevant Swap Counterparty and to the Security Trustee of the notional amount of each Swap Agreement as at each Payment Date on or before the Investor Report Performance Date in the month of the related Payment Date. The Interest Determination Agent shall provide the Servicer with the calculation of Compounded Daily SONIA. The Servicer shall provide the calculation of Compounded Daily SONIA to the Security Trustee under this Agreement and shall forward the amounts calculated by the calculation agent under each Swap Agreement in respect of all payments due under such Swap Agreement on each Payment Date, including Net Swap Payments, Net Swap Receipts and Swap Termination Payments payable in accordance with clause 20 (*Order of Priority*) below on each Payment Date and shall provide written notification of such amounts to the Swap Counterparty and to the Security Trustee no later than on the Investor Report Performance Date prior to such Payment Date. The parties hereto hereby acknowledge that with respect to the obligations under each Swap Agreement of the parties thereto, all calculations shall be performed by the calculation agent (as appointed under the relevant Swap Agreement).
- 19.8 In the event of an early termination of the transaction under any Swap Agreement, any Swap Termination Payments received by the Issuer or the Security Trustee on behalf of the Issuer from the related Swap Counterparty will be remitted to the Counterparty Downgrade Collateral Account.
- 19.9 The Issuer shall promptly, following the early termination of a Swap Agreement due to an "**event of default**" or "**termination event**" (each as defined in the applicable Swap Agreement) and in accordance with the terms of such Swap Agreement, enter into a replacement Swap Agreement with

an Eligible Swap Counterparty to the extent possible and practicable through application of available funds in the relevant Counterparty Downgrade Collateral Account (after returning any Excess Swap Collateral to the relevant Swap Counterparty).

- 19.10 Subject to clause 19.11, on each Payment Date following the termination of a Swap Agreement, funds standing to the credit of the relevant Counterparty Downgrade Collateral Account (after returning any Excess Swap Collateral to the relevant Swap Counterparty) shall be used to cover any shortfalls in the amounts payable under items first through tenth according to the Order of Priority set out in clause 20.3(a) (*Order of Priority*) or items first through ninth in the Order of Priority set out in clause 20.3(c) (*Order of Priority*), as applicable, provided that in no event will the amount of Swap Termination Payments withdrawn from the Counterparty Downgrade Collateral Account for such purpose exceed the amount of Net Swap Receipts that would have been required to be paid to the Issuer on such Payment Date under the terminated Swap Agreement had there been no termination of such Swap Agreement.
- 19.11 Any Swap Replacement Proceeds which are received by the Issuer or the Security Trustee on behalf of the Issuer from a replacement Swap Counterparty will be remitted directly to the applicable Counterparty Downgrade Collateral Account. Such Swap Replacement Proceeds shall be applied in payment of any Swap Termination Payments to the relevant Swap Counterparty under the applicable Swap Agreement outside the Order of Priority. If Swap Replacement Proceeds are insufficient to pay the Swap Termination Payment due to the relevant Swap Counterparty, any shortfall shall be paid in accordance with the Order of Priority. If Swap Replacement Proceeds exceed the Swap Termination Payment due to the relevant Swap Counterparty, any excess shall be treated as part of the Available Distribution Amount.
- 19.12 Upon payment of all amounts outstanding under the Notes the sums remaining in any Counterparty Downgrade Collateral Account shall be paid according to the following order of priority:
- (a) *first*, to the Subordinated Lender amounts payable in respect of accrued and unpaid interest on the Subordinated Loan (including, without limitation, overdue interest);
  - (b) *second*, to the Subordinated Lender an amount necessary to reduce the outstanding principal amount of the Subordinated Loan to zero; and
  - (c) *third*, to pay all remaining excess to VWFS by way of a final success fee.
- 19.13 The Collateral RV Ledger has been established as a separate ledger on the Cash Collateral Account. Amounts standing to the credit of the Collateral RV Ledger shall not form part of the General Cash Collateral Amount. On the Collateral RV Buffer Start Date and on each Payment Date thereafter the Collateral RV Ledger has been and will be credited with Collateral RV Buffer Amounts in respect of each Purchased Receivable which has, during the relevant Monthly Period, become subject to a Payment Holiday With Term Extension or a Further Payment Holiday With Term Extension. The Issuer shall only agree to a withdrawal by VWFS of a Collateral RV Buffer Amount posted with respect to a Purchased Receivable subject to a Payment Holiday With Term Extension or a Further Payment Holiday With Term Extension outside of the Order of Priority if the related Purchased Receivable is repurchased in accordance with the Receivables Purchase Agreement or the Redelivery Repurchase Agreement. The balance standing to the credit of the Collateral RV Ledger shall be used on the first to occur of (i) the latest occurring Final Maturity Date of any Series of Notes or (ii) the date on which the Aggregate Discounted Receivables Balance has been reduced to zero, to make payment of the amounts due and payable under items ninth, tenth, twelfth, thirteenth and fourteenth of the Order of Priority set out in clause 20.3(a) (*Order of Priority*).
- 19.14 The Issuer has established the Retained Profit Ledger on 25 February 2021. On each Payment Date the Retained Profit Ledger will be credited with the Retained Profit Amount in accordance with the applicable Order of Priority. Amounts may be debited from the Retained Profit Ledger from time to time to pay corporate income taxes in respect of the Retained Profit Amount and for any dividend payments to the Issuer's shareholder.

20. **ORDER OF PRIORITY**

- 20.1 Prior to the full and unconditional discharge of all obligations of the Issuer to the Transaction Creditors, any credit in the Distribution Account and the Cash Collateral Account (the "**Credit**") shall be distributed exclusively in accordance with clauses 20.2, 20.3 and 20.4 of this Agreement.
- 20.2 For the avoidance of doubt, interest accruing on the Counterparty Downgrade Collateral Accounts (other than amounts payable under clause 19.10 (*Distribution Account, Cash Collateral Account, Counterparty Downgrade Collateral Account, Swap Provisions*) of this Agreement) and the Cash Collateral Account will not form part of the Available Distribution Amount. Such accrued interest and earned income will be retained on the relevant Account and (i) in the case of the Counterparty Downgrade Collateral Accounts, interest accruing in respect of amounts other than Swap Termination Payments received by the Issuer, be paid to the relevant Swap Counterparty in accordance with the Swap Agreement and (ii) in the case of the Counterparty Downgrade Collateral Account, interest accruing in respect of Swap Termination Payments received by the Issuer, be paid to the Subordinated Lender and/or VWFS in accordance with the priority of payment set out in clause 19.12 (*Distribution Account; Cash Collateral Account, Counterparty Downgrade Collateral Account; Swap Provisions*) of this Agreement unless otherwise specified therein; (iii) in the case of interest accruing on the Cash Collateral Account, form part of the General Cash Collateral Amount and will be applied in accordance with clause 19.3 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of this Agreement and clause 20.3 (*Order of Priority*) of this Agreement.
- 20.3 Distributions will be made on each Payment Date from the Available Distribution Amount and, subject to clauses 19.3 and 19.13 (*Distribution Account; Cash Collateral Account;, Counterparty Downgrade Collateral Account; Swap Provisions*), the Cash Collateral Account, according to the following Order of Priority, provided that any distributions arising from a Term Takeout shall not be distributed according to the following Order of Priority but shall be distributed as set out in clause 11 (*Sale of Receivables – Term Takeout*) of the Receivables Purchase Agreement:
- (a) on each Payment Date prior to the occurrence of an Enforcement Event:
- (i) *first*, amounts due and payable in respect of taxes (if any) by the Issuer (for the avoidance of doubt, corporate income taxes payable in respect of the Retained Profit Amount will be paid from the amounts standing to the credit of the Retained Profit Ledger);
  - (ii) *second*, amounts (excluding any payments under the Trustee Claim) due and payable by the Issuer (i) to the Security Trustee under the Trust Agreement or the Deed of Charge and Assignment and/or any Assignment in Security and (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to clause 30 (*Termination by the Security Trustee for Good Cause*) or clause 31 (*Replacement of the Security Trustee*) of this Agreement or under any agreement replacing this Agreement;
  - (iii) *third*, to the Servicer, the Servicer Fee;
  - (iv) *fourth*, of equal rank amounts due and payable and allocated to the Issuer: (i) to the directors of the Issuer; (ii) to the Corporate Services Provider under the Corporate Services Agreement; (iii) to each Agent under the Agency Agreement; (iv) to the Account Bank and Cash Administrator under the Account Agreement; (v) to the Rating Agencies the fees for the monitoring of the Issue; (vi) to the Manager under the Note Purchase Agreement; (vii) to the Custodian under the Custody Agreement (if any); (viii) to the Data Protection Trustee under the Data Protection Trust Agreement; (ix) to the Issuer in respect of other administration costs and expenses of the Issuer, including, without limitation, any costs relating to the listing of the Notes on the official list of the Luxembourg Stock Exchange and the admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange, any auditors' fees, any tax filing fees and any annual return or exempt company



status fees; and (x) to the Issuer the Retained Profit Amount to be credited to the Retained Profit Ledger;

- (v) *fifth, pari passu* and rateably as to each other of amounts due and payable by the Issuer to the Swap Counterparty in respect of any Net Swap Payments or any Swap Termination Payments under a Swap Agreement (if any and provided that a Swap Counterparty under the respective Swap Agreement is not a defaulting party (as defined in the respective Swap Agreement) and there has been no termination of the transaction under the Swap Agreement due to a termination event relating to the respective Swap Counterparty's downgrade);
  - (vi) *sixth, pari passu* and rateably to each other, amounts due and payable in respect of (a) interest accrued on the Class A Notes during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class A Notes;
  - (vii) *seventh, pari passu* and rateably as to each other, amounts due and payable in respect of (a) interest accrued on the Class B Notes during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class B Notes;
  - (viii) *eighth*, to the Cash Collateral Account, until the General Cash Collateral Amount is equal to the Specified General Cash Collateral Account Balance;
  - (ix) *ninth, pari passu* and rateably, (a) the Class A Amortisation Amount to each Amortising Series of Class A Notes and (b) an amount no less than zero equal to the Class A Accumulation Amount;
  - (x) *tenth, pari passu* and rateably, (a) the Class B Amortisation Amount to each Amortising Series of Class B Notes and (b) an amount no less than zero equal to the Class B Accumulation Amount;
  - (xi) *eleventh, pari passu* and rateably as to each other in or towards payment, pro rata and *pari passu*, of amounts due and payable to a Swap Counterparty under any Swap Agreement other than payments made under item fifth above;
  - (xii) *twelfth*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any), in each case, on the Subordinated Loan;
  - (xiii) *thirteenth*, to the Subordinated Lender, to repay the outstanding principal amount of the Subordinated Loan; and
  - (xiv) *fourteenth*, to pay all remaining excess to VWFS by way of a final success fee.
- (b) On any Payment Date after satisfaction of the amounts in clause 19.3(a) (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) above, distribution will be made from the Cash Collateral Account prior to the occurrence of an Enforcement Event, if and to the extent the General Cash Collateral Amount exceeds the Specified General Cash Collateral Account Balance and no Credit Enhancement Increase Condition is in effect, according to the following Order of Priority, provided that for any Payment Date on which a Term Takeout occurs, the Specified General Cash Collateral Account Balance shall be calculated by using the aggregate outstanding principal amount of the Notes following the redemption of the Notes that occurs on such Payment Date as a result of such Term Takeout:
- (i) *first*, to the Subordinated Lender, amounts payable in respect of accrued and unpaid interest on the Subordinated Loan (including, without limitation, overdue interest);

- (ii) *second*, to the Subordinated Lender, to reduce the outstanding principal amount of the Subordinated Loan; and
  - (iii) *third*, to pay all remaining excess to VWFS by way of a final success fee.
- (c) Following the occurrence of an Enforcement Event, distributions will be made by the Security Trustee from the Available Distribution Amount and any proceeds from the enforcement of the Security, and according to the following Order of Priority:
- (i) *first*, amounts due and payable in respect of taxes (if any) by the Issuer (for the avoidance of doubt, corporate income taxes payable in respect of the Retained Profit Amount will be paid from the amounts standing to the credit of the Retained Profit Ledger);
  - (ii) *second*, amounts (excluding any payments under the Trustee Claim) due and payable by the Issuer (i) to the Security Trustee under the Trust Agreement or the Deed of Charge and Assignment, (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to clause 30 (*Termination by the Security Trustee for Good Cause*) or clause 31 (*Replacement of the Security Trustee*) of the Trust Agreement or under any agreement replacing the Trust Agreement, and (iii) any fees, costs, expenses, indemnities and other amounts due and payable to any receiver, manager, receiver and manager, administrator or administrative receiver appointed in respect of the Issuer in accordance with the Deed of Charge and Assignment;
  - (iii) *third*, to the Servicer, the Servicer Fee;
  - (iv) *fourth*, of equal rank amounts due and payable and allocated to the Issuer: (i) to the directors of the Issuer; (ii) to the Corporate Services Provider under the Corporate Services Agreement; (iii) to each Agent under the Agency Agreement; (iv) to the Account Bank and Cash Administrator under the Account Agreement; (v) to the Rating Agencies the fees for the monitoring of the Issue; (vi) to the Manager under the Note Purchase Agreement; (vii) to the Custodian under the Custody Agreement (if any); (viii) to the Data Protection Trustee under the Data Protection Trust Agreement; (ix) to the Issuer in respect of other administration costs and expenses of the Issuer, including, without limitation, any costs relating to the listing of the Notes on the official list of the Luxembourg Stock Exchange and the admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange, any auditors' fees, any tax filing fees and any annual return or exempt company status fees; and (x) to the Issuer the Retained Profit Amount to be credited to the Retained Profit Ledger;
  - (v) *fifth*, *pari passu* and rateably as to each other of amounts due and payable by the Issuer to the Swap Counterparty in respect of any Net Swap Payments or any Swap Termination Payments under a Swap Agreement (if any and provided that a Swap Counterparty under the respective Swap Agreement is not a defaulting party (as defined in the respective Swap Agreement) and there has been no termination of the transaction under the Swap Agreement due to a termination event relating to the respective Swap Counterparty's downgrade);
  - (vi) *sixth*, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued on the Class A Notes during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class A Notes;
  - (vii) *seventh*, *pari passu* and on a pro-rata basis, to each Series of Class A Notes the amount of principal due on such Series of Class A Notes until the Class A Notes have been redeemed in full;
  - (viii) *eighth*, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued on the Class B Notes during the immediately preceding

Interest Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all Class B Notes;

- (ix) *ninth, pari passu* and on a pro-rata basis, to each Series of Class B Notes the amount of principal due on such Series of Class B Notes until the Class B Notes have been redeemed in full;
- (x) *tenth, pari passu* and rateably as to each other in or towards payment, pro rata and *pari passu*, of amounts due and payable to a Swap Counterparty under any Swap Agreement other than payments made under item fifth above;
- (xi) *eleventh*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Period plus (b) Interest Shortfalls (if any), in each case, on the Subordinated Loan;
- (xii) *twelfth*, to the Subordinated Lender, to repay the outstanding principal amount of the Subordinated Loan; and
- (xiii) *thirteenth*, to pay all remaining excess to VWFS by way of a final success fee.

20.4 Notwithstanding the provisions of clause 20.3 (*Order of Priority*) amounts due and payable under items first through fourth of the Order of Priority in clause 20.3(a) or (c) may be paid once a Monthly Period on any date other than a Payment Date from any funds available on the Distribution Account and allocated in the Order of Priority.

20.5 Where it becomes necessary or desirable to provide for an amount which is to be converted or to convert an amount which is payable in accordance with items first through fourth of the Order of Priority in clause 20.3(a) (*Order of Priority*) into another currency for the purposes of making such payment, such amount may be provided for or converted at such rate, on such date and in accordance with such method (including providing for and/or converting an amount at the spot rates together with an adjustment factor of 20 per cent.) as the Issuer or the Servicer on its behalf may determine having regard to current rates of exchange if available. Any amounts provided for or converted and not used shall be reconverted (if applicable) and retained in the Distribution Account and will be deemed to form part of the Available Distribution Amount for application on the next Payment Date.

## 21. **ACCUMULATION ACCOUNT**

The Issuer will on the date of this Agreement establish at the Account Bank the Accumulation Account to collect during the Revolving Period payments as set forth in the ninth and tenth items of the Order of Priority according to clause 20.3(a). (*Order of Priority*) During the Revolving Period, amounts on deposit in the Accumulation Account shall be used by the Issuer for the purchase of Additional Receivables from VWFS according to the terms for the purchase of Additional Receivables as set forth in clause 4 (*Sales of Additional Receivables*) of the Receivables Purchase Agreement. Upon the occurrence of an Early Amortisation Event, an Enforcement Event or the end of the Revolving Period, the Accumulation Account shall be closed on the subsequent Payment Date and any amounts on deposit in the Accumulation Account (other than interest earned on the Accumulation Account) shall be transferred on the subsequent Payment Date to the Distribution Account.

## 22. **Relation to Third Parties; Overpayment**

22.1 In respect of the Security, the Order of Priority shall be binding on all Transaction Creditors of the Issuer. In respect of other assets of the Issuer, such Order of Priority shall only be applicable internally between the Transaction Creditors, the Security Trustee and the Issuer; in third party relationships, the rights of the Transaction Creditors and the Security Trustee shall have equal rank to those of the third-party creditors of the Issuer.

22.2 The Order of Priority set forth in clause 20 (*Order of Priority*) shall also be applicable if the claims are transferred to a third party by assignment, subrogation into a contract, or otherwise.

22.3 All payments to Transaction Creditors shall be subject to the condition that, if a payment is made to a Transaction Creditor in breach of the Order of Priority such Transaction Creditor shall repay – with commercial effect to the relevant Payment Date – the received amount to the Security Trustee; the Security Trustee shall then pay – with commercial effect to the relevant Payment Date in as at which the relevant payments should have been made – such moneys received in the way that they were payable in accordance with the aforementioned Order of Priority on that Payment Date. If such non-complying payment is not repaid on the relevant Payment Date by such Transaction Creditor, following the non-complying payment or if the claim to repayment is not enforceable, the Security Trustee is authorised and obliged to adapt the distribution provisions pursuant to clause 20 (*Order of Priority*) in such a way that any over- or underpayments made in breach of clause 20 (*Order of Priority*) are set off by correspondingly increased or decreased payments on that Payment Date (and, to the extent necessary, on all subsequent Payment Dates).

## 23. DELEGATION

23.1 In individual instances, the Security Trustee may, at market prices (if appropriate, after obtaining several offers), retain the services of a suitable law firm or credit institution to assist the Security Trustee in performing the duties assigned to the Security Trustee under this Agreement, by delegating the entire or partial performance of the following duties:

- (a) the undertaking of individual measures pursuant to clause 14 (*Breach of Obligations by the Issuer*), specifically the enforcement of certain claims against the Issuer or a Transaction Creditor;
- (b) the foreclosure on Security pursuant to clause 16 (*Foreclosure on the Security; Foreclosure Event; Enforcement Event*);
- (c) the settlement of payments pursuant to clause 17 (*Payments upon Occurrence of an Enforcement Event*); and
- (d) the settlement of overpayments pursuant to clause 22 (*Relation to Third Parties; Overpayment*).

23.2 If third parties are retained pursuant to clause 23.1, the Security Trustee shall only be liable for the exercise of due care in the selection and supervision of the third party to a degree that the Security Trustee would exercise in its own affairs. The Security Trustee, however, shall not be liable for any negligence or wilful misconduct of the third party. In case of any damage caused by such third party, the Security Trustee shall enforce any claims for damages against such third party for the benefit of the Transaction Creditors.

23.3 The Security Trustee shall promptly notify the Rating Agencies and the Noteholders of every hiring pursuant to clause 23.1.

## 24. ADVISORS

24.1 The Security Trustee is authorised, in connection with the performance of its duties under the Funding and the Transaction Documents, at its own discretion, to seek information and advice from legal counsel, financial consultants, banks, and other experts in Germany, the United Kingdom or elsewhere (and irrespective of whether such persons are already retained by the Security Trustee, the Issuer, a Transaction Creditor, or any other person involved in the transactions under the Notes, the Subordinated Loan or the Transaction Documents), at market prices (if appropriate, after obtaining several offers).

24.2 The Security Trustee may rely on such information and such advice of such external advisors without having to make its own investigations. The Security Trustee shall not be liable for any damages or losses caused by acting in reliance on the information or the advice of such Persons. If such Persons are retained pursuant to clause 24.1 the Security Trustee shall only be liable for the exercise of due care in the selection and supervision of the third party to a degree that the Security Trustee would exercise in its own affairs. The Security Trustee, however, shall not be liable for any negligence or wilful misconduct of the third party.

25. **FEEs**

25.1 The Issuer will pay the Security Trustee a fee, the amount of which shall be separately agreed between the Issuer and the Security Trustee.

25.2 Upon the occurrence of a Foreclosure Event or a default of any party (other than the Security Trustee) to a Transaction Document which results in that the Security Trustee undertaking tasks, the Issuer shall pay or procure to be paid to the Security Trustee such additional remuneration as shall be agreed between the Issuer and the Security Trustee. In the event that the Issuer and the Security Trustee fail to agree as to whether and/or in which amount an additional remuneration shall be payable in accordance with the preceding sentence, such matters shall be determined by a bank, financial services institution or auditing firm of recognised standing (acting as an expert and not as an arbitrator) jointly determined by the Issuer and the Security Trustee. The determination made by such expert shall be final and binding upon the Issuer and the Security Trustee. It is understood that the additional tasks to be performed by the Security Trustee will not be delayed, but instead will be continued as if the Issuer and the Security Trustee would have agreed on a fee immediately.

26. **REIMBURSEMENT OF EXPENSES**

The Issuer shall bear all reasonable costs and disbursements (including costs for legal advice and costs of other experts) incurred by the Security Trustee (other than in relation to tax on its own income, profits or gains or any FATCA Deduction or FATCA Costs) in connection with the performance of its respective duties under this Agreement, including the costs and disbursements in connection with the creation, holding, and foreclosure on the Security.

27. **RIGHT TO INDEMNIFICATION**

27.1 The Issuer shall indemnify the Security Trustee against all losses, liabilities, obligations (including any taxes (other than taxes on the Security Trustee's own income, profits or gains or any FATCA Deduction or FATCA Costs)), actions in and out of court, and costs and disbursements incurred by the Security Trustee in connection with this Agreement or any other Transaction Document, unless such costs and expenses are incurred by the Security Trustee due to a breach of its standard of care pursuant to clause 33 (*Standard of Care*), as limited pursuant to clause 34 (*Exclusion of Liability*).

27.2 The Security Trustee shall not be bound to take any action under or in connection with this Agreement or any other Transaction Document or any document executed pursuant to any of them including, without limitation, forming any opinion or employing any agent, unless in all cases, it is fully indemnified or secured, and is reasonably satisfied that the Issuer will be able to honour any indemnity in accordance with the Order of Priority as set out in clause 20 (*Order of Priority*) hereof, against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection with them (other than taxes on the Security Trustee's own income, profits or gains or any FATCA Deduction or FATCA Costs) for which purpose the Security Trustee may require payment in advance of such liabilities being incurred of an amount which it considers (without prejudice to any further demand) sufficient to indemnify it or security satisfactory to it.

27.3 Notwithstanding any other provision of this Agreement, the Issuer will have no obligation to indemnify the Security Trustee for any FATCA Deductions or FATCA Costs.

28. **TAXES**

28.1 The Issuer shall bear all stamp and transfer taxes and other similar taxes or charges which are imposed in Germany, the United Kingdom or in Luxembourg on or in connection with (i) the creation, holding, foreclosure or enforcement of Security, (ii) any measure taken by the Security Trustee pursuant to the Conditions of the Class A Notes, the Conditions of the Class B Notes, the Subordinated Loan or the Transaction Documents, and (iii) the Issue of the Notes or the Subordinated Loan Agreements or the conclusion of Transaction Documents.

28.2 All payments of fees and reimbursements of reasonable expenses to the Security Trustee shall include any irrecoverable turnover taxes, value added taxes or similar taxes, other than taxes on the

Security Trustee's own income, profits or gains, or any FATCA Deductions or FATCA Costs, which are imposed in the future on the services of the Security Trustee.

29. **LIMITED RECOURSE; NO LIEN OR SET-OFF; NO PETITION**

Clause 3 (*Limited Recourse; No Lien or Set-Off; No Petition*) of the Incorporated Terms Memorandum shall apply *mutatis mutandis*, as if set out in full herein.

30. **TERMINATION BY THE SECURITY TRUSTEE FOR GOOD CAUSE**

30.1 The Security Trustee may resign from its office as Security Trustee for good cause (*aus wichtigem Grund*) at any time, provided that upon or prior to its resignation the Security Trustee, on behalf of the Issuer, appoints a reputable firm as successor and such appointee who needs to be experienced in the business of security trusteeship in Germany and the United Kingdom assumes all rights and obligations arising from this Agreement and has been furnished with all authorities and powers that have been granted to the Security Trustee.

30.2 Without prejudice to the obligation of the Security Trustee to appoint a successor in accordance with clause 30.1 above, the Issuer shall be authorised to make such appointment in lieu of the Security Trustee.

30.3 The appointment of the new Security Trustee pursuant to clauses 30.1 or 30.2 above shall only take effect if (i) VWFS and the Noteholders consent to the appointment of the proposed new Security Trustee; and (ii) the Issuer consents to the appointment of the proposed new Security Trustee or withholds such consent unreasonably. Consent pursuant to number (i) above shall be deemed granted if the Issuer or the Security Trustee requests VWFS and the Noteholders in writing, including by e-mail, for consent to the appointment and consent is not refused by VWFS or the Noteholders within five banking days in Frankfurt of having received the request. Consent pursuant to number (ii) shall be deemed granted if the Security Trustee requests the Issuer in writing, including by e-mail, for consent to the appointment and consent or proof of reasonable cause for refusing to give consent is not provided within five banking days in Frankfurt after the Issuer receives the request. Consent pursuant to number (i) above shall not require consent of VWFS to the extent VWFS became subject to the occurrence of an Insolvency Event with respect to itself.

30.4 A termination pursuant to clause 30.1 above notwithstanding, the rights and obligations of the Security Trustee shall continue until the appointment of the new Security Trustee has become effective and the rights pursuant to clause 32 (*Transfer of Security; Costs; Publication*) have been assigned to the new Security Trustee.

31. **REPLACEMENT OF THE SECURITY TRUSTEE**

The Issuer shall be authorised and obliged to replace the Security Trustee with a reputable firm who needs to be experienced in the business of security trusteeship in Germany and the United Kingdom, if the Issuer has been so instructed in writing by a Noteholder or Noteholders and the Subordinated Lender together owning at least 66 2/3 per cent. of the aggregate outstanding nominal amount of the Notes and the Subordinated Loan. The Issuer shall be obliged to notify VWFS and the Rating Agencies within thirty (30) days upon receipt of such request to replace the Security Trustee on the request to replace the Security Trustee.

32. **TRANSFER OF SECURITY, COSTS AND PUBLICATION**

32.1 In the case of a replacement of the Security Trustee pursuant to clause 30 (*Termination by the Security Trustee for Good Cause*) or clause 31 (*Replacement of the Security Trustee*), the Security Trustee shall forthwith transfer the assets and other rights it holds as fiduciary under this Agreement, as well as its Trustee Claim under clause 4 (*Position of the Security Trustee in relation to the Issuer*) (including the pledge rights granted for the same pursuant to clause 6 (*Pledge*)) in its capacity as trustee to the new Security Trustee. Without prejudice to this obligation, the Issuer is hereby irrevocably authorised to effect such transfer on behalf of the Security Trustee.

32.2 The costs incurred in connection with replacing the Security Trustee pursuant to clause 30 (*Termination by the Security Trustee for Good Cause*) or clause 31 (*Replacement of the Security*

*Trustee*) shall be borne by the Issuer. If the replacement pursuant to clause 30 (*Termination by the Security Trustee for Good Cause*) or clause 31 (*Replacement of the Security Trustee*) is caused by a violation of obligations of the Security Trustee as set out in clauses 33 (*Standard of Care*) and 34 (*Exclusion of Liability*), the Issuer shall be entitled, without prejudice to any additional rights, to demand damages from the Security Trustee in the amount of such costs up to a maximum amount of GBP 15,000 (the "**Replacement Costs**"). For the avoidance of doubt, such Replacement Cost shall cover any and all replacement costs occurred in respect of a replacement of Wilmington Trust SP Services (Frankfurt) GmbH as Security Trustee and Process Agent.

32.3 The Issuer shall publish the appointment of a new Security Trustee in accordance with clause 30 (*Termination by the Security Trustee for Good Cause*) without delay or clause 31 (*Replacement of the Security Trustee*) shall be published without delay in accordance with the Conditions and the Subordinated Loan Agreement, or, if this is not possible, in any other appropriate way.

32.4 The Security Trustee shall provide the new Security Trustee with a report regarding its activities within the framework of this Agreement.

### 33. **STANDARD OF CARE**

The Security Trustee shall be liable for breach of its obligations under this Agreement only if and to the extent that it fails to meet the standard of care which it would exercise in its own affairs (*Sorgfalt in eigenen Angelegenheiten*).

### 34. **EXCLUSION OF LIABILITY**

34.1 The Security Trustee shall not be liable for: (i) any action or failure to act of the Issuer or of other parties to the Transaction Documents (including to the extent performed on behalf of the Security Trustee), (ii) the Notes, the Subordinated Loan, the Receivables, the Security and the Transaction Documents being or not being legal, valid, binding, or enforceable, or for the fairness of the provisions set forth in the Notes, the Subordinated Loan or in the aforementioned agreements, (iii) a loss of documents related to the Receivables unless attributable to a violation of the standard of care set out in clause 33 (*Standard of Care*) of the Security Trustee (iv) – without prejudice to the provisions of clause 14 (*Breach of Obligations by the Issuer*) – the Seller's failure to meet all or part of its contractual obligations to submit documents to the Security Trustee.

34.2 No shareholder, officer or director of the Security Trustee shall incur any personal liability as a result of the performance or non-performance by the Security Trustee of its obligations hereunder. Any recourse against such a person is excluded accordingly.

### 35. **UNDERTAKINGS OF THE ISSUER IN RESPECT OF THE SECURITY**

The Issuer undertakes vis-à-vis the Security Trustee:

- (a) not to sell the Security and to refrain from all actions and failure to act (excluding the collection and enforcement of the Security in the ordinary course of business) which may result in a material decrease in the aggregate value or in a loss of the Security; to the extent that there are indications that a Transaction Creditor does not properly fulfil its obligations under a Transaction Document, the Issuer will in particular exercise the due care of a merchant (*die Sorgfalt eines ordentlichen Kaufmanns*) to take all necessary action to prevent the Security or their value from being jeopardised;
- (b) to mark in its books and documents the transfer for security purposes and the pledges to the Security Trustee and to disclose to third parties having a legal interest in becoming aware of the transfer for security purposes and the pledges that the transfer for security purposes and the pledges have taken place;
- (c) promptly to notify the Security Trustee if the rights of the Security Trustee in the Security are impaired or jeopardised by way of an attachment or other actions of third parties, by sending a copy of the attachment or transfer order or of any other document on which the enforcement of the third party is based, as well as all further documents which are required or useful to enable the Security Trustee to file proceedings and take other actions in defence

of its rights. In addition, the Issuer shall promptly inform the attachment creditor and other third parties in writing, including by e-mail, of the rights of the Security Trustee in the Security;

- (d) to permit the Security Trustee or its representatives to inspect its books and records at any time during usual business hours for purposes of verifying and enforcing the Security, to give any information necessary for such purpose, and to make the relevant records available for inspection; and
- (e) to enter into alternative security arrangements pursuant to which the Security Trustee benefits from a valid, binding and enforceable security right over the assets assigned or pledged pursuant to clauses 5 (*Assignment for Security Purposes*) and 6 (*Pledge*) hereof in case that the arrangements under clauses 5 (*Assignment for Security Purposes*) and 6 (*Pledge*) are not regarded as valid under the laws of a jurisdiction other than Germany.

**36. OTHER UNDERTAKINGS OF THE ISSUER**

The Issuer undertakes vis-à-vis the Security Trustee to:

- (a) promptly notify the Security Trustee in writing, including by e-mail, if circumstances occur which constitute a Foreclosure Event pursuant to clause 16 (*Foreclosure on the Security; Foreclosure Event; Enforcement Event*);
- (b) submit to the Security Trustee at least once a year and in any event not later than 120 days after the end of its fiscal year and at any time upon demand within five days a certificate signed by two directors of the Issuer in which such directors, in good faith and to the best of their knowledge based on the information available represents, on behalf of the Issuer, that during the period between the date the preceding certificate was submitted (or, in the case of the first certificate, the date of this Agreement) and the date on which the relevant certificate is submitted, the Issuer has fulfilled its obligations under the Notes, the Subordinated Loan and the Transaction Documents or (if this is not the case) specifies the details of any breach;
- (c) give the Security Trustee at any time such other information it may reasonably demand for the purpose of performing its duties under this Agreement;
- (d) send to the Security Trustee one copy in the German or the English language of any balance sheet, any profit and loss accounts, any report or notice, or any other memorandum sent out by the Issuer to its shareholder either at the time of the mailing of those documents to the shareholder or as soon as possible thereafter;
- (e) send or have sent to the Security Trustee a copy of any notice given in accordance with the Conditions of the Class A Notes and/or the Conditions of the Class B Notes and/or the Subordinated Loan immediately, or at the latest on the day of the publication of such notice;
- (f) ensure that the Principal Paying Agent notifies the Security Trustee immediately if it does not receive the moneys needed to discharge in full any obligation to repay the full or partial principal amount due to the Noteholders and/or the Subordinated Lender on any Payment Date;
- (g) have at all times at least one director independent from the Seller and the Issuer's shareholders;
- (h) correct any known misunderstanding regarding its separate identity;
- (i) conduct its own business in its own name; and
- (j) at all times ensure that its central management and control is exercised in Luxembourg.

**37. ACTIONS OF THE ISSUER REQUIRING CONSENT**



37.1 As long as any of the Notes and the Subordinated Loan are outstanding, the Issuer is not authorised, except (i) as explicitly provided for in the Transaction Documents or (ii) with explicit prior written consent of the Security Trustee to:

- (a) engage in any business or activities other than:
  - (i) the performance of the obligations under this Agreement, the Notes, the Subordinated Loan and the other Transaction Documents and under any other agreements which have been entered or may be entered into in connection with the Funding;
  - (ii) the enforcement of its rights;
  - (iii) the performance of any acts which are necessary or useful in connection with (i) or (ii) above; and
  - (iv) the execution of all further documents and undertaking of all other actions, at any time and to the extent permitted by law, which, in the opinion of the Security Trustee, are necessary or desirable with respect to the reasonable interests of the Noteholders or the Subordinated Lender in order to ensure that the Conditions of the Class A Notes, the Conditions of the Class B Notes or the Subordinated Loan Agreement are always valid;
- (b) hold or permit to subsist any subsidiary nor form or acquire any subsidiary (unless in the case of a substitution of the Issuer pursuant to the Conditions of the Class A Notes, the Conditions of the Class B Notes and the Subordinated Loan);
- (c) dispose of or pledge any of its assets or any part thereof or interest therein and/or make, incur, assume or suffer to exist any loan, advance or guarantee to any person, unless otherwise provided in clause 37.1(a);
- (d) pay dividends or make any other distribution to its shareholders other than payment of dividends in any accounting period which do not exceed the aggregate amount left to the Issuer after Tax (if any) is charged on the retained profit;
- (e) incur, create, assume or suffer to exist or otherwise become liable in respect of any indebtedness, whether present or future;
- (f) have any employees or own any real estate assets;
- (g) create or permit to subsist any mortgages, or – except as otherwise created under or permitted by the Transaction Documents – any liens, pledges or similar rights;
- (h) consolidate or merge;
- (i) materially amend its Articles of Incorporation;
- (j) issue new shares and acquire shares;
- (k) open new accounts (other than as contemplated in the Transaction Documents);
- (l) change its country of incorporation;
- (m) effect a substitution of the Issuer pursuant to the Conditions of the Class A Notes, the Conditions of the Class B Notes and the Subordinated Loan;
- (n) permit its assets to become commingled with those of any other party;
- (o) acquire obligations or securities of its Affiliates; or
- (p) take any action which would cause its central management and control to be located in any jurisdiction other than Luxembourg, and

37.2 if the Issuer requests that the Security Trustee grants its consent as required pursuant to clause 37.1, the Security Trustee may grant or withhold the requested consent at its discretion, taking into account the reasonable interests of the Transaction Creditors in accordance with clause 3.1 (*Position of the Security Trustee in relation to the Transaction Creditors*) hereof.

38. **NOTICES**

All communication under this Agreement shall be delivered to the addresses set out in clause 4 (*Notices*) of the Incorporated Terms Memorandum.

39. **SEVERABILITY CLAUSE; COORDINATION**

Clause 5 (*Severability Clause, Coordination*) of the Incorporated Terms Memorandum shall apply *mutatis mutandis* to this Agreement as if set out in full herein.

40. **AMENDMENTS**

40.1 VWFS will be entitled to unilaterally amend any term or provision of this Agreement, including this clause 40.1 with the consent of the Issuer and the Security Trustee but without the consent of any Noteholder, any Swap Counterparty, the Subordinated Lender, the Arranger and the Manager or any other Person; provided that such amendment shall only become valid:

- (a) if (x) it is notified to the Security Trustee, the Rating Agencies and the Issuer and (y) VWFS has received a confirmation from the Security Trustee that in the sole professional judgment of the Security Trustee, such amendment will not be materially prejudicial to the interests of any such Transaction Creditor and the procedure in clauses 40.3 and 40.4 is followed;
- (b) if, in respect of amendments relating to the amount, the currency or the timing of the cash flow received by the Issuer under the Purchased Receivables, the application of such cash flow by the Issuer, the ranking of the Swap Counterparty in the Order of Priority or following the posting of credit support by a Swap Counterparty to the Counterparty Downgrade Collateral Account, the consent of the relevant Swap Counterparty has been provided; and
- (c) in case of amendments which materially and adversely affect the interests of the Issuer, the Security Trustee, the Swap Counterparty and/or the Subordinated Lender if such Transaction Parties that are materially and adversely affected have consented to such amendment.

40.2 This Agreement may also be amended from time to time with prior notification to the Rating Agencies, in accordance with the provisions set out in sections 5 to 21 of the German Debenture Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen - Schuldverschreibungsgesetz SchVG*) with the unanimous consent of (a) the Issuer and (b) the Noteholders of each Series of Notes for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement which materially and adversely affect the interests of the Noteholders and/or any other Transaction Creditor provided that (x) this Agreement may be amended without the consent of all the Noteholders of the relevant Series if the procedure in clauses 40.3 and 40.4 is followed and (y) provided further that if any of the amendments relate to the amount, the currency or the timing of the cash-flow received by the Issuer under the Purchased Receivables, the application of such cash-flow by the Issuer, or the ranking of the Swap Counterparty in the Order of Priority, or materially and adversely affects the interests of the Swap Counterparty, then the consent of the Swap Counterparty will be required. The manner of obtaining such consents may be either a contractual agreement to be concluded between the Issuer and all Noteholders of the Relevant Series as provided for in Sec. 4 of the German Debenture Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz - SchVG)*) with a prior notification to the Rating Agencies or by a Noteholder's resolution adopted with unanimous consent of the Noteholders of such Series pursuant to Sections 5 to 22 of the aforementioned act, in case of (y) only a contractual agreement between the Issuer, all Noteholders of all Series of Notes, the Security Trustee and each Swap Counterparty will be applicable. The manner of obtaining any other consents of the Noteholders provided for in this Agreement and of evidencing the authorisation of the execution thereof by Noteholders will be subject to such reasonable requirements as the Security Trustee may prescribe, including the establishment of record dates.

- 40.3 In the case of modifications to this Agreement which do not materially and adversely affect the interests of the Noteholders:
- (a) if it is notified by the party requesting such amendment to the Security Trustee and the Rating Agencies in writing, including by e-mail; and
  - (b)
    - (i) (I) the Issuer has provided at least thirty (30) days' notice to the Noteholders of each Series and Class of the proposed modification in accordance with Condition 12 (Notices), and (II) no Noteholders or Noteholders representing less than 10 per cent. of the aggregate outstanding principal amount of the most senior Class of Notes then outstanding have contacted the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Security Trustee that such Noteholders do not consent to the modification;
    - (ii) if Noteholders representing at least 10 per cent. of the aggregate outstanding principal amount of the most senior Class of Notes then outstanding have notified the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, the modification will not be made unless a resolution adopted with unanimous consent of the Noteholders of the most senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 13 (*Miscellaneous*);
    - (iii) objections made in writing, including by e-mail, other than through the applicable clearing system must be accompanied by evidence to the Security Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes; and
  - (c) if the amendment falls within clauses 40.4(a) or (b), the procedure in clause 40.5 has been followed; and
  - (d) other than in respect of clause 40.4(a)(ii) either:
    - (i) the Issuer has obtained from each Rating Agencies written confirmation that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated, by such Rating Agency and would not result in any Rating Agency placing the Class A Notes or the Class B Notes, as applicable and to the extent rated, on rating watch negative (or equivalent) and delivers a copy of such confirmation to the Issuer, VWFS and the Security Trustee; or
    - (ii) VWFS, on behalf of the Issuer, has certified (including in a Modification Certificate) that it has notified each of the Rating Agencies of the proposed modification and in its opinion, formed on the basis of due consideration and consultation with the Rating Agencies, such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated, by any Rating Agency or (y) any Rating Agency placing the Class A Notes or the Class B Notes, as applicable and to the extent rated, on rating watch negative (or equivalent); and
  - (e) it has been demonstrated to the reasonable satisfaction of the Security Trustee that such amendment is not materially prejudicial to the interests of the Noteholders and/or any other Transaction Creditor.
- 40.4 The Security Trustee may without any consent or sanction of any of the Noteholders, any Swap Counterparty, the Subordinated Lender, the Arranger, the Manager or any other Person, concur with VWFS and the Issuer in making any modification (other than in the case of any Reserved Matter) to this Agreement that VWFS and the Issuer, having made all reasonable enquiries and carried out all reasonable due diligence, consider necessary:

- (a) for the purposes of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
- (i) VWFS on behalf of the Issuer certifies in writing, including by e-mail, to the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (ii) in the case of a modification to this Agreement proposed by the Swap Counterparty in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid the Swap Counterparty taking action which it would otherwise be required to enable such party to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (1) the Swap Counterparty certifies in writing, including by e-mail, to the Issuer and the Security Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above; and
    - (2) either:
      - (A) the Swap Counterparty, obtains from each of the Rating Agencies written confirmation that such modification would not result in a (x) downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated, or (y) any Rating Agency placing the Class A Notes or the Class B Notes, as applicable and to the extent rated, on rating watch negative (or equivalent) and delivers a copy of such confirmation to the Issuer and the Security Trustee; or
      - (B) the Swap Counterparty, as the case may be, certifies in writing, including by e-mail, to the Issuer and the Security Trustee that it has notified each of the Rating Agencies of the proposed modification and in its opinion, formed on the basis of due consideration and consultation with the Rating Agencies, such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes or the Class B Notes, as applicable and to the extent rated, by any Rating Agency or (y) any Rating Agency placing the Class A Notes or the Class B Notes, as applicable and to the extent rated, on rating watch negative (or equivalent);
- (b) subject to clause 40.3(b), for the purposes of ensuring that the terms of this Agreement, and the parties obligations thereunder, are in compliance with EMIR and/or the then subsisting technical standards under EMIR provided that VWFS on behalf of the Issuer certifies to the Security Trustee in writing, including by e-mail, that such modification is required solely for such purpose and has been drafted solely to such effect;

(the certificate to be provided by VWFS on behalf of the Issuer or the Swap Counterparty, as the case may be, pursuant to paragraphs (a) to (b) above being a "**Modification Certificate**").

40.5 The Security Trustee is only obliged to concur with VWFS and the Issuer in making any modification for the purposes referred to in paragraphs (a) and (b) in clause 40.4 above if the following conditions have been satisfied (the "**Modification Conditions**"):

- (a) for modifications proposed by any Transaction Party other than the Security Trustee, at least a thirty (30) days' prior written notice of any such proposed modification being given to the Security Trustee;
- (b) the Modification Certificate in relation to such modification being provided to the Security Trustee both at the time the Security Trustee is notified and on the date that such modification is envisaged to take effect;

- (c) the Issuer providing the Security Trustee with such legal opinions as the Security Trustee considers necessary in connection with the implementation of such modifications; and
- (d) the person who proposes such modification paying all fees, costs and expenses (including legal fees) incurred by the Issuer and/or the Security Trustee and each other applicable party, including, without limitation, any of the Agents or the Swap Counterparty, in connection with such modification.

40.6 This Agreement may be amended with the consent of VWFS and the Security Trustee, but without the consent of any Manager, any Swap Counterparty, the Subordinated Lender, the Arranger or any other Person if it is advised by a third party authorised under Article 28 of the EU Securitisation Regulation or the UK Securitisation Regulation or a reputable international law firm that such amendments are required for the Transaction to comply with the EU Securitisation Regulation or the UK Securitisation Regulation or in respect of any regulatory and/or implementing technical standards adopted under the EU Securitisation Regulation or any directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom under the UK Securitisation Regulation. Any amendment subject to this clause 40.6 shall only become valid, by giving ten (10) Business Days prior notice to the Noteholders and the Rating Agencies in writing, including by e-mail.

41. **APPLICABLE LAW; PLACE OF PERFORMANCE; JURISDICTION**

Clause 7 (*Applicable Law, Place of Performance, Jurisdiction*) of the Incorporated Terms Memorandum shall apply *mutatis mutandis* to this Agreement as if set out in full herein.

42. **CONDITIONS PRECEDENT**

This Agreement and the rights and obligations hereunder will only become effective once the conditions precedent under the Note Purchase Agreement and the Receivables Purchase Agreement have been satisfied.

43. **THIRD PARTY BENEFIT**

Unless expressly stipulated herein otherwise, a Person who is not a party to this Agreement has no right under section 328 (*echter Vertrag zugunsten Dritter*) of the German Civil Code to enforce or to enjoy the benefit of any term of this Agreement.

## INCORPORATED TERMS MEMORANDUM

The following is an extract from the text of the Incorporated Terms Memorandum. The text is attached as Annex B to the Conditions of the Notes and constitutes an integral part of the Conditions of the Notes. In case of any overlap or inconsistency in the definitions of a term or expression in the Incorporated Terms Memorandum and elsewhere in the Base Prospectus, the definitions of the Incorporated Terms Memorandum will prevail.

### 1. DEFINITIONS

1.1 The parties that have signed this Incorporated Terms Memorandum agree that, except where expressly stated to the contrary or where the context otherwise requires, the definitions set out below shall apply to terms or expressions referred to but not otherwise defined in each of the German Transaction Documents, the English Transaction Documents any Scottish Declaration of Trust and any Assignment in Security and any further documents entered into pursuant to any of them.

**"12-Months Average Dynamic Net Loss Ratio"** means, for any Payment Date, a fraction, expressed as a percentage rate, the numerator of which is the sum of the Dynamic Net Loss Ratios calculated with respect the last 12 calendar months preceding such Payment Date and the denominator of which is 12.

**"Accession Agreement"** means the agreement set out as a schedule to the Note Purchase Agreement and signed by any additional Note Purchaser or transferee of any Noteholders and the Security Trustee.

**"Account Agreement"** means the account agreement between the Issuer, VWFS, the Account Bank and the Security Trustee governing the Accounts dated on or about 25 June 2018, as amended and restated from time to time.

**"Account Bank"** means Citibank N.A., London Branch, acting as the Accumulation Account Bank, the Distribution Account Bank, the Counterparty Downgrade Collateral Account Bank and the Cash Collateral Account Bank.

**"Account Bank Required Rating"** means ratings, solicited or unsolicited, of:

- (a) a short-term rating of at least **"A-1"** and a long-term rating of at least **"A"** from S&P, or, if such entity is not subject to a short-term rating from S&P, long-term ratings of at least **"A+"** from S&P; and
- (b) a short-term rating of at least **"P-1"** and long-term rating of at least **"A2"** from Moody's, or, if such entity is only subject to a short-term rating from Moody's or a long-term rating from Moody's, a short-term rating of at least **"P-1"** or long-term rating of at least **"A2"** from Moody's.

**"Accounts"** means the Accumulation Account, the Distribution Account, the Counterparty Downgrade Collateral Accounts and the Cash Collateral Account.

**"Accrued Interest"** means in respect of a Note the interest which has accrued up to the relevant date.

**"Accumulation Account"** means the accumulation account specified in clause 3.4(a) (*Accumulation Account*) of the Account Agreement.

**"Accumulation Account Bank"** means Citibank N.A., London Branch.

**"Accumulation Amount"** means the sum of the Class A Accumulation Amount and the Class B Accumulation Amount.

**"Accumulation Balance"** means on a Payment Date during the Revolving Period the Accumulation Balance brought forward at the beginning of the Monthly Period plus the Accumulation Amount for the relevant Payment Date.

**"Additional Borrowing Date"** shall mean the Closing Date and any Further Issue Date or any date on which a drawing under the Subordinated Loan Agreement is made.

**"Additional Cut-Off Date"** means the last day of a Monthly Period elapsing prior to an Additional Purchase Date.

**"Additional Discounted Receivables Balance"** means, on any Additional Purchase Date, the sum of the Discounted Receivables Balance on the relevant Additional Cut-Off Date of the Additional Receivables to be purchased by Driver UK Master S.A., acting for and on behalf of its Compartment 4 on such Additional Purchase Date.

**"Additional Offer Date"** means the second Business Day prior to a Payment Date.

**"Additional Purchase Date"** means a Payment Date falling in the Revolving Period, when an additional purchase is made pursuant to clause 2 (*Agreement for Sale and Purchase*) of the Receivables Purchase Agreement.

**"Additional Receivables"** means the Receivables purchased by the Issuer from VWFS on any Additional Purchase Date in accordance with the Receivables Purchase Agreement.

**"Additional Receivables Purchase Price"** means the purchase price in respect of the Purchased Additional Receivables calculated as follows:

The Additional Receivables Purchase Price must not exceed the sum of the funds available from (without double counting):

- (i) the issuance of the Further Notes in accordance with clause 3.2 (*Purchase and Sale of the Further Notes*) of the Note Purchase Agreement at the Additional Purchase Date;
- (ii) the amount of funds available from the Order of Priority for the purchase of Additional Receivables at the Additional Purchase Date; and
- (iii) the amount, if any, available on any Purchase Date under the Subordinated Loan

The Additional Receivables Purchase Price shall equal the sum of:

- (i) (A) the sum of the relevant Class A Notes Increase Amount and the relevant Class B Notes Increase Amount, plus (B) any Subordinated Loan Increase Amount less (C) where applicable, amounts required for the endowment of the Cash Collateral Account with the respective General Cash Collateral Amount to equal the Specified General Cash Collateral Account Balance and less (D) certain costs related to the issue of such Further Notes, plus
- (ii)
  - (a) the Replenished Additional Discounted Receivables Balance, multiplied by
  - (b) one (1) minus the Replenished Receivables Overcollateralisation Percentage.

The Additional Receivables Purchase Price is to be paid by the Purchaser.

The Additional Receivables Purchase Price shall be free of VAT and shall be debited at the Additional Purchase Date from the Accumulation Account (if not already netted) and/or funded from the issuance of Further Notes.

**"Administrator Recovery Incentive"** means any incentive fee, costs and/or expenses payable, pursuant to the Servicing Agreement, to an Insolvency Official of VWFS in relation to the sale of Vehicles after an Insolvency Event of VWFS.

**"Adverse Claim"** means any mortgage, charge, pledge, hypothecation, lien, floating charge, security assignment or other security interest or encumbrance or other right or claim under the laws of any jurisdiction, of or on any Person's assets or properties in favour of any other Person.

**"Affiliate"** means, in relation to any Person, any entity controlled, directly or indirectly by the Person, any entity that controls, directly or indirectly the Person or any entity directly or indirectly under common control with such Person (for this purpose, **"control"** of any entity of Person means ownership of a majority of the voting power of the entity or Person). For the purposes of this definition, with respect to the Issuer, **"Affiliate"** does not include the Corporate Services Provider or any entities which the Corporate Services Provider controls.

**"Agency Agreement"** means the agency agreement between, inter alios, the Issuer, the Principal Paying Agent, the Registrar, the Interest Determination Agent and the Security Trustee dated 25 June 2018, as amended and restated from time to time.

**"Agents"** means the Interest Determination Agent, the Registrar and the Principal Paying Agent, and **"Agent"** means any one of them.

**"Aggregate Discounted Receivables Balance"** means the sum of the Discounted Receivables Balances for all Financing Contracts relating to Purchased Receivables provided that the Discounted Receivables Balance of any Defaulted Receivable will be zero.

**"Aggregate Redeemable Amount"** means, at any time, the difference between (i) the aggregate outstanding nominal amount of Notes of a certain Class and (ii) the Targeted Remaining Class A Note Balance or Targeted Remaining Class B Note Balance, as the case may be.

**"AIFM Regulation"** means the EU AIFM Regulation and the UK AIFM Regulation.

**"Alternative Benchmark Rate"** has the meaning given to it in Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*).

**"Amortisation Factor"** means, with respect to an Amortising Series and a certain Payment Date, the ratio of the principal amount outstanding of such Amortising Series of Notes immediately before it commences amortisation as numerator and the sum of the principal amount outstanding of all Non-Amortising Series of Notes of the same class issued on the day immediately preceding the commencement of the amortisation of such Amortising Series as denominator, stated as a percentage.

**"Amortising Series"** means, on any Payment Date:

- (a) any Series of Notes for which on or prior to such Payment Date the Series Revolving Period Expiration Date has occurred; or
- (b) following the occurrence of an Early Amortisation Event, all Series of Notes.

**"Ancillary Rights"** means, in relation to a Purchased Receivable, all remedies for enforcing the same including, for the avoidance of doubt and without limitation:

- (a) the right to demand, sue for, recover, receive and give receipts for all amounts due and to become due whether or not from Obligors or guarantors under or relating to the Financing Contract to which such Purchased Receivable relates and all guarantees (if any) (including, for the avoidance of doubt, any Enforcement Proceeds received by the Seller or its agents);
- (b) the benefit of all covenants and undertakings from Obligors and from guarantors under the Financing Contract to which such Receivable relates and under all guarantees (if any);
- (c) the benefit of all causes and rights of actions against Obligors and guarantors under and relating to the Financing Contract to which such Receivable relates and under and relating to all guarantees (if any);
- (d) the benefit of any other rights, title, interest, powers and benefits of the Seller into, under, pursuant to or in relation to such Financing Contract (including the right (but not the obligation) to make any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995 that the Seller would otherwise be entitled to make in connection with any Vehicle related to such Purchased Receivable) other than rights specifically relating to the



Vehicle itself (with such rights specifically relating to the Vehicle including, without limitation, the right of ownership but excluding the rights to any PCP Recoveries and (as referred to above) to any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995);

- (e) any Insurance Proceeds received by the Seller or its agents pursuant to Insurance Claims in each case insofar as the same relate to the Financing Contract to which such Receivable relates; plus
- (f) the benefit of any rights, title, interest, powers and benefits of the Seller in and to PCP Recoveries.

**"Applicable Insolvency Law"** means any applicable bankruptcy, insolvency or other similar law affecting creditors' rights now or hereafter in effect in any jurisdiction.

**"Arranger"** means Royal Bank of Canada.

**"Articles of Incorporation"** means the statutes of Driver UK Master S.A. under Luxembourg law.

**"Assignment in Security"** means any assignment in security of the Issuer's interest in the Scottish Trust Property granted pursuant to the terms of the Deed of Charge and Assignment and being substantially in the form set out in Schedule 3 (Assignment in Security) of the Deed of Charge and Assignment.

**"Authorised Representative"** shall mean the persons set out in Part A of Schedule 3 (Authorised Representative and Callback Contacts) of the Account Agreement, as amended pursuant to clause 6.6 (*Operating/Release Procedure*) of the Account Agreement.

**"Available Distribution Amount"** on each Payment Date shall equal the sum of the following amounts:

- (a) interest accrued on the Accumulation Account and the Distribution Account; plus
- (b) amounts received as Collections received or collected by the Servicer, inclusive, for avoidance of doubt, the Monthly Collateral Part 1 and Monthly Collateral Part 2 (after any relevant netting); plus
- (c) payments from the Cash Collateral Account as provided for in clauses 19.3 and 19.13 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement; plus
- (d) (i) Net Swap Receipts under the Swap Agreements, (ii) where the relevant Swap Agreement has been terminated and any Swap Termination Payments due by the Issuer to the departing Swap Counterparty have been paid (after returning any Excess Swap Collateral to the Swap Counterparty) and no replacement Swap Counterparty has been found, an amount equal to the lesser of (A) the balance standing to the credit of the Swap Counterparty Downgrade Collateral Account and (B) the Net Swap Receipts that would have been due from the relevant Swap Counterparty on such date assuming that there had been no termination of such Swap Agreement; plus
- (e) in case of the occurrence of an Early Amortisation Event or after the end of the Revolving Period, transfers from the Accumulation Account to the Distribution Account pursuant to the Trust Agreement; less
- (f) the Buffer Release Amount to be paid to VWFS, provided that no Insolvency Event occurred in respect of VWFS; plus
- (g) the amounts standing to the credit of the Accumulation Account after the preceding Payment Date; plus

- (h) any amounts provided for or converted into another currency which are not used and reconverted (if applicable) in accordance with clause 20.5 (*Order of Priority*) of the Trust Agreement; plus
- (i) the Interest Compensation Order of Priority Amount; less
- (j) the Interest Compensation Amount.

For the avoidance of doubt, interest accruing on the Counterparty Downgrade Collateral Accounts (other than amounts payable under clause 19.10 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*)) of the Trust Agreement and the Cash Collateral Account will not form part of the Available Distribution Amount. Such accrued interest and earned income will be retained on the relevant Account and (i) in the case of the Counterparty Downgrade Collateral Accounts, interest accruing in respect of amounts other than Swap Termination Payments received by the Issuer, be paid to the relevant Swap Counterparty in accordance with the Swap Agreement and (ii) in the case of the Counterparty Downgrade Collateral Account, interest accruing in respect of Swap Termination Payments received by the Issuer, be paid to the Subordinated Lender and/or VWFS in accordance with the priority of payment set out in clause 19.12 (*Distribution Account; Cash Collateral Account, Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement unless otherwise specified therein, (iii) in the case of interest accruing on the Cash Collateral Account form part of the General Cash Collateral Amount and will be applied in accordance with clause 19.3 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) and clause 20.3 (*Order of Priority*) of the Trust Agreement.

"**Base Prospectus**" means the base prospectus of the Issuer dated 22 February 2022 for the issuance of Notes under the Programme.

"**Benchmark Rate Modification**" has the meaning given to it in Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*).

"**Benchmark Rate Modification Certificate**" has the meaning given to it in Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*).

"**Borrowing Date**" shall have the meaning assigned to such term in clause 2.1 (*The Subordinated Loan*) of the Subordinated Loan Agreement.

"**Buffer Release Amount**" means on any Payment Date, the product of (a) the Buffer Release Rate, and (b) the Future Discounted Receivables Balance.

"**Buffer Release Rate**" means, on any Payment Date, (a) a percentage rate per annum calculated as (i) the Discount Rate, less (ii) the weighted average (calculated based on the outstanding principal amount of the Notes and the outstanding principal amount of the Subordinated Loan at the end of the Monthly Period) of the fixed rates (stated as a percentage) payable by the Issuer under the Swap Agreements and an estimate the Theoretical Subordinated Loan Swap Rate, less (iii) the Servicer Fee at a rate of 1 per cent. per annum, less (iv) 0.03 per cent. for any administrative costs and fees less (v) the Interest Compensation Rate, divided by (b) 12, provided that the rate so calculated may in no event be less than zero.

"**Business Day**" means any day on which TARGET2 or the successor system to TARGET2 is open for business, provided that this day is also a day on which banks are open for business in London and Luxembourg.

"**Callback Contact**" shall mean the persons set out in Part B of Schedule 3 (Authorised Representative and Callback Contact), as amended pursuant to clause 6.6 (*Operating/Release Procedure*) of the Account Agreement.

"**Cash Administration Services**" has the meaning as set forth in clause 9.2 (*Cash Administration Services*) of the Account Agreement.

"**Cash Administrator**" means Citibank N.A., London Branch.

**"Cash Collateral Account"** means the account specified in clause 3.2(a) (*Cash Collateral Account*) of the Account Agreement.

**"Cash Collateral Account Bank"** means Citibank N.A., London Branch.

**"Cash Collateral Amount"** means:

- (a) on the Initial Issue Date, an amount equal to GBP 6,000,000 (representing 1.20 per cent. of the aggregate outstanding nominal amount of the Initial Notes issued on the Initial Issue Date); and
- (b) on each Further Issue Date, an amount equal to 1.20 per cent. of the aggregate nominal amount of the Further Notes to be issued on such Further Issue Date.

**"CCA"** means the Consumer Credit Act 1974, as amended by the Consumer Credit Act 2006 and associated secondary legislation.

**"CET"** means Central European Time as being the local time in Frankfurt am Main and Luxembourg.

**"Charged Property"** means the whole of the right, title, benefit and interest of the Issuer in such undertaking, property, assets and rights assigned to the Security Trustee as defined under the Deed of Charge and Assignment.

**"Charged Transaction Documents"** means the English Transaction Documents other than the Deed of Charge and Assignment.

**"Charged-Off Amount"** in relation to a Charged-Off Receivable the sum of the accounting write-off in accordance with the Servicer's Customary Operating Practices that reduces the Discounted Receivables Balance (where the adjustment for Defaulted Receivables being zero shall not be applied) associated with the Vehicle to zero with regard to a Charged-Off Receivable and/or plus, if appropriate the accounting write off in accordance with the Servicer's Customary Operating Practices of past due Receivables that remain unpaid and reduced to a value of zero.

**"Charged-Off Receivable"** means a Terminated Receivable upon the occurrence of the earlier of the following events (i) the Vehicle associated to a Terminated Receivable is being sold or written-off (as having a value of zero) or (ii) the value of the associated Terminated Receivable (excluding the Vehicle) is written off in accordance with the Servicer's Customary Operating Practices.

**"Class A Accumulation Amount"** means, on any Payment Date during the Revolving Period, an amount not less than zero equal to the lesser of (a) the Class A Principal Payment Amount and (b) (i) the Class A Available Redemption Collections minus (ii) the sum of the Class A Amortisation Amount to be paid with respect to the Class A Notes on such Payment Date.

**"Class A Actual Overcollateralisation Percentage"** means, with respect to any Payment Date, one (1) minus the quotient of (a) the Nominal Amount of all outstanding Class A Notes divided by (b) the sum of (i) the Aggregate Discounted Receivables Balance and (ii) any amounts standing to the credit of the Accumulation Account, in each case of (a) and (b) as determined immediately after the preceding Payment Date.

**"Class A Aggregate Discounted Receivables Balance Increase Amount"** means in respect of a Payment Date the amount necessary to increase the Aggregate Discounted Receivables Balance as at the end of the Monthly Period to the Class A Targeted Aggregate Discounted Receivables Balance.

**"Class A Amortisation Amount"** means, for any Series of Class A Notes, an amount calculated as follows:

- (a) if on the relevant Payment Date all of the outstanding Series of Class A Notes are Non-Amortising Series of Class A Notes, zero; or
- (b) where on the relevant Payment Date some of the outstanding Series of Class A Notes but not all Series of Class A Notes are Amortising Series, then for any Series of Class A Notes

which on the relevant Payment Date qualifies as an Amortising Series for the first time (such Payment Date with respect to such Series referred to as the "**Class A Series Amortisation Date**"), the Class A Amortisation Amount applicable to such Series with respect to all Payment Dates following such qualification shall be determined as the lesser of (i) the principal amount outstanding of such Series and (ii) the product of (1) the positive difference between (A) the Class A Available Redemption Collections and (B) the sum of the Class A Amortisation Amounts in respect of the other Amortising Series of Class A Notes with an earlier Class A Series Amortisation Date and (2) the Amortisation Factor applicable to such Amortising Series; or

- (c) if on the relevant Payment Date all Series of Class A Notes are Amortising Series, the Class A Amortisation Amount for any Series of Class A Notes will be determined as the product of (i) the Class A Principal Payment Amount multiplied by (ii) the ratio of the principal amount outstanding of the relevant Amortising Series of Class A Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Class A Notes on such Payment Date as denominator.

**"Class A Available Redemption Collections"** means an amount equal to the Available Distribution Amount less any amounts due and payable on the relevant Payment Date under items first through eighth of the Order of Priority set out in clause 20.3 (a) (*Order of Priority*) of the Trust Agreement.

**"Class A Cash Component"** shall be equal to the product of (i) the Class A Aggregate Discounted Receivables Balance Increase Amount and (ii) one (1) minus the Replenished Receivables Overcollateralisation Percentage.

**"Class A Notes"** means the Initial Class A Notes and all Further Class A Notes collectively.

**"Class A Notes Increase Amount"** means, with respect to the Closing Date and any Further Issue Date an amount equal to the product of 71.30 per cent. and the Further Discounted Receivables Balance rounded down to the nearest GBP 100,000.

**"Class A Notes Interest Rate"** shall have the meaning ascribed to such term in Condition 8(c) (Payments of Interest) of the Class A Notes.

**"Class A Principal Payment Amount"** means:

- (a) during the Revolving Period, an aggregate amount equal to the Class A Cash Component;
- (b) after the end of the Revolving Period, an aggregate amount for any Payment Date which is equal to the amount necessary to reduce the outstanding principal amount of the Class A Notes to the Class A Targeted Note Balance.

**"Class A Targeted Aggregate Discounted Receivables Balance"** means (i) the remaining balance of all Class A Notes after application of any Class A Amortisation Amount to each Amortising Series of Class A Notes divided by (ii) 100% minus the Class A Targeted Overcollateralisation Percentage.

**"Class A Targeted Note Balance"** means for each Series of Class A Notes:

- (a) if the Aggregate Discounted Receivables Balance as of the end of the Monthly Period is less than 10 per cent. of the Maximum Discounted Receivables Balance, zero; otherwise
- (b) the excess of the sum of:
- (i) the Aggregate Discounted Receivables Balance as of the end of the Monthly Period; plus
- (ii) after expiration of the Revolving Period, the amounts standing to the credit of the Accumulation Account at the end of the respective Monthly Period,
- over the Class A Targeted Overcollateralisation Amount.

**"Class A Targeted Overcollateralisation Amount"** means, on each Payment Date the Class A Targeted Overcollateralisation Percentage multiplied by the sum of: (i) the Aggregate Discounted Receivables Balance, and (ii) the amounts standing to the credit of the Accumulation Account, in the case of (i) and (ii) as of the end of the Monthly Period.

**"Class A Targeted Overcollateralisation Percentage"** means:

- (a) 28.70 per cent. during the Revolving Period until a Credit Enhancement Increase Condition shall be in effect;
- (b) 32.50 per cent. after expiration of the Revolving Period until the Credit Enhancement Increase Condition is in effect; and
- (c) 100 per cent. until the Final Maturity Date once the Credit Enhancement Increase Condition has occurred.

**"Class B Accumulation Amount"** means, on any Payment Date during the Revolving Period, an amount not less than zero equal to the lesser of (a) the Class B Principal Payment Amount and (b) (i) the Class B Available Redemption Collections minus (ii) the sum of the Class B Amortisation Amount to be paid with respect to the Class B Notes on such Payment Date.

**"Class B Actual Overcollateralisation Percentage"** means, with respect to any Payment Date, one (1) minus the quotient of (a) the Nominal Amount of all outstanding Class A Notes and Class B Notes divided by (b) the sum of (i) the Aggregate Discounted Receivables Balance and (ii) any amounts standing to the credit of the Accumulation Account, in each case of (a) and (b) as determined immediately after the preceding Payment Date.

**"Class B Aggregate Discounted Receivables Balance Increase Amount"** means, in respect of a Payment Date, the amount necessary to increase the Aggregate Discounted Receivables Balance as of the end of the Monthly Period to the Class B Targeted Aggregate Discounted Receivables Balance in excess of the Class A Aggregate Discounted Receivables Balance Increase Amount on such Payment Date.

**"Class B Amortisation Amount"** means, for any Series of Class B Notes, an amount calculated as follows:

- (a) if on the relevant Payment Date all of the outstanding Series of Class B Notes are Non-Amortising Series, zero; or
- (b) where on the relevant Payment Date some of the outstanding Series of Class B Notes but not all Series of Class B Notes are Amortising Series, then for any Series of Class B Notes which on the relevant Payment Date qualifies as an Amortising Series for the first time (such Payment Date with respect to such Series referred to as the **"Class B Series Amortisation Date"**), the Class B Amortisation Amount applicable to such Series with respect to all Payment Dates following such qualification shall be determined as the lesser of (i) the principal amount outstanding of such Series and (ii) the product of (1) the positive difference between (A) the Class B Available Redemption Collections and (B) the sum of the Class B Amortisation Amounts in respect of the other Amortising Series of Class B Notes with an earlier Class B Series Amortisation Date and (2) the Amortisation Factor applicable to such Amortising Series; or
- (c) if on the relevant Payment Date all Series of Class B Notes are Amortising Series, the Class B Amortisation Amount for any Series of Class B Notes will be determined as the product of (i) the Class B Principal Payment Amount multiplied by (ii) the ratio of the principal amount outstanding of the relevant Amortising Series of Class B Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Class B Notes on such Payment Date as denominator.

**"Class B Available Redemption Collections"** means an amount equal to the Available Distribution Amount less any amount due and payable on the relevant Payment Date under items first through ninth of the Order of Priority set out in clause 20.3(a) (*Order of Priority*) of the Trust Agreement.

**"Class B Cash Component"** shall be equal to the product of (i) Class B Aggregate Discounted Receivables Balance Increase Amount multiplied by (ii) one (1) minus the Replenished Receivables Overcollateralisation Percentage.

**"Class B Notes"** means the Initial Class B Notes and all Further Class B Notes, collectively.

**"Class B Notes Increase Amount"** means, with respect to the Closing Date and any Further Issue Date an amount equal to the product of 7.90 per cent. and the Further Discounted Receivables Balance rounded down to the nearest GBP 100,000.

**"Class B Notes Interest Rate"** shall have the meaning ascribed to such term in Condition 8(c) (Payments of Interest) of the Class B Notes.

**"Class B Principal Payment Amount"** means:

- (a) during the Revolving Period, an aggregate amount equal to the Class B Cash Component;
- (b) after the end of the Revolving Period, an aggregate amount for any Payment Date which is equal to the amount necessary to reduce the outstanding principal amount of the Class B Notes to the Class B Targeted Note Balance.

**"Class B Targeted Aggregate Discounted Receivables Balance"** means the remaining balance of all Notes after application of any Class B Amortisation Amount to the Amortising Series of Class B Notes and Class A Amortisation Amount to the Amortising Series of Class A Notes divided by 100% minus the Class B Targeted Overcollateralisation Percentage.

**"Class B Targeted Note Balance"** means for each Series of Class B Notes,

- (a) if the Aggregate Discounted Receivables Balance as of the end of the Monthly Period is less than 10 per cent. of the Maximum Discounted Receivables Balance, zero; otherwise
- (b) the excess of the sum of:
  - (i) the Aggregate Discounted Receivables Balance as of the end of the Monthly Period; plus
  - (ii) after expiration of the Revolving Period, the amounts standing to the credit of the Accumulation Account at the end of the respective Monthly Period; less
  - (iii) the Class A Targeted Note Balance,over the Class B Targeted Overcollateralisation Amount.

**"Class B Targeted Overcollateralisation Amount"** means, on each Payment Date the Class B Targeted Overcollateralisation Percentage multiplied by the sum of: (i) the Aggregate Discounted Receivables Balance, and (ii) the amounts standing to the credit of the Accumulation Account, in the case of (i) and (ii) as of the end of the Monthly Period.

**"Class B Targeted Overcollateralisation Percentage"** means:

- (a) 21.50 per cent. during the Revolving Period until a Credit Enhancement Increase Condition shall be in effect;
- (b) 25.50 per cent. after expiration of the Revolving Period until the Credit Enhancement Increase Condition is in effect; and
- (c) 100 per cent. until the Final Maturity Date once the Credit Enhancement Increase Condition has occurred.

**"Class of Notes"** means the Class A Notes outstanding or the Class B Notes outstanding, as applicable.

**"Clean-Up Call Option"** means, with respect to Notes, VWFS's right at its option to exercise a clean-up call in accordance with the Receivables Purchase Agreement.

**"Clean-Up Call Option Notice"** means the notice served pursuant to clause 12.1 (*Clean-Up Call Option*) the Receivables Purchase Agreement for a Clean-Up Call Option.

**"Clean-Up Call Option Settlement Amount"** means the lesser of:

- (a) an amount equal to the outstanding Discounted Receivables Balance which would have become due if the Clean-Up Call Option had not been exercised, calculated on the last calendar day of the month in which the repurchase is to become effective; and
- (b) an amount equal to the theoretical present value of the Purchased Receivables remaining to be paid in the future, calculated using a discount rate equal to (i) the weighted average (based on the principal amount outstanding of all the Series of Notes and the Subordinated Loan outstanding principal amount as of the end of the relevant Monthly Period) of the fixed rates under the Swap Agreements, and the Theoretical Subordinated Loan Swap Rate, plus (ii) the Servicer Fee at a rate of 1 per cent. per annum, and plus (iii) 0.03 per cent. for administrative costs and fees.

The Clean-Up Call Option Settlement Amount shall be calculated on the last calendar day of the month in which the repurchase is to become effective, provided that, for the purposes of calculating the Clean-Up Call Option Settlement Amount, the risk of losses inherent to the relevant Purchased Receivables shall be taken into account on the basis of the risk status of such Purchased Receivables assessed by VWFS immediately prior to the buyback becoming effective. The Clean-Up Call Option Settlement Amount shall be due on the Payment Date following the Clean-Up Call Option Notice and, for the purposes of the definition of Collections shall be treated as a Settlement Amount.

**"Clearing System"** means each of Clearstream, Luxembourg and Euroclear.

**"Clearstream Luxembourg"** means the Clearstream clearance system for inter-nationally traded securities operated by Clearstream Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1885 Luxembourg, and any successor thereto.

**"Client Money Distribution Rules"** means the client money distribution rules as set out in Chapter 7A of the Client Assets Sourcebook of the FCA Handbook.

**"Client Money Rules"** means the client money rules set out in Chapter 7 of the Client Assets Sourcebook of the FCA Handbook.

**"Closing Date"** means 25 February 2022.

**"Collateral RV Buffer Amount"** means, (i) in respect of a Purchased Receivable which is subject to a Payment Holiday with Term Extension, £300 and (ii) in respect of a Purchased Receivable which is subject to a Further Payment Holiday with Term Extension, an additional amount equal to £300 in respect of such Purchased Receivable.

**"Collateral RV Ledger"** means the ledger maintained on the Cash Collateral Account. Amounts standing to the credit of the Collateral RV Ledger shall not form part of the General Cash Collateral Amount. The Collateral RV Ledger will, on the Collateral RV Buffer Start Date and each subsequent Payment Date, be credited with Collateral RV Buffer Amounts in respect of each Purchased Receivable which has, during the relevant Monthly Period been subject to a Payment Holiday With Term Extension.

**"Collections"** means, with respect to any Purchased Receivable, the following amounts received during the relevant Monthly Period:

- (a) all payments received by the Servicer related to such Purchased Receivable in the form of cash, cheques, SWIFT payments, wire transfers, direct debits, bank giro credits or other form of payment made by an Obligor in respect of such Purchased Receivable, including

PCP Recoveries, excess mileage charges, Enforcement Proceeds and Insurance Proceeds and any Written-Off Purchased Receivable Repurchase Price;

- (b) any payments received by the Servicer under any Ancillary Rights related to such Purchased Receivable;
- (c) any and all amounts received by the Servicer (or the Seller) (after expenses of recovery, repair and sale in accordance with Customary Operating Practices) in connection with any sale or other disposition of the Vehicle related to such Purchased Receivable, including, except where included in (d) below, an amount equal to any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995 that the Seller (or, the Servicer, exercising the Ancillary Rights assigned to the Issuer on the Issuer's behalf) is entitled to make in connection with any Vehicle related to such Purchased Receivable not including any amount in respect of VAT for which the Seller is required to account to the relevant tax authority in relation to such sale or other disposition;
- (d) any payments received by the Servicer (or the Seller) by way of recoveries in respect of any such Purchased Receivable that has become a Defaulted Receivable or a Terminated Receivable including an amount equal to any VAT adjustment under regulation 38 of the Value Added Tax Regulations 1995 that the Seller (or, the Servicer, exercising the Ancillary Rights assigned to the Issuer on the Issuer's behalf) is entitled to make in connection with any Vehicle related to such Purchased Receivable; plus
- (e) the aggregate Settlement Amounts paid by VWFS to the Issuer on such Payment Date pursuant to clause 9 (*Repurchase*) of the Receivables Purchase Agreement or any payment received by the Issuer on such Payment Date pursuant to clause 10 (*Payment for Non-existent Receivables*) and clause 15 (*Late Payment/Indemnity*) of the Receivables Purchase Agreement and clause 3 (*Redelivery Repurchase Price*) of the Redelivery Repurchase Agreement,

but shall not include any payments constituting Excluded Amounts. For the avoidance of doubt, following the Monthly Collateral Start Date, Collections shall include the Monthly Collateral Part 1 and Monthly Collateral Part 2 posted by VWFS onto the Distribution Account in accordance with its obligations under the Servicing Agreement, as adjusted to reflect actual Collections received in respect of the relevant Monthly Period.

**"Common Depository"** means Citibank Europe PLC.

**"Common Safekeeper"** or **"CSK"** means the entity appointed by the ICSDs to provide safekeeping for the Class A Notes under the new safekeeping structure (NSS).

**"Common Services Provider"** or **"CSP"** means the entity appointed by the ICSDs to provide asset servicing for the Class A Notes under the new safekeeping structure (NSS).

**"Common Terms"** means clauses 3 (*Limited Recourse; No Lien Or Set-Off; No Petition*) through 8 (*Confidentiality*) of the Incorporated Terms Memorandum.

**"Compartment"** means a compartment of Driver UK Master S.A. within the meaning of the Luxembourg Securitisation Law.

**"Compartment 4"** means the fourth Compartment of Driver UK Master S.A. designated to acquire the Purchased Receivables and related collateral from the Seller under the Receivables Purchase Agreement.

**"Compounded Daily SONIA"** means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Interest Determination Agent as at the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:



$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>0</sub>**" is the number of London Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

"**LBD**" means a London Banking Day;

"**n<sub>i</sub>**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following London Banking Day; and

"**p**" means, for any Interest Period, 5 London Banking Days; and

"**SONIA<sub>i-pLBD</sub>**" means, in respect of any London Banking Day falling in the relevant Interest Period, SONIA for the London Banking Day falling "**p**" London Banking Days prior to that London Banking Day "**i**".

"**Conditions**" means the terms and conditions of the relevant Class of Notes.

"**Consumer Credit Sourcebook**" means the consumer credit sourcebook as set out in the FCA Handbook.

"**Consumer Protection Regulation**" means the Consumer protection from Unfair Trading Regulations 2008, which implement the UCPD.

"**Corona Pandemic**" means the COVID-19 pandemic.

"**Corporate Services Agreement**" means the corporate services agreement entered into by Driver UK Master S.A. and the Corporate Services Provider on or about 21 November 2011 under which, the Corporate Services Provider is responsible for the day to day activities of Driver UK Master S.A. and shall provide secretarial, clerical, administrative and related services to Driver UK Master S.A. and maintain the books and records of Driver UK Master S.A. in accordance with applicable laws and regulations of Luxembourg.

"**Corporate Services Provider**" means Circumference FS (Luxembourg) S.A.

"**Counterparty Downgrade Collateral Account**" means each counterparty downgrade collateral account established by the Security Trustee for collateral provided by the relevant Swap Counterparty pursuant to clause 19.6 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement.

"**Counterparty Downgrade Collateral Account Bank**" means Citibank N.A., London Branch.

"**COVID-19 Eligible Obligor**" means, with respect to a VWFS Payment Deferral or a Further VWFS Payment Deferral, an Obligor which, subject to a suitability check, satisfies the following criteria:

- (a) The Obligor has confirmed to VWFS that it is impacted by the Corona Pandemic.
- (b) The Obligor must be an individual, partnership or sole trader. The Obligor cannot be a corporate Obligor.
- (c) The Obligor has a PCP Agreement or HP Agreement with VWFS.

- (d) As at 16 March 2020, the Obligor must have been up to date with respect to all payments or parts thereof due under its Financing Contract (or no more than 30 days overdue in respect of a payment or part thereof due under its Financing Contract).
- (e) After 16 March 2020, the Obligor may either:
  - (i) be up to date with respect to all payments or parts thereof due under its Financing Contract; or
  - (ii) be in arrears in respect of any payments or parts thereof under its Financing Contract solely to the extent that such payments fall due after 16 March 2020 and if the Obligor is in arrears then the Obligor must be in arrears by no more than 2 consecutive rentals in respect of a payment or part thereof due under its Financing Contract.

"**COVID-19 Extension**" means, in respect of a Purchased Receivable under which the related Financing Contract is a PCP Agreement, upon maturity of the PCP Agreement, an informal extension to the term of a maturing PCP Agreement of up to 6 months, as agreed between the Servicer (where the Servicer is VWFS) acting on the basis of its Customary Operating Practices and the Obligor (for the avoidance of doubt irrespective of whether or not the Obligor is a COVID-19 Eligible Obligor).

"**COVID-19 Overcollateralisation Percentage**" means a percentage rate determined by VWFS which is no greater than the Replenished Receivables Overcollateralisation Percentage.

"**COVID-19 Purchased Receivable**" means a Purchased Receivable under which the related Financing Contract is a PCP Agreement which is subject to a COVID-19 Extension.

"**CPR**" means constant prepayment rate.

"**CRA Regulation**" or "**CRA3**" means Regulations (EC) No 1060/2009 of the European Parliament on credit rating agencies, as amended by Regulation (EU) no 513\*2011 and by Regulation (EU) No 462/2013

"**CRA15**" means the Consumer Rights Act 2015.

"**CRD**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"**CRD IV-Package**" means CRD and CRR.

"**Credit**" has the meaning given to that term in clause 20.1 (*Order of Priority*) of the Trust Agreement.

"**Credit Enhancement Increase Condition**" shall be deemed to be in effect if:

- (a) the Dynamic Net Loss Ratio for three consecutive Payment Dates exceeds (i) 0.25 per cent., if the Weighted Average Seasoning is less than or equal to 12 months (inclusive) (ii) 0.75 per cent., if the Weighted Average Seasoning is between 12 months (exclusive) and 22 months (inclusive), (iii) 2.00 per cent. if the Weighted Average Seasoning is between 22 months (exclusive) and 34 months (inclusive), or (iv) if the Weighted Average Seasoning is greater than 34 months, the Dynamic Net Loss Ratio shall not apply; or
- (b) the 12-Months Average Dynamic Net Loss Ratio exceeds (i) 0.60 per cent. during the Revolving Period or (ii) 1.20 per cent. after the end of the Revolving Period; or
- (c) the Late Delinquency Ratio exceeds 1.30 per cent. on any Payment Date on or before 25 February 2023, provided that this event will be waived following a Term Takeout if the Issuer receives a Rating Agency confirmation that the sale of the Receivables will not result in a downgrade of the outstanding Class A Notes or the Class B Notes, as applicable and to the

extent rated, on or before the Payment Date immediately following the occurrence of such event; or

- (d) a Servicer Replacement Event occurs and is continuing; or
- (e) an Insolvency Event occurs with respect to VWFS; or
- (f) the Cash Collateral Account does not contain (A) the Specified General Cash Collateral Account Balance on three consecutive Payment Dates or (B) the Minimum Cash Collateral Account Balance at any Interest Determination Date.

"**CRR**" means EU CRR and UK CRR.

"**CSSF**" means the Commission de Surveillance du Secteur Financier of Luxembourg.

"**Cure Period**" means the period which

- (a) begins on the date when VWFS became aware or was notified by the Servicer that: (i) a breach of any of the warranties set forth at the Initial Cut-Off Date, 25 June 2018, the Additional Cut-Off Dates or Additional Purchase Dates (as applicable), which VWFS has to cure or correct pursuant to clause 9 (*Repurchase*) of the Receivables Purchase Agreement, has occurred; or (ii) a payment is required under clause 14.3 (*Prepayments of Purchased Receivables*) of the Receivables Purchase Agreement (each as applicable); and
- (b) ends at the end of the Monthly Period which includes the sixtieth (60th) day (or, if the Seller elects an earlier date) after the date set out in (a).

"**Custodian**" means Citibank N.A., London Branch, or any other bank having the Account Bank Required Ratings and being satisfactory to the Issuer, the Security Trustee and the Servicer.

"**Custody Agreement**" means the custody agreement to be entered into between the Custodian and the Issuer in relation to any collateral in the form of securities transferred to the Issuer by the Swap Counterparty in accordance with the terms of the Swap Agreement.

"**Customary Operating Practices**" means the normal operating policies and practices in respect of the origination, management, administration and Collection of receivables adopted by (as the case may be) VWFS or the Servicer from time to time with respect to HP Agreements and PCP Agreements entered into by VWFS.

"**Cut-Off Date**" means each of the Initial Cut-Off Date and each Additional Cut-Off Date.

"**Data File**" means the encrypted list (with only the names and addresses of the respective Obligors) made available by VWFS to the Issuer.

"**Data Protection Laws**" means:

- (a) until 24 May 2018 (inclusive) the Data Protection Act 1998; and
- (b) from and including 25 May 2018, the EU General Data Protection Regulation, and all related national laws, regulations, rules and secondary legislation, including the Data Protection Act 2018, and any amendment, update or replacement to those laws as may occur from time to time and together with any subordinate or related legislation made under any of the foregoing and the UK General Data Protection Regulation.

"**Data Protection Trust Agreement**" means the data protection trust agreement entered into on 25 June 2018 by the Seller, the Data Protection Trustee, the Security Trustee and the Issuer, as amended and restated from time to time.

"**Data Protection Trustee**" means Wilmington Trust SP Services (Frankfurt) GmbH.

**"Deed of Amendment and Restatement"** means the deed entered into on or about the Closing Date between, *inter alios*, Driver UK Master S.A. acting for and on behalf of its Compartment 4, VWFS, the Note Purchasers, the Manager and the Security Trustee.

**"Deed of Charge and Assignment"** means the English law deed of charge governing the granting of security and declaration of trust entered into, *inter alios*, between Driver UK Master S.A. acting for and on behalf of its Compartment 4 and the Security Trustee dated on or about 25 June 2018, as amended and restated from time to time.

**"Defaulted Receivable"** means (without double-counting):

- (a) any Purchased Receivable which has been written off as without value in accordance with the Customary Operating Practices; or
- (b) any Purchased Receivable which has been **"hostile terminated"** in accordance with the Customary Operating Practices; or
- (c) any PCP Receivable in respect of which (i) the related Obligor has elected to exercise its right to return the Vehicle related to such PCP Receivable pursuant to the PCP Agreement related to such PCP Receivable, and (ii) the Vehicle related to such PCP Receivable has not been sold or otherwise disposed of for more than 91 days from the date on which such Vehicle was returned.

**"Delinquent Receivable"** means any Receivable (other than a Defaulted Receivable) in respect of which any payment, or part thereof, remains unpaid by the relevant Obligor for more than 30 days but less than 91 days as calculated in accordance with the Customary Operating Practices.

**"Determination Date"** means the second (2<sup>nd</sup>) Business Day prior to the first (1<sup>st</sup>) day of a Monthly Period.

**"Direct Debit"** means a written instruction of an Obligor authorising its bank to honour a request of VWFS to debit a sum of money on specified dates from the account of the Obligor for credit to an account of VWFS.

**"Direct Debiting Scheme"** means the system for the manual or automated debiting of bank accounts by Direct Debit operated in accordance with the principal rules of certain members of the Association for Payment Clearing Services.

**"Discount Rate"** means 6.3718 per cent. per annum, whereby discounting shall take place on the basis of one year of 360 days being equivalent to 12 months, each month consisting of 30 days.

**"Discounted Receivables Balance"** means, in respect of a Purchased Receivable, its scheduled cash flow (including amounts of Principal and interest that are overdue) discounted as at the relevant date by applying the Discount Rate. For the avoidance of doubt, the Discounted Receivables Balance excludes any Written-Off Purchased Receivable.

**"Distribution Account"** means the account specified in clause 3.1(a) (Distribution Account) of the Account Agreement.

**"Distribution Account Bank"** means Citibank N.A., London Branch.

**"Domiciliation Law"** means article 1 of the Luxembourg law of 31 May 1999.

**"Dynamic Net Loss Ratio"** means for any Payment Date, a fraction expressed as a percentage rate, the numerator of which is the sum of the aggregate Charged-Off Amounts for the Monthly Period less any recoveries made in relation to the Receivables that were previously Charged-Off Receivables during the Monthly Period (including Receivables which were not received on time, Receivables remaining to be paid in the future and any Redelivery Purchased Receivables which became Charged Off Receivables after being repurchased by VWFS) and the denominator of which is the Discounted Receivables Balance as at the beginning of the Monthly Period.

**"Early Amortisation Event"** shall mean any of the following:

- (a) the occurrence of a Servicer Replacement Event;
- (b) the Accumulation Balance on two consecutive Payment Dates exceeds 15 per cent. of the Discounted Receivables Balance after application of the relevant Order of Priority on such Payment Date;
- (c) on any Payment Date falling after six consecutive Payment Dates following the Initial Issue Date, the Class A Actual Overcollateralisation Percentage is determined as being lower than 28.5 per cent.;
- (d) VWFS ceases to be an Affiliate of Volkswagen Financial Services AG or any successor thereto;
- (e) the Seller fails to perform its obligations under clause 9 (*Repurchase*) or clause 10 (*Payment for Non-existent Receivables*) of the Receivables Purchase Agreement or clause 3 (*Repurchase*) of the Redelivery Repurchase Agreement provided that, in the case of the Seller's failure to perform its obligations under clause 3 (*Repurchase*) of the Redelivery Repurchase Agreement, such failure subsists for two Payment Dates following the Payment Date on which such Redelivery Purchased Receivables were required to be repurchased;
- (f) the Issuer fails to enter into a replacement Swap Agreement within 30 calendar days following the termination of a Swap Agreement or the respective Swap Counterparty fails to post collateral, in each case within the time period specified in the applicable Swap Agreement, (each as provided for in clause 19 (*Distribution Account; Cash Collateral Account; Counterparty Downgrade Collateral Account; Swap Provisions*) of the Trust Agreement or to take any other measure which does not result in a downgrade of the Notes;
- (g) the Credit Enhancement Increase Condition is in effect; or
- (h) the occurrence of a Foreclosure Event.

**"Early Settlement"** means where (i) the Obligor of a Purchased Receivable requests from the Servicer that the Servicer allows the Obligor on payment to the Servicer of the requested early settlement amount calculated in accordance with the Customary Operating Practices to terminate the Financing Contract and (ii) the requested early settlement amount is paid in accordance with the Customary Operating Practices with the result that no further liability exists from the Obligor under the Financing Contract that is the subject of the early settlement request.

**"Early Settlement Regulations"** means the Consumer Credit (Early Settlement) Regulations 2004.

**"EBA"** means the European Banking Authority.

**"EC Treaty"** means the Treaty establishing the European Community (signed in Rome on 25 March, 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February, 1992), as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 November, 1997), as amended by the Treaty of Nice (signed in Nice on 26 February, 2001) and as amended by the Treaty of Lisbon (signed in Lisbon on 13 December 2007 and in force since 1 December 2009).

**"Eligibility Criteria"** means the conditions set forth in clause 8.1 (*Warranties and Representations*) of the Receivables Purchase Agreement.

**"Eligible Bank"** means an internationally recognised bank with the Account Bank Required Ratings.

**"Eligible Collateral Bank"** means an international recognised bank with the Account Bank Required Ratings.

**"Eligible Receivable"** means a VWFS Receivable that complies with the Eligibility Criteria.

**"Eligible Swap Counterparty"** means, subject to section 2.4 of the Master Definitions Schedule, any entity:

- (a) having (i) a rating of not less than the counterparty ratings for the S&P Collateral Framework Option then in effect pursuant to the Swap Agreement; or (ii) having the Minimum S&P Collateralised Counterparty Rating and posts collateral in the amount and manner set forth in the Swap Agreements or (iii) obtaining a guarantee from a party having the minimum required counterparty ratings for the S&P Collateral Framework Option then in effect; and
- (b) having a long-term counterparty risk assessment of, or if it does not have such counterparty risk assessment, having long-term, unsecured and unsubordinated debt or counterparty obligations rated, (i) "A3" or above by Moody's or (ii) "Baa3" or above by Moody's and which either posts collateral in the amount and manner set forth in the Swap Agreements or obtains a guarantee from a person having the ratings set forth in (i) above.

**"EMIR"** means Regulation (EU) No 548/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives central counterparties and trade repositories, known as the European Market Infrastructure Regulations including any implementing laws or regulations in force in the United Kingdom in relation to EMIR or amending EMIR as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"Encumbrances"** has the meaning as set forth in clause 1.8 (*No Encumbrances/Security*) of Annex 3 (*Further Representations and Warranties*) of the Note Purchase Agreement.

**"Enforcement Event"** means a Foreclosure Event and the Security Trustee has served an Enforcement Notice upon the Issuer.

**"Enforcement Notice"** means a notice delivered by the Security Trustee on the Issuer upon the occurrence of a Foreclosure Event (in the sole judgement of the Security Trustee or upon request of the Noteholders holding more than 66⅔ per cent. of the outstanding principal amount of the Class A Notes or, if no Class A Notes are outstanding, not less than 66⅔ per cent. of the outstanding principal amount of the Class B Notes (whereby Notes owned by VW Bank or its affiliates will not be taken into account for the determination of the required majority of 66⅔ per cent. of the aggregate outstanding principal amount of the Notes)) stating that the Security Trustee commences with the enforcement of the Security pursuant to the procedures set out in the relevant Security Documents.

**"Enforcement Proceeds"** means the gross proceeds from the realisation of Vehicles in respect of Purchased Receivables and from the enforcement of any other Ancillary Rights.

**"English Process Agent"** means the agent appointed by the Issuer and entitled to receive correspondence on behalf of the Issuer in England and Wales.

**"English Transaction Documents"** means the Receivables Purchase Agreement, the Servicing Agreement, the Deed of Amendment and Restatement, the Account Agreement, each Swap Agreement, the Redelivery Repurchase Agreement and the Deed of Charge and Assignment and any other documents designated as an English Transaction Document by the Issuer and the Security Trustee.

**"ESMA"** means the European Securities Market Authority.

**"EU AIFM Regulation"**: means Regulation (EU) No 231/2013 of 19 December 2012.

**"EU CRR"** means Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No 648/2012, as amended.

**"EU General Data Protection Regulation"** means Regulation (EU) 2016/679 of 27 April 2016.

**"EU Insolvency Regulation"** means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

**"EU Securitisation Regulation"** means Regulation (EU) No 2017/2402 dated 12 December 2017 and any relevant regulatory and/or implementing technical standards adopted by the European Commission in relation thereto, any relevant regulatory and/or implementing technical standards applicable in relation thereto pursuant to any transitional arrangements made pursuant to the Securitisation Regulation, and in each case, any relevant guidance published by the European Banking Authority, the European Securities and Markets Authority (or, in either case, any predecessor authority), the European Commission and by national competent authorities.

**"EU Securitisation Repository"** means European DataWarehouse GmbH, in its capacity as securitisation repository and registered in accordance with Article 10 of the EU Securitisation Regulation.

**"EU Solvency II Regulation"** means Regulation (EU) 2015/35 of 10 October 2014 on the taking up and pursuit of the business of insurance and reinsurance.

**"EUR"** or **"EURO"** or **"€"** means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the EC Treaty.

**"Euroclear"** means Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and any successor thereto.

**"Eurosysteem"** comprises the European Central Bank and the national central banks of those countries that have adopted the euro.

**"EUWA"** means the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement) Act 2020.

**"Excess Swap Collateral"** means, in respect of a Swap Agreement, an amount (which shall be transferred directly to the Swap Counterparty in accordance with the Swap Agreement) equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the Swap Counterparty to the Issuer pursuant to the Swap Agreement exceeds the Swap Counterparty's liability under the Swap Agreement as at the date of termination of the Swap Agreement or which it is otherwise entitled to have returned to it under the terms of the Swap Agreement.

**"Excluded Amounts"** comprise the following, which are not sold to the Issuer: (a) any Supplemental Servicer Fee, (b) any credit protection, asset value or other insurance premiums payable by Obligor to the relevant insurers via the Servicer, (c) the VAT Component on payments received by the Servicer, (d) any amounts (together with any VAT thereon) payable by an Obligor in respect of refurbishment charges, wear-and-tear and other similar types of recoveries and charges (other than excess mileage charges); (e) any amount of VAT payable by an Obligor in respect of excess mileage charges, (f) any option to purchase fee specified in the Financing Contract; and (g) any cashflows from maintenance contracts.

**"Existing COVID-19 Eligible Obligor"** means a COVID-19 Eligible Obligor which had previously received a VWFS Payment Deferral and applied for a Further VWFS Payment Deferral.

**"Extended Forbearance"** means the additional forbearance measures offered as per the notice dated 30 March 2020.

**"FATCA"** means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 and the Treasury regulations and official guidance issued thereunder, as amended from time to time ("**US FATCA**");
- (b) any inter-governmental agreement between the United States and any other jurisdiction entered into in connection with US FATCA (an "**IGA**");

- (c) any treaty, law, regulation or official guidance enacted, issued or amended in any jurisdiction which facilitates the implementation of US FATCA or an IGA ("**Implementing Law**"); and
- (d) any agreement entered into with the US Internal Revenue Service, the US government or any governmental or Tax authority in any other jurisdiction in connection with US FATCA, an IGA or any Implementing Law.

"**FATCA Costs**" means any costs or expenses with respect to compliance with, or implementation of, FATCA.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Transaction Document required by FATCA.

"**FCA**" means the Financial Conduct Authority of the United Kingdom.

"**FCA Handbook**" means the handbook of rules promulgated by the FCA under FSMA as amended or replaced from time to time.

"**Final Discharge Date**" means the date on which the Security Trustee notifies the Issuer and the Transaction Creditors that it is satisfied that all the Secured Obligations and/or all other moneys and other liabilities due or owing by the Issuer have been paid or discharged in full.

"**Final Maturity Date**" means, for each Series of Notes, the date specified as such in the respective Final Terms.

"**Final Rental Amount**" means, if any, the larger final payment due under the Financing Contracts.

"**Final Terms**" means the final terms to this Base Prospectus which will be prepared for each issue of Notes.

"**Financing Contract**" means an agreement for the provision of credit for the purchase of motor vehicles taking the form of hire purchase agreements ("**HP Agreements**" or "**HP No Balloon**") and personal contract purchase agreements ("**PCP Agreements**") between VWFS and an Obligor.

"**Force Majeure Event**" means an event beyond the reasonable control of the person affected including, strike, lock-out, sit-in, labour dispute, act of God, war, insurrection, riot, epidemic, civil commotion, governmental directions and regulations, malicious damage, accident, breakdown of plant or machinery, computer software, hardware or system failure, earthquake, fire, flood, storm and other circumstances affecting the supply of goods or services.

"**Foreclosure Event**" means any of the following events:

- (a) with respect to Driver UK Master S.A. an Insolvency Event occurs; or
- (b) the Issuer defaults in the payment of any interest on the most senior Class of Notes then outstanding when the same becomes due and payable, and such default continues for a period of five Business Days; or
- (c) the Issuer defaults in the payment of principal of any Note on the Final Maturity Date.

It is understood that interest and principal on the Notes other than interest on the most senior Notes will not be due and payable on any Payment Date prior to the Final Maturity Date except to the extent there are sufficient funds in the Available Distribution Amount to pay such amounts in accordance with the Order of Priority.

"**FSMA**" means the UK Financial Services and Markets Act 2000, as amended from time to time.

"**Funding**" means the Notes and the Subordinated Loan.

"**Further Discounted Receivables Balance**" means on any Additional Purchase Date, the Additional Discounted Receivables Balance less the Replenished Additional Discounted Receivables Balance.



**"Further Issue Date"** means each day which shall be a Payment Date on which Further Notes are issued, provided that with respect to each existing Series of Notes such date shall in no event be later than the Payment Date immediately preceding the Series Revolving Period Expiration Date applicable to such Series (excluding, for the avoidance of doubt, in respect of a Series of Notes, the first issuance of Notes of a particular Series).

**"Further Note Purchase Price"** has the meaning as set forth in clause 3.3(c) (*Further Notes to be issued after the Closing Date*) of the Note Purchase Agreement.

**"Further Notes"** means any notes of each class and each series of floating rate asset backed notes issued by Driver UK Master S.A., acting for and on behalf of its Compartment 4 on any Further Issue Date with, in aggregate with the Initial Notes, a maximum total nominal amount up to the Programme Amount.

**"Further Payment Holiday With No Term Extension"** means, in respect of a Financing Contract with more than 36 months to its contractual maturity date, a payment holiday offered by VWFS to an Existing COVID-19 Eligible Obligor in respect of the next three unbilled rental payments due under the Financing Contract, provided that the contractual maturity date remains unchanged. Payment holidays do not extend beyond 31 July 2021 and Obligors may no longer receive a VWFS Payment Deferral.

**"Further Payment Holiday With Term Extension"** means, in respect of a Financing Contract with 3 to 36 months to its contractual maturity date, a payment holiday offered by VWFS to an Existing COVID-19 Eligible Obligor in respect of the next three unbilled rental payments due under the Financing Contract with the maturity date under the Financing Contract being extended by up to 3 months from its original scheduled contractual maturity date. Payment holidays do not extend beyond 31 July 2021 and Obligors may no longer receive a VWFS Payment Deferral.

**"Further Receivables Overcollateralisation Amount"** means, with respect to any Further Issue Date, an amount equal to the product of (i) the Further Receivables Overcollateralisation Percentage and (ii) the Further Discounted Receivables Balance.

**"Further Receivables Overcollateralisation Percentage"** means 2.632 per cent.

**"Further VWFS Payment Deferral"** means either a Further Payment Holiday With Term Extension or a Further Payment Holiday With No Term Extension.

**"Future Discounted Receivables Balance"** means at the beginning of the relevant Monthly Period, the present value of the Purchased Receivables scheduled to be paid in the future calculated by using the same mechanism as to calculate the Discounted Receivables Balance, excluding any arrears and stock.

**"GBP"** or **"Sterling"** means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

**"General Cash Collateral Amount"** means the outstanding balance of the Cash Collateral Account from time to time, other than the balance standing to the credit of the Interest Compensation Ledger, the Retained Profit Ledger and the Collateral RV Ledger.

**"German Civil Code"** means the civil code (*Bürgerliches Gesetzbuch*) of Germany, as amended or restated from time to time.

**"German Commercial Code"** means the commercial code (*Handelsgesetzbuch*) of Germany, as amended or restated from time to time.

**"German Transaction Documents"** means the Conditions of the Class A Notes, the Conditions of the Class B Notes, the Deed of Amendment and Restatement, the Trust Agreement, the Agency Agreement, the Incorporated Terms Memorandum, the Note Purchase Agreement, the Subordinated Loan Agreement, the Data Protection Trust Agreement and any other documents designated as a German Transaction Document by the Issuer and the Security Trustee.

**"Global Notes"** means, in respect of each Series of Notes, the global registered notes without coupons attached representing such Series of Notes, as set out in the Agency Agreement.

**"Governmental Authority"** means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including without limitation any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing including for the avoidance of doubt the German Federal Financial Supervisory Authority.

**"ICSDs"** means both Clearstream Luxembourg and Euroclear collectively.

**"Initial Class A Notes"** means any class A notes issued by the Issuer on the Initial Issue Date.

**"Initial Class B Notes"** means any class B notes issued by the Issuer on the Initial Issue Date.

**"Initial Cut-Off Date"** means 31 May 2018.

**"Initial Issue"** means the issue of the Initial Notes by the Issuer.

**"Initial Issue Date"** means 25 June 2018.

**"Initial Notes"** means the Initial Class A Notes and the Initial Class B Notes.

**"Initial Offer Date"** means any Business Day on or prior to 25 June 2018.

**"Initial Receivables"** means the Initial VWFS Receivables.

**"Initial Receivables Purchase Price"** means the purchase price in respect of Initial Receivables being an amount of GBP 602,100,751.89 (equal to the Aggregate Discounted Receivables Balance of the Purchased Receivables as of the Initial Cut-Off Date less (i) an amount of GBP 13,031,494.35 for overcollateralisation purposes, less (ii) an amount GBP 6,000,000 for the endowment of the Cash Collateral Account and less (iii) certain costs related to the issue of the Initial Notes (Nil)).

**"Initial VWFS Receivables"** means the Receivables purchased by the Issuer from VWFS on 25 June 2018 in accordance with the Receivables Purchase Agreement.

**"Insolvency Event"** means, with respect to Driver UK Master S.A., the Seller, the Servicer, the Security Trustee, as the case may be, each of the following events:

- (a) the making of an assignment, assignation, trust, conveyance, composition of assets for the benefit of its creditors generally or any substantial portion of its creditors;
- (b) the application for, seeking of, consents to, or acquiescence in, the appointment of a receiver, custodian, trustee, liquidator or similar official for it or a substantial portion of its property;
- (c) the initiation of any case, action or proceedings before any court or Governmental Authority against Driver UK Master S.A., the Seller, the Servicer or the Security Trustee under any applicable liquidation, insolvency, composition, bankruptcy, receivership, dissolution, reorganisation, winding-up, relief of debtors or other similar laws and such proceedings are not being disputed in good faith with a reasonable prospect of discontinuing or discharging the same;
- (d) the levy or enforcement of a distress, diligence or execution or other process upon or sued out against the whole or any substantial portion of the undertaking or assets of Driver UK Master S.A., the Seller, the Servicer or the Security Trustee and such possession or process (as the case may be) shall not be discharged or otherwise shall not cease to apply within sixty days;
- (e) initiation or consent to any case, action or proceedings in any court or Governmental Authority relating to Driver UK Master S.A., the Seller, the Servicer or the Security Trustee

under any applicable liquidation, insolvency, composition, bankruptcy, receivership, dissolution, reorganisation, winding-up, relief of debtors or other similar laws;

- (f) an order is made against Driver UK Master S.A., the Seller, the Servicer or the Security Trustee or an effective resolution is passed for its winding-up; and
- (g) Driver UK Master S.A., the Seller, the Servicer or the Security Trustee is deemed generally unable to pay its debts within the meaning of any liquidation, insolvency, composition, reorganisation or other similar laws in the jurisdiction of its incorporation or establishment (provided that, for the avoidance of doubt, any assignment, assignation, charge, pledge or lien made by the Issuer for the benefit of the Security Trustee under the Trust Agreement, the Deed of Charge and Assignment and any Assignation in Security shall not constitute an Insolvency Event in respect of the Issuer).

**"Insolvency Official"** means, in respect of any company, a liquidator, provisional liquidator, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian, the Viscount or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors or any equivalent or analogous officer under the law of any jurisdiction.

**"Insurance Claims"** means any claims against any car insurer in relation to any damaged or stolen Vehicle.

**"Insurance Proceeds"** means any proceeds or monetary benefit in respect of any Insurance Claims.

**"Interest"** means in respect of a Receivable each of the scheduled periodic payments of interest (if any) payable by the respective Obligor as provided for in accordance with the terms of the relevant Financing Contract plus any applicable later payment penalties.

**"Interest Accrual Period"** means each Interest Period.

**"Interest Compensation Amount"** means the element of the Discount Rate which is available to compensate the Issuer for interest shortfalls suffered by the Issuer as a result of the Early Settlement of Purchased Receivables during the relevant Monthly Period. The Interest Compensation Amount shall be calculated on each Payment Date as the product of (a) the Interest Compensation Rate divided by 12, and (b) the Future Discounted Receivables Balance. If, on any Payment Date, the Interest Compensation Amount is greater than the Interest Compensation Order of Priority Required Amount, the excess shall be credited to the Interest Compensation Ledger.

**"Interest Compensation Ledger"** means a ledger designated 'Interest Compensation Ledger' and maintained on the Cash Collateral Account. The Interest Compensation Ledger will not form part of the General Cash Collateral Amount. The Interest Compensation Ledger will be available to pay Interest Compensation Order of Priority Required Amounts on any Payment Date. VWFS will be entitled to receive any Interest Compensation Ledger Release Amounts outside of the Order of Priority.

**"Interest Compensation Ledger Release Amount"** means:

- (a) if an Insolvency Event in respect of VWFS has occurred and is continuing, zero; or
- (b)
  - (i) on any Payment Date prior to the exercise of the Clean-Up Call Option the amount standing to the credit of the Interest Compensation Ledger in excess of GBP 4,000,000; and
  - (ii) following the exercise of the Clean-Up Call Option, the balance standing to the credit of the Interest Compensation Ledger,

which shall be paid to the Seller.

**"Interest Compensation Order of Priority Amount"** means, on any Payment Date, the sum of:

- (a) the amount of the Interest Compensation Amount necessary to satisfy the Interest Compensation Order of Priority Required Amount due on such date; and
- (b) if the Interest Compensation Amount is insufficient to satisfy the Interest Compensation Order of Priority Required Amount due on such date, a drawing from the Interest Compensation Ledger in an amount equal to the shortfall, until the balance of the Interest Compensation Ledger is equal to zero.

**"Interest Compensation Order of Priority Required Amount"** means, on each Payment Date the aggregate amount for all Financing Contracts that have been subject to Early Settlement during the relevant Monthly Period calculated as the Discounted Receivables Balance for the Financing Contract subject to Early Settlement less the net present value of the future payments for the same Financing Contract calculated using the Obligor internal rate of return (rather than the Discount Rate).

**"Interest Compensation Rate"** means 1.3330% per annum.

**"Interest Determination Agent"** means Citibank N.A., London Branch.

**"Interest Determination Date"** means the fifth London Banking Day before the Payment Date for which the Class A Notes Interest Rate and the Class B Notes Interest Rate, as applicable, will apply.

**"Interest Period"** means, unless otherwise mutually agreed by the relevant parties, in respect of the first Payment Date, the period commencing on the Initial Issue Date and ending on the calendar day preceding the first Payment Date (both days inclusive) and in respect of any subsequent Payment Date, the period commencing on the preceding Payment Date and ending on the calendar day preceding the relevant Payment Date (both days inclusive).

**"Interest Shortfall"** means the Accrued Interest which is not paid on the Payment Date related to the Interest Accrual Period in which it accrued, including but not limited to any Accrued Interest resulted from the correction of any miscalculation of interest payable on a Note related to the last Interest Accrual Period immediately preceding to the Payment Date.

**"International Central Securities Depository"** or **"ICSD"** means Clearstream Luxembourg or Euroclear, and

**"Investment Company Act"** means the U.S. Investment Company Act of 1940, as amended from time to time.

**"Investor Report Performance Date"** means the second Business Day prior to each Payment Date.

**"IP Completion Time"** means 11pm (London time) on 31 December 2020.

**"ISIN"** means the international standard identification number pursuant to the ISO-6166 Standard.

**"ISO"** means the International Organisation for Standardisation.

**"Issue"** means the issue of the Notes by the Issuer.

**"Issue Date"** means the Initial Issue Date and each Further Issue Date.

**"Issue Outstanding Amount"** or **"IOA"** means, in respect of a Series of Class A Notes held under the new safekeeping structure (NSS), the total outstanding indebtedness of the Issuer as determined from time to time by reference to the Register. Where relevant, the IOA is the result of the product between the Nominal Amount and the Notes Factor of the Class A Notes held under the new safekeeping structure (NSS).

**"Issuer"** means Driver UK Master S.A., acting for and on behalf of its Compartment 4.

**"Issuer-ICSDs Agreement"** means the Issuer-ICSD's agreement entered into by the Issuer and the ICSDs before the Class A Notes will be accepted by the ICSDs to be held under the new safekeeping structure (NSS).

**"Late Delinquency Ratio"** means for any Monthly Period, the ratio expressed as a percentage of (i) the aggregated Discounted Principal Balance of all Late Delinquent Receivables as nominator and (ii) the Aggregate Discounted Receivables Balance (other than Defaulted Receivables) as at the beginning of the Monthly Period as denominator.

**"Late Delinquent Receivable"** means any Receivable (other than a Terminated Receivable or a Defaulted Receivable) in respect of which any payment, or part thereof, remains unpaid by the relevant Obligor for more than 180 days as calculated in accordance with the Customary Operating Practices.

**"Liabilities"** means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including reasonable legal fees and any taxes and penalties incurred by that person, together with any VAT charged or chargeable in respect of any of the sums referred to in this definition.

**"London Banking Day"** means any day upon which banks are open for general banking business in London (excluding for the avoidance of doubt any bank holidays or a Saturday or a Sunday).

**"LPA"** means the Law of Property Act 1925.

**"Luxembourg"** means the Grand Duchy of Luxembourg.

**"Luxembourg Companies Law"** means the Luxembourg law on commercial companies of 10 August 1915, as amended from time to time.

**"Luxembourg Securitisation Law"** means the Luxembourg law on securitisation of 22 March 2004, as amended from time to time.

**"Luxembourg Stock Exchange"** means the Société de la Bourse de Luxembourg.

**"Luxembourg Transaction Documents"** means the Corporate Services Agreement and any other documents designated as a Luxembourg Transaction Document by the Issuer and the Security Trustee.

**"Manager"** means each of Royal Bank of Canada and any additional Managers appointed under the Programme and together the "Managers".

**"Margin"** means the margin specified under item 6 in the Final Terms of the relevant Series of Notes.

**"Market Abuse Regulation"** means Regulation EU 596/2014 and any implementing laws or regulations in force in the United Kingdom in relation to the Market Abuse Regulation or amending the Market Abuse Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"Material Adverse Effect"** means, as the context may require:

- (a) a material adverse effect on the validity or enforceability of any of the Transaction Documents; or
- (b) in respect of a Transaction Party, a material adverse effect on:
  - (i) the business, operations, assets property, condition (financial or otherwise or prospects of such Transaction Party; or
  - (ii) the ability of such Transaction Party to perform its obligations under any of the Transaction Documents; or
  - (iii) the rights or remedies of such Transaction Party under any of the Transaction Documents.

**"Maximum Discounted Receivables Balance"** means the highest Aggregate Discounted Receivables Balance at any time during the Transaction.

**"Maximum Issuance Amount"** means the maximum issuance amount up to which the Issuer may offer Notes to the relevant Note Purchaser as specified in relation to such Note Purchaser in the Note Purchase Agreement from time to time.

**"MiFID II"** means directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

**"Minimum Cash Collateral Account Balance"** means an amount equal to 0.80 per cent. of the aggregate outstanding principal amount of the Notes.

**"Minimum S&P Collateralised Counterparty Rating"** shall have the meaning given to it in the relevant Swap Agreements.

**"Minimum S&P Uncollateralised Counterparty Rating"** shall have the meaning given to it in the relevant Swap Agreements.

**"Monthly Collateral Part 1"** means in respect of a Monthly Period an amount equal to the sum of (i) the Purchased Receivables becoming due in the period from (and including) the first until (and including) the fourteenth calendar day of such Monthly Period and (ii) the expected prepayments of the Purchased Receivables in the period from (and including) the first until (and including) the fourteenth calendar day of such Monthly Period, calculated on the basis of a constant prepayment rate of 20 per cent. *per annum*.

**"Monthly Collateral Part 2"** means in respect of a Monthly Period an amount equal to the sum of (i) the Purchased Receivables becoming due in the period from (and including) the fifteenth calendar day of the relevant Monthly Period until (and including) the last calendar day of such Monthly Period and (ii) the expected prepayments of the Purchased Receivables in the period from (and including) the fifteenth until (and including) the last calendar day of such Monthly Period, calculated on the basis of a constant prepayment rate of 20 per cent. *per annum*.

**"Monthly Investor Report"** means the report so named prepared by the Servicer in accordance with the Servicing Agreement.

**"Monthly Period"** means a calendar month, and with respect to any Payment Date, the calendar month immediately prior to each Payment Date.

**"Monthly Remittance Condition"** shall no longer be satisfied if any of the following events occur:

- (a) either Volkswagen Financial Services AG, as parent of Volkswagen Finance Overseas B.V. which is the parent of the Servicer (or any of its successors within the VW Group as parent of the Servicer, as applicable) (i) no longer has a short-term rating for unsecured and unguaranteed debt of at least "A-2" from S&P or a long-term rating for unsecured and unguaranteed debt of at least "BBB" from S&P, or (ii) where Volkswagen Financial Services AG, as parent of Volkswagen Finance Overseas B.V. which is the parent of the Servicer (or any of its successors within the VW Group as parent of the Servicer, as applicable) is not the subject of an S&P short-term rating, a long-term rating for unsecured and unguaranteed debt of at least "BBB+" from S&P, or (iii) S&P notifies the Issuer and/or the Servicer that VWFS is no longer deemed eligible under the applicable rating criteria by S&P, or (iv) either (A) Volkswagen Financial Services AG (or any of its successors within the VW Group as parent of Volkswagen Finance Overseas B.V.) holds less than 100 per cent. of the shares of Volkswagen Finance Overseas B.V. (or any of its successors within the VW Group as parent of the Servicer), or (B) Volkswagen Finance Overseas B.V. (or any of its successors within the VW Group as parent of the Servicer) holds less than 100 per cent. of the shares of VWFS; or
- (b) Volkswagen Financial Services AG, as parent of Volkswagen Finance Overseas B.V. which is the parent of the Servicer (or any of its successors within the VW Group as parent of the

Servicer, as applicable) no longer has a long-term rating for unsecured and unguaranteed debt of at least "Baa1" from Moody's.

"**Moody's**" means Moody's Investors Service Limited and any successor to the debt rating business thereof.

"**Net Swap Payment**" means for any Swap Agreement, the net amounts with respect to regularly scheduled payments owed by the Issuer to a Swap Counterparty, if any, on any Payment Date, including any interest accrued thereon, under the Swap Agreement, excluding Swap Termination Payments or any other amounts payable to the Swap Counterparty under the Swap Agreement.

"**Net Swap Receipts**" means for any Swap Agreement, the net amounts owed by a Swap Counterparty to the Issuer, if any, on any Payment Date, excluding any Swap Termination Payments. For further clarity, this term does not include any amounts transferred as collateral.

"**New COVID-19 Eligible Obligor**" means a COVID-19 Eligible Obligor which had not previously received a VWFS Payment Deferral. Payment holidays will not be extended beyond 31 July 2021 and Obligors may no longer receive a VWFS Payment Deferral.

"**New Issuer**" means any Person which substitutes the Issuer pursuant to Condition 11.

"**Nominal Amount**" means the amount issued for any Series of Class A Notes or any Series of Class B Notes, as applicable.

"**Non-Amortising Series**" means, on any Payment Date, any Series of Notes which does not qualify as an Amortising Series.

"**Non-Conforming Receivable**" means each VWFS Receivable in respect of which any representations and warranties set out in clause 8.1 (*Warranties and Representations*) of the Receivables Purchase Agreement proves to have been incorrect and has not been remedied by VWFS pursuant to the terms of clause 9.1 (*Repurchase*) of the Receivables Purchase Agreement.

"**Note Principal Amount Outstanding**" means, in relation to a Series of Notes on any day, the principal amount of such Note upon issue as reduced by all amounts paid prior to such date on such Series of Notes in respect of principal.

"**Note Purchase Agreement**" means the note purchase agreement dated 25 June 2018, as amended and restated from time to time, and entered into between, inter alios, the Issuer, the Security Trustee and the Note Purchaser.

"**Note Purchase Price**" has the meaning as set forth in clause 2.4(a) (*Payment in relation to the Notes*) of the Note Purchase Agreement.

"**Note Purchaser**" means each purchaser of a particular Series of Notes under the Note Purchase Agreement.

"**Noteholders**" means the holders of the Notes.

"**Notes**" means the Initial Notes and the Further Notes.

"**Notes Factor**" means, on any Payment Date after the occurrence of the Series Revolving Period Expiration Date in respect of a Series of Notes, the ratio of the outstanding nominal amount of such Amortising Series to the nominal amount of such Series of Notes as determined on the Series Revolving Period Expiration Date.

"**Notice of Sale**" means a notice in writing regarding the sale of Receivables in the form set out in Schedule 1 (Form of Notice of Sale) to the Receivables Purchase Agreement.

"**Notification Event**" means the occurrence of any of the following events:

- (a) Non-Payment: VWFS or its guarantor fails to pay any amount due under any Transaction Documents within three Business Days after the earlier of its becoming aware of such default

and its receipt of written notice by or on behalf of the Security Trustee requiring the same to be remedied;

- (b) Attachment: all or any part of the property, business, undertakings, assets or revenues of VWFS having an aggregate value in excess of GBP 20 million has been attached as a result of any distress, execution or diligence being levied or any encumbrance taking possession or similar attachment and such attachment has not been lifted within 30 days, unless in any such case the Security Trustee certifies that in its reasonable opinion such event will not materially prejudice the ability of VWFS to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Receivables;
- (c) Insolvency Event: an Insolvency Event, in respect of VWFS or the Servicer;
- (d) Security Interest: VWFS creates or grants any Security Interest or permits any Security Interest to arise or purports to create or grant any Security Interest or purports to permit any Security Interest to arise (i) over or in relation to (1) any Purchased Receivable; (2) any right, title or interest of the Issuer in relation to a Purchased Receivable or the Collections; or (3) any proceeds of or sums received or payable in respect of a Purchased Receivable, in each case other than as permitted under the Transaction Documents;
- (e) Dispute: VWFS disputes, in any manner, the validity or efficacy of any sale and purchase of a Receivable under the Receivables Purchase Agreement and as a result, in the reasonable opinion of the Security Trustee, there is, or is likely to be, a Material Adverse Effect on the ability of VWFS to perform its obligations under the Transaction Documents or the enforceability, collectability or origination of the Purchased Receivables is or is likely to be materially prejudiced;
- (f) Illegality: it becomes impossible or unlawful for VWFS to continue its business and/or discharge its obligations as contemplated by the Transaction Documents and as a result, in the reasonable opinion of the Security Trustee, there is, or is likely to be, a Material Adverse Effect on the ability of VWFS to perform its obligations under the Transaction Documents or the enforceability, collectability or origination of the Purchased Receivables is or is likely to be materially prejudiced;
- (g) Failure to repurchase: VWFS fails to (i) repurchase a Non-Conforming Receivable having become obliged to do so pursuant to clause 9 (*Repurchase*) of the Receivables Purchase Agreement or (ii) pay any amount required pursuant to clause 9 (*Repurchase*) of the Receivables Purchase Agreement;
- (h) Failure to perform: the Seller shall fail to perform or observe any material term, covenant or agreement under the Receivables Purchase Agreement applicable to it (other than as referred to in paragraphs (a) or (g) above) and such failure shall remain unremedied for 180 days (or if such failure is not capable of remedy, in the Seller's sole discretion, 15 Business Days after receipt by the Seller of written notice from the issuer or any Noteholder requiring the failure to be remedied (which Notification Event shall be deemed to occur only upon the last day of the relevant period)) and the Security Trustee certifies that in its reasonable opinion such failure is materially prejudicial to the Noteholders.

**"Notification Event Notice"** means a notice to be given pursuant to clause 13 (*Notification*) of the Receivables Purchase Agreement in the form set out in Schedule 4 (*Form of Notification Event Notice*) of the Receivables Purchase Agreement.

**"NSS"** means new safekeeping structure.

**"Obligor"** means, with respect to any Receivable, the person or persons obliged directly or indirectly to make payments in respect of such Receivable, including any person who has guaranteed the obligations in respect of such Receivable.

**"Observation Period"** means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling five Business Days prior to the Payment Date for such Interest Period (or, if applicable, the date



falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes).

**"Order of Priority"** means the order of priority according to which the payments of interest and principal to the Noteholders are distributed and other payments due and payable by the Issuer are made as more specifically described in clause 20.3 (*Order of Priority*) of the Trust Agreement.

**"Payment Date"** means the 25<sup>th</sup> day of each calendar month or in the event such day is not a Business Day, then the next following Business Day unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day.

**"Payment Holiday With No Term Extension"** means, in respect of a Financing Contract with more than 18 months to its contractual maturity date, a payment holiday offered by VWFS to a New COVID-19 Eligible Obligor in respect of the next three unbilled rental payments due under the Financing Contract, provided that the contractual maturity date remains unchanged. Payment holidays will not be extended beyond 31 July 2021 and Obligors may no longer receive a VWFS Payment Deferral.

**"Payment Holiday With Term Extension"** means, in respect of a Financing Contract with 3 to 18 months to its contractual maturity date, a payment holiday offered by VWFS to a New COVID-19 Eligible Obligor in respect of the next three unbilled rental payments due under the Financing Contract with the maturity date under the Financing Contract being extended by up to 3 months from its original scheduled contractual maturity date. Payment holidays will not be extended beyond 31 July 2021 and Obligors may no longer receive a VWFS Payment Deferral.

**"Payment Instruction"** shall have the meaning it is given in clause 6.1 (*Operating/Release Procedure*) of the Account Agreement.

**"PCP Agreement"** or **"PCP"** means each personal contract plan agreement entered into between an Obligor and VWFS in the form of standard business terms or otherwise pursuant to which VWFS has provided financing to an Obligor where the Final Rental Amount is substantially greater than the previous payments due under such contract and such Final Rental Amount is optional pursuant to the terms of such contract.

**"PCP Receivables"** means the Purchased Receivables owing by the Obligors under the PCP Agreements.

**"PCP Recoveries"** means, with respect to any calendar month, an amount equal to the aggregate of all amounts (other than scheduled payments) received during such month in respect of PCP Agreements with respect to which the related Vehicle was finally sold (whether to the user thereof or any other party), including the proceeds received during such month in respect of Vehicles sold pursuant to such PCP Agreements and the amounts received during such month in respect of excess mileage pursuant to such PCP Agreements.

**"PCP Return Balance"** means the Discounted Receivables Balance of any Purchased Receivable which is subject to an RV Event.

**"Person"** means an individual, partnership, corporation (including a business trust), unincorporated association, trust, joint stock company, limited liability company, joint venture or other entity, or a government or political subdivision, agency or instrumentality thereof.

**"Portfolio"** means the portfolio of Receivables purchased by the Issuer pursuant to the Transaction.

**"Portfolio Decryption Key"** means the portfolio decryption key for the decryption of the list of names and addresses of the respective Obligors for each contract number relating to a Financing Contract.

**"Principal"** means with respect to a Receivable each of the scheduled periodic payments of principal payable by the respective Obligor as provided for in accordance with the terms of the relevant Financing Contract as may be modified from time to time to account e.g. for the unscheduled prepayments by the Obligor.

**"Principal Paying Agent"** means Citibank N.A., London Branch.

**"Process Agent"** means Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Federal Republic of Germany.

**"Programme"** means the programme for the issuance of the Notes of the Issuer in an amount equal to the Programme Amount.

**"Programme Amount"** means GBP 2,000,000,000.

**"Prospectus Regulation"** means Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

**"Purchase Date"** means 25 June 2018 or an Additional Purchase Date, as applicable.

**"Purchased Receivable Records"** means the original and/or any copies of the Financing Contracts and all documents, books, records and information, in whatever form or medium, relating to the Financing Contracts, including all computer tapes and discs specifying, among other things, Obligor details, the amount and dates on which payments are due and are paid under the Financing Contracts, which are from time to time maintained by the Servicer or the Seller with respect to the Purchased Receivables and/or the related Obligors.

**"Purchased Receivables"** means the Initial Receivables and the Additional Receivables.

**"Purchaser"** means the Issuer.

**"Rating Agencies"** means Moody's and S&P.

**"Receivable"** means any amount (other than Excluded Amounts) owing by an Obligor to a Seller under a Financing Contract and sold to the Issuer by VWFS, including, for the avoidance of doubt but without limitation, the Ancillary Rights relating to such Receivable.

**"Receivables Purchase Agreement"** means the Receivables Purchase Agreement dated 25 June 2018, as amended and restated from time to time, entered into between VWFS and the Issuer.

**"Receiver"** or **"receiver"** means any receiver or administrative receiver who (in the case of an administrative receiver) is a qualified person in accordance with the Insolvency Act and who is appointed by the Security Trustee under the Deed of Charge and Assignment in respect of the security and includes more than one such receiver and any substituted receiver.

**"Redeemable Amount"** means, with respect to each outstanding Note of any Class and the Payment Date on which Receivables are sold pursuant to clause 11 (*Sale of Receivables – Term Takeout*) of the Receivables Purchase Agreement, an amount determined as the quotient of (A) the Aggregate Redeemable Amount, divided by (B) the number of Notes of such Class then outstanding.

**"Redelivery Financing Contract"** means a Redelivery PCP Financing Contract or a Redelivery VT Financing Contract, as applicable.

**"Redelivery PCP Financing Contract"** means a PCP Agreement under which the Obligor opts to make full and final settlement of a PCP Agreement by redelivery to the Seller of the Vehicle financed by such PCP Agreement.

**"Redelivery Purchased Receivable"** means a Purchased Receivable, in respect of which the related Financing Contract is a Redelivery Financing Contract.

**"Redelivery Repurchase Agreement"** means the Redelivery Repurchase Agreement between VWFS, the Issuer and the Security Trustee dated the Closing Date.

**"Redelivery Repurchase Date"** means the Payment Date on which a Redelivery Purchased Receivable is repurchased by VWFS pursuant to the terms of the Redelivery Repurchase Agreement.

**"Redelivery Repurchase Price"** means an amount equal to (i) the outstanding principal balance of a Redelivery Purchased Receivable as at the first day of the Monthly Period in which such Purchased

Receivable becomes a Redelivery Purchased Receivable together with any arrears outstanding on such date but excluding any future interest payments (calculated on the basis of the Obligor internal rate of return) multiplied by (ii) one (1) minus the Replenished Receivables Overcollateralisation Percentage.

**"Redelivery VT Financing Contract"** means a Regulated Financing Contract which is subject to Voluntary Termination.

**"Register"** means the register kept and maintained by the Registrar on which the names and addresses of the Noteholders and the particulars of the Notes held by such Noteholders and all transfers and payments (of interest and principal) of such Notes will be entered.

**"Registered Holder"** means in the case of the Class A Notes the nominee of the Common Safekeeper in whose name the relevant Global Note has been registered or, in the case of the Class B Notes the nominee of the Common Depository in whose name the relevant Global Note has been registered.

**"Registered Notes"** means the Class A Notes and the Class B Notes, issued in registered form under the new safekeeping structure and in the form of a classical global note, respectively.

**"Registrar"** means Citigroup Global Markets Europe AG.

**"Regulated Financing Contracts"** means the Financing Contracts which are regulated by the CCA.

**"Regulation S"** means Regulation S under the Securities Act, as amended from time to time.

**"Relevant Clearing System"** means either Clearstream Luxembourg or Euroclear and **"Relevant Clearing Systems"** means both Clearstream Luxembourg and Euroclear collectively.

**"Relevant Controller"** means VWFS until the first to occur of (i) the Servicer Termination Date or (ii) the service of a Notification Event Notice on the Obligors and thereafter the Issuer.

**"Relevant Information"** means any information relating to the transaction (or any individual item comprised therein) that is likely to have a material impact on the value or price of all or certain of the Notes and which is not already publicly available information.

**"Repayment Date"** shall mean the date specified as such in the relevant Final Terms which shall in any event be a Payment Date.

**"Replenished Additional Discounted Receivables Balance"** means on any Additional Purchase Date, (i) the Accumulation Amount used to purchase Additional Receivables in order to maintain the then outstanding principal amount of Class A Notes and the then outstanding principal amount of Class B Notes divided by (ii) one (1) minus the Replenished Receivables Overcollateralisation Percentage, all as determined with respect to such Additional Purchase Date.

**"Replenished Receivables Overcollateralisation Percentage"** means 3.582 per cent.

**"Repurchase Date"** means any date on which Receivables are repurchased by VWFS following the retransfer of a Non-Conforming Receivable pursuant to the terms of the Receivables Purchase Agreement.

**"Reserved Matter"** has the meaning as set forth in clause 40.2 (*Amendments*) of the Trust Agreement.

**"Retained Profit Amount"** means, subject to and in accordance with the relevant Order of Priority, a profit for the Issuer of GBP 10 payable on each Payment Date.

**"Retained Profit Ledger"** means the ledger maintained on the Cash Collateral Account. Amounts standing to the credit of the Retained Profit Ledger shall not form part of the General Cash Collateral Amount. The Retained Profit Ledger will on each Payment Date, be credited with the Retained Profit Amount.

**"Revolving Period"** means the period from (and including) the Initial Issue Date and ending on (and including) the earlier of (i) the Series Revolving Period Expiration Date of the last outstanding Series of Notes, (ii) the occurrence of an Early Amortisation Event.

**"RV Event"** means that a PCP Agreement matures and the relevant Vehicle is returned to VWFS for sale.

**"S&P"** means S&P Global Ratings UK Limited and any successor to the debt rating business thereof.

**"S&P Collateral Framework Option"** shall have the meaning given to it in the relevant Swap Agreements.

**"Scottish Declaration of Trust"** means a declaration of trust, substantially in the form of Schedule 5 (Form of Scottish Declaration of Trust) to the Receivables Purchase Agreement entered into by VWFS in favour of the Purchaser.

**"Scottish Receivables"** means all Purchased Receivables which are governed by or otherwise subject to Scottish law (including, without limitation, those arising under Financing Contracts in respect of which the address for invoicing of the relevant Obligor is situated in Scotland) and all rights (other than Excluded Amounts) of the Seller under the Financing Contracts from which those Purchased Receivables are derived including (without limitation) all Ancillary Rights.

**"Scottish Trust"** means the trust in respect of, inter alia, Scottish Receivables constituted pursuant to any Scottish Declaration of Trust.

**"Scottish Trust Property"** means the Scottish Receivables, the Vehicles relating to such Scottish Receivables and all Collections received in respect of such Scottish Receivables, together with all Ancillary Rights, funds, property, interest, right, title and proceeds, deriving from or relating to such Scottish Receivables (other than Excluded Amounts) held in trust pursuant to a Scottish Declaration of Trust.

**"Screen"** means Reuters Screen SONIA; or

- (a) such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information; or
- (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously selected by the Issuer) as may replace such screen.

**"Secured Obligations"** means all present and future duties and liabilities of the Issuer under any of the Transaction Documents, including the Trustee Claim.

**"Securities Act"** means the U.S. Securities Act of 1933, as amended from time to time.

**"Securitisation Regulation Disclosure Requirements"** means the Securitisation Regulation (EU) Disclosure Requirements and the Securitisation Regulation (UK) Disclosure Requirements.

**"Securitisation Regulation (EU) Disclosure Requirements"** means the disclosure requirements set out in Article 7 of the Securitisation Regulation and Commission Delegated Regulation (EU) 2020/1224.

**"Securitisation Regulation (UK) Disclosure Requirements"** means the disclosure requirements set out in Articles 7 and 43(8) of the UK Securitisation Regulation including (for the avoidance of doubt) the Technical Standards (Specifying the Information and the Details of a Securitisation to be made available by the Originator, Sponsor and SSPE) (EU Exit) Instrument 2020 as modified by the standstill direction issued by the FCA under its temporary transitional powers under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 until March 2022.

**"Security"** means all the Adverse Claims from time to time created by the Issuer in favour of the Security Trustee (and also for the benefit of the Transaction Creditors) pursuant to the provisions of the Deed of Charge and Assignment, any Assignment in Security and the Trust Agreement.

**"Security Documents"** means the Trust Agreement, the Deed of Charge and Assignment, any Assignment in Security and any other security documents executed pursuant to the Deed of Charge and Assignment collectively.

**"Security Interest"** means any mortgage, charge, assignment or assignment by way of security, lien, pledge, hypothec, counterclaim or right of set-off (or other analogous rights), options, rights to acquire, retention of title, flawed asset or blocked-deposit arrangement, right of recession, defence or any other encumbrance or security interest or security arrangement whatsoever created or arising under any relevant law or any agreement or arrangement having the effect of or performing the economic function of conferring security howsoever created or arising.

**"Security Trustee"** means Wilmington Trust SP Services (Frankfurt) GmbH.

**"Seller"** means Volkswagen Financial Services (UK) Limited.

**"Series"** means any series of Notes issued on a given Issue Date.

**"Series Nominal Amount"** has the meaning given to it in the Final Terms of the relevant Series of Notes.

**"Series Revolving Period Expiration Date"** means with respect to each Series of Notes the revolving period expiration date as specified for such Series in the applicable Final Terms.

**"Servicer"** means VWFS unless the engagement of VWFS as servicer of the Issuer is terminated in which case Servicer shall mean the replacement Servicer (if any).

**"Servicer Fee"** means, on any Payment Date, an amount equal to one per cent. per annum (calculated on the basis of a 365 day year for days actually elapsed) of the Discounted Receivables Balance for such Payment Date.

**"Servicer Records"** means the original and/or any copies of all documents and records, in whatever form or medium, relating to the Services including all computer tapes, files and discs relating to the Services.

**"Servicer Replacement Event"** means the occurrence of any event described in paragraphs (a) to (e) below:

- (a) the Servicer fails to make any payment or deposit to be made by it to the Distribution Account and such failure to pay has not been remedied within five (5) Business Days after the earliest of (i) receipt by the Servicer of a written notice from the Issuer or any Noteholder or (ii) the Servicer becoming aware of such failure to pay;
- (b) the Servicer fails to perform or observe in any material respect any material term, covenant or agreement hereunder applicable to it (other than as referred to in paragraphs (a) above) and such failure shall remain unremedied for sixty (60) days (or if such failure is not capable of remedy, in the Servicer's sole discretion, five Business Days) after receipt by the Servicer of written notice from the Issuer or any Noteholder requiring the failure to be remedied, (which Servicer Replacement Event shall be deemed to occur only upon the last day of the relevant period);
- (c) any material written representation or warranty made by the Servicer in its capacity as such in the Servicing Agreement or any of the Transaction Documents proves to have been incorrect, in any material respect, when made or deemed to be made by reference to the facts and circumstances then subsisting (provided, that repurchase or exchange of a Receivable by VWFS in accordance with the Receivables Purchase Agreement shall be deemed to remedy such circumstances with respect to such Receivable), and such incorrect representation or warranty shall remain unremedied for sixty (60) days (or, if such failure is

not capable of remedy, in the Servicer's sole discretion, five Business Days) after receipt by the Servicer of written notice from the Issuer or any Noteholder requiring the circumstances causing or responsible for such misrepresentation to be remedied (which Servicer Replacement Event shall be deemed to occur only upon the last day of the relevant period);

- (d) the Servicer becomes subject to an Insolvency Event; or
- (e) the Servicer fails to renew, or suffers the revocation of, the necessary permissions pursuant to the Financial Services and Markets Act 2000 or licences to conduct its business under the Data Protection Laws, and such authorisations or licences are not replaced or reinstated within sixty days,

*provided, however,* that if a Servicer Replacement Event referred to under paragraph (a) to (c) above has occurred and was caused by an event beyond the reasonable control of the Servicer and if the respective delay or failure of performance is cured within a period of 150 days from the date on which the original failure to make payment, breach of term, covenant or agreement or breach of representation or warranty referred to under paragraph (a) to (c) occurred, a Servicer Replacement Event will be deemed not to have occurred.

**"Servicer Termination Date"** means the date specified by the Issuer and/or the Security Trustee in the Servicer Termination Notice.

**"Servicer Termination Notice"** means the notice given by the Issuer and by the Security Trustee to the Servicer pursuant to clause 6.1 (*Servicer Replacement and Termination*) of the Servicing Agreement.

**"Services"** means the services to be provided by the Servicer as set out in the Servicing Agreement.

**"Servicing Agreement"** means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated 25 June 2018, as amended and restated from time to time.

**"Settlement Amount"** means the amount payable by VWFS to the Issuer pursuant to clause 9.2 (*Repurchase*) or clause 10 (*Repurchase for non-existent Receivables*) of the Receivables Purchase Agreement, Clause 3 (*Redelivery Repurchase Price*) of the Redelivery Repurchase Agreement, and (when applicable), following the exercise of the Clean-Up Call Option, includes the Clean-Up Call Option Settlement Amount.

**"SFTR"** means the European Regulation 2015/2365 of 25 November 2015, known as the Securities Financing Transactions Regulation and any implementing laws or regulations in force in the United Kingdom in relation to the Securities Financing Transactions Regulation or amending the Securities Financing Transactions Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"Shortfall"** has the meaning as set forth in clause 6.3 (*Duties of the Principal Paying Agent, Cash Administrator and Interest Determination Agent*) of the Agency Agreement.

**"Signing Date"** means 22 February 2022.

**"Solvency II Regulation"** means the EU Solvency II Regulation and the UK Solvency II Regulation.

**"SONIA"** means the Sterling Overnight Index Average.

**"SONIA Reference Rate"** means, in respect of any London Banking Day, a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the SONIA Administrator to authorised distributors and as then published on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day).

**"Specified General Cash Collateral Account Balance"** means, on each Payment Date, the greater of (a) 1.2 per cent. of the aggregate outstanding principal amount of the Notes as at the end of the

Monthly Period and (b) the lesser of (i) 0.6 per cent. of the Maximum Discounted Receivables Balance, and (ii) the aggregate outstanding principal amount of the Notes as of the end of the Monthly Period, provided that for any Payment Date on which a Term Takeout takes place, the Specified General Cash Collateral Account Balance shall be calculated using the aggregate outstanding principal amount of the Notes following the redemption of the Notes that occurs on such Payment Date as a result of such Term Takeout.

"**Sponsor Bank**" means, in respect of any conduit lender, the sponsor bank for such conduit lender.

"**Standstill Period**" means the period commencing on (and including) 1 January 2021 and ending on (and including) 31 March 2022, or such later date as specified by the FCA under its temporary transitional powers under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019.

"**Subordinated Lender**" means the subordinated lender under the Subordinated Loan Agreement, being Volkswagen Financial Services (UK) Limited.

"**Subordinated Loan**" means the loan received (or to be received) by the Issuer under the Subordinated Loan Agreement.

"**Subordinated Loan Advance Notice**" shall have the meaning assigned to such term in clause 2.3 (*The Subordinated Loan*) of the Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means the subordinated loan agreement dated on or about 25 June 2018, as amended and restated from time to time, entered into by, inter alios, the Issuer, the Subordinated Lender and the Security Trustee, under which the Subordinated Lender will advance (or has advanced) the Subordinated Loan to the Issuer.

"**Subordinated Loan Amount**" means GBP 108,100,751.89 on the Initial Issue Date in respect of the acquisition of the Initial Receivables and GBP 128,581,075.57 on the Closing Date.

"**Subordinated Loan Balance**" means the amount drawn and outstanding under the Subordinated Loan on the relevant Payment Date.

"**Subordinated Loan Increase Amount**" means, with respect to any Further Issue Date, an amount equal to the difference of (a) the Further Discounted Receivables Balance less (b) the sum of the Class A Notes Increase Amount and the Class B Notes Increase Amount and less (c) the Further Receivables Overcollateralisation Amount, all such amounts as of such Further Issue Date.

"**Successor Bank**" means the successor account bank determined in accordance with the Account Agreement.

"**Supplemental Servicer Fees**" means any and all amounts charged to or payable by an Obligor under or in respect of a Financing Contract in respect of (a) charges payable as a result of a late payment of a Receivable owing under such Financing Contract, (b) fees for any extension of the term of that Financing Contract, and (c) any other administrative fees payable under that Financing Contract.

"**Swap Agreements**" means the relevant interest rate swap agreement between the Issuer and the Swap Counterparty in respect of the respective Series of Notes pursuant to the 2002 ISDA Master Agreement and the associated schedule and the credit support annex and a confirmation dated on or about the Closing Date or any amendments thereto to swap a floating interest rate under such Series of Class A Notes or Series of Class B Notes against a fixed rate.

"**Swap Counterparty**" means the counterparty to the respective Swap Agreement.

"**Swap Replacement Proceeds**" means any amounts received by the Issuer from a replacement Swap Counterparty in consideration for entering into a replacement Swap Agreement for a terminated Swap Agreement.

**"Swap Tax Credit"** means any amounts relating to tax credits payable by the Issuer to any Swap Counterparty pursuant to the provisions of any Swap Agreement;

**"Swap Termination Payment"** means payment due to a Swap Counterparty by the Issuer or to the Issuer by a Swap Counterparty, including interest that may accrue thereon, under the relevant Swap Agreement due to a termination of any Swap Agreement due to an **"event of default"** or **"termination event"** under that Swap Agreement.

**"TARGET 2"** means the second generation of the Trans-European Automated Real-time Cross-Settlement Express Transfer System and was launched on 19 November 2007 by the European Central Bank.

**"Targeted Aggregate Discounted Receivables Balance"** means the division of (i) the aggregate nominal amount of the Class A Notes at the end of the Monthly Period by (ii) the sum of (a) 1 minus the Class A Targeted Overcollateralisation Percentage and (b) the Class B Targeted Overcollateralisation Percentage plus the Class A Targeted Overcollateralisation Percentage.

**"Targeted Delinquent Receivables Class A Note Balance"** means the Discounted Receivables Balance of Delinquent Receivables not sold pursuant to clause 11 (*Sale of Receivables – Term Takeout*) of the Receivables Purchase Agreement on the respective Payment Date multiplied by 40 per cent.

**"Targeted Delinquent Receivables Class B Note Balance"** means the Discounted Receivables Balance of Delinquent Receivables not sold pursuant to clause 11 (*Sale of Receivables – Term Takeout*) of the Receivables Purchase Agreement on the respective Payment Date multiplied by 12 per cent.

**"Targeted Non-Delinquent Receivables Class A Note Balance"** means the product of (i) the sum of (A) the Discounted Receivables Balance of Receivables that are not Delinquent Receivables and that are not sold pursuant to clause 11 (*Sale of Receivables – Term Takeout*) of the Receivables Purchase Agreement on the respective Payment Date and (B) the Replenished Additional Discounted Receivables Balance on the respective Payment Date, and (ii) 71.30 per cent.

**"Targeted Non-Delinquent Receivables Class B Note Balance"** means the product of (i) the sum of (A) the Discounted Receivables Balance of Receivables that are not Delinquent Receivables and that are not sold pursuant to clause 11 (*Sale of Receivables – Term Takeout*) of the Receivables Purchase Agreement on the respective Payment Date and (B) the Replenished Additional Discounted Receivables Balance on the respective Payment Date, and (ii) 7.90 per cent.

**"Targeted Remaining Class A Note Balance"** means the sum of (i) the Targeted Non-Delinquent Receivables Class A Note Balance and (ii) the Targeted Delinquent Receivables Class A Note Balance.

**"Targeted Remaining Class B Note Balance"** means the sum of (i) the Targeted Non-Delinquent Receivables Class B Note Balance and (ii) the Targeted Delinquent Receivables Class B Note Balance.

**"Taxes"** means any present or future taxes, levies, duties, charges, fees, deductions or withholdings of any nature whatsoever (and whatever called) imposed, assessed or levied by any competent fiscal authority having power to tax, and shall include any interest or penalties which may attach as a consequence of failure to pay on the due date and/or non-payment, and **"Tax"**, **"Taxation"**, **"taxes"**, **"tax"** and similar words shall be construed accordingly.

**"Tax Information Arrangement"** means any governmental or inter-governmental arrangement, or other arrangement between competent authorities, for the cross-border exchange of Tax information applicable in any jurisdiction (or any treaty, law, regulation, or official guidance enacted, issued or amended in any jurisdiction which facilitates the implementation of such arrangement) including (without limitation) FATCA, the OECD global standard for automatic and multilateral exchange of financial information between tax authorities (also known as the **"Common Reporting Standard"**), any arrangement analogous to FATCA, and any bilateral or multilateral tax information arrangement.



**"Term Takeout"** means any disposal of any or all Purchased Receivables by the Issuer, directly or indirectly, to a company that issues asset backed securities secured by Receivables or other assets originated or acquired by a member of Volkswagen Group in connection with term issuances of debt instruments of such separate company.

**"Term Takeout Receivables"** shall have the meaning assigned to such term in clause 11.1 (*Sale of Receivables – Term Takeout*) of the Receivables Purchase Agreement.

**"Terminated Receivable"** means any Purchased Receivable where:

- (a) the Obligor related to such Purchased Receivable has elected to exercise its right to return such Vehicle and terminate the Financing Contract to which such Purchased Receivable relates under the Consumer Credit Act 1974; or
- (b) any Receivable which has been **"Hostile Terminated"** in accordance with the Servicer's Customary Operating Practices; or
- (c) any Receivable that has been subject to a RV Event.

**"Theoretical Subordinated Loan Swap Rate"** means an estimate of the hypothetical swap fixed rate (being higher than the fixed rate under both Swap Agreements) theoretically needed to swap the floating rate interest payments under the Subordinated Loan which estimate is 4.5631% on the Closing Date.

**"Transaction"** means the Transaction Documents, together with all agreements and documents executed in connection with the issuance of the Notes, the performance thereof and all other acts, undertakings and activities connected therewith.

**"Transaction Creditors"** means the Noteholders, the Note Purchasers, the Security Trustee, any Receiver, VWFS in its capacity as a seller, the Servicer, the Subordinated Lender, the Principal Paying Agent, the Registrar, the Swap Counterparties, the Cash Administrator, the Interest Determination Agent, the Account Bank, the Data Protection Trustee, the Arranger, the Manager, the Corporate Services Provider and the Custodian.

**"Transaction Documents"** means the English Transaction Documents, the German Transaction Documents, the Luxembourg Transaction Documents any Scottish Declaration of Trust and any Assignment in Security and any further documents entered into pursuant to any of them.

**"Transaction Parties"** means all transaction parties to the Transaction Documents.

**"Transferee"** means, in respect of a Term Takeout, a member of Volkswagen Group or a securitisation vehicle nominated by the Seller.

**"Trust Agreement"** means the trust agreement dated on or about 25 June 2018, as amended and restated from time to time entered into by, inter alios, the Issuer and the Security Trustee.

**"Trustee Claim"** shall have the meaning ascribed to such term in clause 4.1 (*Position of the Security Trustee in Relation to the Issuer*) of the Trust Agreement.

**"UCPD"** means the Unfair Commercial Practices Directive No 2005/29.

**"UK"** or the **"United Kingdom"** means the United Kingdom of Great Britain and Northern Ireland.

**"U.S. Person"** means a U.S. person within the meaning of Regulation S and the U.S. Risk Retention Rules (as applicable).

**"U.S. Risk Retention Rules"** means Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the requirements of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**"UK AIFM Regulation"** means Regulation (EU) No 231/2013 of 19 December 2012, as it forms part of domestic law of the United Kingdom by virtue of the EUWA and any implementing laws or regulations in force in the United Kingdom in relation to the EU AIFM Regulation or amending the EU AIFM Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"UK CRR"** means Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No 648/2012, as amended, as it forms part of domestic law of the United Kingdom by virtue of the EUWA and any implementing laws or regulations in force in the United Kingdom in relation to EU CRR or amending EU CRR as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"UK General Data Protection Regulation"** means Regulation (EU) 2016/679 of 27 April 2016 as it forms part of domestic law of the United Kingdom by virtue of the EUWA and any implementing laws or regulations in force in the United Kingdom in relation to EU General Data Protection Regulation or amending EU General Data Protection Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"UK Securitisation Regulation"** means Regulation (EU) No 2017/2402 dated 12 December 2017, as it forms part of domestic law of the United Kingdom by virtue of the EUWA, and any implementing laws or regulations in force in the United Kingdom in relation to the EU Securitisation Regulation or amending the EU Securitisation Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, binding technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"UK Solvency II Regulation"** means Regulation (EU) 2015/35 of 10 October 2014 on the taking up and pursuit of the business of insurance and reinsurance as it forms part of domestic law of the United Kingdom by virtue of the EUWA and any implementing laws or regulations in force in the United Kingdom in relation to the EU Solvency II Regulation or amending the EU Solvency II Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, regulatory technical standards, implementing technical standards and related documents published by the FCA and the PRA of the United Kingdom).

**"United States"** or **"U.S."** means, for the purpose of issue of the Notes and the Transaction Documents, the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

**"UTCC Regulations"** means the Unfair Terms in Consumer Contracts Regulations 1999.

**"Value Added Tax"** or **"VAT"** means, and shall be construed as, a reference to value added tax including any similar tax which may be imposed in place thereof from time to time.

**"VAT Component"** means the notional amount of each payment made by an Obligor under a Financing Contract in respect of a Purchased Receivable which constitutes VAT thereof.

**"Vehicle"** means, with respect to any Receivable, any vehicle the subject of the Financing Contract related to such Receivable.

**"Voluntary Termination"** means the voluntary termination of a Regulated Financing Contract by an Obligor pursuant to sections 99 and 100 of the CCA.

**"VW Bank"** means Volkswagen Bank GmbH.

**"VW Group"** means Volkswagen Aktiengesellschaft and any of its Affiliates.

"**VWFS**" means Volkswagen Financial Services (UK) Limited.

"**VWFS Payment Deferral**" means either a Payment Holiday With Term Extension or a Payment Holiday With No Term Extension.

"**VWFS Power of Attorney**" means the power of attorney granted in favour of the Issuer pursuant to the Receivables Purchase Agreement.

"**VWFS Receivables**" means the Initial VWFS Receivables and the Additional Receivables.

"**Weighted Average Seasoning**" means, on each Payment Date, the weighted average seasoning of the Receivables, calculated on a Contract by Contract basis as the original term minus the remaining term of such Contract.

"**Written-Off Purchased Receivables**" means Purchased Receivables which have been reduced by recoveries and finally written off by VWFS in its capacity as Servicer in accordance with its customary accounting practice in effect from time to time.

"**Written-Off Purchased Receivable Repurchase Price**" means, regarding a Written-Off Purchased Receivable and a Monthly Period, the amount received by the Issuer under clause 9.8 (*Repurchase*) of the Receivables Purchase Agreement.

## 2. INTERPRETATION

In any Transaction Document, except where explicitly otherwise specified, the following shall apply:

- 2.1 in the computation of periods of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and the words "**to**" and "**until**" each mean "**to but excluding**".
- 2.2 the word "**including**" shall not be exclusive and shall mean "**including, without limitation**";
- 2.3 if any date specified in any Transaction Document would otherwise fall on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
- 2.4 if an amount is specified to be calculated or outstanding on a Payment Date, such amount shall be determined prior to the distribution of the Available Distribution Amount in accordance with the applicable Order of Priority;
- 2.5 periods of days shall be counted in calendar days unless Business Days are expressly prescribed;
- 2.6 the expression "**tax**" shall be construed so as to include any tax, levy, impost, duty or other charge of similar nature and all related withholdings or deductions and including, without limitation, any penalty, charge or interest payable relating to any of the foregoing;
- 2.7 a reference to law, treaty, statute, regulation, order, decree, directive or guideline of any governmental authority or agency, or any provision thereof, shall be construed as a reference to such law, statute, regulation, order, decree, directive or guideline, or provision, as the same may have been, or may from time to time be, amended or re-enacted;
- 2.8 any reference to any Person appearing in any of the Transaction Documents shall include its successors and permitted assigns;
- 2.9 any reference to an agreement, deed or document shall be construed as a reference to such agreement, deed or document as the same may from time to time be amended, varied, novated, supplemented, replaced or otherwise modified;
- 2.10 to the extent applicable, the headings of clauses, schedules, sections, articles and exhibits are provided for convenience only. They do not form part of any Transaction Document and shall not affect its construction or interpretation. Unless otherwise indicated, all references in any Transaction Document to clauses, schedules, sections, articles and exhibits refer to the corresponding clauses, schedules, sections, articles or exhibits of that Transaction Document;

- 2.11 unless specified otherwise, "**promptly**" or "**immediately**" shall mean without undue delay (*ohne schuldhaftes Zögern*); and
- 2.12 "**novation**" shall, for the purposes of documents governed by German law, be construed as Vertragsübernahme. "**To novate**" shall be interpreted accordingly.
- 2.13 words denoting the singular number only shall also include the plural number and vice versa, words denoting one gender only shall include the other genders and words denoting individuals only shall include firms and corporations and vice versa.
- 2.14 as of the point in time of any replacement of Compounded Daily SONIA pursuant to Condition 14 (*Amendments to the Conditions and Benchmark Rate Modification*), any reference in any Transaction Document to Compounded Daily SONIA shall be read as a reference to the relevant Alternative Benchmark Rate.

## SUBSCRIPTION AND SALE

### SUBSCRIPTION OF THE NOTES

#### Subscription and Sale

The Note Purchaser has entered into the Note Purchase Agreement with the Issuer. The Note Purchaser has agreed to comply with the selling restrictions set out below.

The issuance of the Notes is not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section \_\_.20 of the U.S. Risk Retention Rules. "**U.S. Risk Retention Rules**" means Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the requirements of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Notes at all times may not, without the prior consent of the Seller, be purchased by any person except for persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules ("Risk Retention U.S. Persons"). Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" in Regulation S.

Each purchaser of Notes, including beneficial interests therein, will be deemed, and in certain circumstances will be required, to represent and agree that: (1) it is not a Risk Retention U.S. Person (2) it is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note to an U.S. Person; and (3) it is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

The Notes may not be sold to, or for the account or benefit of, U.S. persons except (i) pursuant to an exemption from, or in a transaction not subject to the registration requirements of, the Securities Act and (ii) in accordance with an exemption from the U.S. Risk Retention Rules.

#### Selling Restrictions

##### *General*

All applicable laws and regulations must be observed in any jurisdiction in which the Notes may be offered, sold or delivered, to the best of each Note Purchaser's knowledge and belief (subject that each Note Purchaser shall have no liability to the Issuer or VWFS in respect of any non-observance of the U.S. Risk Retention Rules by the Issuer or VWFS or any other person). Each Note Purchaser has agreed that it will not, directly or indirectly, offer, sell or deliver any of the Notes or distribute the Base Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations of such jurisdiction, to the best of each Note Purchaser's knowledge and belief, and that it will not impose any obligations on the Issuer except as set out in the Note Purchase Agreement.

Notwithstanding the foregoing, the Note Purchasers will not have any liability to the Issuer or the Seller for compliance with the U.S. Risk Retention Rules by the Issuer or the Seller or any other person except to the extent as set out in the Note Purchase Agreement.

##### *United States of America and its Territories*

Each Note Purchaser has represented and agreed in the Note Purchase Agreement that:

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. state securities law and may not be offered, or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws and under circumstances designed to preclude the Issuer from having to register under the Investment Company Act. Each of the Note Purchasers represents and agrees that it has not offered or sold or delivered the Notes, and will not offer or sell the Notes (i) as part of its distribution at any time or (ii) otherwise until forty (40) calendar days after the later of (a) the date the Notes are first offered to Persons other than distributors in reliance on Regulation S and (b) the Further Issue Date, except, in either case, only

in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act. Neither the Note Purchasers nor their respective affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) nor any Persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of Notes, the respective Note Purchaser or any other person acting as distributor will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period (as defined in Regulation S) a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until forty (40) calendar days after the later of (a) the date the Notes are first offered to Persons other than distributors in reliance on Regulation S and (b) the Closing Date, except in either case, in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act".

Terms used in this section have the meaning given to them in Regulation S under the Securities Act and as used in this paragraph "U.S. Person" means a U.S. person within the meaning of Regulation S.

The Notes may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of, the Securities Act.

#### ***United Kingdom***

Each Note Purchaser has represented and agreed in the Note Purchase Agreement that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### ***Republic of France***

Each of the Note Purchasers represents and agrees in the Note Purchase Agreement that:

- (a) it has not offered, sold or otherwise transferred and will not offer, sell or otherwise transfer, directly or indirectly, any Notes to the public in France other than in accordance with the exemption of article 1(4) of the Prospectus Regulation and article L. 411-2 1° of the French Monetary and Financial Code (*Code monétaire et financier*); and
- (b) it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, other than to qualified investors, as defined in Article 2(e) of the Prospectus Regulation, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes.;

#### ***Prohibition of Sales to EEA Retail Investors***

Each Note Purchaser has represented and agreed, and each further Note Purchaser appointed under the Programme will be required to represent and agree, that it will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### **Prohibition of Sales to UK Retail Investors**

Each Note Purchaser has represented and agreed, and each further Note Purchaser appointed under the Programme will be required to represent and agree, that it will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
- (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### **Germany**

Each Note Purchaser has represented and agreed, and each further Note Purchaser appointed under the Programme will be required to represent and agree that the Notes have not been and will not be offered or sold or publicly promoted or advertised by it in Germany other than in compliance with the provisions of the German Asset Investment Act (*Vermögensanlagengesetz*), or of any other laws applicable in Germany governing the issue, offering and sale of securities.

### **Canada**

This Base Prospectus is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Notes in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Base Prospectus or the merits of the Notes, and any representation to the contrary is an offence.

The distribution of Notes in Canada is being made on a private placement basis only to "accredited investors" as defined in National Instrument 45-106 – *Prospectus Exemptions*. The Issuer is not a reporting issuer in any province or territory in Canada, the Notes are not listed on any stock exchange in Canada, and the Issuer does not intend to become a reporting issuer or to list the Notes on any stock exchange in Canada. Any resale of Notes must be made in accordance with applicable securities laws, which may require resales to be made: (a) in accordance with exemptions from registration and prospectus requirements, including those pertaining to resales outside Canada; (b) pursuant to a prior written order or ruling of the relevant Canadian provincial

securities regulatory authority; or (c) pursuant to a prospectus for which a final receipt is issued by the relevant securities regulatory authority. Investors in Canada are advised to seek legal advice prior to any resale of the Notes.

The Issuer is incorporated under the laws of a jurisdiction outside of Canada, its head office is outside of Canada, and all of its executive officers and directors are ordinarily resident outside of Canada. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The Note Purchaser should refer to any applicable provisions of the securities legislation of the Note Purchaser's province or territory for particulars of these rights or consult with a legal advisor.



## GENERAL INFORMATION

### Authorisation of Note Issuance

The issuance of the Notes were authorised by the board of directors of the Issuer on 18 June 2018, on 19 September 2018, on 14 May 2020, on 16 February 2021 and 4 February 2022.

### Governmental, Legal and Arbitration Proceedings

During the period covering the 12 months prior to the date of this Base Prospectus, the Issuer has not been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had in the recent past significant effects on the Issuer's financial position or profitability.

### Material Adverse Change

There has been no material adverse change in the financial position or prospects of the Issuer since the date of its last financial statements dated 30 June 2021.

### Payment Information and Post-Issuance Transaction Information

The Issuer acting for and on behalf of its Compartment 4 intends to provide post-issuance transaction information regarding the Notes to be admitted to trading and the performance of the underlying assets. The Servicer will provide the investors with monthly investor reports regarding the Notes and the performance of the underlying assets. Such investor reports will be provided on a monthly basis and sent directly to the relevant investors.

For as long as any of the Notes are listed on the official list of the Luxembourg Stock Exchange, the Issuer acting for and on behalf of its Compartment 4 will notify the Luxembourg Stock Exchange of the Interest Amounts, Interest Accrual Periods and the Interest Rates and the payments of principal, in each case without delay after their determination pursuant to the Conditions of the Notes. This information will be communicated to the Luxembourg Stock Exchange at the latest on the first day of each Interest Period.

All information to be given to the Noteholders pursuant to Condition 12 (*Notices*) of the Notes will be available and may be obtained (free of charge) at the specified office of the Issuer.

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear as operator of the Euroclear system.

All notices to the Noteholders regarding the Notes shall be (i) published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require and (ii) be delivered to the applicable clearing systems for communication by them to the Noteholders. Any notice referred to under (ii) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was delivered to the respective clearing system. Any notice referred to under (i) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### Listing and Admission to Trading

The Issuer will make application for the Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading at the regulated market of the Luxembourg Stock Exchange.

### ICSDs

Euroclear Bank S.A./N.V.  
1 Boulevard du Roi Albert II  
1210 Brussels  
Belgium

Clearstream Banking, société anonyme, Luxembourg  
42 Avenue JF Kennedy  
L-1885 Luxembourg

### **Clearing Codes of Notes**

As set out in the Final Terms prepared for the relevant Series of Class A Notes or the relevant Series of Class B Notes, as applicable.

### **Inspection of Documents**

Physical or electronic copies of the following documents may be inspected during customary business hours on any working day from the date hereof (or the date of publication of such document, as relevant) as long as the Notes remain outstanding at the registered office of the Issuer and the Principal Paying Agent and as long as the Notes are listed on official list of the Luxembourg Stock Exchange they will also be available at the specified offices of the Principal Paying Agent, (i) this Base Prospectus and any Final Terms, (ii) the Trust Agreement, (iii) the Deed of Charge and Assignment, (iv) the Agency Agreement, (v) the Articles of Incorporation of the Issuer and (vi) the audited financial statements of the Issuer dated 30 June 2021 and 30 June 2020 and all future financial reports of the Issuer. A copy of this Base Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>). The Articles of Incorporation of Driver UK Master S.A. and all historical financial reports of V Driver UK Master S.A. (interim financial reports will not be prepared) will be published on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>).

The Servicer will publish monthly investor reports regarding the Notes and the performance of the underlying assets. Monthly Investor Reports may be published by the Servicer three days prior to the Payment Date of a calendar month available on [www.vwfs.co.uk](http://www.vwfs.co.uk).

The Servicer will also make the above information available via the EU Securitisation Repository.

Any websites included in the Base Prospectus are for information purposes only and do not form part of the Base Prospectus.

### **Article 7 of the EU Securitisation Regulation**

For the purposes of the Securitisation Regulation (EU) Disclosure Requirements the Servicer (on behalf of the VWFS as the originator for the purposes of the EU Securitisation Regulation) confirms and (where applicable) will make available the following information via the EU Securitisation Repository:

- (a) For the purposes of Article 7(1)(a) and (e) of the EU Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation (EU) Disclosure Requirements.
- (b) Before pricing of the Notes, for the purposes of compliance with Article 7(1)(b) of the EU Securitisation Regulation, and within 15 days of the Closing Date the Servicer will make available certain Transaction Documents and the Base Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Base Prospectus and draft Receivables Purchase Agreement, Redelivery Repurchase Agreement, Servicing Agreement, Agency Agreement, Account Agreement, Subordinated Loan Agreement, Trust Agreement, Incorporated Terms Memorandum, Deed of Charge and Assignment and template Swap Agreements. Such Transaction Documents in final form will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.
- (c) For the purposes of Article 7(1)(f) of the EU Securitisation Regulation the Issuer will, without delay, publish any inside information relating to the Transaction. The Servicer is not required to comply with Article 7(1)(f) of the EU Securitisation Regulation.

- (d) For the purposes of Article 7(1)(g) of the EU Securitisation Regulation and pursuant to its obligation to comply with the Securitisation Regulation (EU) Disclosure Requirements, the Servicer will, without delay, publish information in respect of any significant event such as (i) a material breach of the obligations laid down in the Transaction Documents, (ii) a change in the structural features that can materially impact the performance of the securitisation, (iii) a change in the risk characteristics of the Transaction or the Purchased Receivables that can materially impact the performance of the securitisation, (iv) if competent authorities have taken remedial or administrative actions and (v) any material amendments to the Transaction Documents.

#### **Article 7 of the UK Securitisation Regulation**

For the purposes of the Securitisation Regulation (UK) Disclosure Requirements the Servicer (on behalf of VWFS as the originator for the purposes of the UK Securitisation Regulation) confirms and (where applicable) will make available the following information:

- (a) For the purposes of Article 7(1)(a) and (e) of the UK Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation (UK) Disclosure Requirements. During the Standstill Period such information will be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements.
- (b) Before pricing of the Notes, for the purposes of compliance with Article 7(1)(b) of the UK Securitisation Regulation, and within 15 days of the Closing Date the Servicer will make available certain Transaction Documents and the Base Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Base Prospectus and draft Receivables Purchase Agreement, Redelivery Repurchase Agreement, Servicing Agreement, Agency Agreement, Account Agreement, Subordinated Loan Agreement, Trust Agreement, Incorporated Terms Memorandum, Deed of Charge and Assignment and template Swap Agreements upon request. Such Transaction Documents in final form will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.
- (c) For the purposes of Article 7(1)(f) of the UK Securitisation Regulation the Issuer will, without delay, publish any inside information relating to the Transaction. The Servicer is not required to comply with Article 7(1)(f) of the UK Securitisation Regulation.
- (d) For the purposes of Article 7(1)(g) of the UK Securitisation Regulation and pursuant to its obligation to comply with the Securitisation Regulation (UK) Disclosure Requirements, the Servicer will, without delay, publish information in respect of any significant event such as (i) a material breach of the obligations laid down in the Transaction Documents, (ii) a change in the structural features that can materially impact the performance of the securitisation, (iii) a change in the risk characteristics of the Transaction or the Purchased Receivables that can materially impact the performance of the securitisation, (iv) if the FCA has taken remedial or administrative actions and (v) any material amendments to the Transaction Documents. During the Standstill Period such information will be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements.

**REGISTERED ADDRESS OF THE ISSUER**

**Driver UK Master S.A.**  
**acting for and on behalf of its Compartment 4**  
22-24 Boulevard Royal  
L-2449 Luxembourg

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60313 Frankfurt am Main  
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*to the Issuer*

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